

# NOTICE OF FUNDING AVAILABILITY

## Acquisition and Preservation Financing for Small Sites Program Properties

*Issued by the Mayor's Office of Housing and Community Development ("MOHCD")  
of the City and County of San Francisco*

**Issue Date: September 13, 2019**

**Funds Available: \$37 Million for Acquisition and Preservation Financing  
\$3.45 Million for Capacity Building Grants**

---

### Introduction

The Small Sites Program ("SSP" or the "Program") is an acquisition and preservation loan program for multi-family rental buildings of 5 to 25 units in San Francisco. The Program was created to protect and preserve long-term affordable housing in smaller properties in the City that are vulnerable to market pressures resulting in rising tenant rents, increased evictions, and property sales. In the face of this pressure on tenants and communities, the City developed the Small Sites Program, which provides financing to non-profit and for-profit entities who remove these sites from the market and restrict them as affordable housing for the long term. The overarching Program goals are to:

- 1) Prevent the displacement of San Franciscans by preserving housing opportunities at a range of income levels in neighborhoods throughout the City.
- 2) Remove vulnerable properties from the speculative market while increasing the supply of permanently affordable rental housing by restricting properties to serve households with average incomes at 80% AMI;
- 3) Create financially stable, self-sustaining housing that serves multiple generations of low to moderate income households by ensuring that properties remain operationally and financially healthy in the long-term.

To date, the Small Sites Program has preserved 278 permanently affordable residential units in 34 buildings. Another 110 units in 12 buildings are in the pipeline. Currently, SSP buildings are geographically concentrated in the Mission and Bernal Heights (161 units in 26 buildings). This Notice of Funding Availability ("NOFA") will continue to support the acquisition and preservation of buildings in these neighborhoods, while expanding the reach of the Program to underserved areas in the City; this programmatic goal is reflected throughout the NOFA.

The NOFA is comprised of two components: 1) \$37 Million for Acquisition and Preservation Financing, and 2) \$3.45 Million for Capacity Building Grants. The intent of the NOFA is to scale the impact of SSP by updating the financing criteria, and expanding the NOFA to include

grant funding for nonprofits committed to engaging in the Program; these two components are described further in Sections I and II below.

## **I. Acquisition and Preservation Financing: \$37 Million**

### **A. Project Eligibility and Prioritization**

Small Sites Program funding is available to residential buildings with 5-25 conforming “dwelling units” (as defined by the SF Planning Department) throughout San Francisco. Non-conforming units, mixed-use properties, single room occupancy hotels (SROs), group housing, and larger buildings will be considered on a case-by-case basis.

The acquisition and preservation financing available through this NOFA is available on a first-come, first-serve basis for projects that meet the threshold eligibility criteria, as defined in Section G below and the Small Sites Program Guidelines. If there is more than one qualifying project competing at any given time, MOHCD will give additional priority points to proposals with the following characteristics:

- 1) Building is at immediate risk for Ellis Act eviction or in the process of an Ellis Act eviction
- 2) Neighborhoods where low-to-moderate income households are at risk of displacement, or currently underserved by the Small Sites Program
- 3) Existing tenants include vulnerable populations: low-income people of color, families with minor children, elderly, disabled, and catastrophically-ill persons
- 4) Building houses tenants with the lowest incomes
- 5) Building requires the lowest amount of subsidy per unit

### **B. Target Population: Low- and Moderate-income Tenants**

The Small Sites Program is a mixed-income affordable rental program, serving households at a variety of income levels up to a maximum of 120% AMI while maintaining a building-wide average of 80% AMI. In certain cases, as explained below, households earning more than 120% AMI may be included in the Program. There is no minimum income threshold, provided that a tenant can afford to pay the rent applied to their unit.

- 1) At acquisition, existing tenant incomes are expected to range from very low-income (at or below 50% of AMI) to above-moderate income (at or above 120% of AMI). In order to qualify for the Program, a minimum of 66% of existing tenants must acknowledge their willingness to participate by income certifying, and the average household income for a minimum of 66% of existing tenants must not exceed 80% of AMI. Up to 34% of existing tenants may be over-income (above 120% AMI) or refuse to income certify without rendering the property ineligible. Regardless of whether a unit’s occupants

complete the income certification process or are over-income at acquisition, all units will be restricted as permanently affordable housing.

- 2) Upon vacancy, SSP owners are required to ensure that SSP buildings achieve an 80% AMI average rent. This is accomplished at unit turnover by placing incoming tenants at rent levels that are as high or low as necessary to bring the building as close to an 80% AMI average. Vacant units may be rented up to a maximum of 120% AMI in order to achieve the required 80% AMI rent average. SSP owners may opt to establish fixed tiers of affordability, as long as the building maintains a building wide average of 80% AMI.

### **C. Eligible Uses of Funds**

Funding awarded through this NOFA may be used for director permanent “takeout” financing for the following eligible uses:

#### **Acquisition and Bridge Financing:**

- Property acquisition and holding costs
- Takeout of acquisition and bridge financing

#### **Soft Costs:**

- Due diligence reports, including environmental assessments and property inspections, appraisal, legal costs, architectural and engineering expenses, as applicable
- Relocation costs, as applicable
- All other soft costs associated with the acquisition and rehabilitation of the site

#### **Hard Costs:**

- Rehabilitation of residential space
- Commercial improvements that are required life safety, code, or accessibility upgrades
- Improvements associated with the creation of a residential Accessory Dwelling Unit (“ADU”)

#### **Developer Costs:**

- Developer fees
- Construction management fees
- Financial consultant fees

### **D. First Mortgage Loan Terms**

#### **Preservation and Seismic Safety Program (“PASS”)**

PASS provides low-cost and long-term senior debt financing to acquire, rehabilitate, and preserve existing buildings as permanently affordable housing. The PASS Program eligibility requirements complement the requirements included in this NOFA (see the PASS Program

Regulations for more information). Applicants are required to pursue PASS first mortgage financing to the extent PASS funding is available.

### **Conventional Debt**

Applications proposing conventional first mortgage debt executions may be considered on a case by case basis. Preferred first mortgage loan terms for SSP are as follows:

- acquisition loans that automatically convert to permanent with a 15-year minimum term
- 30-year amortization schedule
- 1.10 to 1.15 debt service coverage ratio
- nonrecourse to the borrower
- As low an interest rate as possible
- no more than 1.5% lender fees

### **E. MOHCD Soft Debt**

SSP soft debt funding combined with PASS first mortgage debt provides financing at a significant discount to market rates. This strategy ensures that SSP properties can afford to repay their loans from cash flow while maintaining below market rate rents for their current and future tenants. Additionally, the City's role as a subordinate "gap" lender allows for rehabilitation of the acquired sites and, consequently, a higher loan-to-value ratio ("LTV") than would be available in its absence.

### **Key SSP Loan Terms:<sup>1</sup>**

- Maximum City Subsidy:
  - \$300,000 per unit for buildings of 10-25 units
  - \$375,000 per unit for buildings of 5-9 units
  - \$175,000 per bedroom for group or single room occupancy ("SRO") housing
- 3% annual simple interest
- 30-year term, or up to 40-year term, if leveraging PASS
- Subordinate to the first lender
- Repayment due to the extent that residual cash flow is available and at expiration of the loan term
- Rents restricted at an average of 80% AMI for the life of the project, regardless of SSP loan payoff or expiration of the loan term
- Restrictions must be recorded in first position on title

Soft debt funds will be provided as a residual receipts loan. For all loans, however, in the event of uncorrected default under the loan agreement, interest shall be charged at the minimum rate of 10% per year from the date of the loan agreement and shall become immediately due and payable. Please review the Small Sites Program Guidelines for all loan terms and Program policies.

---

<sup>1</sup> SSP loan terms and subsidy limits subject to change as MOHCD updates the Small Sites Program Guidelines.

## F. Financing Plan and Affordability Restrictions

Applicants should incorporate the loan terms outlined above into their financing plans and submit a complete MOHCD Pro Forma workbook application that provides detail on the following:

- **Sources and Uses:** Budget should include construction cost estimates identified in a current capital needs assessment (“CNA”) or similar document. Construction cost estimates may include up to 5% in escalation, if appropriate, based on the construction timeline. The Sources and Uses budget must adhere to the Small Sites Program Guidelines. Applicants must provide both predevelopment (for acquisition or bridge financing), and permanent budgets, as applicable. Applicants must use the MOHCD Pro Forma workbook as provided with this NOFA.
- **Project Operations:** The 1<sup>st</sup> year Operating Budget, Commercial Operating Budget, and 20-Year Cash Flow should be as accurate as possible, and based on actual operating data, when available. Expected operating expenses and cash flow assumptions must also adhere to the Small Sites Program Guidelines. Income should be modeled with 2.5% in escalation, and expenses should escalate by 3.5%.
- **Project Rent Roll:** Applicants must submit a rent roll reflecting the current unit mix, rents charged, any rent subsidies received, tenant household composition and tenant income level. Applicant must also model the rental income based on the restricted rents, including any agreed upon increases to tenant rents. As explained in the Small Sites Program Guidelines and Section B above, no less than 66% of the building’s current tenants must complete income certification forms and meet the average 80% AMI income requirement of the Program. Applicants may opt to establish fixed tiers of affordability, as long as the building maintains average rents of 80% AMI.

MOHCD reserves the right to fund all or a portion of the acquisition and rehabilitation of the property and/or to require the applicant to apply for another capital source of funds, or operating subsidy, when appropriate.

## G. Threshold Eligibility Criteria

Only applicants who meet all of the following criteria will be considered eligible for funding under this NOFA.

### **Applicant Qualifications**

- 1) Must be a duly formed non-profit or for-profit corporation.
- 2) Must demonstrate the technical capacity and experience to successfully acquire, own, rehabilitate and manage affordable housing, either through staff, contracted services, or in collaboration with other organizations, including:
  - a. **Acquisition Experience:** The applicant must have acquired at least one “Qualifying Project” in the past 5 years, or acted as part of a joint venture with another organization on an acquisition (subject to satisfactory performance review

by an appropriate public finance agency). A “Qualifying Project” is defined as a rental housing property that includes at least 5 units of affordable housing affordable to low- and moderate-income households.

- b. **Property Management Experience:** The applicant or the applicant’s management agent must have managed at least one Qualifying Project for at least 24 months (subject to satisfactory performance review by any City agency from which the Project received funding).
  - c. **Project Management Experience:** The applicant’s project manager must have experience with at least one Qualifying Project or be assisted by a consultant or other staff person with greater experience and the demonstrated capacity to oversee the project. When using a consultant, the consultant’s resume should demonstrate that the consultant has successfully managed all aspects of at least two (2) comparable development projects in the recent past.
  - d. **Construction Management Experience:** Applicant must identify specific staff or consultant(s) who will provide construction management functions on behalf of the owner, including: permit applications and expediting, cost analysis, completion evaluations, change order evaluations, scope analysis and schedule analysis. The applicant’s construction manager must have experience with at least one Qualifying Project.
- 3) Must demonstrate site control with appropriate documentation.

### **Eligible Projects**

- 1) Priority given to 5-25 residential unit buildings.
- 2) Mixed-use, and residential buildings over 25 units including SRO hotels, group housing, and other Program innovations will be considered on a case-by-case basis.
- 3) Buildings with units meeting the San Francisco Planning Department’s definition of “dwelling unit” and fully conform with Planning Code requirements applicable to the site, including zoning, General Code compliance, and any relevant neighborhood plan controls. Non-conforming or “illegal” units will be considered, as long as the Sponsor receives confirmation from the Planning Department that there is a path forward to legalize non-conforming units.
- 4) Buildings with purchase prices that are reasonable in comparison to other sites in the neighborhood, as documented in a City-approved appraisal
- 5) Buildings that can demonstrate positive cash flow under current rents for a minimum ten-year period and positive cash flow for a minimum 20-year period with projected restricted rents.
- 6) At a minimum of 60 days before loan closing, Applicants must indicate general tenant approval of the proposed building purchase and the tenants’ willingness to participate by providing income certifications for a minimum of 66% of existing tenants. The average income of participating households must not exceed 80% AMI, as described in Section B, above. The City will not move forward with the application processing without this documentation.

**H. Evaluation Criteria and Scoring Summary**

All applications that meet the Threshold Eligibility Criteria above will be scored and ranked according to the following scoring criteria:

<b>Category</b>	<b>Potential Points</b>
Acquisition Experience exceeding threshold requirement	15
Property Management Experience exceeding threshold requirement	15
Project Management Experience exceeding threshold requirement	15
Construction Management Experience exceeding threshold requirement	15
Building is at immediate risk for Ellis Act eviction or in the process of an Ellis Act eviction	8
Neighborhoods where low-to-moderate income households are at risk or displacement, or currently underserved by the Small Sites Program	8
Existing tenants include vulnerable populations: low income people of color, families with minor children, elderly, disabled, and catastrophically-ill persons	8
Building houses tenants with the lowest incomes	8
Building requires the lowest amount of subsidy per unit	8
<b>TOTAL POSSIBLE POINTS</b>	<b>100</b>

**I. Funding Requirements and Guidelines**

**Employment Opportunities**

In cases where MOHCD is providing direct financing of construction work, Projects over \$350,000, consisting of 10 or more residential units and/or 25,000 square feet of commercial space are required to work in good faith with the Office of Economic and Workforce Development (“OEWD”) to employ economically disadvantaged individuals referred through the CityBuild unit. Applicants should meet with MOHCD and OEWD prior to issuing requests for bid from Contractors or Subcontractors, and ensure that all contract documents require compliance with this Program.

**Labor Standards and Prevailing Wage Compliance**

In cases where MOHCD is providing direct financing of construction work, Project sponsors selected under this NOFA will ensure that all contracts for construction work include provisions for the payment of State or Federal (depending upon the source of funds), prevailing wages. To ensure compliance, applicants should meet with MOHCD and the Office of Labor Standards Enforcement (“OLSE”) to confirm the specific prevailing wage determination to use for bidding, payment and reporting of payroll. Additionally, Contractors and Subcontractors will be required to submit Certified Payroll Reports (“CPR”) for monitoring and compliance.

### **Small Business and Procurement**

In cases where MOHCD is providing direct financing, (and depending upon the projected budget for Construction and Professional Services contracts for a given project), sponsors selected under this NOFA will be required to comply with local procurement requirements, including bidding procedures, evaluation of bid responses, and the engagement of disadvantaged business consultants, architects, contractors, and other potential development team members to participate in projects funded under this NOFA. Applicants should meet with MOHCD and San Francisco Contract Monitoring Division (“CMD”) staff prior to hiring their development team to develop a plan for such compliance.

### **Environmental Review**

Depending on conditions at the site and on the rehab scope, proposed SSP projects may be subject to review under the California Environmental Quality Act (“CEQA”) and the National Historic Preservation Act (“NHPA”) and specifically the Section 106 historical resources preservation review. Depending on the location of the proposed project, review by the Department of City Planning may also be required. Applicants to this NOFA must not undertake activities, including acquisition, which would have an adverse environmental impact or limit the choice of reasonable alternatives between the time of application submittal and completion of the CEQA/NHPA/Section 106 review process, if applicable.

### **Accessibility**

Project sponsors may be responsible for meeting applicable accessibility building codes and regulations related to publicly-funded multifamily housing development under Section 504 of the Rehabilitation Act of 1973, the Architectural Barriers Act, the Americans with Disabilities Act, the California Building Code, and certain statutes and regulations of the City and County of San Francisco. Applicants should strive to make 5% of all rehabilitated units compliant with mobility features, and provide an additional 2% of units compliant with communication features. Applicants should submit accessibility details with their proposed rehabilitation scopes of work, including any requests for hardship waivers.

### **Relocation**

If the proposed project intends to apply for rehabilitation funds from MOHCD, applicants may be subject to the provisions of state relocation law and/or MOHCD-approved relocation requirements, if the scope of the project will include rehabilitation that requires tenants to temporarily vacate their units while work is being completed. Applicants should be prepared to notify any existing residents of the plans to rehabilitate the site and that public funds are being sought for this purpose, if such notice has not already been given. No permanent displacement should occur as a result of the rehabilitation performed under this NOFA.

### **Sustainable Design**

The Mayor’s Office of Housing and Community Development seeks to maximize the overall sustainability of financed projects to the extent possible through the integrated use of “green” and sustainable building methods and elements. Programmatic goals for projects should focus

on durability, energy and resource efficiency, indoor air quality and recycling. To the extent possible, Project Sponsors will be required to leverage applicable local, state, and federal energy efficiency programs.

## J. Application Process

### Application Forms and Deadline

Application forms can be found by visiting the City's website at <http://www.sfmohcd.org>.

The SSP application packet includes the following materials:

- 1) **SSP Application:** Word document with applicable supporting documentation
- 2) **MOHCD PASS Pro Forma Workbook:** Excel workbook with all tabs completed<sup>2</sup>
- 3) **SSP Master Checklist**
- 4) **SSP Income Certification Form:** Word document to be completed for at least 66% of current tenants
- 5) **Draft Distribution List:** Document containing contact information for known transaction parties.

Applicants must send a complete application package to MOHCD in order to be assigned to a MOHCD project manager for review. Additional materials may be required, as appropriate for the site and requested by MOHCD staff.

MOHCD requires applicants to submit applications by e-mail (signed by an authorized representative of the applicant). Please submit the electronic copy to Caroline McCormack ([caroline.mccormack@sfgov.org](mailto:caroline.mccormack@sfgov.org)) and Jonah Lee ([jonah.lee@sfgov.org](mailto:jonah.lee@sfgov.org)). Applications will be accepted at any time following publication of this NOFA on an "over-the-counter" basis until the earlier of the commitment of all funds under this NOFA or December 31, 2021.

If the SSP application includes property acquisition, the SSP application must be submitted no later than the 5th day of a minimum escrow period of 105 days in order to allow time for thorough underwriting and loan approval prior to the expiration of the applicant's finance contingency. Finance and inspection contingency periods may not be shorter than 45 days. Projects receiving takeout financing are also required to submit a complete SSP application packet.

### Application Review

Applications will be reviewed in the order in which they are received for completeness and eligibility. If more than one application is received concurrently, applications will be ranked internally according to the scoring criteria described in Section H. Eligible application(s) will then be reviewed for compliance with relevant City policies and the Small Sites Program Guidelines for overall feasibility, including but not limited to the following issues:

- 1) **Financial Feasibility:** The project must be financially feasible with both current rents and restricted rents, including realistic development and operating budget projections that

---

<sup>2</sup> Applicants should ensure that the "Small Sites Program" box is checked on the Tab 1 of the MOHCD Pro Forma.

conform to industry standards. There should be a reasonable likelihood that all identified funding sources will be secured in a timely manner.

- 2) **Cost:** Cost per unit and per square foot (gross square footage of building space) will be examined relative to comparable projects' costs. City subsidy per unit may not exceed the applicable subsidy limits.
- 3) **Leveraging:** The project's ability to demonstrate other sources of funding, including PASS program financing
- 4) **Displacement and Relocation:** Projects may not include displacement of residential tenants. If temporary relocation of residents is anticipated, the sponsor must provide a relocation plan and budget.

### **K. Other Requirements**

Before executing an agreement and disbursing any funds under this NOFA, the City will require the applicant to provide the following:

- 1) An Opinion Letter by the applicant's legal counsel, satisfactory to the City's legal counsel, that the applicant and borrowing entity is duly formed, validly existing, in good standing under the laws of the State of California, has the power and authority to enter into an Agreement with the City, and shall be bound by the terms of the Agreement when executed and delivered, and that addresses such other matters as the City may reasonably request.
- 2) A copy of appropriate insurance policies naming the City as co-insured.
- 3) Project sponsors will be required to comply with all requirements applicable to entities contracting with the City, including, but not limited to insurance coverage, business relationships, and domestic partners' benefits.
- 4) Audited or financially reviewed financial statements for the entity's last three fiscal years.
- 5) If the applicant is not an experienced developer, an executed development services contract with proposed development partner or development consultant.

## II. Capacity Building Grants: \$3.45 Million

Fundamental to the success of the Small Sites Program is MOHCD's collaboration with project sponsors who engage in the acquisition, rehabilitation, and long-term preservation of Small Sites in San Francisco. MOHCD is committed to supporting the growth and organizational sustainability of partners who have engaged with the Program, or seek to play a more integral role in scaling it. MOHCD is also committed to ensuring that the Program scales in a sustainable and equitable manner and is seeking new strategies and innovations to achieve its programmatic goals. Proposals that support the operational sustainability of existing partners, and/or facilitate the expansion of the Program to reach underserved neighborhoods will be prioritized. To that end, MOHCD is providing \$3.45 million in capacity building grants in the three areas identified below in Sections A, B, and C.

### A. Direct Funding for Non-profit Staff: \$2.75 Million

#### **Description**

The goal of this grant area is to support investment in growing non-profit organizational capacity, sustainability and performance related to the acquisition, development, and long-term asset management of Small Sites properties by providing funding to hire Small Sites specific staff, or support existing staff with additional resources (i.e. training, hiring consultant support, etc.). MOHCD will prioritize proposals that seek to use staff resources to reach properties in neighborhoods that are currently underserved by the program. **The term of the grant is up to three years.**

#### **Eligible Activities:**

- **Project Management:** Oversees all stages of the acquisition and rehabilitation of Small Sites. Staff will take the lead on interfacing with MOHCD.
- **Asset Management:** Manages the long-term financial and physical health of Small Sites, coordinates with property management for lease-up of vacant SSP units, ensures compliance with all occupancy restrictions and reporting requirements (such as MOHCD's Annual Monitoring Report), and interfaces with MOHCD Asset Management staff.
- **Property Management:** Responsible for all stages of property management, including marketing and lease-up of vacant units through MOHCD's DAHLIA system, managing waitlists, in-house maintenance, performing annual tenant income certification, handling tenant inquiries, coordinating lease signings, etc.
- **Construction Management:** Oversees the planning, design and rehabilitation of Small Sites (including the construction of ADUs, as applicable).
- **Resident Outreach:** Staff responsible for the spectrum of responsibilities related to coordinating resident outreach at buildings participating in the Small Sites Program including the following:
  - Assessing resident eligibility and interest in the program
  - Educating residents and advocating for participation in the Small Sites Program, including holding resident meetings, and coordinating with other Small Sites staff.

- Answering resident and stakeholder inquiries and concerns related to Small Sites Program requirements
- Performing tenant income certifications, as applicable
- **Build Organizational and Operational Capacity / Other Activities:** Funding may also be awarded for other community capacity-building activities that specifically strengthen engagement in the Small Sites Program. Examples of other activities include enlisting technical assistance, staff training, organizational business planning, joint ventures and other forms of partnership, etc.

## **B. Program Innovations: \$250,000**

### **Description**

As the Small Sites Program grows and more buildings enter the portfolio, MOHCD is interested in exploring opportunities to improve implementation, and develop strategies to scale the impact of the Program to reach more residents and buildings in all neighborhoods throughout the City. As a component of this grant opportunity, MOHCD is seeking proposals to develop alternative and innovative models for sustainably scaling the Small Sites Program, as described below. **The term of Program Innovation grants is up to one year.**

### **Eligible Activities**

- **Small Sites Program Outreach and Intake:** As SSP grows, so does the need to provide a public facing “one stop shop” for initial engagement with the Program. MOHCD will provide one-year of grant funding to a non-profit organization to create the following:
  - Develop a Small Sites “initial intake” form that collects basic information about the property
  - Create tracking tool for the growing pipeline of potential Small Sites projects, and deliver this information to MOHCD
  - Develop a financial feasibility tool that can quickly determine whether the project meets MOHCD’s basic underwriting criteria
  - Generate resident facing and standardized marketing and communication materials (in multiple languages, such as: English, Chinese, Spanish, and Tagalog)
  - Share these tools for use by all stakeholders engaged in anti-displacement and preservation efforts in City.
- **Scaling Impact of Acquisition and Preservation Programs:** A one-year grant to conduct research on actionable models for sustainably expanding the geographic reach of Acquisition and Preservation programs, and ensuring the long-term operational and financial health of the portfolio through asset management and property management. Research proposal should include the following:
  - Define the problem and articulate the value proposition of an alternative approach to the status quo
  - Develop an actionable and San Francisco-specific model(s)
  - Identify the opportunities and challenges associated with each model
  - Solicit feedback and scenario testing within the ecosystem of organizations

- engaged in the acquisition and preservation of affordable housing.
- Identify any necessary administrative or policy changes needed to implement the model
- Produce a work plan, implementation process, and timeline
- **Small Sites Market Analysis and Strategy:** Understanding the universe of potential Small Sites acquisitions is a key element to scale the Program. MOHCD seeks assistance in developing a tool for identifying Small Sites and other preservation opportunities that can help guide investment decisions, and provides a strategy for reaching neighborhoods that are currently underserved by the Program. The market analysis should achieve the following:
  - Actionable dataset
  - Summary report with data findings
  - Toolkit for updating the dataset as market conditions change
  - Policy and Program recommendations for creating data-driven small site acquisition strategy
- **Other Innovations:** Funding may also be awarded for other Program innovation proposals that seek to develop tools to strengthen the Acquisition and Preservation programs, or scale impact. Examples of other program innovations include: developing a predevelopment pool of funds or other source of working capital, leveraging COPA to develop pipeline of acquisition opportunities, etc.

### **C. Westside Initiatives: \$450,000**

#### **Description**

The Westside of San Francisco (defined as Districts 1, 4, and 7) has experienced a significant loss of rent-stabilized units; between 2008 and 2018, District 1 (the Richmond District) lost 527 rent-controlled units, District 4 (the Sunset District) lost 462 rent-controlled units, and District 7 (West of Twin Peaks) lost 236 rent-controlled units. Furthermore, since the Small Sites Program launched in 2014, only two sites have been acquired on the West Side, totaling 21 units. This problem is due in part to the absence of a community development organization solely dedicated to the acquisition and preservation of Small Sites on the Westside of the City. With support from Supervisor Fewer and Mar's Offices, this component of the NOFA will focus on two West Side-specific initiatives to build capacity, as described below. Although these two initiatives are focused specifically on the West Side, grantees are expected to collaborate and align with citywide efforts to expand the reach Acquisition and Preservation Programs. Grantees are encouraged and expected to work in partnership with the ecosystem of organizations working on acquisition/preservation and anti-displacement work. **The term of Westside Initiatives grants is up to one year.**

#### **Eligible Activities**

- **Building Capacity for Community Development on the West Side: \$300,000**  
This grant will support growth, expansion, or creation of a Westside based nonprofit community organization dedicated to preserving and expanding affordable housing

through the Small Sites Program, as well as supporting small business and nonprofit organizations on the West Side of San Francisco (Districts 1, 4 and 7). Key activities of grantee may include:

- Identify recommended next steps to grow, and expand existing capacity for community development and affordable housing preservation and expansion on San Francisco's West Side
  - Identify and engage organizational stakeholders to participate in growing the capacity for West Side community development entities, including those focused on community engagement and not currently involved in housing development
  - Assess long-term opportunities in Districts 1, 4 and 7 with regards to small site acquisition, new affordable housing development and community stabilization, and the capacity required to address this need
  - Support community development entities with a business plan, including staffing models, financial modeling, setting of desired outcomes with goal of slowing displacement and loss of affordable housing units, and the identification of possible ongoing funding sources
  - Explore policy questions regarding the model of small site acquisition, rehabilitation, ownership, operations, management, and leveraging other financing sources such as LIHTC
- **District 4 Small Sites Acquisition Strategist/Project Manager: \$150,000**  
This grant will support investment in a nonprofit to hire project staff to identify and execute upon affordable housing development opportunities in District 4 by performing the following:
    - Neighborhood outreach, including reaching out to property owners and real estate brokers, and engaging community affordable housing developers and funders.
    - Developing a near-term strategy to increase the number of affordable units, including but not limited to: Small Sites acquisition and preservation opportunities, new construction of 100% affordable projects, and a financial incentives pilot program to expand Accessory Dwelling Units.
    - Perform all project management responsibilities, working closely and building relationships among District 4 community organizations, community non-profit affordable housing developers, and the office of the District 4 Supervisor to secure resources and commitments to move forward on District 4 affordable housing projects.

#### **D. Capacity Building Grant Applicant Qualifications**

- Must be a duly formed nonprofit corporation registered with the Internal Revenue Service
- Must demonstrate a history of designing, managing, and executing on housing and community development efforts and research, through either staff or contracted services
- Organizational commitment to creating housing opportunities for low and moderate income households
- Established relationships with community-based organizations in San Francisco
- Applicants may submit joint applications with other nonprofit organizations, as long as

roles and responsibilities are defined, and distribution of grant funds is clear

### **E. Submitting a Capacity Building Grant Application**

#### **Application Forms**

Applicants must submit a completed application packet to MOHCD, which includes the following documents:

- Application Cover Sheet
- Board of Directors
- Narrative comprised of the following:
  - Proposal Description
  - Budget
  - Background and Need
  - Evaluation

All required application materials are available on MOHCD's website: <http://www.sfmohcd.org>

#### **Submission and Deadline**

Submit both a hard copy and electronic copy of your completed application packet to:

Caroline McCormack  
Mayor's Office of Housing and Community Development  
One South Van Ness Avenue, Fifth Floor  
San Francisco, CA 94103  
[caroline.mccormack@sfgov.org](mailto:caroline.mccormack@sfgov.org)

**APPLICATION DUE DATE: November 1, 2019 at 5:00 p.m.**

For questions concerning this NOFA, please call or e-mail Caroline McCormack, MOHCD Project Manager (415-701-5537); [caroline.mccormack@sfgov.org](mailto:caroline.mccormack@sfgov.org))