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MAYOR, INVESTORS, AND AFFORDABLE HOUSING PARTNERS ANNOUNCE LAUNCH OF SAN FRANCISCO HOUSING ACCELERATOR FUND

New “one-stop” citywide non-profit fund that brings in private and philanthropic capital to provide affordable housing developers with more resources so they can compete better in the market to preserve and build affordable housing in San Francisco.

San Francisco, CA—Mayor Edwin M. Lee, affordable housing developers and private investors announced their support on Thursday for an innovative new tool to help preserve and produce homes for working-class families in San Francisco.

The San Francisco Housing Accelerator Fund will accelerate the preservation and production of over 1,500 units of affordable housing over its first five years, by doing the following:

- Assemble and aggregate new capital for affordable housing
- Leverage \$10 million in City investment and \$7 million in philanthropic investment with up to \$30 million in private dollars, with the plan to grow significantly to \$100 million over time with no additional public funding
- Bring forward new and existing public funds as bridge financing for projects the City wishes to support over the long term
- Move quickly to assist affordable housing developers to acquire desirable new sites and existing properties with an efficient lending model that is competitive in the marketplace
- Build equity to allow for sustainable strategic site acquisition into the City’s future

“We need to provide our affordable housing partners with the necessary resources and support to compete with market-rate development corporations,” said Mayor Lee. “If we want to preserve San Francisco neighborhoods and ensure that working-class residents stay in this City, we have to create affordable housing options. The Housing Accelerator fund allows us to work with our private partners on innovative ways to help us build those homes.”

The Fund is an innovative public-private partnership with the city of San Francisco, local foundations, private lending institutions, and corporations. It is a new non-profit financial intermediary that is the “one stop” for investing in housing in San Francisco. The Fund will seek to build equity to allow for sustainable strategic site acquisitions into the City’s future, and to continue to leverage private and philanthropic contributions to increase its impact.

San Francisco’s affordable housing issues are affecting families across the income spectrum,

requiring every tool and resource possible to address the challenge. At over \$4,500/month for a two-bedroom apartment, San Francisco has become the most expensive city in the US. The cost of housing is unaffordable for 73% of San Franciscans, and Federal and State support for affordable homes has declined significantly over the last decade. Rent stabilized units are continually lost under Ellis Act eviction proceedings, which have increased significantly over the last five years.

The concept for the Housing Accelerator Fund was developed through the Mayor's Housing Working Group, and announced as a goal by the Mayor in his 2015 State of the City.

"In this real estate market on steroids, a fund that can act quickly to acquire key properties is critical to the City of San Francisco and its affordable housing developers," said Housing Accelerator Fund Board Chair, Rich Gross, Vice President and Northern California Market Leader at Enterprise Community Partners. "The Accelerator Fund is one more piece of the puzzle in providing affordable housing to San Francisco residents."

At the 2015 launch of the Fund, Mayor Lee implored more investors to take action:

"I'm calling again on every corporation and every individual in this City who say they care about affordable housing and community: Now is the time to put your dollars to work," said Mayor Lee. "Invest in the Housing Accelerator Fund and make our affordable housing developers even more competitive."

Key corporations and foundations have already invested to bring the Housing Accelerator Fund from idea to reality, including lead investors Dignity Health, the San Francisco Foundation, Citi Community Development, and the Hewlett Foundation, and supporting investors Bank of America, the Silicon Valley Community Foundation, and Enterprise Community Partners. The Fund's early capital providers understand that affordable housing is the backbone of San Francisco's communities.

"With a median rent for a one-bedroom apartment in San Francisco of \$3,590, and nearly half of Bay Area residents spending more than 30 percent of their paychecks on rent, the need to develop more affordable housing is clear," said Bob Annibale, Global Director of Citi Community Development and Inclusive Finance. "Citi invested in the new Housing Accelerator Fund as it provides an innovative and flexible resource to finance and significantly expand access to affordable housing."

The Fund is in the final stages of securing its senior capital commitments, and then it will begin to provide loans to affordable housing developers to acquire desirable new sites and existing properties with an efficient lending model that is competitive in the marketplace.

Adding Resources and Speed - Expanding the Successful Small Sites Program: One early use of the Housing Accelerator Fund's lending capital will be to provide more resources to developers stabilizing buildings with long-term tenants through the Small Sites Program. The Small Sites program has been stabilizing buildings over the last two years through the

acquisition and rehabilitation of tenant occupied buildings that are susceptible to eviction and displacement. The Housing Accelerator Fund will allow the Small Sites Program to stabilize additional buildings faster and help developers to purchase land for new affordable housing production.

“By the end of this quarter, we will have saved 48 households and seven businesses from eviction via the Small Sites Program,” said Karoleen Feng, Director of Community Real Estate at MEDA. “And it's 100 percent guaranteed. How so? The vulnerable tenants are identified. The Small Sites property is purchased. The tenants remain in their homes. It's that direct of an impact. This year, we're going deeper in our work - saving buildings where our families going to Mission schools live, buildings along Mission Street - the lifeblood of the Mission District and buildings at risk because of new construction in the immediate area. We are competing with so many cash-rich buyers for sites like these that we are eager to partner with the new Housing Accelerator Fund so we can have the flexibility and speed to save more buildings, at more competitive prices.”

The Small Sites Program was launched in July 2014 with an initial \$3 million as a pilot program after a six month stakeholder process. Since then, SSP has been allocated \$75 million through the 2018 Fiscal Year. The program has stabilized 154 people to date, in 13 buildings with 78 units closed. Twelve additional buildings are pending, resulting in a total unit count of 137 units, 24 group housing units and nine commercial spaces. Partner developers include MEDA, Chinatown Community Development Corp, SF Community Land Trust, SFHDC, and Mission Housing Development Corp.

“What we are most focused on is how we can give our incredible affordable housing developer partners more resources: more buying power in this competitive market, and a greater capacity to do more preservation and production of affordable housing, faster,” said Housing Accelerator Fund Executive Director Rebecca Foster. “Our affordable housing development community is the best in the country - and we're providing them with more leverage.”

“The Housing Accelerator Fund can make our affordable housing developer partners more competitive, so that we can save more buildings faster,” said Mayor Lee. “We are talking about properties that are the homes of working families who are teachers, janitors, and service employees. They are the backbone of our communities.”

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About the San Francisco Housing Accelerator Fund

The San Francisco Housing Accelerator Fund is committed to the preservation and expansion of quality affordable housing for economically disadvantaged individuals and households.

Through an innovative public-private partnership with the city of San Francisco, local foundations, private lending institutions, and corporations, the SFHAF provides powerful new financing tools to ensure that San Francisco remains vibrant, equitable, and inclusive for all.

Additional information may be found at www.sfhaf.org.

About the Mission Economic Development Agency

Rooted in the Mission and focused on San Francisco, MEDA's mission is to strengthen low- and moderate-income Latino families by promoting economic equity and social justice through asset building and community development. *Additional information may be found at www.medasf.org.*

About Citi Community Development

Citi Community Development leads Citi's commitment to financial inclusion and economic empowerment for underserved individuals, families and communities across the U.S. Through innovative collaborations with municipalities, community groups and leading nonprofit organizations, we harness Citi's expertise, products and services to help expand opportunity for all. *Additional information may be found at www.citicommunitydevelopment.com.*