

**Preservation and Seismic Safety Program (PASS)  
General Obligation Bond  
(2016 Affordable Housing GO Bond)**



*Example project: 1303 Larkin Street*

**CGOBOC Report  
December 2025**

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# Executive Summary

In November of 2016, San Francisco voters authorized the City and County of San Francisco to repurpose existing bond authority, and issue up to \$260.7 million of general obligation bonds to address critical housing needs, protect residents, and stabilize communities. The bonds fund the Preservation and Seismic Safety Program (PASS), and enable the City, acting by and through its Mayor’s Office of Housing and Community Development (MOHCD), to:

- **Preserve affordability in existing housing at risk of market-rate conversion**
- **Protect San Franciscans living in apartments at risk of displacement**
- **Improve the earthquake resilience of San Francisco’s building stock**

The estimated PASS program funding is as follows:

Program Categories	PASS Program Funding <sup>1</sup>
Affordable (average of 80% AMI & up to 120% AMI)	\$90 million – Below Market Rate Loans <u>\$14.7 million</u> – Deferred Loans \$104.7 million
Market Rate (unrestricted)	\$156 million – Market Rate Loans
<b>TOTAL</b>	<b>\$260.7 million</b>

MOHCD estimates that the PASS program will facilitate the preservation of up to 1,400 apartments. Demand for PASS program financing continues to be strong, especially in the current environment where preservation projects have limited access to tax-exempt bond financing allocated through the State. Since the first loan closing in May 2019, the PASS program has provided \$174 million of low-cost, long-term financing to permanently preserve affordability at 51 projects, including 1,319 residential units and 45 commercial spaces.

MOHCD is also working to leverage PASS financing to complete additional rehabilitation and provide stable long-term funding for earlier small sites projects that were financed before the PASS program was in operation. This will allow additional accessory dwelling units to be built as well providing fully amortizing permanent financing that will set the project up for long-term financial success. MOHCD has also used the PASS funds to provide low-cost debt for rehabilitations of existing affordable housing and in one case, to preserve an affordable housing project threatened with foreclosure.

<sup>1</sup> PASS Program Funding (Below Market Rate Loans, Deferred Loans, and Market Rate Loans) is expected to be combined, as allowable, to create a blended interest rate for each project and maximize the total bond proceeds available to preserve affordable housing.

# Background

Since 2012, City leaders and voters have repeatedly demonstrated their support for policies and investments that address the housing needs of San Francisco’s workforce and vulnerable residents. In 2012, voters approved the creation of the Housing Trust Fund. In 2015, 74% of voters approved Proposition A, a \$310 million general obligation affordable housing bond. Then in 2016, 76% of voters approved Proposition C to repurpose \$260.7 million in unused bond capacity to fund the Preservation and Seismic Safety Program (PASS).

The repurposed bond capacity originated from the Seismic Safety Loan Program (SSLP), which was passed by the voters in 1992 Proposition A. The SSLP provided low-cost financing for property owners to perform seismic retrofits after the 1989 Loma Prieta earthquake. A total of \$350 million of SSLP funding was authorized to finance affordable and market rate buildings, as follows:

- \$150 million for affordable buildings
  - \$90 million for Below Market Rate Loans
  - \$60 million for Deferred Loans
- \$200 million for Market Rate Loans to unrestricted buildings

Over the 20 years that followed, the SSLP was underutilized with only \$89.3 million of bonds issued, of the original \$350 million in bond authority. Affordable housing advocates responded with a proposal to broaden the scope of the unused funding to finance the acquisition, improvement, and rehabilitation of at-risk multifamily residential buildings and to convert those buildings to permanent affordable housing. The 2016 approval to expand the eligible uses of the SSLP has resulted in the development of the PASS Program.

## Key Differences From Other City Bonds

With most General Obligation bonds, the City hires contractors to complete infrastructure improvements. For affordable housing, the City does not engage contractors directly or own the improvements directly. Rather, the City makes loans to developers (Sponsors) who then hire contractors and own the improvements through Limited Liability Companies (LLCs). This approach allows projects to leverage outside investment. City loans help jump start development, as it is usually the least costly funding the project will receive. Loans to developers include affordability covenants to ensure that projects are affordable for the long-term.

## Need for the Investment

Since 2011, market-rate rental costs have far outpaced income increases for most working households. This “affordability gap” leaves families and individuals vulnerable to displacement and homelessness. Though there has been significant affordable housing production and preservation in the last five years, a critical need for more affordable housing continues. High costs and low supply bring personal hardship, accelerate displacement, undermine balanced economic growth, and cause environmental damage as workers endure longer daily work commutes.

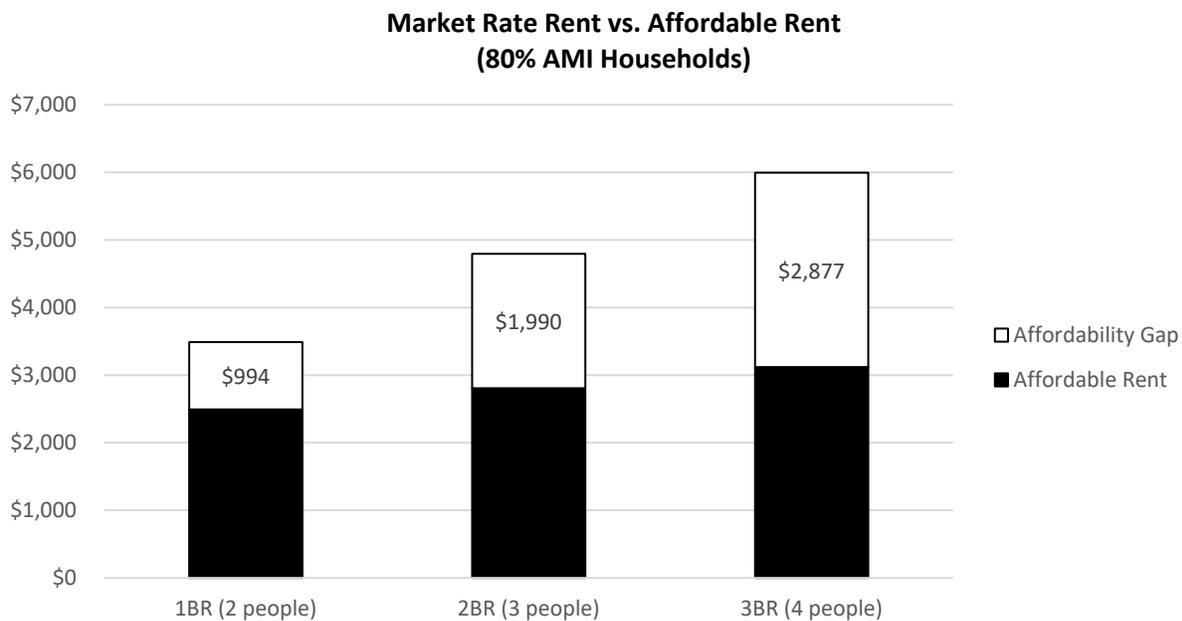


As housing prices have risen, market pressures on the existing housing stock has increased. SF Planning estimates that over the last ten years, approximately 400 units per year were removed from protection under the City’s Residential Rent Stabilization Ordinance. This Bond assists in the acquisition and preservation of multifamily properties throughout San Francisco that are particularly vulnerable to market pressure resulting in property sales, increased evictions and rising tenant rents.

**Widening Affordability Gap**

The Affordability Gap is the difference between what housing costs and what households of various sizes can afford to pay. It is pegged to income level using the percentage of San Francisco’s Area Median Income (AMI) and household size.

San Francisco has among the highest AMI in the nation, but for many it is still not enough to afford a market-rate apartment. For example, in 2025, a two-person household at 80% AMI earned \$99,750, which translates to an affordable rent of approximately \$2,494 for a one-bedroom apartment. Median one-bedroom market-rate apartments rent for \$3,488, leaving a gap of approximately \$994 more than what is affordable. Larger households face an even greater affordability gap. For a household of four earning 80% of AMI, the monthly shortfall is \$1,752 for a three-bedroom apartment. For those earning less than 80% AMI a market-rate apartment can be completely out of reach.



**Target Populations**

The PASS Program funds expand and preserve the affordable housing supply by:

- Taking at-risk multifamily properties off the speculative market and preserving them as permanent affordable housing
- Investing in properties with years of deferred maintenance to make them safer and healthier homes for San Franciscans
- Investing in neighborhoods to promote and preserve economic diversity

- Creating housing opportunities for a broad population, including families, seniors, single working adults, veterans, disabled households, and income levels ranging from extremely low- to moderate.



# PASS Program Overview

PASS plays a critical role in the City's anti-eviction and preservation strategy by financing the acquisition and rehabilitation of at-risk multifamily buildings, removing them from the speculative market, and preserving them as permanently affordable housing. Specifically, PASS provides access to a nimble source of low-cost and long-term financing that is not currently available on the conventional market, or through MOHCD's existing financing programs. It is anticipated that in aggregate, the PASS Program will facilitate the preservation of up to 1,400 apartments, reduce the need for other public resources, support the long-term financial feasibility of participating developments, and allow preservation-oriented sponsors to compete more effectively in the acquisition of at-risk buildings offered in the open market.

PASS provides MOHCD's borrowers with low-cost and long-term access to debt financing to acquire, rehabilitate, and preserve existing buildings as permanently affordable housing. Eligible projects may be small buildings like those typically funded by the City's Housing Preservation Program (formerly known as Small Sites).

## Eligible Uses

- Acquisition/rehabilitation, preservation of affordable housing, and seismic retrofits
- Small sites (5 to 25 unit buildings)
- Larger multifamily and mixed-use residential buildings (25+ units)
- Single-Room Occupancy hotels
- Rehabilitation of existing affordable housing

## What is not PASS Eligible?

- New construction
- Acquisition without rehabilitation

PASS loans are fully secured by a first-position lien against the fee interest of the property and may be structured as either Acquisition/Construction Loans (Direct Financing), or Permanent Loans (Take-out Financing). Loans may be comprised of a combination of (i) Below Market Rate Loans, (ii) Deferred Loans, or (iii) Market Rate Loans. With little to no anticipated demand for market rate properties, MOHCD expects that each eligible affordable property will be financed with a combination of all three funding sources to maximize the utilization of the bond proceeds at the lowest interest rate to borrowers.

MOHCD's occupancy restrictions are recorded against the deed and permanently restrict all units to households earning no more than 120% of AMI at turnover and require that the project's combined average rents are no higher than 80% of AMI.



## PASS and the Housing Preservation Program

The Housing Preservation Program (HPP), formerly Small Sites Program (SSP) is an acquisition and rehabilitation subsidy loan program for existing, typically rent-controlled, buildings. The program was created to protect and establish long-term affordable housing in properties throughout San Francisco that are particularly vulnerable to market pressure resulting in property sales, increased evictions, and rising tenant rents. In the face of this increasing pressure on tenants, the City developed the program in 2014 to support non-profit and for-profit entities to successfully remove these sites from the market and restrict them for the long-term. The overarching program goals are to:

- 1) Protect and stabilize housing for current tenants at a range of income levels**
- 2) Remove SSP properties from the speculative market while increasing the supply of permanently affordable rental housing**
- 3) Create financially stable, self-sustaining housing that serves multiple generations of low to moderate income households**

To date, HPP has provided approximately \$237 million in financing to preserve 56 developments with 711 residential units and 43 commercial spaces. Since the introduction of the PASS program in 2019, nearly all new HPP projects have been financed with senior loans from PASS and subsidy loans from HPP. The PASS program complements and enhances MOHCD's ongoing anti-displacement and preservation work under HPP by replacing more expensive conventional debt with low-cost, long-term PASS financing.



Ani Rivera - Small Sites Property  
Ani is Director of Galeria de la Raza  
Renter for 20 years



## PASS vs. Conventional Bank Financing

PASS financing significantly reduces borrowing costs and the need for other public resources, such as SSP gap financing. Additional benefits of PASS financing include improved project financial sustainability, deeper levels of affordability, and expedited execution that enable MOHCD's partners to compete more effectively in the acquisition of at-risk buildings offered in the open market.

A detailed comparison of conventional bank vs PASS financing is below:



### 1201 Powell Street

Sponsor: CCDC  
 Neighborhood: Nob Hill, District 3  
 Loan Closing Date: June 28, 2019  
 Program Type: PASS, SSP  
 Number of Units: 13 studios  
                           4 one bedrooms  
                           17 total units

#### OPERATING BUDGET

Affordable Rents	247,303	~50% AMI rents
Operating Expenses	139,207	
<b>Net Operating Income</b>	<b>108,096</b>	Amount available for debt service

#### SOURCES & USES

	<u>Conventional Loan</u>	<u>PASS Loan</u>	<u>Remarks</u>
	3.86%	3.41%	Interest Rate
	30	40	Loan Term (years)
	1.15	1.10	Debt Coverage Ratio
	93,997	98,269	Net Available for Debt Service
<b>SOURCES</b>			
Senior Loan	1,669,000	2,143,000	
Small Sites Program (SSP) Gap	6,402,000	5,928,000	<b>\$474k reduction in City funded gap</b>
<b>Total Sources</b>	<b>8,071,000</b>	<b>8,071,000</b>	
<b>USES</b>			
Acquisition	4,312,000	4,312,000	
Rehabilitation	1,819,000	1,819,000	
Soft Costs	1,940,000	1,940,000	
<b>Total Uses</b>	<b>8,071,000</b>	<b>8,071,000</b>	

Note: Figures are for illustrative purposes only.



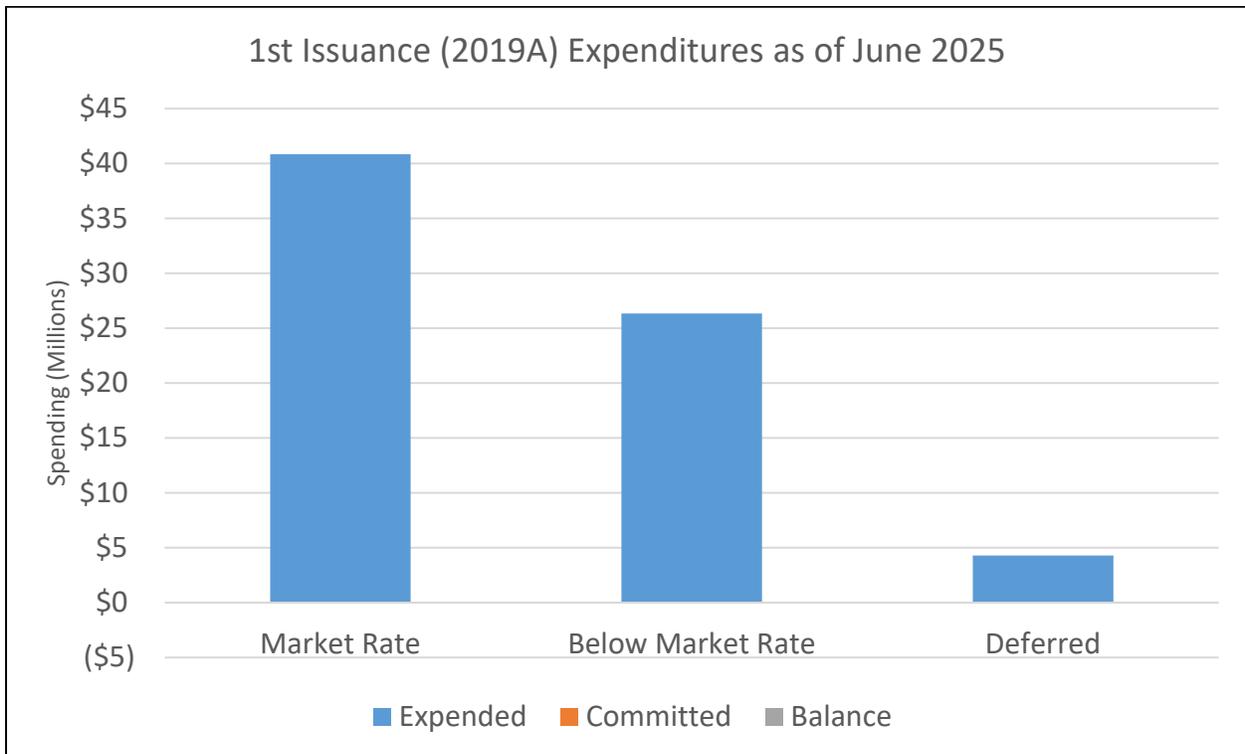
## First Issuance – Series 2019A

### Highlights

- February 2019 – the City issued the first round of funding for the PASS Program in the amount of \$72.42 million.
- March 2019 – PASS Program Regulations adopted by Citywide Affordable Housing Loan Committee.
- May 2019 – First PASS loan closing.
- June 2025 – All funds have been lent to projects with the last remaining \$1.5m in funds going to supplement the Normandy Apartments large 2020C PASS loan.
- A total of 23 projects with 435 residential units and 28 commercial units were funded



	<b>Total Amount</b>	<b>Market Rate Loans</b>	<b>Below Market Rate Loans</b>	<b>Deferred Loans</b>
<b><u>SOURCES AND USES</u></b>				
<b><u>Sources:</u></b>				
Series 2019A Par Amount	<u>72,420,000</u>	<u>41,382,961</u>	<u>26,683,149</u>	<u>4,353,890</u>
<b>Total Sources</b>	<b>72,420,000</b>	<b>41,382,961</b>	<b>26,683,149</b>	<b>4,353,890</b>
<b><u>Uses:</u></b>				
Project Fund Deposits				
Project Fund	71,461,128	40,835,032	26,329,853	4,296,243
CSA Audit Fee	<u>142,922</u>	<u>81,670</u>	<u>52,660</u>	<u>8,592</u>
Total Project Fund Deposits	71,604,050	40,916,702	26,382,512	4,304,836
Cost of Issuance	538,011	307,435	198,230	32,345
Underwriter's Discount	205,519	117,440	75,723	12,356
CGOBOC Fee	<u>72,420</u>	<u>41,383</u>	<u>26,683</u>	<u>4,354</u>
Total Delivery Expense	814,839	465,623	300,227	48,988
<b>Total Uses</b>	<b>72,420,000</b>	<b>41,382,961</b>	<b>26,683,149</b>	<b>4,353,890</b>



Figures above include costs of issuance expenditures.



## First Issuance – Series 2019A Pipeline

Project Name	Sponsor	Residential Units	Commercial Units	Market Rate (MR)	Below Market Rate (BMR)	Deferred (D)	Total PASS Loans	Status
60 28th Street	MEDA	6		584,001	376,556	61,443	1,022,000	Closed
Purple House	SFCLT	10		610,399	394,461	64,140	1,069,000	Closed
1201 Powell Street	CCDC	17	1	1,224,575	789,588	128,837	2,143,000	Closed
1411 Florida Street	MEDA	7		821,669	530,991	86,340	1,439,000	Closed
3280 17th Street	MEDA	11	5	3,078,832	1,989,648	323,520	5,392,000	Closed
4830 Mission Street	MEDA	21	6	5,225,221	3,376,719	549,060	9,151,000	Closed
462 Green Street	CCDC	7		368,295	238,005	38,700	645,000	Closed
305 San Carlos Street	MEDA	12	2	1,373,826	887,814	144,360	2,406,000	Closed
65-69 Woodward Street	MEDA	6		734,877	474,903	77,220	1,287,000	Closed
654 Capp Street	MEDA	7		1,191,677	770,103	125,220	2,087,000	Closed
937 Clay Street	CCDC	73	3	2,515,255	1,625,445	264,300	4,405,000	Closed
520 Shrader Street	SFHDC	7		1,140,287	736,893	119,820	1,997,000	Closed
70 Belcher Street	SFCLT	5		685,771	443,169	72,060	1,201,000	Closed
1353 Stevenson Street	MEDA	3		1,115,734	721,026	117,240	1,954,000	Closed
3544 Taraval Street	MEDA	6		341,458	220,662	35,880	598,000	Closed
270 Turk Street	TNDC	86		4,638,804	2,997,756	487,440	8,124,000	Closed
1382 30th Avenue	MEDA	4		383,141	247,599	40,260	671,000	Closed
3254-3264 23rd Street	MEDA	6	5	1,033,510	667,890	108,600	1,810,000	Closed
369 3rd Avenue	MEDA	12	1	1,847,756	1,194,084	194,160	3,236,000	Closed
2260 Mission Street	MEDA	6	1	825,666	533,574	86,760	1,446,000	Closed
3158 Mission Street (El Rio)	MEDA	8	2	2,505,548	1,619,172	263,280	4,388,000	Closed
239 Clayton Street	MEDA	8		901,038	582,282	94,680	1,578,000	Closed
South Park Scattered Sites	MHDC	107	2	6,753,788	4,364,532	709,680	11,828,000	Closed
Normandy Apts Partial	TNDDC	See 2020C		933,904	546,981	103,243	1,584,128	Closed
<b>Sub-Total</b>	<b>24 projects</b>	<b>435</b>	<b>28</b>	<b>40,835,032</b>	<b>26,329,853</b>	<b>4,296,243</b>	<b>71,461,128</b>	



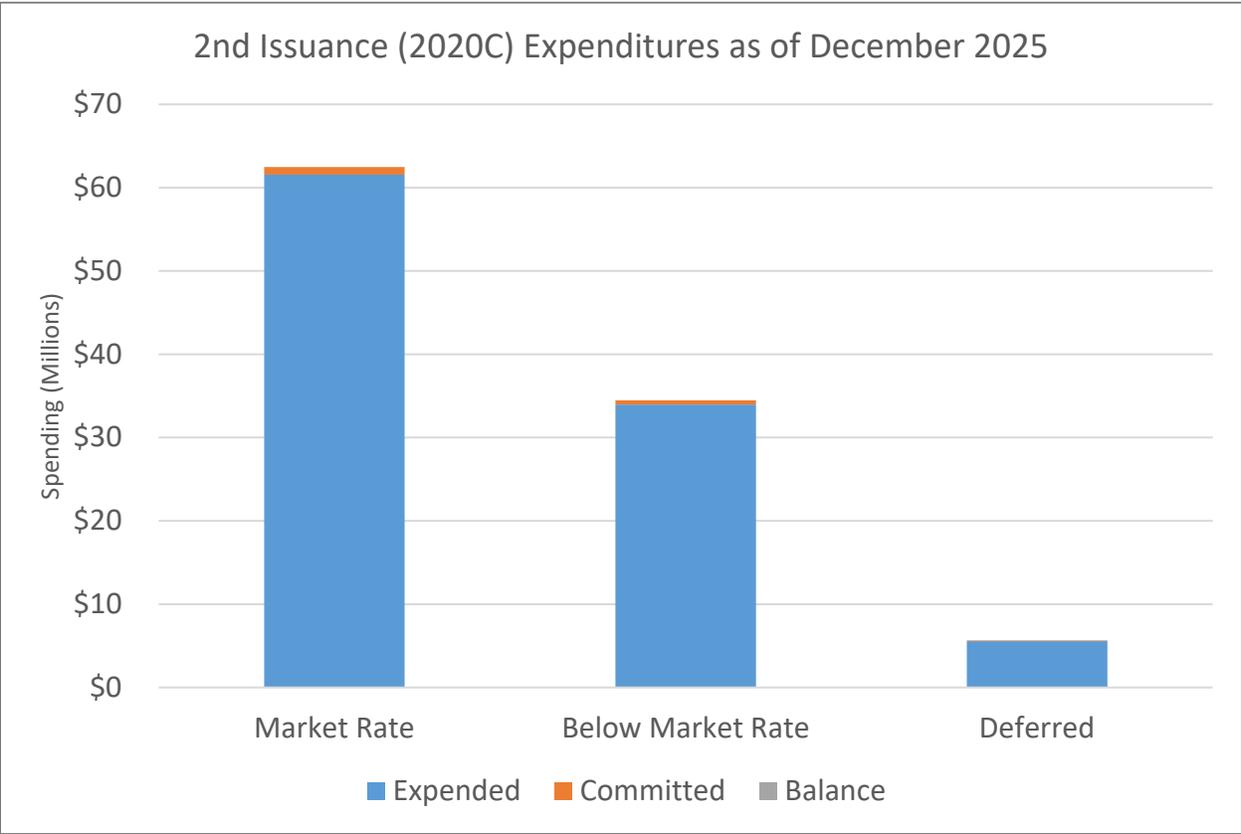
## Second Issuance – Series 2020C

### Highlights

- November 2020 – 2<sup>nd</sup> Issuance for the 2016 Affordable Housing bond (Series 2020C) closed for \$101.7 million.
- March 2022 – first Series 2020C PASS loan closes for \$8.5 million to preserve 88 residential units and 3 commercial units
- February 2023 – 2 additional projects close with 24 residential units and \$5.4 million in PASS
- August 2023 – 8 additional projects close with 138 residential units and \$17.3 million in PASS
- December 2023 – 3 additional projects closed with 23 residential units and \$3 million in PASS
- June 2024 – 6 additional projects closed with 364 units and \$29.7 million in PASS funds
- December 2024 – 3 additional projects with 40 residential units and 2 commercial units with \$2.8 million in PASS for a total of \$69.9 in PASS 2020C funds released
- June 2025 – Loan for a 3-project bundle of rehabilitations and a loan for a 108 unit acquisition
- December 2025 – closed a \$11.1 million loan for a complex SRO conversion that will add 5 additional units for a total of 68 units. \$1.5m remains for a committed project at 3434 18<sup>th</sup> St.

	2020C		Below Market		
			Market Rate	Rate	Deferred
			60.90%	33.60%	5.50%
<b>Maximum Not to Exceed Amount:</b>	<b>102,580,000.00</b>		<b>62,471,220.00</b>	<b>34,466,880.00</b>	<b>5,641,900.00</b>
<b>Sources:</b>					
Par Amount	102,580,000.00	100.0%	62,471,220.00	34,466,880.00	5,641,900.00
<b>Total Sources:</b>	<b>102,580,000.00</b>	<b>100.0%</b>	<b>62,471,220.00</b>	<b>34,466,880.00</b>	<b>5,641,900.00</b>
<b>Uses:</b>					
Project Fund Deposits:					
Project Fund	101,519,782.72	99.0%	61,825,547.68	34,110,646.99	5,583,588.05
CSA Audit Fee	203,039.57	0.2%	123,651.09	68,221.30	11,167.18
<b>Total Project Fund Deposits:</b>	<b>101,722,822.29</b>	<b>99.2%</b>	<b>61,949,198.77</b>	<b>34,178,868.29</b>	<b>5,594,755.23</b>
Cost of Issuance	548,486.71	0.5%	334,028.41	184,291.53	30,166.77
Underwriter's Discount	206,111.00	0.2%	125,521.60	69,253.30	11,336.10
CGOBOC Fee	102,580.00	0.1%	62,471.22	34,466.88	5,641.90
<b>Total Delivery Expense:</b>	<b>857,177.71</b>	<b>0.8%</b>	<b>522,021.23</b>	<b>288,011.71</b>	<b>47,144.77</b>
<b>Total Uses:</b>	<b>102,580,000.00</b>	<b>100.0%</b>	<b>62,471,220.00</b>	<b>34,466,880.00</b>	<b>5,641,900.00</b>





Figures above include costs of issuance expenditures.

## Second Issuance – Series 2020C Anticipated Pipeline

Project Name	Sponsor	Residential Units	Commercial Units	Market Rate (MR)	Below Market Rate (BMR)	Deferred (D)	Total PASS	Status
Through Line	CCDC	88	3	5,175,891	2,855,664	467,445	8,499,000	Closed
168 Sickles	SFHDC/MEDA	12		1,246,623	687,792	112,585	2,047,000	Closed
3661 19th St	MEDA	12		1,845,270	1,018,080	166,650	3,030,000	Closed
3225 24th Street	MEDA	6	0	973,182	536,928	87,890	1,598,000	Closed
125 Mason	TNDC	81		3,532,200	1,948,800	319,000	5,800,000	Closed
4042 Fulton Street	SFCLT	5		487,167	268,782	43,997	799,946	Closed
568 Natoma	SFCLT	5		405,973	223,985	36,664	666,622	Closed
308 Turk Street	SFCLT	20		1,623,890	895,939	146,657	2,666,486	Closed
Pigeon Palace	SFCLT	6		487,167	268,782	43,997	799,946	Closed
40 Sycamore	MEDA	5		578,550	319,200	52,250	950,000	Closed
2676 Folsom	MEDA	10		1,563,303	862,512	141,185	2,567,000	Closed
1130 Fillbert	SFCLT	4		858,081	473,424	77,495	1,409,000	Closed
Merry-Go-Round House	SFCLT	14		370,272	204,288	33,440	608,000	Closed
566 Natoma	MEDA	5		612,045	337,680	55,275	1,005,000	Closed
3975 24th St	SFCLT	4	2	560,280	309,120	50,600	920,000	Closed
300 Ocean Ave	MEDA	8		1,158,927	639,408	104,665	1,903,000	Closed
San Cristina	HomeRise	58	2	4,886,616	2,696,064	441,320	8,024,000	Closed
El Dorado	Conard JSCO	65		1,272,810	702,240	114,950	2,090,000	Closed
Ambassador Ritz	TNDC	198	5	7,520,541	4,149,264	679,195	12,349,000	Closed
936 Geary	Novin/SFHDC	31	2	2,679,600	1,478,400	242,000	4,400,000	Closed
Maria Alicia	MHDC	20	2	413,511	228,144	37,345	679,000	Closed
528 Natoma	SFHDC	4		144,333	79,632	13,035	237,000	Closed
375 14th St	SFHDC	16		1,155,882	637,728	104,390	1,898,000	Closed
1652 Eddy	Bernal	7		2,259,999	1,246,896	204,105	3,711,000	Closed
3434 18th St	MHDC	11		913,500	504,000	82,500	1,500,000	Committed
The Normandy	TNDC	108		12,337,122	6,806,688	1,114,190	20,258,000	Closed
Larkin Pine	CCDC	68		6,762,336	3,730,944	610,720	11,104,000	Closed
<b>Sub-Total</b>	<b>27 projects</b>	<b>873</b>	<b>19</b>	<b>61,825,071</b>	<b>34,110,384</b>	<b>5,583,545</b>	<b>101,519,000</b>	

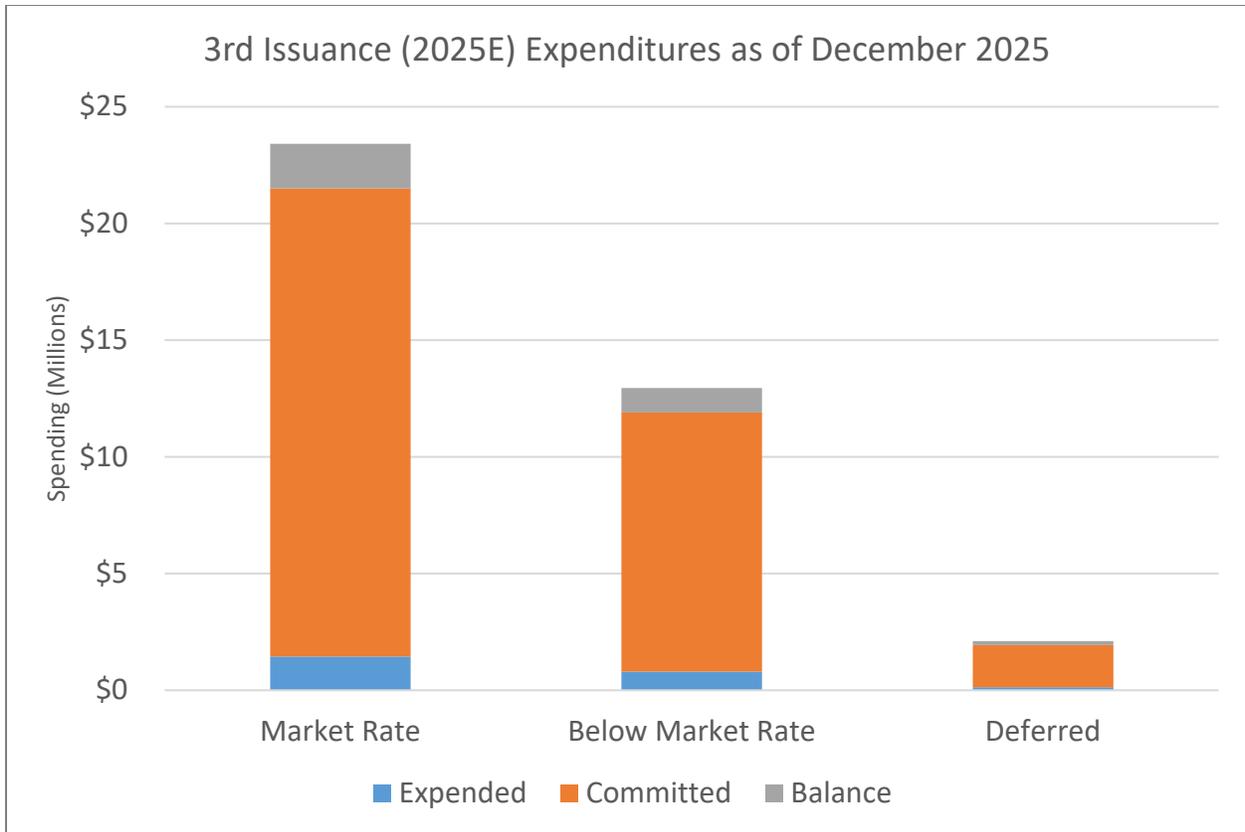


## Third Issuance – Series 2025E

### Highlights

- February 2025 – 3<sup>rd</sup> Issuance for the 2016 Affordable Housing bond (Series 2025E) closed for \$38.5 million.
- December 2025 – closed one 5-unit acquisition for \$500k and used \$800k to support an SRO conversion resyndication that also used 2020C funds. Majority of the balance is committed to three pipeline projects.

	2025E		Below Market		
			Market Rate	Rate	Deferred
			60.86%	33.67%	5.47%
<b>Maximum Not to Exceed Amount:</b>	<b>40,000,000</b>		<b>24,343,186</b>	<b>13,468,006</b>	<b>2,188,808</b>
<b>Sources:</b>					
Par Amount	<u>38,473,553</u>	100.0%	<u>23,414,222</u>	<u>12,954,051</u>	<u>2,105,280</u>
<b>Total Sources:</b>	<b>38,473,553</b>	<b>100.0%</b>	<b>23,414,222</b>	<b>12,954,051</b>	<b>2,105,280</b>
<b>Uses:</b>					
Project Fund Deposits:					
Project Fund Capitalized Debt Service	<u>37,398,360</u>	97.2%	<u>22,759,881</u>	<u>12,592,034</u>	<u>2,046,445</u>
Service	<u>256,338</u>	0.7%	<u>156,002</u>	<u>86,309</u>	<u>14,027</u>
Total Project Fund Deposits:	<u>37,654,698</u>	97.9%	<u>22,915,883</u>	<u>12,678,343</u>	<u>2,060,472</u>
Cost of Issuance	545,250	1.4%	331,828	183,586	29,836
Underwriter's Discount	235,385	0.6%	143,251	79,254	12,880
CGOBOC Fee	<u>38,220</u>	0.1%	<u>23,260</u>	<u>12,869</u>	<u>2,091</u>
Total Delivery Expense:	818,855	2.1%	498,339	275,709	44,808
<i>Additional Proceeds</i>	-	0.0%	-	-	-
<b>Total Uses:</b>	<b>38,473,553</b>	<b>100.0%</b>	<b>23,414,222</b>	<b>12,954,051</b>	<b>2,105,280</b>



Figures above include costs of issuance expenditures.

### Third Issuance – Series 2025E Anticipated Pipeline

Project Name	Sponsor	Residential Units	Commercial Units	Market Rate (MR)	Below Market Rate (BMR)	Deferred (D)	Total PASS Loans
3025 23rd St	MHDC	6		1,257,326	695,623	113,052	2,066,000
2901 16th St	MEDA	63	7	5,718,823	3,163,971	514,206	9,397,000
3235 16th Street	SFCLT	5	1	303,681	168,013	27,305	499,000
Larkin Pine Pt. 2	CCDC	0		486,255	269,023	43,721	799,000
Golden Gate Apartments	CCDC	72		13,085,680	7,239,727	1,176,594	21,502,000
<b>Sub-Total</b>	<b>5 projects</b>	<b>146</b>	<b>8</b>	<b>20,851,765</b>	<b>11,536,357</b>	<b>1,874,878</b>	<b>34,263,000</b>

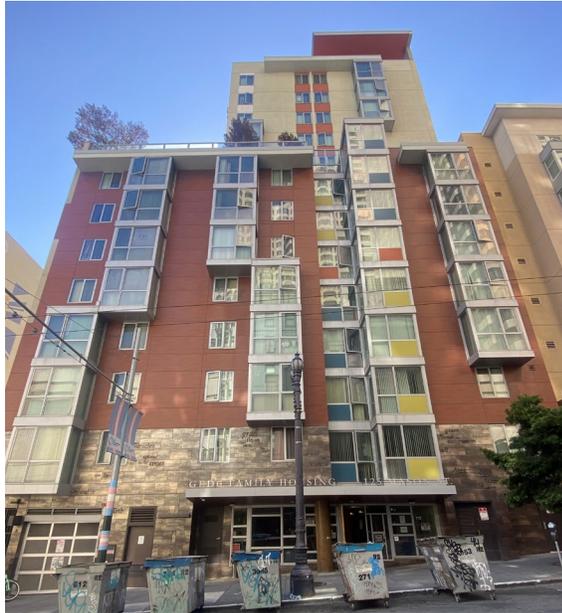


The PASS program provides MOHCD's partners with access to low-cost and long-term debt financing that allows them to compete more effectively in the acquisition of at-risk buildings offered in the open market. Due to the speculative nature of potential acquisitions financed by PASS, MOHCD expects that the pipeline will change over time. Since the previous report, the City has continued to make progress to refine the pipeline based on the most updated closings, project development costs, actual vs. expected rents, operating expenses, household income demographics, project feasibility, and project timing. Proceeds from the first issuance are fully spent and the second issuance is fully committed. Demand for new PASS financing remains strong with only \$3.1 million in proceeds from the third issuance currently uncommitted. Since the program is an over-the-counter application, the small remainder of funds remains in high demand from additional portfolio rehabilitation projects, which as of late 2025 are increasingly viable as tax-exempt bonds for rehabilitation became available again after four years of scarcity due to the passage of the 25% test for tax-exempt bonds at the federal level.



# Example Project Summaries

## 125 Mason Street



### Project Details

Sponsor	Tenderloin Neighborhood Development Corporation
Location	125 Mason Street
Neighborhood	The Tenderloin, District 5
Loan Closing Date	March 2023
Program Type	PASS
Number of Units	22 one bedrooms 34 two bedrooms 20 three bedrooms <u>5 four bedrooms</u> 81 total units
Total Bond Funding	\$5.8 million
Total Development Cost	\$6.8 million

### Project Highlights

- Households Served: Average rent affordable at 72% AMI, low- and moderate-income families with children.
- Building was facing foreclosure by predatory lender and PASS financing allowed stable long-term owner (TNDC) to acquire and maintain stable operations.
- PASS will serve as interest only interim financing until permanent loan conversion after upcoming substantial 9% LIHTC rehabilitation.



## South Park Scattered Sites



### Project Details

Sponsor	Mission Housing Development Corporation
Location	22, 102, 106 South Park Street
Neighborhood	South of Market, District 6
Loan Closing Date	September 2023
Program Type	PASS, SSP, LIHTC
Number of Units	100 Single Room Occupancy (SRO) units 6 studios <u>2 one bedrooms</u> 108 total units 2 commercial units
Total Bond Funding	\$11.8 million
Total Development Cost	\$35.2 million

### Project Highlights

- Households Served: Average AMI of 21%, with 106 units for formerly homeless adults referred by HSH.
- Combined with LIHTC financing to serve as permanent debt for rehabilitation of aging SROs
- Scope included rehabilitation of all three buildings, including seismic strengthening, plumbing and HVAC system replacements, electrical upgrades, and fire protection improvements.



## 3975 24th Street



### Project Details

Sponsor	San Francisco Community Land Trust (SF CLT)
Location	3975 24 <sup>th</sup> St.
Neighborhood	Noe Valley, District 8
Loan Closing Date	January 2024
Program Type	PASS, SSP
Number of Units	2 studios <u>2 one bedrooms</u> 4 total units 2 commercial unit
Total Bond Funding	\$920,000
Total Development Cost	\$4 million

### Project Highlights

- Households Served: Average AMI of 49%, predominantly long-term San Francisco tenants that are low-income and self-employed.
- Takeout financing of a loan from Community Housing Capital, Inc. and sponsor financing from CCDC which funded the acquisition and preservation of a four-story building.
- Low-cost and long-term PASS financing allowed SFCLT to acquire and rehabilitate the property, remove it from the speculative market, and preserve it as permanently affordable housing for low- and extremely low-income households.
- Low-cost PASS financing reduced the City's SSP subsidy by \$920,000.



## 369 3<sup>rd</sup> Avenue



### Project Details

Sponsor	Mission Economic Development Agency (MEDA)
Location	369 3 <sup>rd</sup> Avenue
Neighborhood	Richmond, District 1
Loan Closing Date	July 2021
Program Type	PASS, Small Sites
Number of Units	4 one bedrooms <u>8 two bedrooms</u> 12 total units 1 commercial unit
Total Bond Funding	\$3.24 million
Total Development Cost	\$8.72 million

### Project Highlights

- Households Served: Average AMI < 75%, including low- and moderate-income households at risk of displacement.
- Takeout financing of a SFHAF loan, which funded the acquisition and over \$837,000 in crucial repairs and upgrades, of a three-story building.
- Low-cost and long-term PASS financing allowed MEDA to acquire and rehabilitate the property, remove it from the speculative market, and preserve it as permanently affordable housing for 12 households in the Richmond.

# Metrics of Success

The primary metrics of success for the PASS Program are:

1. Total amount invested
  - Demand for PASS financing continues to be strong with \$160 million invested to date
  - Robust pipeline for remaining funds and future issuances
2. Total number of developments, residential units, and commercial units preserved
  - Permanent affordability of at-risk housing stock preserved for both portfolio and acquisitions:
    - 52 projects
    - 1,319 residential units
    - 51 commercial spaces with local businesses
3. Total number of households served by target population
  - PASS financing is keeping San Franciscans in their homes
    - Household incomes averaging <60% AMI, including seniors, multigenerational families, and people of color.
4. Portfolio Rehabilitation & Foreclosure Intervention
  - PASS is supporting the rehabilitation of existing affordable housing desperately in need of life safety repairs and seismic safety improvements. The lower interest rates from PASS can support expanding rehabilitation scope to better serve tenants.
    - 13 Projects
    - 711 residential units
    - 14 commercial spaces
  - PASS has also been used to avoid foreclosure on existing affordable housing projects in crisis.
  - These are included in the totals in bullet point 2
5. Loan performance
  - Strong loan performance leading up to the COVID-19 pandemic
  - No defaults, no delinquencies, no workouts
  - Workouts all completed as of August 2022 from COVID-19 related forbearance program beginning in April 2020. All loans are now performing.



The following chart provides:

i) Total Anticipated Units Preserved based on current pipeline:

**Total in Pipeline to be Preserved or Rehabilitated as of December 2025**

	<b>Total</b>	<b>1<sup>st</sup> Issuance</b>	<b>2<sup>nd</sup> Issuance</b>	<b>3<sup>rd</sup> Issuance</b>	<b>4<sup>th</sup> Issuance</b>
		<b>2019A</b>	<b>2020C</b>	<b>2025E</b>	<b>2027X</b>
<b>Par Amount</b>	<b>260,684,550</b>	72,420,000	102,580,000	38,684,550	47,210,997
<b>Projects</b>	<b>67</b>	23	27	5	10
<b>Residential Units</b>	<b>1,635</b>	435	873	205	400
<b>Commercial Units</b>	<b>56</b>	28	19	9	10

MOHCD anticipates issuing the final tranche of PASS debt in 2027 with additional projects anticipated for the full balance of funds. PASS has primarily been used to support the Small Sites Program. Those projects require significant amounts of subsidy in the form of soft debt from MOHCD. Currently most Small Sites subsidy funds have been exhausted and the pipeline is currently on hold until additional funds are available. This has meant that PASS debt is being used less rapidly and MOHCD has not needed to issue the remaining available bonds. Now that additional tax credits are available to support rehabilitation of existing affordable housing, MOHCD expects to issue roughly \$40m of the remaining PASS in another issuance to support those projects in 2027.

