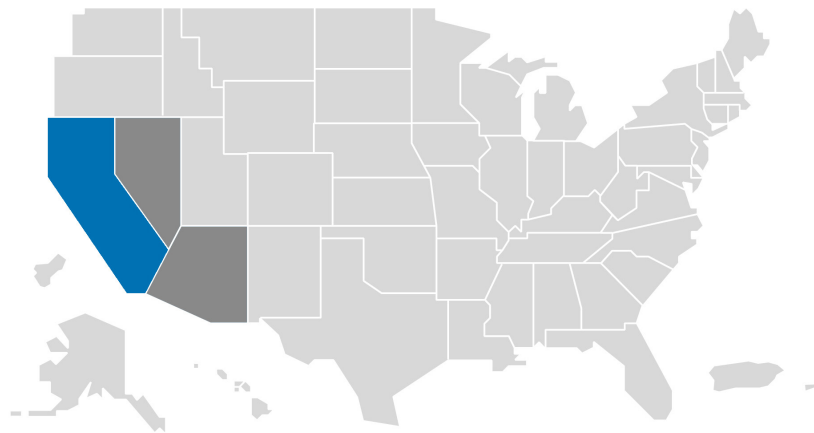


# ENHANCING LIVES, IMPACTING COMMUNITIES: THE FEDERAL HOME LOAN BANK SYSTEM



 **FHLBank  
San Francisco**

**CALIFORNIA**  
STATE REPORT

# CALIFORNIA STATE REPORT

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Since its creation in 1989, the Federal Home Loan Bank System’s Affordable Housing Program (AHP) has been a substantial and valuable source of real estate equity for the financing of affordable housing in the United States. From 1990 through 2016, the 11 Federal Home Loan Banks (FHLBanks) collectively contributed more than \$4.1 billion (\$5.4 billion in inflation-adjusted dollars) in AHP real estate finance equity for rental, home construction and rehabilitation activities. This equity was combined with \$65.7 billion (\$83.9 billion in inflation-adjusted dollars) in leveraged dollars from other private and public sources, enabling \$69.9 billion (\$89.3 billion in inflation-adjusted dollars) in total development funding for more than 601,000 housing units. From 1995 through 2016, the FHLBanks also collectively contributed approximately \$1.0 billion (\$1.2 billion in inflation-adjusted dollars) in AHP equity for down payment assistance and mortgage principal reduction, assisting more than 183,000 home purchase activities. Each FHLBank allocates at least 10 percent of its annual net earnings to fund its AHP. As such, the continued operating and mission success of the FHLBanks has directly enhanced the development and purchase of affordable housing throughout the country and has had a positive impact on local and state economies and on the national economy. The state of California is in the San Francisco district. This report details the economic impact of housing within California that has been enhanced by AHP funding from 1990 through 2016.\*

\* Note: some projects within California may have received AHP funding from a Federal Home Loan Bank other than FHLBank San Francisco. For further detail on the economic impact study methodology, please see: Study Methodology and Appendices Report.

# CALIFORNIA Rental, Home Construction and Rehabilitation Activities

## Economic Basis



**\$671.66** MILLION

### TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

**\$860.59** MILLION

### TOTAL AHP SUBSIDY INFLATION-ADJUSTED



**\$19.44** BILLION

### DEVELOPMENT COST

Development Cost refers to the cost of acquiring land or pre-existing housing units, demolition and/or relocation costs and any costs incurred while constructing, rehabilitating or redeveloping housing.

**\$24.64** BILLION

### DEVELOPMENT COST INFLATION-ADJUSTED



**1,681**

### PROJECTS

Projects refers to the distinct use of AHP funding for a specific acquisition, construction or rehabilitation of building(s) or housing unit(s).



**93,581**

### TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

**Inflation-Adjusted** refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.



# CALIFORNIA Home Purchase Activities

## Economic Basis



**\$35.38** MILLION

### TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

**\$43.41** MILLION

### TOTAL AHP SUBSIDY INFLATION-ADJUSTED



**\$336.52** MILLION

### FIRST MORTGAGES

First Mortgages refers to the volume and value of first-lien position mortgages financed by lenders in a home purchase activity.

**\$385.73** MILLION

### FIRST MORTGAGES INFLATION-ADJUSTED



**2,853**

### TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

**Inflation-Adjusted** refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

# CALIFORNIA Rental, Home Construction and Rehabilitation Activities

## Economic Impact



**\$52.97** BILLION

### TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with rental, home construction and rehabilitation enhanced by AHP funding.



**331,445** JOBS

### JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced rental, home construction and rehabilitation activities.



**\$21.11** BILLION

### LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

**2.15**

### MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home construction and rehabilitation of affordable rental and housing units.

**\$2.20** BILLION

### TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

All dollars are in inflation-adjusted dollars.

# CALIFORNIA Home Purchase Activities

## Economic Impact



**\$1.56** BILLION

### TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with home purchases, enhanced by AHP funding.



**9,070** JOBS

### JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced home purchase activities.



**\$447.37** MILLION

### LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

**2.13**

### MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home purchases of affordable housing units.

**\$48.82** MILLION

### TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

# IDEA First-Time-Homebuyer Program



## Peraza Family

Adrianna and Ricardo Peraza met working in the fields, back-breaking labor in the hot Yuma, Arizona sun, not far from the Mexican border. Twelve years later, Ricardo is a licensed commercial truck driver and Adrianna has earned an associate's degree in early childhood education from Imperial Valley College. They are raising two soccer- and math-mad sons, Jesus and Joaquin, in a three-bedroom home in a safe, quiet and diverse neighborhood, a home they were able to purchase with help from a Family Self-Sufficiency (FSS) program and Federal Home Loan Bank of San Francisco's Individual Development and Empowerment Account (IDEA) first-time-homebuyer program.

Ricardo was still working as a farm laborer when the family moved into a two-bedroom public housing apartment in Brawley, California, where their younger son was born. There the couple learned about the Imperial Valley Housing Authority's FSS program and the pathway it could provide to homeownership. Just like the name says, FSS programs are designed to help families become truly self-sufficient—economically independent and free of the need for public assistance—through job-training, education and escrow accounts that offer participants an incentive to increase work effort and earnings along with an unparalleled opportunity to build assets.

Families that successfully complete the FSS program receive their accrued FSS escrow funds, plus interest, with no formal restrictions as to how they must use the money. Many families use the funds to purchase a home, reduce debt, pay for a postsecondary education or start a new business. The Perazas dreamed of one day owning their own home, so they jumped at the chance to enroll in an FSS program that would help them achieve their dream, even as they worked toward their individual career goals.

As Ricardo started to earn more income as a truck driver, Adrianna received an English-as-a-second-language certificate, began to study for a career as a teacher and became a U.S. citizen. And as their babies were growing, so did the family's FSS escrow account, ultimately reaching \$10,000. The IDEA program, which is designed to offer an additional boost to families participating in asset-building programs, provided an additional \$15,000 matching grant for the home purchase.

"It's not just a house," says Ricardo. "It is like savings, something we are building equity in, that we can pass on to our children." Adrianna and Ricardo also want to set an example for Jesus and Joaquin. Adrianna explains what they both believe: "If the boys see us, with the limitations we had, that we are able to achieve this, then they must think, 'What can I do with the opportunities I have?' If I work hard, study hard, get a career, then not only will I be able to get a house, I might be able to have a better house, a bigger house.' It can be done."

**Imperial Valley  
California**

# CALIFORNIA

## Project Profile: Home Purchase Activity



**The Huerta Family**

Maria and Mauricio Huerta came to America from Mexico for the chance to have a better life. Mauricio worked in a warehouse and Maria as a nurse’s aide, while the couple lived in rented apartments for a long time. But they always dreamed of owning their own home and eventually bought a small house in Stockton, California.

Eventually it was time for a bigger house. Home prices were high, but like most people did at the time, the Huertas believed that prices would only go higher. Six years later, with the housing bubble bursting all around them, Mauricio got sick and couldn’t work, and the family could not support the mortgage. After foreclosure, the Huertas lived with relatives.

Visionary Home Builders of California’s lease-to-own program offered them a second chance at homeownership. They could repair their credit, establish a household budget and save for a down payment, all while living in the home they would ultimately purchase.

The Huertas were enrolled in the Federal Home Loan Bank of San Francisco’s Individual Development and Empowerment Account (IDEA) homeownership program, which matches \$3 for every \$1 the homebuyers save for a down payment. Over three years, the Huertas saved \$5,000 and received the maximum IDEA grant of \$15,000, delivered through MUFG Union Bank, a member of the FHLBank San Francisco.

### **SOURCES**

<b>1st Mortgage</b>	<b>\$</b>	<b>80,492</b>
<b>Other Grant(s)</b>	<b>\$</b>	<b>40,000</b>
<b>IDEA Grant</b>	<b>\$</b>	<b>15,000</b>
<b>Other Sources</b>	<b>\$</b>	<b>11,876</b>
<b>Household Contribution</b>	<b>\$</b>	<b>5,462</b>
<b>Total</b>	<b>\$</b>	<b>152,830</b>



# East Bay Asian Local Development Corporation



## Lion Creek Crossings

East Bay Asian Local Development Corporation (EBALDC) builds healthy, vibrant and safe neighborhoods in Oakland and the greater East Bay. EBALDC's Lion Creek Crossings affordable housing development, located in an area with some of the lowest incomes in the region, is a catalyst for community renewal and a place where families and seniors have an opportunity to connect with one another and with services and programs that help them thrive.

"This location was one of the most dangerous places in Northern California for many years," says Josh Simon, executive director of EBALDC. "There was a dire need to find a way to rebuild the community, without displacing any of the people who were already here." EBALDC undertook the ambitious redevelopment project, divided into five phases, in partnership with the Oakland Housing Authority and Related Companies of California.

Replacing a notorious 1960s-era public housing project, Lion Creek Crossings is an attractive, open and expansive complex that features new streets and infrastructure, 5.7 acres of new city park space with a creek restored to environmental health, a basketball court, numerous play areas and 15,000 square feet of space dedicated to nonprofit social service providers and programs.

Residents have access to two childcare centers, the Lion's Pride afterschool and summer programs, health care services, computer labs and free high-speed internet, financial education, organized social activities for seniors and families, a year-round free-lunch program for children and more. Some services, including the Head Start daycare facility, are also made available to the surrounding community.

Residential amenities that facilitate connection and interaction are key to healthy living, especially for seniors. In the Lion Creek Crossings seniors building, even the hallways and the mailbox areas are purposefully designed to be places where people can congregate. "If you look at how many lounge areas this building has, it shows that one of the things we know is that seniors with highly developed social networks—who have opportunities to play bridge or mahjong together, for example—do better cognitively and otherwise over time," says Ener Chiu, associate director of real estate development at EBALDC, who was the project manager for the development.

The Lion Creek Crossings project received \$1.10 million in Affordable Housing Program (AHP) funding through Federal Home Loan Bank of San Francisco—member Pacific Western Bank and \$525,000 in AHP funding through member Far East National Bank. For the fifth phase of the project, construction of an apartment building for seniors, member MUFG Union Bank secured and delivered a \$1.27 million AHP grant.

**Oakland  
California**

# CALIFORNIA

## Project Profile: Rental Activity



### Lorenz Senior Apartments

Built in 1901 and listed on the National Register of Historic Places, the red-clay four-story Beaux Arts and Italian Renaissance-style Lorenz Hotel received a high-quality renovation to create 60 affordable studio and one-bedroom apartments for low-income seniors in the heart of downtown Redding, California.

Christian Church Homes, which develops and manages affordable housing that allows seniors to live and age in the comfort of their own homes as part of the community, began managing the Lorenz Hotel in 1995 and took over ownership of the property in 2000.

The renovation took 21 months to complete. Residents now enjoy modern kitchens and baths, laundry rooms on every floor, a community room with a big-screen TV and computers, improved accessibility throughout and solar heating, all within a mile of a variety of essential services. The Lorenz Hotel is also helping to rejuvenate the downtown area, filling the nearby streets and park benches with elders who can create a visible sense of intergenerational community.

#### SOURCES

Low-Income-Housing Tax Credit Equity	\$	7,678,338
Citibank Permanent Loan	\$	1,635,000
City of Redding HOME Funds	\$	625,000
FHLBank San Francisco AHP	\$	590,000
General Partner Owner Equity	\$	454,414
Deferred Developer Fee	\$	255,681
Accrued Interest	\$	6,980
<b>Total</b>	<b>\$</b>	<b>11,245,413</b>