Affordable Housing Sites Analysis and Strategies

FINAL REPORT

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MAYOR'S OFFICE OF
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Executive Summary of the Affordable Housing Sites Analysis and Strategies Report

October 2025

San Francisco has the tools, sites, and expertise to advance its affordable housing goals, but only with sufficient, consistent financial resources. **The AHSAS provides research-based recommendations for managing limited resources while pursuing equity and geographic distribution objectives. Our affordable housing needs demand additional funding, balancing construction of the existing 12,600-unit pipeline with selective new acquisitions, cultivating opportunities on public, master-planned, and community-owned land, and creating pathways for diverse housing types across all neighborhoods.** By aligning site acquisition with funding availability, continuing cross-sector partnerships, and pursuing policy and program changes that expand tools to secure sites, San Francisco can build a more sustainable and equitable affordable housing future.

San Francisco has a target of facilitating 32,800 additional homes affordable at lower incomes by 2031. This target is part of the City's Regional Housing Needs Allocation (RHNA) for 2023-2031 from the Housing Element. The Affordable Housing Sites Analysis and Strategies addresses how the city will continue to develop its pipeline of existing affordable housing projects and acquire and develop additional sites for affordable housing. Led by SF Planning in collaboration with the Mayor's Office of Housing and Community Development (MOHCD) focuses on the following areas:

- **Pipeline -** Effectively managing the existing affordable housing development pipeline
- **Production** - Boosting the overall production of affordable housing units
- **Acquisition** - Identifying and acquiring new sites for future affordable housing development

The Affordable Housing Sites Analysis and Strategies includes substantial research, stakeholder engagement, and offers strategies based on research findings.

- **Research** covers the current affordable housing development pipeline and the City's pipeline management practices, identifies viable development sites for affordable housing, and analyzes financial and policy considerations for site acquisitions. Stakeholder engagement with affordable housing developers, community organizations, and other practitioners informed the research and strategies.
- **Recommended strategies**, based on research findings and stakeholder input, address pipeline management, geographic equity, partnership with public and nonprofit landowners, strategic market acquisitions, and expanding diverse housing types to address affordability.

Context and Findings

The Central Challenge: Funding

San Francisco's primary barrier to building more affordable housing is not lack of developable sites, but insufficient funding and high construction costs. Currently, over 12,600 affordable units across 59 projects are awaiting funding in pre-construction stages of the pipeline. At current production rates of approximately 650 new 100% affordable units annually, building out the existing pipeline could take over ten years. Development costs are now nearly $1 million per two-bedroom unit with construction costs making up more than 60% of development expenses.

In 2024 the Affordable Housing Leadership Council, a group of affordable housing leaders and experts, released recommendations on expanding funding and financing for affordable housing and lowering costs. The policymakers and agencies have acted on some recommendations, while others await further action. The Board of Supervisors recently passed a resolution calling on City agencies to assess funding tools for affordable housing including infrastructure finance districts in September 2025. This has advanced civic dialogue about ways to secure affordable housing funding.

Pipeline Management and Land Banking

MOHCD coordinates with other public agencies and affordable housing developers to provide funding from up to 25 different local funding sources along with state and federal funding to build an affordable housing pipeline of over 12,000 units. Click here for a brief overview of the City's affordable housing pipeline and related information. The current pipeline includes sites acquired in various ways:

- **Sites purchased in the private market** (2,087 units) or provided by private development agreements (634 units)
- **Sites on land from public agencies,** often as part of large mixed-income developments including development agreements like Treasure Island and Balboa Reservoir (2,320 units), HOPE SF rebuilding of public housing sties (1,415 units), and other public sites (471 units)
- **Former redevelopment projects** funded by OCII (2,494 units)
- **Rehabilitation/preservation projects** (3,195 units)

By holding the land for these projects before all the necessary funding is secured, the city has a de facto land banking process. The city acquires and holds sites until projects secure full financing and permits. Land banking, however, incurs holding costs. Managing this portfolio requires balancing long-term obligations with new opportunities while navigating volatile funding sources.

Geographic Distribution and Equity Goals

Like market-rate housing, affordable housing production is not equitably or evenly distributed across San Francisco. To meet the Housing Element goal of constructing at 25-50% of all new affordable homes in well-resourced areas, San Francisco will need to shift its present pattern of uneven geographic distribution of affordable housing and housing production in general.

- Currently most housing development of all kinds is concentrated in four of 11 supervisorial districts, and the existing Affordable Housing Pipeline is primarily concentrated in Supervisorial Districts 5, 6, 9, and 10, which cover primarily equity communities within the city's eastern neighborhoods.

- Meanwhile, Districts 1, 2, 4, 7, 8, and 11 have few or no 100% affordable projects in the pipeline. These districts are where more of the city's higher resource areas are found.

Most affordable housing sites in the pipeline are concentrated outside of San Francisco's well-resourced Housing Opportunity Areas (HOAs) in the center, west, and north of the city. This pattern continues the exclusion of affordable multifamily housing from HOAs. To meet Housing Element goals and the State's Affirmatively Furthering Fair Housing (AFFH) requirements, San Francisco will need to develop at least 25% of all new affordable units in HOAs. The proposed Family Zoning Plan rezoning will create capacity for multifamily housing in these historically exclusionary areas, opening pathways for both 100% affordable developments and inclusionary units in mixed-income projects.

Parcel Suitability Analysis for Affordable Housing

The parcel suitability analysis identified approximately 3,410 viable sites citywide with capacity for roughly 247,000 affordable housing units that meet the City's criteria for 100% affordable housing projects. These sites include 1,204 individual parcels of at least 8,000 square feet (the minimum size requirement for typical subsidized 100% affordable housing) as well as 2,206 contiguous parcels viable through parcel assembly. District 6 shows the greatest capacity, followed by Districts 2, 3, and 9. Site suitability and availability, however, do not guarantee development feasibility. Individual property owners may not be interested in selling or developing due to profitable current uses, low tax basis, or complex ownership structures.

The parcel suitability analysis demonstrates that land supply is not the constraining factor on meeting our affordable housing production goals. **The proposed Family Zoning Plan was not evaluated in this analysis but will increase the capacity for affordable housing even further** by increasing height and density and allowing flexible standards for affordable housing as well as generating funding for affordable housing. Ultimately, advancing our affordable goals depends on acquisition aligned with funding availability for construction.

Financial and Policy Research and Best Practices

The City procured and incorporated comprehensive research by consultants on financial considerations to interrogate the affordable housing financial landscape in San Francisco.

FINANCIAL CONSIDERATIONS

Land prices in San Francisco are higher than many other cities but have been relatively stable. Construction costs and their rapid increase in recent years are responsible for most of the cost for affordable housing units. The average land cost has been $121,000 per unit over the past decade. Land prices may be commonly thought to be a very significant part of building affordable housing, however, they only make up 10% of total development costs, on average, while construction costs account for 60% or more. Construction costs have risen 31% in the last 4 years, pushing total development costs to around $1 million per affordable two-bedroom unit.

Per unit land costs for affordable housing has not shown to be significantly affected by rezoning, and is significantly influenced by economic conditions, location and landowner expectations. Analysis of a major rezoning in the last 20 years shows that rezoning to allow more density of housing can be associated with a drop in land costs on a per unit basis. Recent land transactions for affordable housing also indicate that landowners may expect comparable prices for multifamily development sites regardless of current zoning and regardless of whether the development is market rate or affordable. It is important to note that landowners simply may not sell unless the purchase price exceeds the value of current revenue from their property. Development requirements such as impact fees or inclusionary housing can capture value from rezoning though this value is largely dependent on economic conditions with land sales, development, and resulting revenue slowing when projects are not financially feasible. While land costs may rise on a per acre basis with more intensive zoning (since the acreage cost is influenced by the possible number of units to be built on the property), development cost per unit of affordable housing is not affected.

Purchasing land and holding it until development funds are available results in holding costs for the city. The City's holding costs for properties acquired but awaiting development range from $34,000 to $453,000 annually per site, adding 1–17% to acquisition costs. Interim uses (e.g., pop-ups, leases, nonprofit uses) could help offset these costs so long as they are revenue-generating. Public-serving interim uses—as opposed to profit-driven use—often require additional public funding to open and operate, adding to holding costs.

If ad hoc land banking continues, using ground leases or options to purchase can reduce expenses and reduce overall costs. Ground leases and delayed acquisitions through options to purchase could reduce upfront expenses and holding costs. In addition, practitioner feedback offered strategies for nimble funding for acquisitions, including the need for funding predictability and support for tools like transfer tax relief, leasing options, and nonprofit financial intermediaries.

POLICY BEST PRACTICES

Comparing San Francisco's practices to other cities, research affirmed effective strategies are already employed in San Francisco. Successful strategies include, for example, coordinated NOFAs

for site acquisition and development when local funding is available to supplement state and federal funds.

Establishing stable funding and aligning pipeline growth with funding capacity were important practices to build and grow the affordable housing pipeline efficiently.

Public land and nonprofit land offer ongoing potential for affordable housing sites. Public land may continue to be used for affordable housing based on site conditions and financial and operational needs of public agencies. Faith-based and nonprofit owned land (approximately 280 acres citywide) for affordable housing may be supported through technical assistance and use of emerging tools like Senate Bill 4 streamlining.

"Missing middle" housing strategies emerged as important to encourage more diversity of affordable housing types: single-stair building reform as well as reforms to elevator requirements, pre-approved designs, and the Greek *antiparochi* model (property-for-units exchanges) could all be useful approaches to expand housing options without subsidy.

Recommended Strategies

1. Scale Acquisitions to Funding and Pipeline

- **Build the pipeline while growing it -** Continue funding the development of existing pipeline projects while scaling and pacing new site acquisitions proportional to available funding.

- **More funding, new sources, and more consistent funding-** Explore additional funding tools identified in the Affordable Housing Leadership Council report, including exploring Enhanced Infrastructure Finance Districts (EIFDs), as called for by the Board of Supervisors. Other funding sources could include potential future bonds, one-time or ongoing budget allocations, as well as state and regional sources. Funding is highly variable, leading to uncertainty in pipeline planning, and more consistency in funding would help with pipeline management.

2. Expand Geographic Distribution

- **One affordable development per district -** Work towards at least one affordable housing project in the development pipeline in all 11 Supervisorial Districts, as funding availability allows. Over time, this will address the geographic inequity while continuing investment throughout the city.

- **Acquire sites in western & northern neighborhoods –** The Housing Element goal is that 25% of new affordable homes will be in the city's central, western & northern neighborhoods. Expanding site acquisition efforts to these well-resourced neighborhoods will help meet this goal and affirmatively further fair housing**. Site acquisition and development would continue in equity communities** while increasing affordable housing production citywide.

3. Develop Public and Nonprofit-Owned Land

- **Work with Partners** - Continue working with public agencies, faith-based organizations, and nonprofits to develop underutilized sites that meet the City's criteria for affordable housing.

- **Technical Assistance -** Offer technical assistance and capacity-building programs for faith-based organizations through public, philanthropic and other sources as well as flexible predevelopment funding tailored to organizational contexts.

4. Implement Market Acquisition Tools

- **Deploy strategic incentives and mechanisms** to improve the competitiveness of affordable housing providers to acquire sites through:

    - **Transfer tax exemption** for affordable housing sales (with guardrails against price inflation).
    - **Expansion of Community Opportunity to Purchase Act** (COPA) to cover commercial and development sites.
    - **Partnership for rapid and nimble acquisitions** with the Housing Accelerator Fund, other Community Development Financial Institutions (CDFIs), philanthropy, and other partners.

- **Act opportunistically** when funding is available to pursue distressed properties, foreclosures, and below-market opportunities for suitable development sites in targeted geographies.

5. Enable "Missing Middle" Affordable Housing

- **Support small (2-20 units) and mid-size (21-49 units) developments** through:
    - Form-based density standards in residential districts
    - Single-stair and elevator building code reform to increase feasibility
    - Pre-approved design templates for expedited permitting
    - Exploration of innovative models like antiparochi ("flats-for-land" exchanges), working with private, philanthropic, and nonprofit sectors to develop successful development models.

Section 1: Introduction

San Francisco's 8-year housing plan (the 2022 Housing Element Update) includes permitting and facilitating development of 82,000 housing units, including 32,800 units affordable at lower-incomes. These are the ambitious state-mandated Regional Housing Needs Allocation (RHNA) targets. The Housing Element also calls for affirmatively furthering fair housing (AFFH) by increasing affordable housing in well-resourced neighborhoods as well as continuing to invest in historically marginalized communities. The **Affordable Housing Sites Analysis and Strategies (AHSAS)** seeks to make progress on the City's affordable housing targets (32,000 units). The AHSAS complements the **2024 Affordable Housing Leadership Council report** that provides recommendations on funding, financing, cost lowering, and innovation for affordable housing.

The AHSAS, led by the San Francisco Planning Department in collaboration with the Mayor's Office of Housing and Community Development (MOHCD), focuses on three goals:

(1) Support the effective management of the existing affordable housing development pipeline (Housing Element Action 1.2.4);

(2) Ensure ongoing affordable housing production along with equitable geographic distribution of affordable housing. (Housing Element Action 1.2.1)

(3) Use both strategic and opportunistic approaches[1] to identify and acquire new sites for affordable housing development (Housing Element Action 1.2.1);

This work was informed by close coordination among city agencies and input from affordable housing developers and community partners to address community priorities and the City's equity goals.

Structure of the AHSAS Report

- **Section 1:** Introduction to the project purpose and structure and its connection to the Housing Element, including policies and programs it helps implement and how it relates to rezoning
- **Section 2**: Describes community engagement, including the context that led to the development of AHSAS and a summary of stakeholder engagement for the project
- **Section 3:** Reviews the funding needs for affordable housing, the Affordable Housing Leadership Council recommendations, and emerging funding initiatives.

1 Managing San Francisco's affordable housing pipeline combines strategic planning with opportunistic action. Strategically, investments are aligned with funding and policy goals, including equitable geographic distribution and support for nonprofits and religious organizations, through tools like the Housing Accelerator Fund and sustained technical assistance. Opportunistically, the City mobilizes public and private resources to acquire public sites, nonprofit or religious-owned parcels, and privately held properties available at lower costs. This dual approach ensures a flexible, effective pipeline that advances long-term housing goals while responding to immediate opportunities.

- **Section 4:** Describes the existing Affordable Housing Pipeline management practices and the status of geographic distribution of the existing pipeline.

- **Section 5:** Presents the local, state, and federal policies supporting affordable housing as well as the parcel suitability analysis, which identifies sites for affordable housing in Housing Opportunity Areas[2] and in Equity Geographies.

- **Section 6:** Summarizes financial research by Century Urban including trends in site acquisition, land holding, and development costs, and policy research of Enterprise Community Partners on best practices from other cities related to affordable housing pipeline management and site acquisition strategies and partnering with faith-based nonprofit organizations.

- **Section 7:** Concludes with strategy recommendations.

This report comes at a pivotal moment for San Francisco's housing future. The research and analysis provide critical insights on affordable housing pipeline management, site acquisition, and land use that inform how we maximize limited resources to advance production and equity goals.

Implementing the Housing Element and the City's Affordable Housing Goals

The Affordable Housing Sites Analysis and Strategies report helps implement policies and programs from the 2022 Housing Element Update by advancing the following policy goals:

- Policy 15 - Calls for expanding permanently affordable housing investments in Equity Geographies and Policy 19 - Calls for increasing permanently affordable housing units in Housing Opportunity Areas.

- Program 1.2 - Addresses Affordable Housing Production and, within that section, Program 1.2.4 calls for regularly tracking the pipeline of development sites and land banked for affordable housing development funded by OCII, MOHCD, and other relevant agencies. It also calls for developing strategies to ensure sufficient sites to accommodate affordable housing production relative to available funding over a rolling 4- to 8-year outlook and for meeting the goals to construct housing in Priority Equity Geographies and Well-resourced neighborhoods.

Relationship with Housing Element Rezoning and Low-Income Sites Rules

As part of the Housing Element, according to state rules, San Francisco had to assess its capacity to accommodate the 82,000 housing unit RHNA goals through a Sites Inventory. This analysis found a shortfall of capacity for 36,000 housing units, including 15% "No Net Loss" buffer described later in this section. Under state law, the City is required to rezone within three years of Housing Element adoption, by January 31, 2026 in San Francisco's case, to accommodate the shortfall of sites for housing affordable at different income levels. To address AFFH goals in State law and the Housing

2 Areas designated as "Highest Resource" and "High Resource" on the CTCAC/HCD Opportunity Area Maps (2025) Opportunity Area Map published by California Department of Housing and Community Development, developed by the California Tax Credit Allocation Committee (CTCAC). These areas were also called "Well-Resourced Neighborhoods" in the 2022 Housing Element.

Element, San Francisco is focusing the required Family Zoning Plan rezoning in Housing Opportunity Areas in the center, west, and north of the city where restrictive zoning has limited new housing construction for decades.

RHNA goals are divided into different income levels: 1) very low and low income, 2) moderate income, and 3) above moderate incomes, to meet diverse housing needs. Jurisdictions must demonstrate they have sufficient capacity to accommodate different income levels. The requirement is **not** to zone sites specifically for affordable housing or limit the development of sites to only affordable housing projects. Because multifamily housing is more likely to be affordable to lower income residents than single family homes, the State requires multifamily zoning for the lower Income RHNA.

Under State rules, parcels identified to meet the lower-income RHNA must have zoning that allows a minimum of 16 units and a minimum density of at least 30 dwelling units per acre. The state's approach ensures that every jurisdiction has sufficient land that is zoned for multi-family housing at a minimum project size and density that is feasible for multifamily development. In addition, sites must have a reasonable likelihood or feasibility of being developed for housing. Meaning that an existing use on the site doesn't make it economically or practically impossible to build more housing. For example, a recently constructed, functioning hospital is unlikely to become housing in the near-term.

The State also requires "No Net Loss" of sites for lower income housing as mentioned above. If any site designated for lower income housing in the City's RHNA Sites Inventory is developed with fewer units of housing affordable at those income levels than indicated in the City's Sites Inventory, the City must identify additional sites to replace that capacity per the state's No Net Loss rules. For example, if Site A has been designated as suitable for low-income housing, but is developed with no on-site affordable housing, the city would need to identify and rezone an additional site to accommodate the affordable housing that was allocated to Site A. For this reason, San Francisco has included a state-recommended buffer of 15% above the 82,000-unit target in its Housing Element numerical goals. The buffer ensures the city maintains sufficient sites for affordable housing over time.

Practically speaking, the city's criteria for ideal affordable housing sites surpass the state's requirements. The City and County of San Francisco and its affordable housing developer partners seek sites that can accommodate at least 50 apartment homes and prefer 100 or more homes. This scale is more efficient to fund, finance, build, and operate. Given these practical considerations, the Affordable Housing Sites Analysis and Strategies **focuses on San Francisco-specific criteria** for analyzing the universe of potential development sites suitable for affordable housing.[3] Because state Housing Element law and local criteria for suitable sites for affordable housing can differ, the low-income sites designated within the rezoning for the Housing Element will overlap with sites meeting local 100% subsidized affordable housing criteria but will not be exactly the same.

3 See **Section 5** Parcel Suitability Analysis.

Section 2: Input from Affordable Housing Practitioners and Community

Community and Practitioner Input to the Housing Element and Implementation

The 2022 Housing Element included years of dialogue with residents, community organizations, and advocates to ensure that policies reflected citywide needs and neighborhood priorities. Following Housing Element adoption, the Activating Community Priorities process highlighted implementation priorities of residents and organizations in San Francisco's Equity Geographies. The AHSAS helps address community questions by looking at resources needed to build and grow the pipeline of housing throughout the city. Parallel to this work, San Francisco Planning convened and collaborated with the Community Equity Advisory Council. The Equity Council has surfaced specific community needs and recommended approaches to advance affordable housing and community resilience.

Affordable Housing Practitioner and Community Input for the AHSAS

To develop the strategies outlined in this report, AHSAS convened working sessions with affordable housing practitioners and other community-based organizations working on housing—many of whom had also been active participants in the AHLC. Two rounds of working sessions were held, first in June 2024 and again in August 2025. Practitioners provided ideas based on their experience and provided feedback on draft content. The AHSAS working groups built on working groups convened as part of the Affordable Housing Leadership Council (AHLC), which brought together affordable housing developers, advocates, financial experts, and community stakeholders to address affordable housing funding and cost lowering, and is described more in the next section.

Participating organizations included affordable housing developers, community-based nonprofits, advocacy groups, and intermediary agencies, bringing diverse expertise in housing development, policy, and community engagement. These organizations included:

- BRIDGE Housing
- Council of Community Housing Organizations (CCHO)
- Curtis Development
- Habitat for Humanity
- Housing Accelerator Fund (HAF)
- Interfaith Council
- John Stewart Company
- LISC (Local Initiatives Support Corporation)
- MEDA (Mission Economic Development Agency)
- Mercy Housing
- Mission Housing Development Corporation
- Related California Northern California Affordable
- Self-Help for the Elderly
- SFCLT (San Francisco Community Land Trust)
- SOMA Pilipinas
- TNDC (Tenderloin Neighborhood Development Corporation)
- YCD (Young Community Developers)

Affordable housing practitioners shared consistent themes around feasibility, funding, and strategic site selection. In June 2024, participants emphasized the importance of parcel suitability such as criteria size, interim uses, and leveraging public, nonprofit, and religious land, while highlighting challenges like rising costs and the need for predictable funding.

By August 2025, the focus was on insights and strategies, especially for religious and nonprofit developers, streamlined permitting, and policy tools to incentivize land acquisition, especially in Housing Opportunity Areas. In both sessions, practitioners stressed the importance of equity, partnerships, and innovative approaches to overcome systemic barriers. This feedback is integrated throughout the research topic areas and informed proposed strategies.

Feedback and Direction from Planning Commission

Questions about how San Francisco will fund and deliver affordable housing has been a consistent focus of the Planning Commission since the adoption of the 2022 Housing Element. On July 17, 2025, Planning Commissioners, advocates, and the public provided feedback on the Affordable Housing Sites Analysis and Strategies (AHSAS) in the context of the Family Zoning Plan. Public comment focused on the need for increased funding to move the affordable housing pipeline forward. Several Commissioners emphasized that while the Affordable Housing Sites Analysis and Strategies and Family Zoning Plan are critical steps, they must be paired with a clear and credible funding strategy. Suggestions ranged from exploring future local and regional housing bonds, to incentives such as transfer tax relief, strategic land acquisition, and policy reforms to reduce costs.

Commissioners and public commenters also focused on timing and accountability. Commissioners urged that the funding and tenant protection strategies be presented with concrete timelines. Some Commissioners and public commenters raised the need for strategic land banking to secure sites, particularly in areas that will be rezoned and that currently have little affordable housing. Overall, commissioners and members of the public recognized that State deadlines require swift action on rezoning, but stressed that funding and implementation must be developed in parallel to ensure that new capacity results in affordable homes and sustainable neighborhoods.

Section 3: Need for Affordable Housing Funding

Funding for affordable housing production and preservation, alongside efforts to reduce construction and operating costs, are the most critical factors for achieving San Francisco's housing targets. While the AHSAS analyzes the existing development pipeline and potential sites for future affordable housing development, financing and high costs are the bottlenecks to delivering affordable housing at the scale needed. The Affordable Housing Leadership Council (AHLC)—a group of experts convened by the City—directly addressed these issues in its Affordable Housing Leadership Council Report, published in February 2024. The report identified availability of low-cost funding and cost reduction as the most pressing challenges to meeting San Francisco's housing goals and made recommendations to expand resources and improve efficiency.

The AHSAS builds upon this work by focusing on the availability, suitability, and management of sites, while recognizing that funding and cost barriers are determinants of whether affordable housing can be built on potential sites.

Funding is the Central Challenge

Affordable housing developers must assemble local, state, and federal resources, yet federal and state programs remain inadequate relative to the scale of need. Over the past decade, San Francisco has doubled its rate of affordable housing production and preservation by substantially increasing local funding, producing or preserving more affordable homes than any other city in the region. Voter-approved General Obligation (GO) bonds ($310 million in 2015, $600 million in 2019, and $300 million in 2024), along with budget allocations, allowed the city to leverage state and federal dollars. Despite these gains, the city continues to fall short of its Regional Housing Needs Allocation (RHNA) targets. High construction costs—approaching $1 million per 2-bedroom unit—reduce the number of units each dollar can deliver and make projects less competitive for limited State funding. A dearth of funding, compounded by escalating development costs, limits the City's ability to accelerate pipeline production.

Recognizing these challenges, the AHLC issued its 2024 Affordable Housing Leadership Council report with recommendations to address funding, financing, and cost barriers.

- **Increasing federal, state, and regional funding** through advocacy, collaboration with other cities and state and national leaders, and strategic partnerships.
- **Expanding local funding and coordination capacity**, including maintaining or increasing local funding and improving alignment across City agencies and requirements.
- **Pursuing innovative and alternative approaches** such as public-private partnerships, philanthropy, and creative financing tools.

Recent Successes and Emerging Challenges

Since the AHLC published its recommendations, the city has accomplished several goals:

- **Local investments**: San Francisco voters approved the March 2024 General Obligation Bond and Proposition G in November 2024, establishing the Affordable Housing Opportunity Fund for rental subsidies to help extremely low-income renters afford housing.

- **Federal progress**: In 2025, federal legislation expanded the availability of private activity bonds and Low-Income Housing Tax Credits.

- **Production growth**: As of summer 2025, 31 affordable housing projects with more than 2,700 units are under construction or renovation.

At the same time, significant challenges persist:

- State programs such as the Multifamily Housing Program and Affordable Housing and Sustainable Communities regularly face potential cuts as the State grapples with declining revenue.

- A proposed regional affordable housing bond from the Bay Area Housing Finance Authority (BAHFA) did not advance in 2024, and supporting statewide ballot measures failed to pass.

Advancing Recommendations

To sustain momentum, San Francisco is pursuing several AHLC recommendations.

- Exploring use of ***tax-increment finance tools*** such as Enhanced Infrastructure Finance Districts (EIFDs) along with other potential local funding sources to generate consistent funding for affordable housing as called for in a Board of Supervisors resolution passed September 2025.

- ***Improving coordination of housing agencies,*** including MOHCD, OCII, and the Housing Authority, to maximize federal resources such as rental assistance.

- Supporting ***state and regional housing funding proposals***, including a potential 2026 state affordable housing bond.

Looking forward, the City may advance additional measures in the next 2–3 years, including: consideration of a new local bond by 2028, reducing local cost premiums tied to local regulatory requirements, supporting State reforms to lower insurance and other costs, and re-engaging in regional bond efforts.

Implications for AHSAS

The AHSAS provides critical analysis of sites, pipeline management, and acquisition strategies. Yet these strategies can only succeed if paired with the funding measures outlined above and cost-lowering . The city has sites and tools, but without sufficient financial resources and lower development costs, progress toward RHNA targets will remain out of reach. Advancing the Affordable Housing Leadership Council's recommendations in tandem with the site strategies described in this report is essential to increasing affordable housing production.

Section 4: Existing Practices and Pipeline

Managing San Francisco's affordable housing pipeline requires balancing multiple needs and priorities, complex regulatory requirements, and limited financial resources. The Mayor's Office of Housing and Community Development (MOHCD) functions as both funding aggregator and lender. MOHCD coordinates more than 25 different local sources, each with distinct requirements, and aligns them with state and federal resources. The current affordable housing pipeline maximizes housing production through both opportunistic and balanced practices.[4] MOHCD uses local funding to balance affordable housing production, preservation of existing buildings, and acquisition of new sites for development in a way that accounts for existing and anticipated funding sources.[5]

Affordable Housing Building Specs

The rising costs of affordable housing continue to make managing the affordable housing pipeline more challenging. As described in further detail in Section 6, unit costs average upwards of $1 million dollars for a two-bedroom unit. Construction-related hard costs are over 60% of total development costs, while land costs have remained less volatile at about 10 to 14 percent of total per unit costs. Projects are typically 6-8 stories and over 100 units to achieve economies of scale. Sites tend to be over 10,000 square feet for projects with smaller units such as 1 bedrooms and studios geared toward seniors and supportive housing for small households and upwards of 15,000 square feet to accommodate larger units for households with more than three members.

Coordinating Funding Sources for Affordable Housing

Managing funding is one of the most complex aspects of the affordable housing pipeline. In a typical new construction affordable building, there are five to seven funding sources. Local funds constitute about 1/3 of the funding needed. Once state, federal and other funding sources are secured, local city funds fill the gap between total cost and other secured funding sources.

As described in Section 2 of the AHLC report,[6] limited financial resources constrain construction and rehabilitation of pipeline projects and limit acquisition of new sites. Local revenue sources, such as General Obligation Bonds, provide some stability but require voter approval and are subject to fiscal and political conditions. Inclusionary housing fees, once a major resource, have declined sharply as private development has slowed, dropping from over $100 million in 2017 to a projected $3 million in 2025.

Federal allocations through the HOME and CDBG programs remain small, and state and federal Low-Income Housing Tax Credits (LIHTC), particularly the 9% LIHTC credits, are highly competitive.

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4 2024 - Affordable Housing: Funding and Feasibility Principles | Office of Resilience and Capital Planning (2024)

5 2024 - Affordable Housing: Funding and Feasibility Principles | Office of Resilience and Capital Planning (2024)

6 Affordable Housing Leadership Funding Recommendations Report (2024)

San Francisco typically secures only one or two of the more generous 9% LIHTC credit allocations annually. A more common funding scenario for a larger affordable housing project is with the 4% LIHTC credits paired with a limited supply of tax-exempt bonds. The 4% LIHTC fund has been oversubscribed statewide for the past five years, leading to a bottleneck; however, recent federal changes will increase the availability of the 4% LIHTC, though the value of the credits may be lower in the short term.

Within these constraints, MOHCD carefully matches projects to available sources and times its commitments to maximize competitiveness. Projects are tracked in a central pipeline allocation system that links anticipated funding availability with project readiness, allowing the City to plan around the state's funding calendar. The City manages its scarce funds through aggregating multiple sites into single Notices of Funding Availability, adjusting underwriting standards to match external scoring priorities, and requiring developers to pursue additional resources, among other ways, as needed by projects. At the same time, MOHCD works to fill critical funding gaps to keep projects viable and competitive for state awards.

A project enters the pipeline when the site is acquired. At this time, the City will either land bank the site or provide predevelopment funds and work with the development team to assemble construction funding and design, then permit, the site. The City's Affordable Housing Loan Committee reviews all requests for City funds. MOHCD requires developers to seek additional funding sources to reduce city costs and MOHCD provides gap funding to leverage competitive state funds. Typically, securing LIHTC and bond funding from the state is one of the last steps in the process of assembling the funding stack. The streamlining measures and permitting process changes have made a significant difference and have helped the city avoid costly delays from community opposition and lawsuits.

Affordable housing pipeline management must balance new opportunities with large, long-term commitments to major public housing and redevelopment sites. Projects such as the HOPE SF communities at Sunnydale, Hunters View, Alice Griffith, and Potrero Hill, as well as major Development Agreements like Treasure Island, require ongoing funding allocations. Managing these obligations involves navigating shifting priorities among the Mayor's Office, Board of Supervisors, state agencies, and federal programs.

Acquiring Sites and Land Banking for Affordable Housing

Sites enter the affordable housing pipeline through NOFA acquisitions, land dedications, development agreements, or as excess public lands. For example, over the past 10 years, the City has used targeted NOFAs to prioritize acquisitions in Housing Opportunity Areas [7] that align with the City's obligation to Affirmatively Further Fair Housing and its 2022 Housing Element[8] and state funding sources. Acquisitions in areas where multi-family and affordable housing have not been permitted helps address historical inequities created by exclusionary zoning and strengthens the competitiveness of projects in state funding competitions.

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7 CTCAC/HCD Opportunity Area Maps (2025) updated annually by the State.

8 2022 Housing Element

San Francisco integrates "land banking" into its affordable housing pipeline by acquiring sites for future development and holding them until they are ready for development. The City has acquired dozens of sites, either directly or through partnerships, that have been land banked.

Unlike other cities around the state and nationally, San Francisco generally retains ownership of the land and leases it to nonprofit developers and operators, to ensure permanent affordability and public control. This model distinguishes the city nationally, as most federal and state affordability covenants are time limited. By maintaining land ownership, San Francisco can guarantee affordability in perpetuity and step in when restrictions on older projects lapse.

The City's practice of *de facto* "land banking" carries significant costs. The cost of security and maintenance on land banked sites can range from $34,000 to $500,000 annually per site. With project timelines from acquisition to occupancy averaging five to seven years, these expenses can accumulate into the millions, creating difficult trade-offs in the allocation of finite and inadequate public resources for affordable housing.

Publicly Owned Land in the Pipeline

Publicly owned land can be an important, though limited, avenue for affordable housing development. Policies like the California Surplus Land Act and San Francisco's Proposition K Surplus Lands Ordinance establish procedures for making underutilized public properties available for housing. In practice, however, relatively few sites qualify as surplus because they continue to host active and critical public facilities. Agencies must balance their contribution to affordable housing with operational and financial need to sustain and improve public services and infrastructure.

The Joint Development Portfolio Program of the SFMTA supports affordable housing on some sites that it owns, while reserving others for essential transit revenue. Across the portfolio, affordable housing is accounted for. On some specific sites, however, the agency aims to cross subsidize construction and generate essential transit revenue through development of its assets.

The San Francisco Unified School District (SFUSD) also is exploring opportunities to integrate affordable housing onto more sites, while managing the dynamic changes in school enrollment and site needs. Projects such as Kapuso (SFMTA), Shirley Chisholm Village (SFUSD), and forthcoming Balboa Reservoir (San Francisco Public Utilities Commission) show the potential of this approach. Still, available supply remains modest and is distributed unevenly throughout the city.

Religious and Nonprofit-owned Land in the Pipeline

Partnerships with nonprofit and faith-based landowners can expand the pipeline and require significant alignment of visions and resources. Congregations have a long history of building affordable housing in San Francisco. Recent collaboration with the Interfaith Council, philanthropy, and City partners has renewed momentum.

State laws like SB 4, known as the "Yes in God's Backyard" bill, are encouraging religious and mission-driven land to develop affordable housing. San Francisco has participated in capacity-building programs with the San Francisco Interfaith Council and partner organizations such as the

San Francisco Foundation, the Local Initiatives Support Corporation (LISC), and the Housing Action Coalition (HAC) to support affordable housing development on religious and nonprofit owned land. While challenges such as aligning projects with organizational missions, navigating historic preservation issues, or addressing the lack of funding remain, the City has invested in technical and financial assistance to help nonprofit landowners explore development.

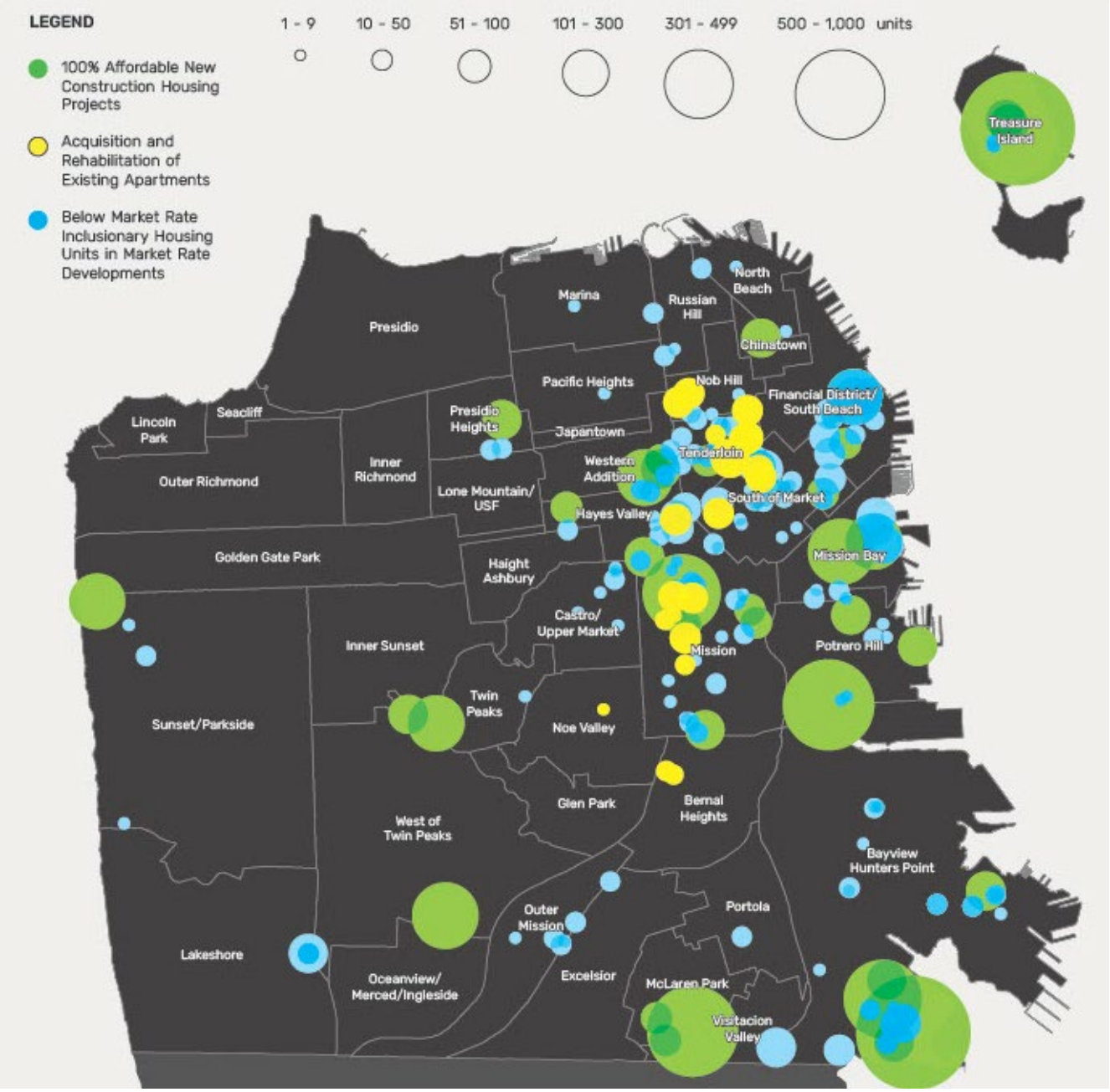
Overview of the Current Affordable Housing Pipeline

The "Affordable Housing Pipeline" consists of housing projects in various stages of development, from design to entitlement to under construction. The pipeline includes publicly funded 100% affordable housing projects (new construction and rehabilitation) and privately funded Inclusionary Housing Program (also known as the "Below-Market-Rate program) units. Many pipeline projects not yet in construction are not yet fully funded. Pipeline data is regularly updated and publicly available at DataSF and MOHCD's housing dashboard.[9]

The Affordable Housing Pipeline Overview (including the map shown below) illustrates San Francisco's affordable housing pipeline. The Overview was developed in response to recommendations from the Community Equity Advisory Council who wanted a transparent and accessible resource. It is intended to inform community planning efforts. Please note that the pipeline excludes longer-term projects in development agreements well as sites going through seismic retrofit as well as certain religious and nonprofit-owned redevelopment sites.

9 Regularly updated affordable housing pipeline data for large, multi-phase developments such as Treasure Island or Candlestick may only include affordable housing currently under development not all affordable housing planned over all phases of the development.

Figure 1. Map of Affordable Housing Pipeline (2024)



(Source: MOHCD Affordable Housing Pipeline Data Nov 2024)

Key Findings on the Affordable Housing Pipeline:

The Affordable Housing Pipeline includes a broad range of project types including preservation of existing housing, production of new 100% affordable developments, and BMR inclusionary units in different phases of development.

Pre-Development: There are over 12,600 units across more than 59 100% affordable developments that are currently in pre-construction stages, which include project design, approvals, assembling funding and financing from different sources, and permitting.

- **Production of new 100% affordable housing development** is divided into several categories with development sites obtained in various ways:

    - **Individual Sites Acquired in the Market**: **2,087 units across 13 projects** come from sites that were acquired individually on the private market, reflecting the importance of strategic acquisitions in supporting affordable housing production.

    - **Private Development Agreements**: **634 units across 5 projects** are being delivered through private development agreements, highlighting the role of negotiated land use approvals in securing affordable housing contributions within larger private developments. More development agreements could contribute to sites for 100% affordable housing developments in the future.

    - **HOPE SF: 1,415 units across 3 HOPE SF projects including Potrero and Sunnydale**, represent continued public investment in the transformation and revitalization of historically under-resourced Public Housing communities.

    - **Office of Community Investment and Infrastructure projects: 2,494 units across 4 redevelopment areas,** including Candlestick, Hunters Point Shipyard, Mission Bay, and Transbay, are a significant portion to the affordable housing pipeline and underscore the impact of large-scale, master-planned redevelopment areas.

    - **Large Development Agreements on formerly Publicly-owned Land**: **2,320 units across 2 developments** at Treasure Island and Balboa Reservoir. These projects exemplify long-term planning partnerships on former public land to achieve significant affordable housing.

    - **Individual Publicly-owned Sites: 471 units across 5 projects are planned on individual publicly owned parcels**, pointing to a more modest but ongoing role for site-specific public land development in the pipeline.

- **Rehabilitation Projects**, the acquisition, preservation, and rehabilitation of existing housing, include 21 buildings, which contribute 3,195 units, or 25% of the total units.

Figure 2. **Pre-Construction Affordable Housing Pipeline by Project Type (July 2025)**

Type	*Total Projects or Developments*	*Total Units*
Sites Acquired in the Market	13	2,087
Private Development Agreements	5	634
HOPE SF	3	1,415
OCII	7	2,494
Large Development Agreements on Formerly Publicly-owned Sites	5	2,320
Individual Publicly-owned Sites	5	471
Rehabilitation and Preservation	21	3,195
Total	**59**	**12,616**

(Source: MOHCD Affordable Housing Pipeline Data July 2025) Note: The data set includes projects in pre-construction phases of development and has been adapted from Affordable Housing Pipeline Data that will be published in July 2025. The list includes longer-term DAs and approximately 1,500 seismic retrofit units and 400 religious and non-profit owned site units.

In addition to the pipeline projects discussed above, there are additional affordable units in projects under construction and included as inclusionary units in privately funded market rate developments that are also in the pipeline. These affordable projects are summarized below.

- **Under Construction:** As of fall 2025, there are 30 projects under construction, including 13 new 100% affordable developments and 17 rehabilitation and preservation projects, totaling over 2,299 units.

- **Privately Funded BMR units:** There are over 124 market rate projects in the development pipeline that could provide 2,500 affordable units through the Inclusionary Housing Program (also known at the BMR program.) Many of these mixed-income projects are stalled by high interest rates or material and labor costs, which also hampers the development of 100% affordable housing.

- **Other long-term development agreements (DAs) will contribute significantly to affordable housing** through BMR units, land dedication and/or payment of fees, but are not included in the Affordable Housing Pipeline given their early stage of implementation. These DAs include Schlage Lock, Parkmerced, Stonestown and others. With DAs project sponsors typically have options on how to meet their BMR obligations and are only required to determine the method of fulfilling these obligations as the project is constructed. So, while these projects will significantly contribute both built units and funding for affordable housing per the terms of each DA, the exact mix of units, land, and funding cannot be projected at this time.

The geographic distribution of affordable housing is uneven and mirrors housing development patterns more generally including market rate housing. Planning analyzed the geographic distribution of the Affordable Housing Pipeline list from DataSF available as of February 2025.

The analysis found:

- Most of the new construction and preservation projects are in Supervisor Districts 5, 6, 9, and 10 while District 11 has no project in the pipeline. Districts 1, 2, 3, 4, 7, 8 have fewer than 4.

- Most affordable housing sites are concentrated outside of San Francisco's well-resourced Housing Opportunity Areas (HOAs), continuing a pattern of exclusion of new multi-family housing accessible to lower and moderate-income households from high-opportunity neighborhoods.

- This geographic distribution reflects similar development patterns for market-rate housing production. This is because (1) zoning that allows multifamily housing has supported the development of both affordable and market rate housing and new infrastructure investments have supported housing development in growing areas and (2) market-rate development directly produces affordable inclusionary units.

Figure 3. **Sites and Units in the Affordable Housing Pipeline by Type and Inclusion in Housing Opportunity Areas (February 2025)**

Pipeline Type	*Percentage of Total Affordable Units in Pipeline*	*Percent of Affordable Projects in the Housing Opportunity Area*	*Percentage of Units Projected for Housing Opportunity Area*
Rehabilitation and Preservation	11%	22%	12%
Production (100% subsidized developments)	64%	13%	16%
Inclusionary BMR Units in Market-rate Projects	25%	20%	10%

(Source: Affordable Housing Pipeline Data February 2025 Note: The data does not include some longer-term DAs or about 1,500 seismic retrofit units and 400 religious and non-profit owned site units listed in the Affordable Housing Overview.)

Figure 4. **Sites and Units in the Affordable Housing Pipeline by Supervisor District (100% New Construction and Preservation Projects)**

Supervisor District	*Percentage of Pipeline Projects*	*Percent of Total Units*
District 1	3%	1%
District 2	4%	2%
District 3	5%	7%
District 4	3%	4%
District 5	11%	10%
District 6	21%	26%
District 7	5%	9%
District 8	4%	3%
District 9	21%	15%
District 10	24%	24%
District 11	0%	0%

(Source: Affordable Housing Pipeline Data February 2025 Note: The data does not include some longer-term DAs or about 1,500 seismic retrofit units and 400 religious and non-profit owned site units listed in the Affordable Housing Overview.)

Additional Insights on the Current Affordable Housing Pipeline:

- **There is a significant funding gap to construct the current pipeline of sites**. The city is holding several years' worth of affordable housing sites ready for development or rehabilitation. The city, however, lacks the funding to bring these projects to fruition. Under current funding cycles and resources, the current pipeline could take more than ten years to build out at the current annual average of 650 units of new construction 100% affordable housing and 280 units of acquisition or rehabilitation.
- **Inclusionary Housing is a significant component of the affordable pipeline**: Inclusionary BMR units—affordable homes generated through requirements on market-rate developments—have contributed 25% of the affordable housing stock in the years leading up to the pandemic. About 250 inclusionary units per year have been constructed for the past five years. Given the economic conditions of this decade, inclusionary production has dropped. Today's current restrictive zoning in HOAs has limited both 100% affordable projects and opportunities for inclusionary BMR units.

The analysis of the current pipeline underscores core challenges facing San Francisco's housing strategy: the scale of the backlog, the pressing need for funding, and concentration of affordable housing in certain neighborhoods.

Section 5: Parcel Suitability Analysis

The Parcel Suitability Analysis analyzed San Francisco parcels' viability for affordable housing development based on key site characteristics and existing development on the site. Assessing parcel suitability helps the City take stock of potential capacity for affordable housing and where capacity is concentrated in different districts of the city.

This information can help guide site acquisition strategies citywide as well as in particular districts and the City may build on this tool with additional detail and functions. To assess parcel suitability, Planning established the analysis methodology in consultation with MOHCD and based on available data and relevant state and local policies that enable affordable housing. This section first presents an overview of the state and local policy considerations; then describes the methodology for the parcel suitability analysis; and then presents the parcel suitability analysis findings.

Policy Context for Affordable Housing Development

Various local, state, and federal policies combine to shape strategies for site acquisition and inform this Parcel Suitability Analysis. These policies and programs are considered when affordable development funding is distributed. They also affect the allowed density and feasibility of affordable housing.

Both the City and County of San Francisco and the State of California have established Executive Directives and legislation to support, prioritize, and streamline housing approvals and permits, especially for affordable housing. Locally, Mayor Ed Lee issued mayoral Executive Directive 13-01 in 2013, prioritizing faster housing project reviews. He further expanded that effort to speed the pace of housing production in 2017 with Executive Directive 17-02. Subsequently, Mayor London Breed and Mayor Daniel Lurie have continued with similar directives that would accelerate housing production.

Local initiatives that have helped shape today's affordable housing pipeline include:

- **Administrative Code Chapter 23A (Surplus Public Lands Ordinance, 2016)** – Requires surplus public sites to be prioritized for 100% affordable housing.

- **Proposition E (Planning Code Section 206.9)** – The 100% Affordable Housing and Educator Housing Streamlining Program facilitates the construction and development of affordable and educator housing.

- **Planning Code Section 315 (100% Affordable Housing Program)** – Provides streamlined approvals and incentives for 100% affordable projects.

At the state level, the legislature has introduced a series of housing bills to facilitate rapid housing review, approval, and permitting throughout California. San Francisco Planning Director Bulletin No. 5 summarizes ministerial approval processes for affordable and supportive housing through SB 35/SB 423, AB 2162, AB 2011/AB 2243, and SB 4 (described further below). The City must approve

the project if it meets all state program criteria and it satisfies the objective rules like zoning and design standards. Depending on the applicable bill, projects can be approved without needing environmental review, public hearings, or extra approvals from elected officials.

State laws that help shape the affordable housing pipeline and its management include:

- **SB 35**/ **SB 423** which establishes streamlined, ministerial approval for housing projects.
- **SB 4** which facilitates housing development on certain faith-based and nonprofit-owned lands.
- **AB 2011** which establishes by-right approvals and incentives for affordable housing along commercial corridors.
- **AB 2162** which establishes streamlined, ministerial approval for supportive housing projects.

California State Density Bonus Law (CA Gov Code Section 65915) is one of the most significant state tools because it grants:

- Projects that include affordable housing can access additional density and additional height (up to three stories for 100% affordable housing or up to a 50% bonus available to both 100% affordable and mixed income housing developments) as well as development waivers and concessions (code or objective standards flexibility).
- Projects can utilize that flexibility for any objective standard (ex. setbacks) that may be needed to provide the bonus units.

Because density bonus law is currently broadly utilized, state density bonus assumptions were incorporated into the AHSAS Parcel Analysis to assess site viability and capacity.

Together, these local and state laws expand the feasibility of building affordable housing on a range of sites while also reducing delays tied to discretionary review. Some of the eligibility criteria for projects to use various ministerial laws include locational considerations to avoid environmentally sensitive or unhealthy sites and avoid the demolition of existing residential uses, among other factors that vary by program. Since a ministerial decision involves only the use of objective standards, government agencies or approval bodies like boards or commissions cannot use subjective judgment in deciding whether to approve a project.

Affordable Housing Funding Considerations for Site Selection

At the federal level, programs like the Low-Income Housing Tax Credit (LIHTC) remain the single largest funding source for affordable housing development. The LIHTC program gives State and local LIHTC-allocating agencies annual funding and the ability to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households. The California Tax Credit Allocation Committee (CTCAC) administers the federal and state LIHTC Programs. In addition, the California Debt Limit Allocation Committee (CDLAC) provides tax exempt

bonds and other financial resources while the California Department of Housing and Community Development (HCD) has various affordable housing funding programs that are typically dependent on annual funding from elected officials or voter-approved sources.

California has adopted Affirmatively Furthering Fair Housing (AFFH) laws and policies that shape the funding programs of the state housing agencies by including fair housing issues such as exclusion, segregation, and access to opportunity in funding program design. Other policy priorities including energy efficiency and reducing greenhouse gas emissions also influence state programs. These considerations in turn shape financing strategies and influence site characteristics for affordable developments. These goals also align with San Francisco's social equity commitments as well as important considerations for the quality of life for affordable housing residents including access to services, shopping, jobs, transportation, higher performing schools, and parks and recreation, among other important factors.

To align with AFFH, focusing on inclusion and expanding access, CTCAC has updated its 9% tax credit regulations by:

- Considering Opportunity Area Map designations (the state-designated map[10] that categorizes areas from "Low Resource" to "Highest Resource" based on numerous socioeconomic factors which are updated annually) to increase affordable housing in high-resource areas for families with children.

- Providing a basis boost and site amenity points for projects in High Resource and Highest Resource areas.

- Further incentivizing projects in these areas by adding a tiebreaker provision to the tax credit scoring process.

These changes are intended to affirmatively further fair housing and encourage increasing site acquisitions in High and Highest Resource areas to ensure funding competitiveness. In addition to considering site characteristics and funding programs for affordable housing, it is important to consider site suitability.

Methodology for Parcel Suitability Analysis

To analyze the availability and distribution of potential sites for affordable housing, the AHSAS includes a detailed parcel-level analysis to identify sites most suitable for future affordable housing development. Development criteria were informed by local, state, and federal guidelines and practices, as well as by the practical realities of financing, construction, and operation. Spatial and development program assumptions were applied through a Geographic Information System (GIS) to systematically filter, differentiate, and select sites with the strongest potential to support 100% affordable housing.

Some of the baseline site requirements included ensuring that potential development sites were at least 8,000 square feet or that contiguous suitable parcels added up to that minimum size. This

10 2025 CTCAC/HCD AFFH Mapping Tool NC

minimum size for individual and combined parcels is established in the local 100% Affordable Housing and Educator Housing Streamlining Program because this minimum lot size is conducive to accommodating multi-family housing at a scale competitive for funding and more efficient for construction and operations than smaller buildings on smaller parcels. Approved by San Francisco voters as Proposition E in November of 2019, and subsequently codified in Planning Code Section 206.9., Proposition E also allows affordable housing on sites currently zoned for public uses.

PARCEL SIZE

While 8,000 square feet is a minimum for affordable housing development, MOHCD and affordable housing developers prefer lot sizes of at least 10,000 square feet for households with smaller units. Sites of 15,000 square feet are preferred for households with larger units because this size can more easily accommodate a development with varying dwelling unit mixes and housing programs.

PARCEL DEVELOPMENT POTENTIAL

"Softness" for development was calculated for all parcels and then used as part of the selection criteria. Softness is generally defined as the level of development of a particular site's existing structures and use(s) relative to what could be built on the site under local and state laws. Sites that are currently built to a relatively low percentage of potential development capacity are more likely to be suitable and available for development. This analysis used a standard metric of 30% and lower being considered "soft" for new development. In other words, sites are considered "soft" if existing development was less than 30% of the potential gross floor area allowed. For example, if a site could accommodate an 8-story building but currently is built with a 2-story building, it would be considered underdeveloped or "soft" because it is only built to 25% of the allowed capacity.

PARCEL EXCLUSIONS

Given the variety of sites throughout San Francisco and complexities of development, the analysis applied "exclusions" to remove from consideration a range of parcels with various existing uses or characteristics that make development more challenging or unlikely. The exclusions included sites with:

- Existing housing (including rent-controlled housing)
- Entitled development projects that have pulled construction permits
- Large developments that have already been approved and entitled with specific affordable housing requirements
- Some public sites whose agencies are coordinating their own analyses for development (including SFMTA and SFUSD)
- Public universities and some private universities
- Parks and open spaces
- Extremely large sites such as golf courses
- Protected historic resources including resources individually listed under the California and National Registers as well as Articles 10 and 11 of the Planning Code[11]

11 Note that non-contributors in Article 10 and Category V (unrated) buildings in Article 11 were incorporated into the parcel analysis since those historic resources can generally utilize state ministerial laws.

This analysis did not search for sites that are actively for sale or vacant, since those are ever changing. Instead, the analysis took a more inclusive approach to identify the universe of sites or grouping of sites that are both “soft” and meet the mentioned criteria.

PARCEL LAND USE AND STATE DENSITY ASSUMPTIONS

Additionally, the analysis considered land use controls (notably height, bulk, and residential density) as they exist during the time of the analysis in combination with local and state laws (such as Prop E and State Density Bonus Law) that allow additional height and density for 100% affordable projects. The parcel suitability analysis did not incorporate potential heights, density, or flexible standards that will likely be part of the Family Zoning Plan, which is described in more detail below. Current affordable housing policies and programs provide some similar benefits for affordable housing to what the Family Zoning Plan could offer, however, the flexible zoning of the Family Zoning Plan, including increased heights and densities, will create even more development opportunities for affordable housing, as described below.

FAMILY ZONING PLAN AND SITE SUITABILITY ANALYSIS

To expand both overall housing production as well as affordable housing production throughout Housing Opportunity Areas, the Family Zoning Plan is proposing a set of policies to facilitate and accommodate this growth. The Family Zoning Plan continues to evolve but as currently drafted, the Plan includes increases to height limits and changes to density limits (from numeric to form-based density), especially on commercial and transit corridors.

Additionally, a major feature of the proposed Family Zoning Plan is the Housing Choice-SF Local Program, which provides for greater development flexibility. All Housing Choice-San Francisco housing projects, including affordable housing, will receive modified standards such as form-based density, additional height, flexibility on standards for rear yard or lot coverage, usable open space, and dwelling unit exposure, among others, and up to 15% of quantitative objective standards flexibility unless otherwise noted.

Projects that are comprised of 100% affordable housing will additionally receive more code flexibility on a variety of topics plus up to 20 additional feet in additional height. Where applicable, the AHSAS unit capacity is roughly approximating residential units that would be allowed inclusive of the State Density Bonus rules layered on existing zoning (pre-Family Zoning Plan). For example, most residential areas and commercial corridors in San Francisco currently have a height limit of 40 feet and with State Density Bonus could build to 73 feet or three additional stories. With the Family Zoning Plan 100% affordable project could qualify for additional height and other benefits. Because the Family Zoning Plan is still in development, the analysis did not use the proposed local program heights. Therefore, once the rezoning is codified, it will allow further residential capacity throughout these areas, including increasing heights and density and implementing flexible standards specifically for affordable housing that will increase the amount of affordable housing that is possible.

Parcel Suitability Analysis Findings

Across all districts, initial estimates from the draft analysis show that under today's zoning, there are 3,410 total viable sites, with a combined unit capacity of approximately 247,000 units.[12] This includes both stand-alone sites and those that become viable when combined with adjacent parcels. Stand-alone sites (soft, non-residential, and ≥8,000 sq. ft.) account for 1,204 sites and 60% of total capacity (148,231 units). Sites viable with aggregation of adjacent parcels add another 2,206 sites and 98,477 units, demonstrating that parcel assembly could unlock more housing potential. The complexity of aggregation, especially when sites have multiple owners, usually adds time and cost to a project and thus, standalone sites will generally continue to be more straightforward for development.

District 6 has the greatest capacity for affordable housing, likely due to significant number of larger sites without residential development. Districts 2, 3, and 9 also show strong capacity. Districts 8 and 1 have the lowest total capacity, suggesting fewer large parcels without existing residential uses or more constrained development environments.

Figure 4. **Draft Results from Parcel Suitability Analysis**

Supervisor Districts	*Number of Viable Stand-Alone Sites (soft, non-res, and at least 8000 sq. ft.)*	*Unit Capacity*	*Number of Sites Viable Only with Adjacent Sites (soft, non-res, and less than 8000 sq. ft.)*	*Unit Capacity*	*Total Number of Sites*	*Total Sum of Unit Capacity*
1	67	8,037	141	6,599	208	14,636
2	133	17,521	180	9,418	313	26,940
3	121	16,914	192	10,512	313	27,426
4	77	9,659	141	6,997	218	16,656
5	102	12,677	114	6,257	216	18,933
6	237	29,947	491	20,176	728	50,123
7	96	10,284	201	8,261	297	18,545
8	63	7,109	64	3,023	127	10,132
9	125	14,983	319	12,009	444	26,992
10	99	11,385	189	7,956	288	19,341
11	84	9,716	174	7,269	258	16,984
Total	1,204	148,231	2,206	98,477	3,410	246,708

These results underscore that land availability, in and of itself, is not the most significant limiting factor in expanding the city's affordable housing supply. It should be noted that this analysis did not assess the specific availability of any particular site for development or the desire of

12 Note that Planning is still refining and verifying the analysis in partnership with MOHCD and the results will likely continue to evolve.

owners to sell. As discussed more below in Section 6, individual property owners may have disincentives to sell for various reasons, such as complex ownership structures among family members or business partners, low property tax basis under Proposition 13, and satisfactory current revenue. So, while this analysis shows there are many viable, suitable sites for affordable housing development around the city, it will take time and effort to secure sites for development.

The proposed Family Zoning Plan, located primarily in the Housing Opportunity Areas, will expand zoned housing capacity for affordable housing beyond what current policies and programs provide. These changes could spur affordable housing production through mixed-income inclusionary projects, 100% affordable housing development, as well as more affordable "missing middle" housing. By opening multiple pathways to provide affordable housing, the proposed rezoning will provide greater likelihood that a range of affordable housing types will be produced.

Future updates to this analysis will additionally highlight the number of publicly owned sites, religious, and non-profit owned sites by district. Future analyses and findings will help inform more detailed and tailored approaches to district specific strategies for ensuring equitable distribution of new affordable projects. In addition, this inventory currently excludes properties with existing residential uses, which means there remains an additional, longer-term reservoir of sites that could further expand development opportunities as market conditions and policy tools evolve. For example, all sites with even just one unit, such as single-family homes, were excluded from this analysis, however, aggregations of these sites could offer future opportunities for affordable housing development, especially when merged with adjacent underutilized commercial sites. Zoning changes to allow more small and mid-size housing could also allow more affordable housing provided by the private sector as well as by nonprofit and public agencies.

Section 6: Financial and Policy Research

Building on the pipeline and site suitability analyses, the recommendations in this report are further shaped by extensive financial and policy research including case studies and field practices. The Department partnered with Century Urban on the financial analysis and with Enterprise Community Partners on policy research to develop strategies that strengthen pipeline management and support land acquisition. As noted in Section 1, in addition to consultant research, Planning staff convened focus groups in summer 2024 and 2025 with affordable housing developers and practitioners to gather input, surface policy questions, and identify practical strategies, providing additional important input.

This section provides a high-level overview of the research, analysis, and findings conducted by staff and partners, and orients readers to the detailed research memos are available on the project website. This section complements the findings and recommendations from the Affordable Housing Leadership Council Report, which covers funding and resources for the affordable housing pipeline more extensively. While there is some overlap, funding, financing, and construction costs are not the main purpose of the research covered here.

Financial Analysis

Planning and MOHCD worked with consultant Century Urban to analyze financial considerations for acquisition and development to inform the City's acquisitions strategies. Their work analyzed trends in the city's land costs and land costs relative to total development costs, land holding costs, the impact of different geographies and zoning on land values, and the effect of rezoning on land prices. Their work also included a review of the City's current investments in site acquisition and evaluation of tools to support affordable housing acquisition. The research summarized here informed the development of strategies in section 7.

LAND VALUE AND LAND COSTS DRIVERS

Land costs are driven by the amount that developers estimate they can afford to pay and the amount that property owners are willing to accept based on their current revenue and their expectations. Land in San Francisco remains among the most expensive in the country. Some factors that contribute to this include limited undeveloped land, proximity to jobs, transit, and amenities, and relatively high revenue from existing uses.

- **Construction costs, rents and sales prices, interest rates, target returns, and other economic and financial factors all play a significant role in determining how much developers are willing to pay for land.**
    - For market-rate developments, "residual land value" provides an estimate of the land cost that they can afford while still achieving a financial return after accounting for all other project costs. This method of land valuation fluctuates with economic conditions, construction costs, and other factors.

- Affordable housing developers compete with market rate developers for land, especially during periods of favorable conditions for market rate development. As a result, the cost of land is similar for affordable and market-rate housing.

- **If the value of the existing buildings or improvements is greater than a parcel's estimated value as a development site, the owner(s) may not be motivated to sell.**

  - Many landowners may have owned their properties for decades, benefitting from low property tax basis, and selling a site may trigger capital gains and/or transfer taxes. A sale must provide sufficient financial incentive to outweigh these factors.

  - Almost all potential development sites in San Francisco are infill parcels with existing buildings or underdeveloped lots, often used for parking or single-story commercial.

- **When economic conditions do not support development feasibility, developers may be unwilling/unable to pay substantial prices for land, while landowners may be unwilling to accept offers substantially below historical or recent land values**, resulting in fewer transactions overall.

LAND COST TRENDS AND DEVELOPMENT COSTS

An analysis of land transactions over the past decade shows relatively stable land prices which generally averaged $121,000 per unit for all projects; about $116,000 per unit for affordable projects, and $125,000 per unit for market rate projects. Starting in 2019, market rate land transactions declined, coinciding with increasing construction costs, decreasing rents, and higher interest rates.

- Average land cost since 2019 is approximately 5% less than the 10-year average, suggesting that despite reduced interest and ability of developers to buy land since 2020, landowners may be reluctant to sell at prices much below historical averages and may be slow to adjust expectations.

- Even in slow years when few or no properties transacted for market rate projects (reflecting challenging market conditions for such development), land sales for affordable housing projects continued to reflect costs at historical averages.

Construction costs have been a far more significant part of development costs than land costs over time. In recent years, construction costs and financing costs have skyrocketed.

- Total development costs per unit have generally increased since 2018, averaging approximately $1 million or more per unit (for a two-bedroom) since 2021.

- Construction costs rose by approximately 31% from Q1 of 2020, at the start of the COVID-19 pandemic, to Q2 of 2024. During this period, rental rates and sales prices did not keep pace with the rise in construction costs. Consequently, mixed-income projects became less economically

feasible.

- Land costs as a percentage of total development costs have remained relatively stable, ranging from 7% to 14% and averaging about 10% of total development costs.

POTENTIAL IMPACT OF EXEMPTION TO TRANSFER TAX

Century Urban also analyzed a potential transfer tax exemption for properties sold for affordable housing, a potential tool mentioned by affordable housing practitioners as a way to incentivize landowners to sell for affordable housing development. If enacted, a transfer tax exemption, discussed in the strategies section of this report (Section 7), would enhance the competitiveness of affordable housing developers in acquiring land.

IMPACT OF REZONING ON LAND VALUES

Century Urban analyzed the impact of rezoning on land values (on a per unit and per acre basis) revealing a complex relationship where rezoning appears to be just one factor affecting land values along with economic conditions and landowner expectations. The analysis also looked at a limited number of land purchases for affordable housing in areas with zoning that allows denser multifamily housing (form-based density) and compared with areas with more restrictive numeric density limits.

Analysis of the Eastern Neighborhoods rezoning (completed in 2009) shows that land value did not increase, and even dropped, on a *per unit* basis following a rezoning. Land transactions, however, appear heavily driven by economic conditions and landowner expectations.

- Before Eastern Neighborhoods rezoning (2009), the land costs in that area averaged $125,100 per unit and after the rezoning (2012), the land dropped to $113,700 per unit, a 9% decrease. Indicating that allowing more units per parcel reduces per unit land costs.

- Average land costs *per acre* increased by approximately 48% in real dollars potentially reflecting the added value generated by the increased residential density. However, it is the per unit costs that are pertinent to the question of how much affordable housing can be delivered for a certain amount of money, not the per acre land cost. The changing economic climate during this time likely also heavily influenced land prices independently of zoning as discussed below.

- Due to the Great Recession, there were no known residential land sales in Eastern Neighborhoods that took place between 2009, when the Area Plan was adopted, and 2012.

- Most land sales in the Eastern Neighborhoods occurred between 2015 and 2018, when the San Francisco was experiencing strong, tech-fueled economic growth that was increasing rents and home prices and driving housing development.

- Land sales volume declined again from 2019 onward as construction costs increased, rents dropped or stagnated, and inflation and interest rates increased.

- Exactions imposed by the city in the Eastern Neighborhoods, including inclusionary housing and impacts fees, may have also captured some of the value created by the rezoning, moderating the potential for land cost increases related to rezoning during this time. Exactions were also likely supported by strong economic conditions and lower development costs from 2012-2019. Value capture may be more limited under current economic conditions.

Century Urban reviewed the City's land acquisitions for development of affordable housing projects, comparing sites in recently rezoned areas with sites in areas that have not been recently rezoned as well as comparing areas based on state opportunity designations.

- **Comparison of recent land sales for affordable housing shows per-unit land costs can be similar across different zoning indicating that market expectations often outweigh zoning differences and land value is influenced by location, current and potential uses, and comparable sales**. Recent land sales for affordable housing in form-based density zoning districts in Eastern Neighborhoods and in districts with numeric density restrictions show comparable land prices per unit despite zoning differences. This data shows that sellers are often setting price expectations for land based on the size of the project (e.g. number of units) they know the buyer intends to build, not necessarily limited just by the zoning of the land.

- The analysis found that there are higher land values in high-resource state-designated Opportunity Areas, reflecting their desirability and access to resources in these areas.

ANALYSIS OF CITY LAND HOLDING COSTS

The city periodically acquires sites for future affordable housing development through direct land purchases or land dedications by developers to meet inclusionary housing requirements. It typically takes between five to seven years from site acquisition to construction start. During this period, the city is responsible for holding and maintenance costs. Site conditions can vary widely from vacant structures and parking lots to buildings with existing tenants. Some sites may accommodate interim uses while some sites may have significant deferred maintenance, affecting tenant retention and overall usability.

- **MOHCD currently manages five city-owned sites for future affordable housing that incur annual holding costs ranging from approximately $34,000 to $453,000.** Resulting in total annual costs currently averaging $837,000. Costs have exceeded $1 million in prior years.

- **Cumulative site holding costs can reach $168,000 to $2.5 million or more, depending on the hold period. Holding costs can add 1% to 17% to the total acquisition cost of a site and commensurately reduce available funding.** Site-specific factors—like existing tenants, capital needs, and interim revenue potential—should be carefully evaluated before site purchase as part of the overall site assessment.

SITE ACQUISITION AND MANAGEMENT FEEDBACK FROM AFFORDABLE HOUSING DEVELOPERS AND PRACTITIONERS

Practitioners across both focus group sessions identified persistent funding challenges as the primary barrier to affordable housing development. They stressed the critical importance of stable and predictable funding sources and asked the city to consider sequencing resources based on project needs to work on acquiring and preparing sites, so they are ready when funding becomes available for construction. They highlighted tools like Transfer Tax exemptions for affordable housing development sites and leasing options to help incentivize sales to affordable housing developers and address the specific challenges affordable developers face in transactions.

Expanding the applicability of the Welfare Property Tax Exemption available to nonprofit-managed 100% affordable housing occupied by low-income residents to sites acquired for affordable housing could lower land holding costs. Expansion of the welfare tax exemption would likely require changes at the state level.

Participants also stressed the value of acquiring sites early, balancing interim uses with holding costs, and removing cost barriers that impact affordable housing including permitting fees and street and infrastructure requirements. These highlights from the discussions and more insights generated from these sessions helped inform the recommended actions described in Section 7 of this report.

Policy Research

Enterprise Community Partners conducted targeted research to identify best practices that can inform San Francisco's affordable housing pipeline management and acquisition. The work examined current practices and how other cities manage and expand their affordable housing pipelines through site acquisition, coordination across public agencies, non-profit and faith-based partners, and the inclusion of smaller "missing middle" housing types to broaden affordability in residential and rezoning areas.

The research combined a literature review, program analysis, and policy recommendations with practitioner insights gathered through interviews with developers, consultants, City staff, and experts. The full memoranda, available on the project website, provide background information, policy analysis and real-world challenges and promising strategies through case studies from the field for further review. The following section highlights insights from the research that informed the recommendations in Section 7.

AFFORDABLE HOUSING PIPELINE MANAGEMENT: BALANCE FUNDING FOR CONSTRUCTION AND SITE ACQUISITION

Enterprise's research finds that a city's affordable housing pipeline must balance two parallel priorities: advancing existing projects to construction and strategically acquiring land for future developments. Both activities are essential for a healthy pipeline, yet they compete for the same limited pool of resources.

A well-managed affordable housing pipeline is central to sustaining production over time. For developers, predictability in process and funding is crucial as it allows for better planning, reduces delays, and ultimately controls costs. Strategic coordination across programs and agencies can help

San Francisco optimize limited resources, accelerate delivery, and ensure a steady flow of affordable housing projects citywide.

Research highlights key considerations and strategies for building an efficient, predictable affordable housing pipeline and offers high-level recommendations to guide City policies that support housing development.

- Given the constrained and limited funding context, cities can strengthen affordable housing production by establishing a local financing strategy that provides a consistent flow of funds for predevelopment and construction—phases that typically occur sequentially.

- A key best practice is consolidating Notices of Funding Availability (NOFAs) to streamline application processes, improve predictability for developers, and enable more strategic, coordinated investment across projects.

- Cities can strengthen affordable housing pipeline management by increasing the availability of local capital, operating, and housing services subsidies through reliable and recurring funding sources.

    - Leading practices include establishing dedicated local revenue streams such as general fund set-asides, voter-approved bonds, or targeted property tax measures to ensure ongoing support for affordable housing development.
    - Creating a dedicated funding stream for site acquisition, whether through a portion of existing permanent sources or future bond allocations, helps maintain project momentum and prevents gaps between acquisition and construction phases.

- Cities can strengthen affordable housing pipeline management by actively supporting coordination and simplification of state funding programs, including advocating for a unified or single-application process that reduces administrative burden and accelerates project timelines.

- Effective pipeline management also includes sustained advocacy for broader policy reforms, such as modernizing property tax structures, expanding state housing funding, and improving federal programs like the Low-Income Housing Tax Credit (LIHTC), to ensure long-term and scalable investment in affordable housing.

As described previously, new site acquisition should consider the number of sites and units in the existing pipeline and funding available. San Francisco's affordable housing pipeline functions as a de facto land bank managed by MOHCD and holding land in San Francisco incurs significant costs that can exceed $400,000 per site per year. Given the existing affordable housing pipeline awaiting funding, new sites should be acquired strategically; additionally, related holding costs that further limit funding for the construction of the pipeline should continue to be considered.

- Cities can strengthen their affordable housing pipeline by implementing targeted site acquisition programs that advance fair housing goals and expand affordable housing opportunities in high-resource areas. Effective programs establish clear selection criteria co-developed with community and industry partners and aligned with funding frameworks such as LIHTC scoring, ensuring transparency and competitiveness.

- Another emerging best practice is adapting local acquisition policies akin to Community Opportunity to Purchase Act (COPA) to include commercial or underutilized properties with potential for affordable housing redevelopment. This approach broadens the range of eligible sites, supports mixed-use and infill development, and helps cities proactively secure land for long-term affordability.

Public land ownership represents a significant asset for future affordable housing site acquisition but must be weighed with agencies' responsibilities and currently does not come free of costs due to the financial needs of various agencies as well as their charter requirements.

- The City could clarify and, where possible, amend land disposition processes across separately chartered agencies to better prioritize affordable housing while balancing each agency's mission.

- The City could continue transferring underutilized City-owned sites and encourage all enterprise and transit agencies to integrate affordable housing into surplus land use and capital planning efforts while also considering the financial needs of each agency.

ADVANCING AFFORDABLE HOUSING THROUGH FAITH-BASED AND NON-PROFIT PARTNERSHIPS

Faith-based Organizations (FBOs) and non-profits collectively own 280 acres of land in San Francisco, much of it in high-resource, transit-accessible areas. These sites offer a major opportunity to advance affordable housing, racial equity, and climate goals.

- Many FBOs often lack the specialized expertise needed for housing development; the city can expand access to training, technical assistance, and trusted partnerships to strengthen organizational readiness.

- Dedicated predevelopment funding, low-cost financing, and adaptable funding structures are essential to make joint development on FBO- and non-profit-owned sites viable.

- The City could promote use of existing tools—such as SB 4 and State Density Bonus Law—and align local zoning through the FZP and approvals to help FBOs and non-profits deliver affordable housing more efficiently.

APPROACHES TO UNLOCK "MISSING MIDDLE" HOUSING

Much of San Francisco's residential fabric, particularly in high-resource neighborhoods that are included in the Family Zoning Plan, consists of small lots and low-density zoning that have limited the production of affordable rental or ownership options for low- and moderate-income households. Even with zoning changes, these smaller lots do not meet the site requirements for publicly subsidized Low-income Housing Tax Credit (LIHTC) projects typically funded by MOHCD.

Research emphasizes that meeting the City's housing goals requires a dual-track strategy: continuing to advance larger multifamily projects with public subsidy such as LIHTC on sites larger than 8,000 square feet while simultaneously unlocking smaller sites for "missing middle" housing. Additionally, rents affordable at 100% AMI and up can be similar to rents in the unsubsidized rental

market, suggesting that additional housing typologies for small scale housing can provide more affordable housing options in residential neighborhoods.

The following land use, policy and design strategies support feasibility of "missing middle" affordable housing options across rezoned neighborhoods, can lower costs and increase feasibility:

- **Pre-Approved Designs:** Offer City-reviewed building designs tailored to common lot types and zoning to expedite permitting, reduce review time, and lower costs for developers while incorporating community input.

- **Simplified Land Assembly and Subdivision:** Streamline processes to combine or subdivide parcels, enabling larger multifamily projects and expanding "missing middle" homeownership options.

- **Single-Stair Buildings:** Allow taller, denser buildings with a single stairway to increase unit count and improve feasibility on small sites.

- **"Flats-for-Land" Partnerships (Antiparochi):** Enable landowners to partner with developers by contributing land in exchange for units or project shares, reducing land costs and improving affordability.

- **Elevator Reform:** Bringing down high costs, reducing size requirements, and expanded labor access could unlock elevator installations in thousands of affordable housing projects.[13] [14] [15]

POLICY CONSIDERATIONS MOVING FORWARD

Across all three policy areas, the research reveals a consistent theme: **Funding predictability, partnerships for site acquisition, and innovation are the cornerstones of a stronger affordable housing pipeline management system**. A balanced pipeline requires reliable funding and interagency coordination. Unlocking land from public, faith-based, and nonprofit owners demands new partnership models and dedicated technical assistance. Finally, broadening housing options through rezoning and design reform offers a pathway to more inclusive, mixed-income neighborhoods.

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13 High costs of elevators due to code requirements have been identified by research as a major barrier to the feasibility of small and mid-rise multifamily housing but were not covered in the policy research memos prepared by Enterprise Community Partners in early 2025. Research from the Center for Building in North America highlights that elevator installation and maintenance costs in the United States are among the highest globally, significantly impacting the feasibility of small-scale multifamily buildings of four stories or more. A typical passenger elevator in a new U.S. residential building costs roughly three times more than comparable systems in Western Europe or East Asia. Current code requirements, such as mandating elevator cabins large enough to accommodate a 24" x 84" ambulance stretcher, inflate costs and reduce usable floor area. In many other countries, elevator standards are set to accommodate wheelchair access rather than reclined stretchers. Higher costs often lead developers to avoid elevators altogether, limiting the viability of mid-rise formats that are common abroad, such as "point-access" buildings with apartments built around compact cores of an elevator and stairs. Reforming elevator standards to align with international norms could reduce costs and expand production of "missing middle" housing with elevator access important for people with disabilities, seniors, and families with children.

14 Smith, S. (2024). Elevators. Center for Buildings, accessed via https://www.centerforbuilding.org/publication/elevators.

15 Packer, Ryan. (2025). Washington Senate Greenlights Elevator Reform Aimed at Boosting Midrise Homebuilding. The Urbanist. Accessed via https://www.theurbanist.org/2025/02/20/washington-senate-greenlights-elevator-reform-aimed-at-boosting-midrise-homebuilding/?utm_source=chatgpt.com

Section 7: Recommended Strategies

Based on the research detailed in Sections 3-6, the following five areas include strategies to sustainably manage and grow the affordable housing pipeline:

1. Scale Acquisitions to Funding and Pipeline
2. Expand Geographic Distribution
3. Develop Public and Nonprofit-Owned Land
4. Implement Market Acquisition Tools
5. Enable "Missing Middle" Affordable Housing

Pipeline management, including site acquisition, is meant to complement recommendations on funding, financing, and cost reduction already published in the Affordable Housing Leadership Council Report.

1. Scale Acquisitions to Funding and Pipeline

San Francisco's affordable housing production challenge is primarily due to limited funding and high construction costs. The city will need to focus resources on advancing existing commitments, such as HOPE SF and other pipeline projects, while scaling new site acquisitions to align with funding levels. To succeed, sites must be efficient for affordable housing development and competitive for State and Federal dollars, which align to Affirmatively Furthering Fair Housing Law. The city will need to continue to effectively manage the existing resources while making strategic acquisitions based on goals outlined in the 2022 Housing Element and evolving community needs.

RECOMMENDED STRATEGIES:

1.A Increase funding and reduce development costs to produce more affordable housing more quickly. Implement the 2022 Housing Element and the Affordable Housing Leadership Council recommendations and work with other cities, affordable housing developers, nonprofit and community organizations, and other allies.

- Efforts to expand local affordable housing funding received a recent endorsement when the San Francisco Board of Supervisors passed a resolution requesting the Controller's Office, Office of Economic and Workforce Development (OEWD), and MOHCD to explore options for an Enhanced Infrastructure Financing District (EIFD) to fund Affordable Housing in Well-resourced areas along with other innovative financing options.

1.B Issue NOFAs for site acquisition when funding is available and coordinate local funding processes with state and federal funding application timelines. Continue to ensure sites for affordable housing are large enough and other necessary characteristics for efficient financing, development, and operation.

1.C Scale acquisition of new sites for affordable housing development to available funding to build affordable housing based on the number of projects already waiting for funding, costs for

holding and developing sites, and in balance with goals for equitable geographic distribution of affordable housing around the city (more on geography below in the next section).

- The total pipeline of units in development should approximately be equal to the average number of units built per year multiplied by the estimated number of years a project takes from predevelopment to construction after a site is acquired.

1.D Factor City land holding costs and interim use costs into the land acquisition costs to fully assess costs.

1.E Explore land use policies to support interim use flexibility and lower costs for affordable housing (ex. removing parking CUAs, vacant to vibrant OEWD programs for MOHCD sites, etc.)

1.F Identify opportunities to lower land-holding costs by having other City agencies, CBO, or other stewards manage the lease, provide capital, and oversee pre-construction site management.

2. Expand Geographic Distribution

To meet Housing Element and Affirmatively Furthering Fair Housing goals, San Francisco must expand affordable housing in higher-resource neighborhoods—targeting 25% of new units—while sustaining investment in equity communities. New affordable housing has been built where multifamily housing has been allowed and the Family Zoning Plan can help expand where affordable housing can be developed. The city will continue to monitor the pipeline for geographic gaps.

RECOMMENDED STRATEGIES:

2.A Acquire sites to reach the Housing Element's 25% minimum goal for affordable housing production in higher resource areas while also adding sites in equity communities as available funding for site acquisition allows.

2.B Pursue a flexible target of at least one affordable housing development in the development pipeline in all Supervisorial Districts at all times based on funding availability as part of the effort to increase geographic equity and meet the Housing Element goal.

2.C Track existing pipeline and portfolio for geographic gaps and target site acquisition strategies by District based on factors such as: Existing affordable housing stock, affordable housing pipeline, concentrations of cost burden renters, and inventory of parcels suitable for affordable housing, including publicly-owned and nonprofit and religious owned land.

2.D City agencies, nonprofit developers, policymakers, and community organizations can continue to identify development sites that advance the City's housing goals, specifically sites that have lower than average per unit land costs, are competitive for funding and efficient for development, create housing in higher resource areas, or help stabilize equity communities.

2.E Consider an Enhanced Infrastructure Financing District (EIFD) in well-resourced areas to capture tax increment for affordable housing along with other affordable housing funding and financing tools as called for by the Board of Supervisors.

3. Develop Public and Nonprofit-Owned Land

Public and nonprofit-owned land is an opportunity to produce affordable housing while advancing the missions of public agencies, faith-based institutions, and community nonprofits. The City should continue to pursue partnerships, using tools like the Parcel Analysis to identify sites and align with agency and community priorities. Success will require coordination—linking landowners, affordable housing developers, and the city—to combine land, technical expertise, and subsidies. Initiatives like LISC's Faith and Housing program offer technical support which can make it easier for nonprofit and faith-based landowners to navigate development. Projects like the Shirley Chisholm Village on SFUSD land model innovative new partnerships.

RECOMMENDED STRATEGIES FOR PUBLIC LAND FOR AFFORDABLE HOUSING

3.A Coordinate with local public agencies to facilitate land for affordable housing while balancing financial feasibility and revenue for public agencies and considering site characteristics and agency needs.

- Continue to analyze and identify publicly owned parcels on an ongoing basis that could be used for affordable housing and collaborate with City agencies that own these properties to explore viability of their use for affordable housing.
- Collaborate with SFMTA on potential site development as part of their Joint Development Program.
- Develop agency-specific approaches with SFUSD and others that have significant land holdings.
- Provide information to support public land for housing including updates to existing webpage on public lands for affordable housing and/or case studies of recent affordable projects developed on public lands in the city within the past 10 years.

3.B Identify and secure surplus land for affordable housing in coordination and collaboration with state and federal agencies.

- Share examples and showcase options for guidance and support to develop affordable housing on state and federally owned land.

RECOMMENDED STRATEGIES FOR RELIGIOUS AND NONPROFIT PROPERTY OWNED LAND FOR AFFORDABLE HOUSING

3.C Map and identify priority religious and nonprofit affordable housing development sites per district based on parcel analysis and coordinate findings with InterFaith Council (SFIC).

- Advise congregations on historic status of potential development sites to understand implications and best practices for affordable housing development on historic sites.

3.D Continue to provide information and technical assistance from City, philanthropic, and nonprofit partners to help religious and nonprofit property owners to assess options for property they own and shepherd affordable developments. Differentiate approaches for assistance for different types of institutions and where they are in the process.

- Consolidate resources to support religious and nonprofit partners to explore housing processes through on-line landing page/portal with existing City resources, new content, (primer on process streamlining options for adaptive re-use of properties) and materials from partners such as LISC's SB-4 Housing Accelerator Lab with SFIC.
- Financially support a series of workshops for congregations on the housing development process to train a cohort of 1-3 FBOs per year (with a goal of 6-12 FBOs over four years).
- Develop dedicated funding stream for predevelopment phase for religious and non-profit partners through philanthropic and other partners.

4. Implement Market Acquisition Tools

The city should continue to take both a strategic and opportunity-driven approach to site acquisition, working with affordable housing developers to control costs and avoid speculation. Incentives such as transfer tax relief and improved valuation methods can help motivate sales, while foreclosures, distressed assets, and below-market properties offer lower-cost options. To prevent price inflation, the city should not publish specific acquisition targets and instead maintain flexibility to pursue a range of sites in every Supervisorial District. Acquisition strategies must balance the goal of expanding affordable housing in Housing Opportunity Areas with the costs of holding and maintaining land. Land banking should be used selectively, in line with available funding and in partnership with nonprofit and philanthropic partners, in balance with advancing the 12,000+ affordable units already in the pipeline.

RECOMMENDED STRATEGIES

4.A Consider a Transfer Tax Incentive for sales of private land for affordable housing through an exemption for affordable housing project sites.

4.B Acquire sites by working with the Housing Accelerator Fund, other CDFIs, Impact Investment Funds, and other philanthropic and nonprofit partners.

4.C Take advantage of lower cost site acquisition opportunities such as property owners who would like to make sites available for affordable housing, properties in foreclosure or otherwise distressed, through partnerships with nonprofit and religious organizations or other property owners who are willing to offer lower prices.

4.D Expand the use of the Community Opportunity to Purchase Act (COPA) to development sites for multifamily housing as well as existing multifamily buildings for sale if COPA doesn't already apply.

4.E Streamline parcel assembly and subdivision. Coordinate with Public Works and other agencies on an expedited review process that allows for concurrent reviews and reduces iterative processes for the merger or subdivision of parcels. When applicable, encourage the use of ministerial reviews (ex. SB 1123 which expands AB 684) to streamline subdivisions.

4.F Leverage public and private resources through joint venture partnerships that maximize sources of capital. Public entities should continue joint developments with third-party mixed-income developers. For publicly-owned land, consider different approaches to satisfying California's Surplus Land Act by selling or ground leasing all or part of their surplus land to affordable housing developers.

5. Enable "Missing Middle" Affordable Housing

The City's affordable housing strategy must also consider "missing middle" housing—smaller buildings of 10–50 units—that fit the city's diverse parcel sizes but often lack the economies of scale that make larger projects more feasible. Encouraging small (2–20 units) and mid-size (21–49 units) buildings can expand options for low- and moderate-income households. Policy changes such as single-stair reform, streamlined permitting, and pre-approved design standards could reduce costs and make these housing types more viable. The city should continue to advocate for code reforms and partner with private, nonprofit, philanthropic, and design sectors to support innovative approaches that grow this segment of the housing market.

RECOMMENDED STRATEGIES

5.A Allow form-based density in residential districts to accommodate as many residential units as possible within the buildable envelope (determined by height and setbacks).

5.B Explore and encourage single-stair code reform at the state and locally along with reforms to elevator requirements.

5.C Develop scope for a program of pre-approved designs for small and mid-size housing developments focused on feasibility and community needs.

5.D Convene a working group to develop parameters and provide potential funding support to adapt and pilot the *Antiparochi* or "flats-for-land" model, to facilitate landowners to exchange property for a share of new multifamily housing.

5.E Promote innovation from the private sector, philanthropic sector, design sector, and non-profits for feasible small scale affordable development through RFPs.

- Issue a Request for Proposals (RFP) for private developers, philanthropic organizations, design firms, and nonprofit housing providers for *Antiparochi* or "flats-for-land" strategy and pre-approved site plans.

Conclusion

San Francisco faces an urgent challenge: building the affordable housing the city needs with limited financial resources in a costly environment. By aligning land acquisition with funding capacity, strengthening partnerships across public and nonprofit sectors, and pursuing innovative approaches to housing delivery, the City can better manage its pipeline and expand affordable housing opportunities across all neighborhoods. Moving forward, success will require discipline, creativity, and collaboration—but with these strategies in place, San Francisco can chart a more sustainable and equitable path for its affordable housing future.