

**CITY AND COUNTY OF SAN  
FRANCISCO  
PRO HOUSING  
APPLICATION**

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## Exhibit A. Executive Summary

San Francisco is facing a severe housing crisis, with housing costs among the highest in the country creating a challenging environment for extremely low- to middle-income residents. The median home price exceeds \$1.4 million, and rental rates average \$3,500 per month for a one-bedroom apartment. Increasing housing costs in recent decades have led to widespread displacement, overcrowding, houselessness, and a decline of the working-class living in the city. According to the 2022 American Community Survey, approximately 35% of San Francisco renters pay more than 30 percent of their gross income for monthly housing costs, while 52% of extremely low-income households (ELI) are paying more than half of their income on housing costs.

Key drivers of the crisis include limited land and funding, restrictive zoning laws, high construction costs, and lengthy permitting processes, especially for small contractors. Despite an increase in housing production in recent years, San Francisco is not keeping pace with its housing targets. To address this issue, a multi-faceted approach is necessary. This includes increasing the supply of housing for working families and people of color in high opportunity areas by reducing extraneous processes, reforming local laws that create barriers to upgrading affordable housing, increasing tools and coordination for the city and nonprofit partners to produce affordable housing, strengthening stabilization investments and programs for lower income renters, expanding capacity to generate a wave of new construction for low-income and middle-income households in the near-term, and providing essential community infrastructure and services in historically disinvested areas. Collaborative efforts between City agencies, private sector, nonprofit developers, and community organizations are essential to creating sustainable solutions that address the needs of all current and future residents.

In January 2023, San Francisco adopted the Housing Element 2022 Update, which established a comprehensive vision for preserving, producing, and protecting housing to meet our needs, and set a target of producing 82,000 new housing units by 2031. In February of 2023, Mayor London Breed issued the Housing for All Executive Order to implement the Housing Element. In October of 2023, the California Department of Housing and Community Development issued a report asking the City to prioritize community benefits in Equity Communities to eliminate displacement and support housing production for existing low- and middle-income population.

San Francisco has undertaken efforts to work closely with equity communities and to reduce barriers to housing production, including reducing impact fees, removing unnecessary processes and hearings, increase local funding for affordable housing, and is currently in the process of upzoning in areas that have historically been zoned exclusively for single family homes and excluded communities of color and low-income communities. Despite these improvements, San Francisco must do more to meet its ambitious housing targets. The city's housing goals are unprecedented, and achieving them will require bold, transformative actions beyond incremental changes. This includes ambitious policies to increase density, expedite construction, ensure affordability for all residents, and provide further capacity and investment for equity communities. Without a sustained and intensified commitment to these efforts, San Francisco risks falling short of its goals and exacerbating its housing crisis.

This proposal for HUD funding focuses on four key areas to meet San Francisco’s goals:

- Expanding small and mid-size multifamily housing opportunities
- Prioritize community benefits
- Increasing affordable housing supply
- Development Process Improvements

San Francisco is requesting \$7 million in funding from the U.S. Department of Housing and Urban Development’s (HUD) Pathways to Removing Obstacles to Housing (PRO Housing) grant program. This proposal outlines strategies to improve housing conditions for our equity communities and increase production and preserve housing across neighborhoods for our current and future population.

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## Exhibit B. Threshold Requirements and Other Submission Requirements

The City and County of San Francisco meets all threshold requirements and other submissions requirements for the PRO Housing grant listed below.

### **Section III. D. Requirements:**

1. Outstanding Civil Rights Matter to be Resolved: None
2. Timely Submission of Application:
3. Eligible Applicant: San Francisco is a City and County government, therefore is eligible to submit this grant application
4. Number of Applications: This is the only application submitted by the City and County of San Francisco.

### **Section IV. B. Other Submission Requirements:**

- 1) Standard Form (SF-424) Application for Federal Assistance
- 2) Assurances (HUD 424-B)
- 3) Applicant Disclosure Report Form 2880 (HUD 2880)
- 4) Code of Conduct: The City and County of San Francisco complies with this section and meets all requirements in 2 CFR 200.3.18(c) with San Francisco Campaign and Governmental Conduct Code Article 3.
- 5) False Statements: Applicant understands that providing false or misleading information may result in criminal, civil, or administrative sanctions.
- 6) Lobbying Activities: The City and County will submit application with the signed "Certification Regarding Lobbying" Form.
- 7) 424-CBW budget form

# Exhibit C. Need

San Francisco has implemented or is actively implementing multiple efforts to keep people housed, expand affordable housing sites, and remove barriers to housing production and, specifically, promote the production of affordable housing. These efforts include the rehabilitation of buildings for the very low-income, identifying affordable housing opportunities in collaboration with community organization, rezoning to allow more multifamily housing in well-resourced<sup>1</sup>, high opportunity areas, supporting new funding streams for affordable housing, reducing impact fees on new construction, streamlining permit approvals, building more affordable housing in high resource areas, and continuing to invest in the stabilization of residents and communities at risk of displacement.

In January 2023, San Francisco approved the 2022 Housing Element Update, which sets the policy goals for housing production, preservation, stabilization, and other housing-related issues for the next eight years. Centered on racial and social equity, the Housing Element recognizes the right to housing as fundamental to health and social and economic well-being. Policy goals focus on fostering racially and socially inclusive neighborhoods through equitable distribution of investment and growth, and on repairing the harms of racial and social discrimination. The Housing Element identifies policies to provide sufficient housing for existing residents and future generations for a city with diverse cultures, family structures, and abilities.

The Housing Element includes more than 42 policy goals and over 350 implementation programs to remove barriers to affordable housing production and preservation while stabilizing vulnerable communities and redressing harm from past government actions. The Housing Element specifically identifies increasing housing opportunities for all income levels in the well-resourced western, central, and northern neighborhoods that are predominantly single-family or other low-density zoning, which have been omitted from prior planning efforts, and increasing affordable housing throughout the city. The city is currently undertaking significant action to implement this plan and build on numerous existing efforts to expand housing production and preservation.

## PROCESS IMPROVEMENTS FOR HOUSING APPROVALS AND PERMITTING

Mayor London Breed released the Housing For All Executive Directive, in February 2023, which focuses on three areas critical to Housing Element implementation: (i) establishing clear accountability and oversight structures, (ii) holding City departments responsible for specific actions in alignment with Housing Element goals and actions, and (iii) setting accelerated timelines for high-impact legislation that will streamline, rather than obstruct, housing construction. The City has made significant progress in implementing process improvements since the Executive Directive was issued.

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<sup>1</sup> Well-resourced Neighborhoods are shown below and defined as “High Resource/Highest Resource” by the

- The Constraints Reduction Ordinance, passed in December 2023, simplified the Planning Code’s approval process for new housing. This ordinance eliminated unnecessary review and approval processes, removed restrictive standards and geographic limitations that impede new housing, and expanded incentives for affordable housing construction.
- In September 2023, Mayor Breed signed legislation to reduce the Inclusionary Affordable Housing requirements and development impact fees for both new projects and pipeline projects. In the past year, the Planning Department has approved seven applications to reduce the inclusionary rates, and 12 additional applications are currently under review. This makes these projects more financially feasible and thus able to deliver the units.
- Also in September 2023, the Housing Stimulus and Fee Reform Plan reduced and deferred development impact fees to the issuance of certificates of occupancy to encourage more construction activity.
- In July 2023, the City passed major changes to the downtown zoning districts to encourage the conversion of underutilized office buildings into housing. Mayor Breed also authored a ballot measure to eliminate the transfer tax for buildings converting from office to housing, which was approved by the voters in spring 2024.
- In May 2023, each of the 14 city agencies that play a role in permitting housing authored Housing Delivery Performance Assessment and Improvement Plans (HDP AIP). These plans describe agencies’ current performance and outline process improvements to remove barriers for housing approvals and permits. Mayor Breed’s Office compiled the *One City Action Plan*<sup>2</sup>, building on and synthesizing each agency’s assessment to identify how the city can more effectively facilitate housing production. Since it was published in June 2023, more than half of the 123 action items in the One City Action Plan have been completed, or are currently in progress. Completing action items has already proven to reduce permit processing timelines in various points in the development process.

In addition to local efforts to streamline housing production, the City has successfully implemented various state laws designed to speed housing development and remove substantial barriers to housing.

- State Senate Bill 35 (“SB 35”- Wiener, 2017) was one of the first of the state programs that, as applied in San Francisco, provided by-right/ministerial approval for 100% affordable housing projects. SB 35 projects were not subject lengthy environmental or discretionary review processes, and the program mandated that the City approve eligible projects within 90 or 180 days. Since its effective date, almost every affordable housing projects in San Francisco, with more than 3,500 units, has used SB 35 to expedite entitlements. State Senate Bill 423 (“SB 423” – Wiener, 2023) expanded the applicability of SB 35 program to include mixed-income housing projects. SB 423 became effective on July 1, 2024, and 13 mixed-income projects are under review.
- In the past five years, several other State Senate and State Assembly Bills have provided similar by-right/ministerial processes for both 100% affordable and mixed-income projects.

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<sup>2</sup> One City: A Housing for All Action Plan, describes strategies San Francisco must pursue to hit its housing goals in the next 8 years: [https://www.sf.gov/sites/default/files/2023-06/One%20City%20Action%20Plan.062023.Final\\_.pdf](https://www.sf.gov/sites/default/files/2023-06/One%20City%20Action%20Plan.062023.Final_.pdf)

- Senate Bill 9 (2021) allows up to three units on a lot zoned for single-family housing; 27 projects have been approved with 44 net new units, and 19 projects are under review with 32 net new units.
- Assembly Bill 2011 (2022), allows and streamlines approval for mixed-income housing development in areas zoned for office or commercial uses. Three projects have been approved with 672 market rate units and 165 affordable units. Two projects are currently under review, with a combined 287 market-rate units and 41 affordable units.
- Assembly Bill 2162 (2018) allows deeply affordable permanent supportive housing (PSH) where residential uses are allowed. Four projects have been approved with 659 PSH units, and two additional projects with a total of 286 PHS units are under review.
- In January 2024, the City implemented Assembly Bill 1114 (Haney, 2023) which regulates review time and limits appeals of post entitlement permits. Post entitlement permits include building permits for housing development projects. The Department of Building Inspection expanded Electronic Plan Review (EPR), while the Planning Department made significant, necessary changes to simplify the planning review process. These changes are facilitating concurrent review of building permits by each agency, rather than consecutive review, and ensure that the City meets mandated timelines for building permit review. As a result, the median review time is seven days for both completeness review and compliance review (plan check), reflecting improved review timelines that fall well under the statutorily mandated timelines of 15 days for completeness review and 30 or 60 days for compliance review.

## EXPANDING HOUSING CHOICE

- Currently under way, the Expanding Housing Choice initiative will change San Francisco's zoning to allow new housing, increase housing affordability for low- and middle-income households, and advance racial and social equity in well-resourced areas where multifamily housing is severely restricted today. The rezoning, expected to be adopted into law in 2025, will allow more multifamily housing in neighborhoods with greater access to economic opportunity, services, and infrastructure such as public transit, parks, and community facilities.
- San Francisco has completed numerous area plans in recent years that allow additional multifamily housing through zoning changes for more density and height and generate funding for community infrastructure and affordable housing. The most recent rezoning efforts include the Central SoMa plan of 2019 centered around a newly completed metro light rail line extension.
- State and local density bonus laws have allowed thousands of units in exchange for inclusion of permanent affordable housing. State density bonus law has been widely used by both mixed income and 100% affordable developments to add more units to projects. In addition, the local bonus program HOME SF, adopted in 2017, opened multifamily housing opportunities in density-restricted areas in exchange for affordable units and has produced hundreds of units with over a thousand units in the pipeline.
- The passage of State Senate Bill 4 (Wiener, 2024) will allow by-right development of 100% affordable housing on land owned by religious and educational institutions.
- California law has made it possible to add accessory dwelling units (ADUs) on most residential parcels. San Francisco has made additional changes to allow ADUs in both new and existing multifamily buildings. The City is now producing hundreds of ADUs annually. Recent



California laws have also made it possible to add duplexes and fourplexes on single family zoned parcels and San Francisco now allows fourplexes on single family parcels and six units on corner parcels.

In addition to process improvements and zoning changes to support affordable housing and more housing production overall, San Francisco has increased its local investment and use of additional policies and programs to build and preserve affordable housing.

## AFFORDABLE HOUSING FUNDING AND PROGRAMS

- San Francisco voters approved general obligation bonds in 2015, 2019, and most recently in March 2024 that together provide over \$1.2 billion for affordable housing production and preservation including new construction, 100% affordable buildings, preservation of vulnerable affordable housing, and for first-time homebuyer programs.
- In 2018, San Francisco voters approved a gross receipts tax on the high-revenue businesses to fund homelessness and supportive housing. While gross receipts tax revenue fell during the pandemic, the tax measure is generating tens of millions of dollars annually to address the homelessness crisis.
- San Francisco's elected officials have made multiple one-time budget allocations to invest hundreds of millions of dollars in affordable housing and homelessness services over the last decade. Looking ahead, these investments may be limited due to drops in local revenue as the city recovers economically from the pandemic, including reduced tourism and lower office occupancy from 2019 levels.
- The recently created Bay Area Housing Finance Authority is pursuing a regional bond in 2026 that could generate up to \$20 billion for Bay Area cities, including San Francisco.
- The City helped launch a local nonprofit financial intermediary, the San Francisco Housing Accelerator Fund, to provide a range of financing tools for nonprofit and community-based affordable housing developers in collaboration with City agencies, philanthropy, nonprofit, and business sectors.
- San Francisco's increased investment in affordable housing had allowed the city to double the annual production of affordable housing over 10 years.
- The City convened the Affordable Housing Leadership Council in 2023 to identify opportunities to expand affordable housing funding and financing tools with feedback from community-based organizations, philanthropy, and developers. The Council's recommendations provide direction on how to expand funding and financing as well as strategies to lower costs, deploy resources more efficiently, and increase coordination and innovation.
- The City has continued coordination among agencies to prioritize use of underutilized publicly owned land for housing, particularly affordable housing. Affordable housing projects with hundreds of units have been built on sites owned by San Francisco Unified School District, Public Utilities Commission, and Municipal Transportation Agency.
- The creation of Infrastructure Finance Districts (IFDs) has allowed for quicker delivery of infrastructure improvements and affordable housing in major developments around the city.
- The passage of State Senate Bill 593 (Weiner, 2024) will allow the Office of Community Investment and Infrastructure (OCII), the successor to San Francisco's former redevelopment

agency, to use tax increment financing to help fund replacement housing for the 5,800 units of housing destroyed during urban renewal that have not been rebuilt.

## PRESERVATION INITIATIVES

- San Francisco has consistently partnered with federal, state, and nonprofit partners to preserve existing affordable housing, including public housing. In collaboration with HUD and local nonprofit developers, in 2016 San Francisco launched one of the first and largest RAD conversion programs of any municipality in the country. This has rehabilitated and recapitalized more than 3,600 public housing units without displacement, leveraged almost \$1 billion in capital repairs and improvements, and transferred management to nonprofits.
- The HOPE SF initiative is transforming four multi-acre, dilapidated public housing sites with hundreds of units. This effort is replacing all existing public housing units without displacement and adding subsidized affordable and market-rate housing to create denser, safer, healthier, and more vibrant communities. Almost one thousand units have been re-built, 450 are under construction, and thousands more will be added.
- The Small Sites Program invests in the acquisition and rehabilitation of multifamily rental properties with the intention of minimizing displacement of residents and creating permanent income restrict units. New program guidelines in November 2022 solidified the program as an essential tool for anti-displacement and preservation. Since its inception in 2014, the program has preserved more than 700 units at risk of losing affordability to permanently affordable housing.
- San Francisco has adopted various programs to support preservation and stabilization of existing rental housing. The Community Opportunity to Purchase Act (COPA) requires sellers of any rental housing to notify qualified entities and offers right of first refusal to preservation purchasers. The recently initiated Rental Inventory requires rental units to be registered with the city including information on units, tenancy, rents, and other relevant information. These programs complement existing programs regarding protection of 100% affordable housing, Single Room Occupancy (SRO) hotels, rent control covering most rental buildings, and just cause eviction rules.
- In summer 2022, the Mayor’s Office of Housing and Community Development (MOHCD) produced the report “Shared Equity Co-ops in San Francisco” to assess the challenges and opportunities for the 1,580 units of affordable housing in co-ops.
- In fall 2023, the City issued a request for proposals to provide \$500,000 to fund operational support for alternative housing models, including co-ops. The funding is intended to prepare properties for a forthcoming \$20M capital repair NOFA.

## PLANNING AND POLICY DEVELOPMENT

- The Housing Affordability Strategies (2020) analyzed development feasibility and City policies, programs, and public investments to help residents, City staff, and policymakers determine how different policies and funding strategies can address affordability and community stability in San Francisco.

- The Community Stabilization Strategies (2019) was a multi-agency effort to assess the City’s existing portfolio of tools, unify fragmented efforts into one comprehensive inventory of community stabilization programs, and identify future priorities.
- Several community planning efforts have centered on racial and social equity, including Sunset Forward (2022), MAP 2020 (2017) and the Excelsior Action Plan (2019). These plans identify barriers to housing production, affordable housing, and community stability.
- In 2024, MOHCD produced its five-year Consolidated Plan—a strategic roadmap for programs, services, and policies as required by HUD.

The proposed PRO Housing project will help San Francisco fill gaps in implementation of the City’s housing plan, increase affordable housing production and preservation, and improve AFFH outcomes.

## SAN FRANCISCO’S NEED FOR MORE AFFORDABLE HOUSING

San Francisco is the only combined City and County in California and the second densest large city in the United States. Its 831,703 residents face a long-standing housing affordability and homelessness crisis driven by lack of affordable, available housing. The majority of San Franciscans are renters and more than 85,000 are cost-burdened renters (38% of all renters), including over 44,000 severely burdened renters (20% of all renters). In addition, there are 39,000 cost burdened owners, including 19,000 owner households with severe cost burdens. Homeownership is out of reach for many due to a median home price well above \$1 million. The most recent point-in-time (PIT) count of homelessness for the city (2022) showed 7,754 people experiencing homelessness with 4,397 of these unsheltered. According to HUD’s Priority Geography List, San Francisco is considered a Priority Geography with a Housing Problems Factor (HPF) of 0.384063.

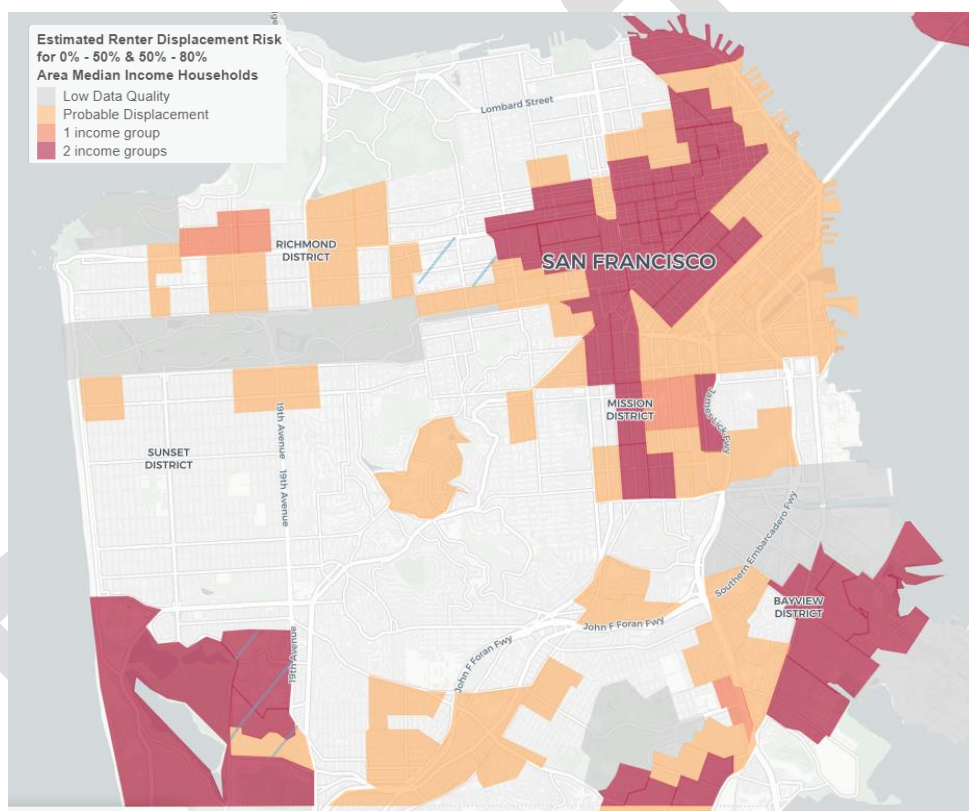
San Francisco’s housing and homelessness challenges fall disproportionately on lower income households and communities of color. Most low-income renters in San Francisco are cost burdened and they make up the vast majority of renters with cost burdens. More than 40% of Black, Latino, and Native Hawaiian and Pacific Islander renters experience cost burdens compared to just over 20% for white renters in the city. Owner cost burden also primarily affects lower income owners though moderate- and middle-income owners struggle as well. Over 30% of Black, Latino, and Native Hawaiian and Pacific Islander owners experience cost burden, higher rates compared to other San Franciscans. People of color in San Francisco earn significantly less than white residents, contributing to inequality and housing precarity for communities of color. Black, American Indian, Native Hawaiian and Pacific Islanders, and Latino/a people are also over-represented among people experiencing homelessness in San Francisco. In fact, Black San Franciscans make up 38% of the homeless population but only 5% of the general population.

Housing cost burden, overcrowding, building code violations, and other housing problems are overwhelmingly concentrated in historically lower income communities of color in the eastern and southern sides of San Francisco. Incomes are lower, poverty rates are elevated, and health and educational indicators are worse for lower income, communities of color than the city as a whole. These conditions have been caused, at least in part, by the history of redlining and other housing

discrimination, urban renewal, and freeway development in San Francisco that disproportionately affected communities of color, particularly Black residents.

Displacement risk and past displacement have been most acute in these east side neighborhoods that historically have been home to lower income residents and communities of color as shown in the map below from the Urban Displacement Project at UC Berkeley's California Estimated Displacement Risk model based on various indicators of precarity. San Francisco has been losing thousands of low- and moderate-income residents for decades and lost thousands of Black residents due to a combination of economic changes, lack of affordable housing, and destruction and disinvestment in the Black community.

**Figure 1. Urban Displacement Project: California Estimated Displacement Risk Model**



Source: [California Estimated Displacement Risk Model – Urban Displacement](#)

San Francisco has higher percentages of older housing, rental housing, and subsidized affordable housing than most cities due to the fact that it is one of the oldest cities in California and has built housing through different periods of urban growth. Because nearly half of the City's housing was built before 1940, maintaining aging housing is an ongoing need. While San Francisco has local ordinances that protect over 19,000 units in 500 Single Room Occupancy (SRO) hotels, which have served as a key component of the city's affordable housing stock since the early 20th Century, deteriorating conditions in some of these older buildings has led to declining quality of life and increased vacancy. San Francisco's households are nearly two-thirds renters and the City offers a

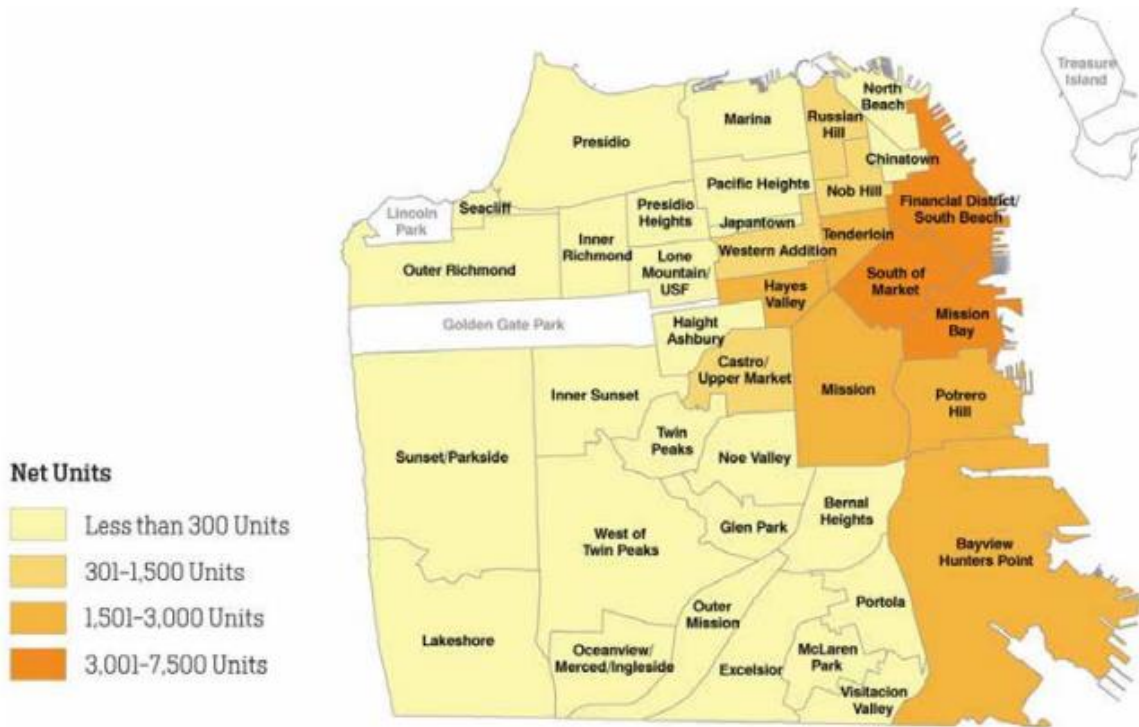
range of tenant protections, including rent stabilization for properties built before 1980, just cause eviction protections, tenant and landlord education and mediation programs, and tenant eviction legal defense and assistance. Nearly 9% of San Francisco’s housing is subsidized affordable built with a range of federal, state, and local programs including Public Housing, HUD loans, grants, and rent assistance programs, the Low-Income Housing Tax Credit program. As described in the prior section, San Francisco has been investing in the ongoing maintenance and preservation of existing subsidized affordable housing, including the extensive rehabilitation, refinancing, and/or rebuilding of public housing.

In addition to preservation investments, housing production has increased over the last 15 years, including affordable housing production. Average annual housing production from 2017 to 2021 was nearly double the rates from 10 years prior. At the same time, however, San Francisco experienced an economic boom with 38% job growth from 2010 to 2019 while the housing stock grew by only 8%, leading to exacerbated affordability challenges, particularly for the lowest income residents. Housing production has been heavily concentrated in just a few neighborhoods on the east side of the city, most of which were formerly commercial or light industrial. These neighborhoods are in or next to areas that are historically communities of color, many of which are still struggling to overcome histories of disinvestment, discrimination, and urban renewal, leading to tensions around new development. New housing was built in these neighborhoods in part because community plans adopted over the past 20+ years changed zoning to allow for multifamily housing that was not permitted in other residential areas, particularly higher-income well-resourced areas in the west, north, and center of the city.

**Figure 2. New Housing Construction in San Francisco 2005-2023**



**Figure 3. San Francisco Housing Production 2005-2019 Was Concentrated in a Few Neighborhoods**



With the recently adopted 2022 Housing Element update, San Francisco is committed to increase zoning for new housing in the well-resourced areas and to making process changes to facilitate faster and more predictable timelines in housing development. These efforts are to accommodate the City’s ambitious goals of permitting 82,000 units by 2031 and affirmatively further fair housing by opening housing opportunities in well-resourced areas while stabilizing and strengthening lower income areas and communities of color.

## REMAINING BARRIERS THAT NEED TO BE ADDRESSED

While San Francisco has made progress in increasing housing production and affordable housing production and preservation in particular, additional work is needed to continue to increase housing production to meet the ambitions goals and implement the policies and programs of the city’s 8-year housing plan, the Housing Element, as well as supporting implementation of the Consolidated Plan.

1. **Addressing remaining process and permitting barriers to housing production:** Infill housing projects generally include both the physical structure and the infrastructure improvements, and permits for infill projects require review by multiple City agencies. Permitting has not historically been strategically coordinated throughout the city, which has led to permitting bottlenecks and costly delays in the delivery of housing.

San Francisco has made substantial progress in improving local processes and implementing state laws to simplify and speed housing project approvals, however, additional improvements are necessary to facilitate housing permitting, increase transparency and ease of navigation for the public and staff, and meet policy and program goals. In 2023, 14 city departments compiled Performance Assessment and Improvement Plans, which describe those departments' roles in housing delivery, analyze their permitting performance, propose specific steps to improve their permitting work, and identify their staff capacity gaps related to their housing work. Those plans were the basis for the One City: A Housing for All Action Plan, which builds on and synthesizes each department's plan to improve the City's permitting process.

Each of the 14 agencies is now working to implement the Action Plan, which will require staff resources, technical investments, and possible legislative or administrative changes. Improving technology will allow more consistency and transparency for those wishing to build new housing, especially small property owners, contractors, or developers who have limited resources and knowledge to navigate complex codes and approval and permitting processes. The City has already identified next steps that would help address these underlying issues, and additional resources and funding would accelerate these efforts to further improve City permitting processes.

2. **Producing and Preserving Affordable Rental Housing:** Improving housing affordability and stability for lower income residents requires preserving affordable housing and producing significantly more affordable housing. Key issues include:
  - San Francisco's housing stock is substantially older (median year built 1948 per ACS data) than the nation (median year built 1981). Older, affordable multifamily rental housing has some of the greatest physical needs and habitability challenges. The City has made progress in rehabilitating Public Housing, however, the more than 19,000 single room occupancy (SRO) units, have significant capital needs and operating challenges that can cause habitability problems and vacancy. SROs historically have helped house a significant proportion of the city's lowest income residents, including people exiting homelessness. This housing stock is protected under various City laws, however, some restrictions may actually hinder long term rehabilitation or replacement so further assessment of these rules in the context of preserving and improving living conditions may be key. Improving conditions in SROs in the short and longer terms is important to meeting the city's housing affordability and homelessness reduction goals. Meeting ambitious affordable housing production goals in a high-cost city require resources from all levels of government and greater collaboration with the institutional and nonprofit sectors.
  - Securing sites for affordable housing is a key part of meeting the City's affordable housing development goals. Religious organizations can own substantial amounts of land and can be mission- motivated to use that land for affordable housing, but lack expertise to advance these goals. San Francisco has been working with nonprofit partners to facilitate the development of affordable housing on church-owned land, but further more support is needed for these partnerships to be shovel-ready.
3. **Expanding where and what types of housing are produced:** San Francisco has been developing a proposal for the rezoning to allow more housing in well-resourced, higher

opportunity areas of the city as called for in the City’s Housing Element. While this rezoning proposal must be adopted by early 2026 as required by state law, there will remain important implementation efforts to realize the zoned capacity created by these regulatory changes and actually expand the types of housing that are produced and increase housing choices throughout the city.

- The Housing Element specifically called for increasing production of small and medium size multifamily housing (with at least two and up to approximately 20 units) that could provide “missing middle” housing, more likely to be affordable to middle income households and compatible in scale with most residential neighborhoods. Little of this small and medium size housing is built today, highlighting the need for support for an industry of smaller builders, contractors, and property owners who have not played a major role in producing multifamily housing in decades. The city will need to more deeply understand the barriers to small and medium size multifamily housing to create and implement additional supportive policies and programs along with the rezoning and process changes already underway.
- Additional policy development would also help identify and support mixed income developments that integrate permanently affordable housing or 100% affordable developments that are targeted at a range of incomes, including middle income housing that is not currently supported by most public funding programs, which primarily target lower income households
- Another important strategy for producing housing, particularly affordable housing, has been use of public land for housing, particularly for affordable housing. San Francisco has pursued joint development of affordable housing on its public land whenever feasible, such as on land owned by the SF Municipal Transportation Agency (SFMTA). Strategic analysis of suitable public land for housing and development of models for development of these sites could be an important part of meeting the City’s housing goals, including in well-resourced, higher opportunity areas.

4. **Providing Community Benefits in Equity Communities:** San Francisco currently provides a range of community investment through publicly funded programs and privately funded community benefits. As is common in many cities, housing development projects in San Francisco are required to provide a range of community benefits through exactions and fees tied to project impacts. Historically the city’s discretionary review process, which applied broadly to most projects, even those that were largely code compliant, provided a venue for community advocates to seek additional community benefits or project modifications to address community concerns. While this process provided a greater degree of community influence on individuals projects it also created more uncertainty and potentially longer timelines in the development process. Recent reforms at the state and local levels have limited discretionary processes for code compliant projects to support housing production. Because most new development over the last two decades has been concentrated in or near lower income communities of color, some advocates in these communities perceive recent process changes as limiting their ability to address community concerns related to projects, including housing affordability, displacement, and other community needs.

The City is working through rezoning and process changes to expand where and what type of housing is produced and ensure that new housing is not disproportionately built in only one



segment of the city. The City needs to work with its equity communities to understand what project-level community benefits are currently provided, including examining if specific additional requirements can be codified in objective standards compatible with new approval and permitting processes and that does not unduly add new additional constraints on housing development. The City can also work with equity communities to articulate the need for public, nonprofit, and philanthropic investment that can address broader community needs- such as affordable housing, community serving organizations, and stabilization investment - that individual development projects may not be able to address alone.

DRAFT

# Exhibit D Soundness of Approach

## VISION

San Francisco, like far too many cities around the country, is facing an acute housing affordability crisis that deeply impacts broad segments of our community. The Planning Department has collaborated with other agencies, including the Mayor's Office of Housing and Community Development, the Rent Board, the Department of Building Inspection, the San Francisco Municipal Transportation Agency, and the Mayor's Office of Economic and Workforce Development to develop a proposal that aligns with and implements San Francisco's 2022 Housing Element. The Housing Element, an adopted part of the City's General Plan, is a comprehensive roadmap for preserving, protecting, and producing housing to meet our needs. This plan commits the City to planning for 82,000 new housing units between 2023-2031, with an emphasis on low- and middle-income population, American Indian, Black and other communities of color. The Mayor's Housing for All Executive Directive (ED 23-01) directed agencies to implement this housing plan and identified priority near-term actions to unlock the city's housing pipeline, accelerate the approval of new housing projects, and expand housing opportunities for equity communities across San Francisco.

Implementing our housing goals will also advance our environmental and climate resilience goals, notably by reducing displacement of low-income populations of transit riders and encouraging infill development in urbanized areas that are near transit, jobs, and other amenities. In furtherance of the Plan Bay Area, the region's Sustainable Communities Strategy to reduce greenhouse gas emissions and other resiliency and sustainability goals through linking land use and transportation, the Metropolitan Transportation Commission (MTC), the Bay Area MPO, and the Association of Bay Area Governments (ABAG) have designated more than half of San Francisco's land as Priority Development Areas (PDAs), where the City should continue to add housing. San Francisco is also making policy changes to comply with MTC's Transit Oriented Communities Policy to ensure that local housing, zoning, and transportation policy supports the use of and expansion of public transit investment. In addition, housing that is built under current local and state building codes will meet stringent requirements for energy and water efficiency, including the requirement that new buildings be 100% electric. Cumulatively, new buildings are estimated to require 70% less energy than older buildings, and housing built in San Francisco will generate an estimated 47% less car traffic, greenhouse gasses, and related pollution compared to the regional average.<sup>3</sup>

If awarded, the funding from the grant would support the following critical activities:

### **ACTIVITY 1: Development Process Improvements to Unlock the Pipeline:**

There are 56,123 approved residential units in the City's pipeline, 24% of those are deed-restricted affordable units, that have been approved/entitled but have not secured permits to begin construction. Infill housing projects generally include both the physical structure and the

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<sup>3</sup> Source: SF Department of the Environment

infrastructure improvements, and construction permits for infill projects require review by multiple City agencies. Permitting has not historically been strategically coordinated among city agencies, which has led to procedural bottlenecks and costly delays in the delivery of housing. Applicants have expressed frustration when departments provide conflicting feedback on technical requirements, or when application processes are onerous and duplicative. Some applicants have reported avoiding new building applications in San Francisco altogether due to their perceptions of long approval timelines and complex processes, instead pursuing projects in other cities with less burdensome permitting processes. The City has already identified next steps that would help address these underlying issues, and additional resources and funding would accelerate these efforts to further improve City permitting processes.

***1.1: Implement strategies in the "One City: Housing for All Action Plan (2023)" to accelerate permitting.*** Mayor London Breed's One City Action Plan ("the Action Plan"), published in June 2023, describes strategies and actions that San Francisco must pursue in order to issue housing-producing permits with the pace and predictability required to create 82,000 new homes in the next 8 years<sup>4</sup>.

The Action Plan calls to replace our current siloed permitting landscape with a single, coordinated housing permitting system. In its simplest terms, a housing production system would include the journey of a typical housing project through the start of construction, the move-in of a new resident, and the closeout of the building permit by the City. The steps in between would be presented in one place for public convenience. City staff would be positioned to guide applicants through the journey and assist if a customer is stuck.

The Action Plan categorizes 123 specific implementation actions at both a department level and interdepartmental level and is organized into one of five primary strategies. Each item represents a policy goal or a building block to achieve the overarching goal of improving permitting. These strategies explicitly reiterate the need for a coherently organized housing system, supported by defined approval targets and improved horizontal infrastructure permitting. The Action Plan sets forth strategies for streamlining, such as identifying and prioritizing infrastructure types that can be standardized Citywide and includes a target to cut permitting time by 50%.

While implementation of the Action Plan is underway, the remaining items are complex issues rooted in conflicting technical requirements, especially related to infrastructure and utilities. The City would use the HUD grant award to:

- **Improve and integrate permitting systems:** Hire a Project Manager and an Analyst [agency TBD - OEWD, Permit Center, Planning] for three years. Staff will determine the next steps to implement the remaining items from the Action Plan. These staff will also coordinate to centralize public feedback and input on the permitting system and continue to track the action items and permitting goals.
- **Update technology, policy, municipal codes as needed to improve permitting:** Additional funds will be distributed to five permitting agencies (Public Utilities, Public Works, Municipal Transportation Authority, Planning and the Department of Building Inspection), as needed, to fund their related individual department and interagency work

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<sup>4</sup> The Association of Bay Area Governments calculates Bay Area cities' housing needs allocation. San Francisco's allocation for 2023-2031 cycle is 82,069 housing units. [Final RHNA Methodology Report 2023-2031 update 11-22.pdf \(ca.gov\)](#)

on implementing action items, which may include staff, technology, consultants, and/or legislation.

- **Third Party Review of Processes & Recommendations for Improvement:** A portion of funds will be for consultant contracts to support this scope of work, including an external entity with nationwide expertise in systems management and design. Internal consultant contracts could include those with the Office of the Controller City Performance Unit (public administration experts) and/or the Department of Human Resources for strategic and change management facilitation support.

**1.2: Improve consistency and transparency in the entitlement process using custom, locally based technology solutions.** The Planning Department is contracting with a local technology company to develop custom software solutions, or “modules,” to increase transparency, expand staff capacity, improve applicant experience, and enhance the implementation of local and state housing law. Planning would use the award to continue the development and maintenance of the following modules:

- **The Forum.** A searchable database of common questions and interpretations to ensure consistency in application to development projects.
- **Impact Fee Calculator.** a calculator that staff and applicants can use estimate impact fees.
- **Application Portal.** a user-friendly way for members of the public to submit applications for any city permit online.
- **Intake Review.** a single location for intake staff (technicians and staff architects) to review project materials upon submittal efficiently and accurately.
- **Project Review.** a consolidated workspace for planners to track deadlines and efficiently review projects for local and state compliance.

Some of the Impact Fee Calculation methodologies are complicated and cannot be easily incorporated into a calculator tool. Planning staff anticipate that legislative and regulatory changes may be required to simplify impact fee calculation and fully implement the Impact Fee Calculator module. The HUD award would partially fund a Senior Planner position (0.25 FTE) to research the current fee calculation methodologies, make recommendations on how to simplify them, and work on local legislation to execute proposed changes.

**1.3: Department of Building Inspection (DBI) Permit Tracking System Replacement and Citywide Permitting Enhancement.** DBI manages the Permit Tracking System (PTS) program, which is used by all City agencies to track permitting and fee collection. PTS is outdated and has required replacement for more than a decade. Although PTS replacement is a complex and resource-intensive interagency effort, it is a key action item in the One City Action Plan critical to achieving the goal of establishing a centralized housing production system. A new permit tracking system could streamline permitting and enhance housing delivery in a number of ways, including:

- providing more accurate cost estimates of the entire permitting process and reducing economic uncertainty,
- clearly listing requirements and expectations to identify potential issues which will reduce resubmissions, uncertainty, and cost for applicants,
- improving data reporting and mapping which will help to track housing development, identify parcels most appropriate for new housing, and identify parcels eligible for various programs and support,

- improving compatibility with technology systems used by other Departments,
- easily configure changes that arise through new programs and legislative mandates,
- improving the customer experience and increasing transparency throughout the permitting process, and
- reducing staff administrative overhead.

DBI has begun the process to replace PTS and has a dedicated project manager on staff. While the City anticipates that PTS replacement will be a multimillion-dollar effort, a grant award will cover the preliminary costs to select and manage a technology vendor that will begin developing new permit tracking software.

These proposed activities advance a CDBG national objective by speeding up entitlements and permitting for the construction of all housing units, including those that are restricted for occupancy by moderate, low, and very-low-income households.

## **ACTIVITY 2: Affordable Housing Production, Preservation, and Stabilization:**

San Francisco is the highest per-capita funder and producer of affordable housing of any city in the Bay Area region. San Francisco contains just 11% of the Bay Area’s population, yet from 2014-2021 the city built 23% of the region’s total new homes (17,500 units) and 32% of its new lower-income homes (3,200 units). The city’s voters and policymakers have substantially increased funding for affordable housing since 2015, including passing three general obligation bonds totaling over \$1.2 billion. In addition, in 2002 San Francisco became one of the first cities in the nation to adopt a mandatory inclusionary housing policy, requiring market-rate development to provide a percentage of affordable housing units onsite or pay an equivalent fee. However, it is clear we will need to do more to meet our Housing Element target of planning for 46,000 units affordable to low- and moderate-income persons – an ambitious goal that will require substantial resources and targeted strategies to address the many existing barriers to producing, preserving, and stabilizing affordable housing units. This activity includes the following tasks.

**2.1 SRO Preservation Framework.** There are 500 Single Room Occupancy (SRO) buildings in San Francisco with approximately 19,000 units, housing many of the city’s most vulnerable residents. SROs are affordable housing for single adults, but also house new, often immigrant, households in San Francisco. However, a lack of funding to upgrade units, poor habitability conditions, and the design of shared kitchens and bathrooms have led to increased vacancies and significantly underutilized buildings, which is a tragedy given the significant housing needs and vulnerability of the target population.

Planning Department staff is currently working with a nonprofit developer to conduct a needs assessment and a cost-benefit analysis on SRO buildings. This HUD grant would expand on this work to better understand the physical conditions, costs, needed investments, and local laws that inhibit SRO rehabilitation. Second, HUD funding would develop a strategy for conducting capital needs assessments (CNAs), which is a crucial step in developing a funding program for SRO rehabilitation.

One FTE (Sr. Community Development Specialist) will be allocated to this SRO task. The position will manage the SRO task scope, consultant contracts related to SRO rehabilitation policy implementation, expanding the needs assessment, interagency coordination, and engagement with nonprofit SRO building owners.

**2.2. Building Affordable Housing on Sites Owned by Faith-based organizations.** Sites owned by faith-based organizations (FBOs) are a ripe opportunity to add affordable housing, particularly in a dense city like San Francisco with relatively few vacant parcels. Many FBOs see a clear mission alignment between their work to provide spiritual nourishment and our broader need to build affordable housing for vulnerable community members, but they lack the technical expertise to evaluate their properties' development capacity, assess what is right for their community, and begin the development process. Further, City staff have heard anecdotally that numerous FBOs are experiencing financial challenges exacerbated by the COVID-19 pandemic. Some institutions may be facing difficult decisions about the long-term maintenance and legacy of their most valuable assets, which are typically the land and sanctuary in which they worship.

The City has previously partnered with organizations like the SF Interfaith Council to provide a series of workshops for congregations on the housing development process. The proposed HUD-funded activity will build on this prior work and provide targeted and strategic support to congregations who want to take steps towards developing affordable housing on their sites. HUD funding will train a cohort of 1-3 FBOs per year (with a goal of 6-12 FBOs over four years). Participating FBOs will enter a one-year capacity building program that provides individualized technical assistance. Each participating FBO will be paired with a housing development consultant to guide them through the predevelopment process. Organizations will receive grants that can be used for predevelopment tasks, such as architectural services, proforma analysis, and legal costs. In addition to this capacity-building and grant program, this activity will also fund staff time to develop an educational primer on process streamlining options for adaptive reuse of church properties, and additional staff time to designate a single point of contact at the Planning Department and the Mayor's Office of Housing and Community Development to provide individualized support and review of project proposals.

Collectively, the tasks in Activity 2 advance a CDBG national objective by benefiting low- and moderate-income households. Specifically, the activities will ensure the long-term preservation of SRO housing and enable production of affordable housing on religious sites.

**ACTIVITY 3: Expand Housing Typologies, Especially in High-Resourced Neighborhoods:** San Francisco has recently taken decisive steps to amend our land use regulations and address other policy barriers to facilitate housing production in high-resourced areas of the city. In Spring 2023, San Francisco launched the Expanding Housing Choice initiative to implement our Housing Element and plan for a minimum of 36,200 new homes in these areas, focused on increasing height and density limits along transit and commercial corridors that are well-served by infrastructure and community services.

This proposed activity will expand this work and remove additional technical, financial, and informational barriers to constructing new housing in these areas, through the following activities:

**3.1. Facilitate production of small/medium multifamily typologies by developing pre-approved schematic designs, assessing development costs and barriers, and identifying process improvements to improve project feasibility.** Building on the success of state and local laws that enabled 4-plexes and accessory dwelling units in residential areas, the City will work with architectural and development professionals to develop informational materials on "missing middle" housing typologies (typically 4-6 stories with less than 20 units), which will include schematic-level designs that are "pre-approved" by the Planning Department for increasing housing density on common single-family small lot configurations. These designs will conform

with Planning Code and objective design standards and will reduce applicants' costs and approval times for Planning Department review. The City will also convene a working group with government and housing industry representatives to identify and implement additional recommendations that can reduce costs and barriers for this housing type, which could include code changes (such as building code allowances to support single-stair buildings) and development of objective design standards specific to smaller multi-family housing types.

***3.2. Update land use controls to remove barriers to affordable and mixed-income housing production and update citywide tenant protections ordinance.*** This activity will support the current rezoning effort through its adoption process (required by January 2026 under state law), which will plan for a minimum of 36,200 additional housing units in higher-resourced neighborhoods to meet San Francisco's Regional Housing Needs Allocation (RHNA) requirement. Currently, most of these sites are zoned for buildings of 27' to 40' in height and feature limits on the number of units allowed per parcel independent of physical building envelope limits, which severely constrain development potential. Under the proposed rezoning, we will remove density limits (moving to form-based zoning) and many height limits will be raised to 65' to 85' feet, with some areas proposed for as high as 140' to 300'. These zoning changes will also generate additional resources for affordable and mixed-income housing through mandatory inclusionary housing requirements and identify sites that are suitable for affordable housing. This effort is informed by prior neighborhood plans that San Francisco has adopted in the Eastern Neighborhoods and other areas since 2007, which have cumulatively resulted in the construction of 25,895 new housing units (with another 22,194 units currently in the development pipeline) in these recently rezoned areas.

As part of this effort, the Planning Department will also evaluate and pursue changes to our Planning Code to determine whether additional code changes are needed to protect existing tenants from direct displacement due to new construction. Although the State has adopted legislation (such as SB330, adopted in 2019) that establishes additional protections for renters who would be directly displaced by housing development (including requirements for unit replacement, relocation, and right to return), our Planning Code has not been updated accordingly and would benefit from additional clarification on how these new laws can be successfully implemented and enforced in San Francisco. In addition to evaluating and updating our Planning Code to conform with state law and potentially undertake additional refinements to suit local context and needs, this activity will include interagency coordination between the Planning Department, Rent Board, and Mayor's Office of Housing & Community Development to identify any gaps in implementation and enforcement roles and resources. It will require staff time for conducting research, developing and implementing a community engagement plan to reach tenant rights organizations and other organizations who represent vulnerable renters, liaising with policymakers, and the drafting and adoption process for code updates. This will also be an opportunity to evaluate existing tenant protection laws and programs to propose updates in the law or enhancements in implementation.

Following the adoption of the required rezoning (by early 2026), the Planning Department will evaluate the need for additional Planning Code changes to increase housing capacity and reduce costs citywide further, including exploring additional zoning changes in other areas of the City, and conducting a financial feasibility analysis of projects providing workforce (e.g., moderate-income) housing to explore additional constraints reductions.

**3.3. Identify public sites suitable for housing and initiate community planning and predevelopment process on priority sites.** Building on prior efforts, including the City’s Public Land for Housing program, this activity will leverage public assets and identify priority sites which could support development of affordable and mixed-income housing. This activity will include developing conceptual proposals for new housing developments, informed by feasibility analyses, public facilities needs and joint-use analysis, and community outreach. Examples of sites under consideration include the Laguna Honda facility (a 63-acre lot that is home to public health facilities and the Juvenile Probation Department), and a portfolio of 15 sites owned by the San Francisco Municipal Transportation Agency (SFMTA) that are identified in its Joint Development Program as possible candidates for housing development. The proposed activities in Activity 3 advance CDBG national objectives by increasing housing opportunities for low- and moderate-income persons. Specifically, the activities will remove financial and legal barriers to producing low-income and moderate-income housing in higher-resourced neighborhoods, protect tenants from displacement, and identify candidate sites for development of affordable housing.

**ACTIVITY 4: Prioritize Community Benefits in Equity Communities:** Community benefits provided by new privately funded developments range from street improvements to new green space to affordable housing. In San Francisco, privately funded developments that meet specified criteria have been required to fund community benefits through fees and exactions based on project impacts. Because discretionary approvals historically applied broadly to many projects in San Francisco, these discretionary processes provided additional or alternative community benefits as a result of negotiations between community advocates, developers, and the City. While this process offers the community an opportunity to engage directly with developers and address potential impacts of projects that codified requirements and rules may not completely address, it can create uncertainty, complexity, and costs in the development process and the potential for uneven outcomes. State reforms have increasingly discouraged discretionary processes for code-complying projects as a way to support more housing production through greater certainty in the development process.

In October 2023, as part of Housing Element implementation, the California Department of Housing and Community Development (HCD) issued the San Francisco Housing Policy and Practice Review, that identified City policies and practices that inhibit housing approvals. The Review included action 1.1 calling on the City to “initiate development of community-led strategy to determine appropriate community benefits within Priority Equity Geographies (PEGS) and Cultural Districts (CDs) that do not have codified community benefits” by Fall of 2026. These PEGs and CDs are equity communities that are disproportionately lower income and communities of color where some advocates have the previous commonplace use of discretionary approval and permitting as a way to win community benefits that meet pressing community needs or mitigate impacts of projects.

While discretionary processes for code-complying projects are increasingly limited in state and local law, equity community needs and concerns around development remain, particularly related to displacement, affordability, infrastructure, and community serving businesses and organizations. These concerns have stemmed in part because recent development has been heavily concentrated in or near equity communities on the east side of the city. To address equity communities concerns and needs while implementing simpler approvals processes, the City can offer equity communities pathways to codify desired community benefits in objective standards as



well as articulating community needs that require public, nonprofit, and philanthropic investment in addition to what private investment can address.

As part of this effort, the City is examining community benefits requirements, current and past community planning processes, and charting updated approval processes to develop a framework to help communities understand how community benefits are currently codified and implemented as well as how additional needs could be met. The HUD grant will help the City and equity communities prioritize the use of existing fees, establish objective standards that address community concerns without adding costs or undue burdens, and support ongoing community assessment of key needs to be addressed through public and private investment. The proposed activities outlined below will support the development and implementation of strategies to meet needs in equity communities and account for shifts in state law and local processes:

- Craft engagement plan around the Community Benefits Framework
- Provide community grants to six key community organizations in Priority Equity Geographies and Cultural Districts to facilitate conversations with neighborhood residents and small businesses about community benefit needs and trade-offs
- Collaborate with developers on streamlining and community benefits implementation
  - Four workshop sessions
  - Consultant to analyze feasibility of implementation options
- Using feedback from conversations and workshops, provide recommendations on policies and legislation to adjust and/or streamline community benefit requirements in Priority Equity Geographies

If awarded, this grant would support 1 FTE (Sr. Community Development Specialist) position, consultant assistance on engagement and policy strategies and public materials, as well as provide grants to support communities to implement these strategies per the State's Policy and Practice Review.

This proposed activity advances a CDBG national objective by benefiting low- and moderate-income persons. The proposed activities will focus on removing barriers for community benefits in Priority Equity Geographies, or low resource areas.

## GEOGRAPHIC SCOPE

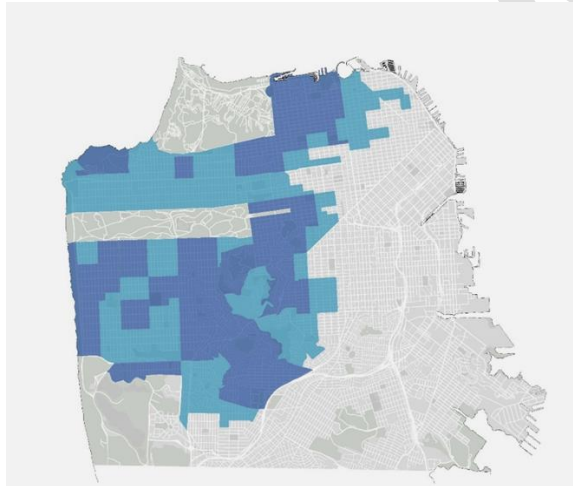
Collectively, the activities proposed implement our recently adopted 2022 Housing Element Update, which sets an expansive vision for meeting our housing needs citywide. Specifically, the Housing Element calls for adding higher-density affordable and mixed-income housing in the high-opportunity areas of San Francisco, paired with continued and strengthened investments in less-resourced areas where there are racially and ethnically concentrated areas of poverty. Our activities span these geographies, with targeted strategies to remove barriers to housing production and preservation that are tailored to specific areas.

Activity 3 is specifically focused on expanding housing opportunities in the high- and highest-resourced areas of San Francisco, by amending our regulations (such as Planning Code and Building Code) and implementing other programs and strategies to enable a more diverse range of housing types where current rules only allow single-family homes and lower-density developments. Removing these barriers will support the City's goal of producing 25% to 50% of new affordable housing units in high-resourced areas. Currently, the state-designated high- and

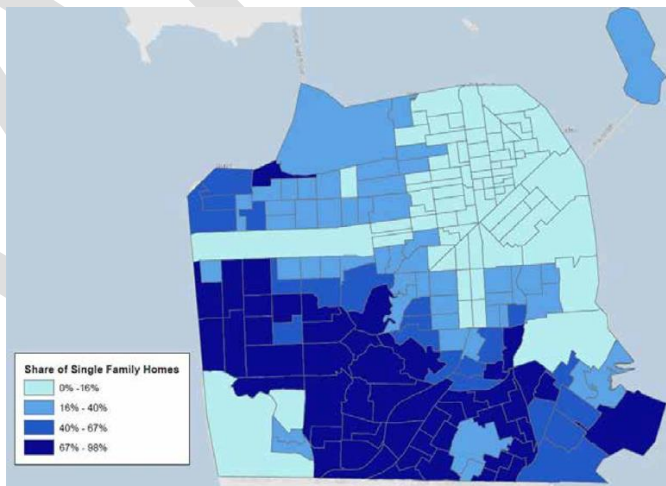
highest-resource neighborhoods comprise over 50% of the city’s residential land, but only 10% of new housing and 12% of affordable housing has been built there since 2005, due to restrictive zoning rules. It should be noted that even though the tasks in this activity tend to be more focused on high-opportunity areas, several could also have a citywide impact (for example, the updates to the tenant protections policies would apply across the city).

Conversely, Activity 4 is centered on facilitating housing production with community benefits in San Francisco’s Priority Equity Geographies and Cultural Districts (designated by San Francisco’s Department of Public Health<sup>5</sup> and the Mayor’s Office of Housing & Community Development<sup>6</sup>, respectively), areas that have historically seen lower levels of investment and less access to resources and opportunities. Although the majority of recent housing development has happened in and near these areas, there is wide variability in the amount and types of community benefits that have been provided, due to a patchwork of requirements and the fact that many larger developments are subject to private negotiations with policymakers and community advocates during the approval process – which are now being phased out in the city’s and state’s push towards ministerial approval processes. This activity will ensure that provision of community benefits is more transparent and aligned with needs expressed by the community, while still enabling streamlined housing production.

**Figure 4: High and Highest-Resource Areas**



**Figure 5: % of Single Family Homes by Tract**

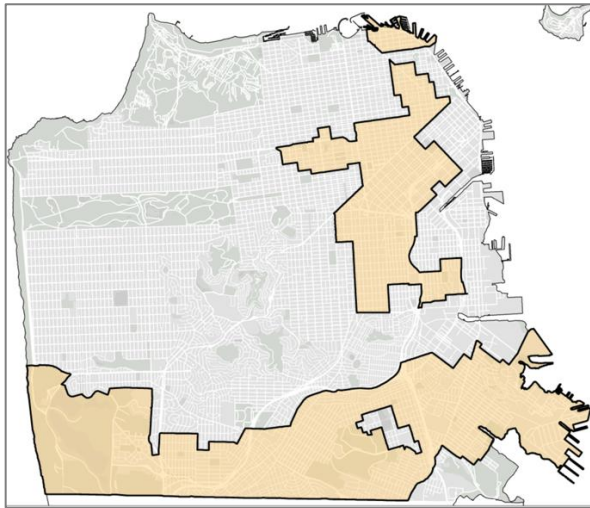


Sources: (left): HCD Tax Credit Allocation Committee (TCAC) Housing Opportunity Map; (right): ACS 2018 5-year data

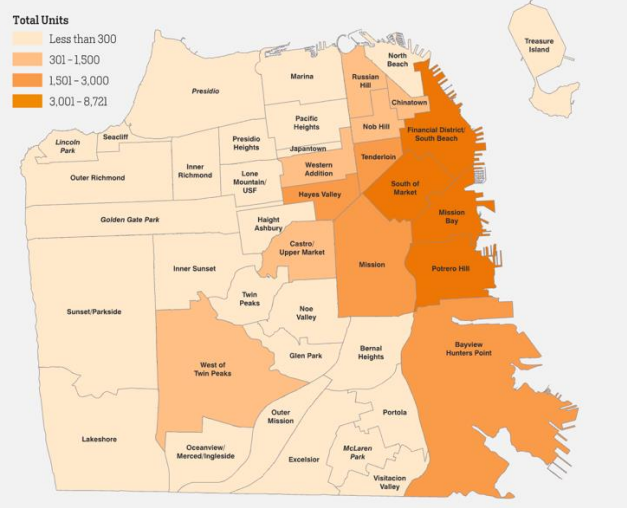
<sup>5</sup> Priority Equity Geographies: [https://generalplan.sfplanning.org/images/11.housing/Priority\\_Equity\\_Geographies.pdf](https://generalplan.sfplanning.org/images/11.housing/Priority_Equity_Geographies.pdf)

<sup>6</sup> San Francisco Cultural Districts Program: <https://www.sf.gov/san-francisco-cultural-districts-program>

**Figure 6: Priority Equity Geographies**



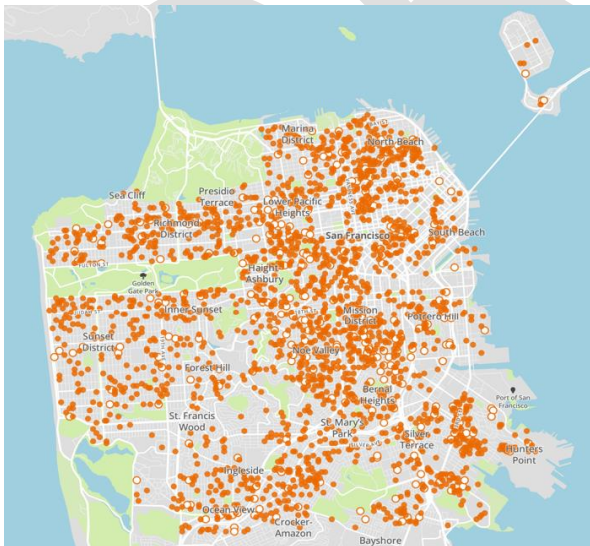
**Figure 7: Housing Production, 2015-2019**



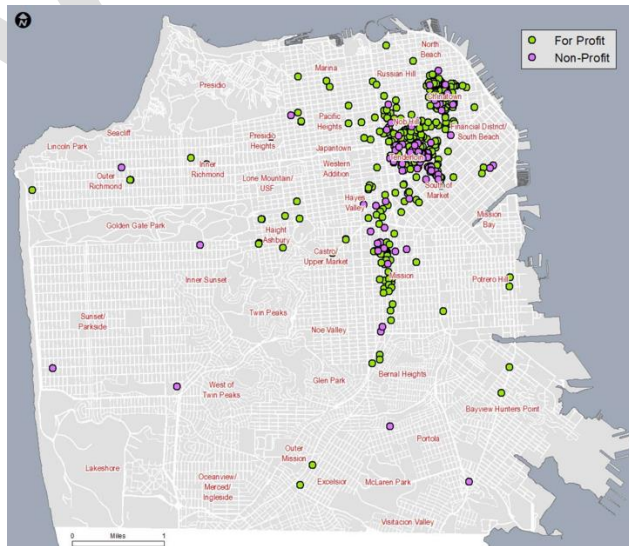
Sources: SF Planning Department

Activities 1 and 2 will have a citywide impact. Activity 1 will reform our permitting system to expedite housing delivery citywide, including efforts to “unstick” the 56,123 units currently in our pipeline (including 24% affordable), some of which have stalled due to onerous post-entitlement processes for approving infrastructure and other improvements. Activity 2 will strengthen our network of deed-restricted affordable units, focused on: 1) preserving our existing stock of single-room occupancy (SRO) housing, which provide affordable and lower-cost housing and is in dire need of maintenance and repair; and 2) expanding our portfolio to include sites owned by faith-based institutions, particularly those located in higher-resourced neighborhoods.

**Figure 8: Development Pipeline (2023 Q3)**



**Figure 9: SRO Buildings (2020)**



Sources: (left): Planning Department; (right): SF Department of Public Health, SF Department of Building Inspection

## KEY STAKEHOLDERS

San Francisco has a robust approach to community engagement, aiming to include key stakeholders. The city recognizes that its diverse population, from residents to housing developers, nonprofits, advocacy groups, and marginalized communities, must be part of shaping policies and initiatives. For the City's Housing Element Update, the Planning Department conducted a three-year public participation process, gathering input on housing concerns, goals, and actions. A critical element to this process was ensuring that participants represented San Francisco's diverse population in terms of income levels, age, special needs, those that represent protected classes, housing situations, race and ethnicity, sexual orientation and gender identity, immigration status, household type, and neighborhoods.

The process included three phases of outreach and engagement. Methods of engagement included 23 focus groups with vulnerable populations, more than 65 community hosted conversations, 11 events in Cantonese and Spanish, collaboration with 21 community partners, 226 respondents through the Digital Participation Platform (DPP), and received 1,631 survey responses from an online survey. This process demonstrates the city's commitment to engaging stakeholders broadly and incorporating their feedback into city policies.

Building from the outreach and engagement from the Housing Element, city staff continued stakeholder engagement with *Expanding Housing Choice*, an engagement process to rezone areas in the city to allow multifamily housing in well-resourced neighborhoods, and *Activating Community Priorities*, a process which identified key housing priorities in Priority Equity Geographies and cultural districts. While the *Activating Community Priorities* program focuses at identifying housing needs in Equity Geographies with close partnerships with community organizations, the *Expanding Housing Choice* program used a similar methodology as the Housing Element approach by engaging the general public through a variety of forums, like open houses, interviews, and surveys. This proposal builds on the input from these processes as well as city agency stakeholder participation from the Department of Building Inspection, Mayor's Office of Housing and Community Development, Office of Economic and Workforce Development, and San Francisco Municipal Transportation Agency.

From May of 2023 to January of 2024, the city also convened the Affordable Housing Leadership Council, an Executive Committee of leaders in the affordable housing sector as well as an extended technical working group of leaders in non-profit development, capital investment, labor unions, academia, and general contractors to provide recommendations to San Francisco city staff on how to eliminate barriers to building affordable housing. Recommendations from the convenings and report support the proposed activities to remove bureaucratic processes and facilitate the production of housing. Moreover, key stakeholders include leaders in the housing industry as well as participation from housing community organizations.

Central to the implementation of the Housing Element has been the close collaborations with equity communities, particularly the American Indian and Black communities and other communities of color that have experienced multiple waves of displacement. The Planning Department has assigned resources and staff to work closely with the equity communities to identify affordable housing opportunities in their neighborhoods and in high-opportunity areas that were not accessible to them in the past. Equity communities are actively engaged to prioritize their housing needs and community services given the changing economic climate post-pandemic.

## ACTIONS TO SOLICIT INPUT

This application was made available Thursday, September 26, 2024 on the City website and sent to stakeholders for public review and comment. The public hearing for the application was held on October 10, 2024. Public comments are included in Appendix A.

The department conducts engagement on a regular basis with community partners. For the grant period, each activity will continue to involve extensive outreach and collaboration across government, community, and industry sectors.

- **Activity 1:** The Planning Department will manage coordination across City agencies through the Mayor’s Office, Office of Economic & Workforce Development, Department of Public Works, Public Utilities Commission, San Francisco Municipal Transportation Agency, and Department of Building Inspection
- **Activity 2:** This activity will rely heavily on engagement and coordination with MOHCD and housing providers and developers. Deeper engagement will be conducted through interviews and focus groups with SRO owners, tenants, tenants rights organizations, and religious institutions.
- **Activity 3:** Continued outreach to the housing development industry to identify and remove constraints to housing production. Staff will continue to conduct extensive outreach on *Expanding Housing Choice*. As part of the public sites workplan, SFMTA will also host outreach events in the community regarding the uses of SFMTA sites.
- **Activity 4:** Planning Department Priority Equity Geography liaisons will engage with community partners and Cultural Districts to work with community partners and residents in PEG neighborhoods on community benefits requirements and process.
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## AFFIRMATIVELY FURTHERING FAIR HOUSING

San Francisco’s history of restrictive zoning, urban renewal, redlining, discrimination in lending and real estate, and inequitable distribution of investment exacerbated racial and economic segregation in the city. Acknowledging the patterns of segregation and working to foster inclusive communities, the implementing actions outlined in the Housing Element address requirements to affirmatively further fair housing. The 2022 Housing Element included a required Assessment of Fair Housing<sup>7</sup> as well as specified AFFH implementation actions. These actions are supported in the proposed grant activities through zoning reforms to expand housing opportunities in well-resourced areas, facilitating housing production, particularly affordable housing, and more diverse housing types throughout the city, and investing in housing preservation, infrastructure. services and other community benefits to stabilize and strengthen lower income, communities of color that have historically faced housing and other discrimination.

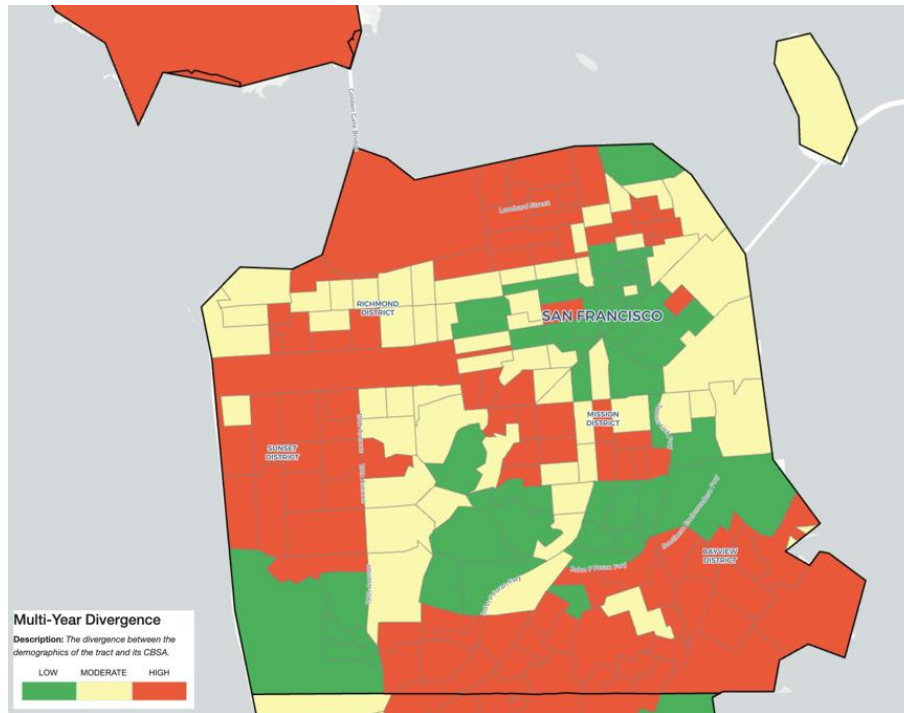
Although San Francisco is by many measures a diverse and inclusive city, data on numerous economic, health, educational, and other quality of life outcomes reveals disparate and inequitable outcomes when stratified by racial and income groups. Due to a long legacy of exclusionary and discriminatory housing practices, these inequities are also evident spatially, including in data on

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<sup>7</sup> SF Planning Housing Element Update 2022 Appendix A. Housing Needs Assessment and Assessment of Fair Housing, 2023: [Appendix A - Housing Needs Assessment and Assessment of Fair Housing \(sfplanning.s3.amazonaws.com\)](https://sfplanning.s3.amazonaws.com)

segregation. For instance, the Bay Segregation Map published by the Othring & Belonging institute identifies over 40% of San Francisco census tracts as having high levels of racial segregation, based on their demographic composition as compared to the region.

**Figure 10: Measurement of Segregation by Census Tract (2010)**



Source: Othring & Belonging Institute: [Bay Segregation Map](#)

## REMOVING BARRIERS TO HOUSING IN AREAS OF OPPORTUNITY

Currently, just 12% of deed-restricted affordable housing units and 10% of all housing are built in areas of opportunity, even though these areas comprise 52% of the San Francisco's residential land. The rezoning in well-resourced areas and other proposed activities will facilitate more housing production and help increase access to housing for low-moderate income households and underserved groups in high- and highest-resourced neighborhoods in several ways:

- It will enable development of deed-restricted affordable housing in well-resourced areas and generate additional funding (through inclusionary housing units, fees, and increased property taxes). The Mayor's Office of Housing & Community Development is working to implement Policy 1.2.2 of the Housing Element, specifying that 25-50% of new affordable units will be constructed in well-resourced areas from 2023-2031 (which can also help
- It will lead to overall increased housing production in areas of the city that have had relatively little growth, thereby helping relieve market pressures on the limited supply of rental and lower-cost housing.
- It will create a greater diversity of housing types, including mid-rise and high-rise apartment buildings, ADUs, 4- and 6-plexes, and other missing middle housing types that

are more affordable than detached single family homes. It will also yield homes that may be more appropriate and desirable for groups with special needs, such as persons with disabilities, families with children, and families with intergenerational living arrangements.

- It will advance development of parcels with higher potential to support affordable housing units, including sites owned by faith-based institutions and public lands.

Through these rezoning activities and related policies, the city will actively work to undo historic patterns of racial and economic segregation, as specified in the actions to Affirmatively Further Fair Housing in the 2022 Housing Element. To ensure that such policies achieve their intent, the Planning Department will conduct a Racial and Social Equity Analysis of the proposed rezoning to analyze the potential benefits and burdens of the proposed policies, identify vulnerable groups who may be impacted, and recommend policies and strategies to support equitable implementation.

### **ADDRESSING THE NEEDS OF VULNERABLE COMMUNITIES**

The proposed activities are designed to address the housing needs of vulnerable communities, including protected class groups, through various actions:

#### *Protections against displacement, especially for low-income persons and persons of color:*

San Francisco will continue to improve upon and expand protections for the 67% of residents who are renters, particularly to ensure adequate protections for more vulnerable residents. San Francisco has a long record of enacting strong tenant protections, including adopting rent control in 1986, establishing tenants' right to counsel in 2018, and adopting inclusionary housing requirements in 2002, ensuring ongoing provision of low- and moderately-priced housing. Still, due to the costly and competitive housing market, many low- and middle-income tenants may live in fear of being evicted and experience housing precarity and high rent burdens.

The proposed rezoning (Activity 3) is designed to expand the stock of multifamily housing – including affordable housing and rental housing – in higher-resourced areas of the city that tend to have fewer low-cost and moderate-cost options available. The city is also proposing to make improvements to the Planning Code to codify requirements around unit replacement and protection citywide, including provisions for tenant relocation and right of first refusal in new developments. The Community Benefits Framework (Activity 4) also seeks to stabilize Priority Equity Geographies and cultural districts by ensuring new developments contribute positively to the culture and sense of place through the provision of community-serving amenities onsite.

*Addressing the needs of persons with disabilities and ensuring compliance with the Americans with Disabilities Act (ADA):* All new housing developments, whether affordable or market-rate, will be required to comply with the Americans with Disabilities Act and will include accessible and/or adaptable features that serve the needs of disabled residents. This work also leverages the findings of an interagency study, the *Aging & Disability Affordable Housing Needs Assessment Report (2022)*, which identified critical housing needs facing the senior and disabled communities, with recommendations for city agencies to address these needs through the preservation, production, and upgrade of affordable housing and related services. One such recommendation was that the City prioritize funding for elevator upgrades and maintenance, particularly in city-funded SRO buildings (coinciding with the work described in Activity 2), which tend to be older and in more dire need of capital improvement. In addition, the report recognizes current efforts to improve affirmative marketing and outreach of accessible units so they are actually occupied by persons

with disabilities, and recommends additional actions that are currently underway, such as trainings for affordable housing developers and service providers.

*Addressing the housing needs of families with children:* Due to the high cost of housing in San Francisco, policymakers and city agencies have initiated numerous efforts to improve living conditions for families with children to ensure they have access to adequate and affordable housing. In 2017, the Planning Department published a report, *Housing for Families with Children*, working collaboratively with the Mayor’s Office and District 7 Supervisor Norman Yee. The report analyzes the housing needs of families with children, examines our existing housing stock and trends in new development, and describes housing types and configurations that can better serve families and ways to encourage development of such housing. Some of these recommendations are being implemented and will be reinforced by the work described in this application. For instance, the proposed rezoning (Activity 3) will include requirements for a percentage of ‘family-sized units’ in new developments; the effort to encourage small/medium multifamily and “missing middle” housing (Activity 3) will support family-friendly housing types that are more affordable than single-family homes; and the community benefits framework (Activity 4) will support provision of amenities and features attractive to families in new developments, such as usable open spaces and community facilities.

*Engaging minority-, women- and veteran-owned businesses in housing production processes:* Under San Francisco’s Administrative Code, Chapter 14B, San Francisco public agencies are required to comply with the city’s Local Business Enterprise (LBE) Ordinance. This ordinance establishes citywide goals for participation from small and micro businesses located in San Francisco, combating long-time discriminatory practices against minority- and women-owned businesses. The City’s Contract Monitoring Division (CMD) oversees these contracting rules and regulations, encouraging participation from minority-, women- and veteran-owned businesses in the City’s competitive bidding process.

Building an unprecedented 82,000 housing units will also require growing the capacity of emerging small developers, general contractors and builders, which will include minority and women led entrepreneurs. MOHCD has provided \$4 million in capacity building to support community-based organizations in development.

## **ALIGNMENT WITH EQUITY PLANS, POLICIES, AND RESOURCES**

This work and the 2022 Housing Element are in alignment with various local and state plans and policies. There are over 30 implementing actions in San Francisco’s Housing Element that address Affirmatively Furthering Fair Housing which range from expanding and funding community capacity to implement housing programs for American Indian residents to creating a rezoning program to meet the city’s housing goals.

The Office of Racial Equity (ORE), a division within the San Francisco’s Human Rights Commission was established to address the inequitable systems in San Francisco and to promote a citywide racial equity framework for all departments. ORE plays a critical role in guiding policy priorities for racial equity in the city.

At a departmental level, this proposal is aligned with the Planning Department’s Racial and Social Equity Action Plan, which aims to advance equity throughout the department’s internal and



external operations. The Equity Action Plan prioritizes elevating the voices and investing in equity communities to address their housing needs.

## EVALUATION & MONITORING

The 2022 Housing Element is centered on racial and social equity, and the strategies here have been explicitly designed to reduce inequitable outcomes for lower-income persons, persons of color, and other vulnerable communities.

We have suggested numerous measures of success in Exhibit E (Long-Term Effect) that will allow us to monitor and evaluate whether the specific tasks in this grant are contributing to more equitable outcomes for protected groups. Further, under the Planning Commission’s Equity Resolution and the Planning Department’s Racial and Social Equity Plan, all major development projects and policy initiatives must utilize a Racial and Social Equity Tool to analyze the potential benefits and burdens of a proposed project/policy, identify which groups may be impacted, and specify metrics for success and ongoing monitoring.

In addition, we will report annually on housing production and on 34 Affirmatively Furthering Fair Housing metrics identified in the 2022 Housing Element, as part of the Annual Progress Reports required by the CA Department of Housing and Community Development.

## BUDGET & TIMELINE

The following tables provide an overview of the proposed budget and a timeline of actions during the grant period.

*Figure 11: Proposed PRO Housing Grant Budget*

Activity	Proposed Grant Funds	Leverage Funds	TOTAL	% Leverage
<b>Activity 1: Development Process Improvements to Unlock the Pipeline</b>				
	\$2,929,000	\$2,492,000	\$5,421,000	85%
<b>Activity 2: Affordable Housing Production, Preservation, and Stabilization</b>				
	\$1,369,000	\$1,644,000	\$3,013,000	120%
<b>Activity 3: Expand Housing Typologies, Especially in High-Resourced Neighborhoods</b>				
	\$1,432,000	\$3,805,000	\$5,237,000	266%
<b>Activity 4: Prioritizing Community Benefits in Equity Communities</b>				
	\$1,106,000	\$2,292,000	\$3,398,000	207%
<b>Activity 5: Grant Administration</b>				
	\$163,000	\$0	\$163,000	0%
<b>TOTAL</b>	<b>\$7,000,000</b>	<b>\$10,233,000</b>	<b>\$17,232,000</b>	<b>146%</b>

If we receive less funding than what is requested, we would prioritize activities and tasks based on community priorities and various other factors, such as: 1) what tasks could be accomplished with existing resources and staffing; 2) which tasks are required (e.g., under state law) or most urgent due to need or other circumstances; and 3) which tasks are already on agency workplans and/or have other leverage funds available.

Some of the required tasks include: the rezoning in high-opportunity areas (Activity 3), which is required to comply with state Housing Element law; the framework for streamlined community benefits in priority equity geographies (Activity 4), which is an identified required action in the state's Policies and Practices Review; and the process streamlining efforts (Activity 1), which will be necessary for agents to meet ambitious new review deadlines under state ministerial and process streamlining laws. While not required under specific legislation, the SRO preservation framework addresses an urgent need by stabilizing existing affordable units which have significant capital and maintenance needs and serve some of the city's most vulnerable populations.

If funding were reduced by 50%, some tasks may need to be scaled – for instance, accepting fewer faith-based organizations into the training program, developing fewer conceptual housing plans on public sites, or implementing permitting system improvements at a slower pace. It may also mean foregoing some activities altogether, particularly some of the more innovative tasks that aren't strictly required by statute (such as the pre-approved designs and other financial and policy incentives to spur development of missing middle housing).

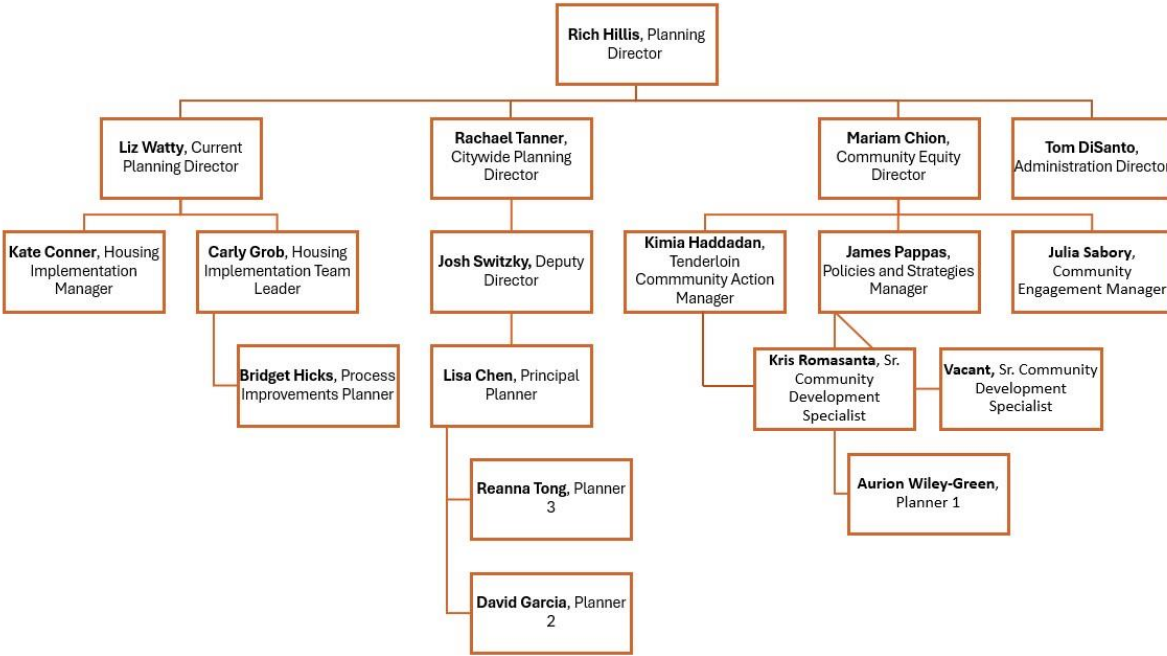
# Exhibit E. Capacity

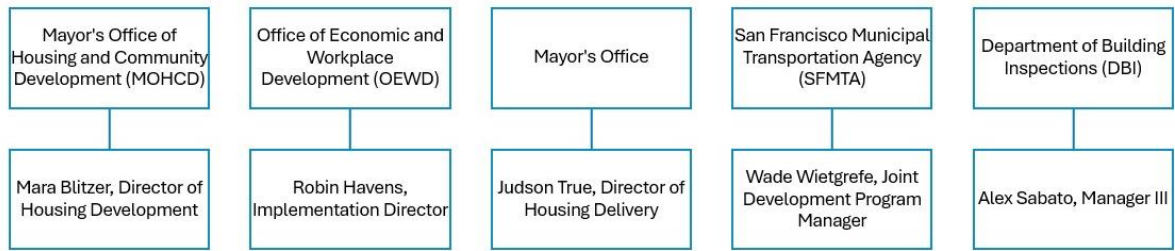
## MANAGEMENT OF FEDERAL FUNDS

The City and County of San Francisco oversees hundreds of millions of dollars in federal, state, and local grants from various sources. The San Francisco Planning Department will take the lead in managing the HUD PRO Housing grant, bringing extensive experience in overseeing complex grants and evaluating both performance and financial reporting. Currently, the department is managing \$2 million in grants from state and regional sources. With its experienced Finance team, the department has the capacity and expertise in project management, financial and procurement processes, quality assurance, and internal controls to efficiently launch and manage large-scale projects. The Finance team has dedicated staff in accounting and procurement to ensure that the activities proposed comply with HUD’s fiscal and reporting requirements.

The project management team will establish processes to ensure that the leads for each activity meet HUD reporting requirements. This includes quarterly meetings with the Director of Finance to review spending, progress reporting, and contract requirements. The Finance team will work with project managers on the submission of the progress report and quarterly Federal Financial Reports (SF-425).

**Figure 13: Organizational Chart (SF Planning Department & Collaborating Agencies)**





## MANAGEMENT OF PRO HOUSING ACTIVITIES

The Planning Department is well-staffed to manage the proposed activities allocating 26 staff members to the proposed project. Key management to lead these activities are Rachael Tanner, Citywide Director; Miriam Chion, Community Equity Director; Liz Watty, Current Planning Director; Kate Conner, Housing Implementation Manager; Carly Grob, the Housing Implementation Team Leader; Josh Switzky, Citywide Deputy Director; Lisa Chen, Citywide Planning Manager; James Pappas, Policies and Strategies Manager; and Kris Romasanta, Senior Community Development Specialist.

Activity 1.1 will be led by a Project Manager and Senior Administrative Analyst in [TBD - Permit Center, OEWD], with support of the Current Planning Division, including the Current Planning Director, Liz Watty, and the Housing Implementation Team, Kate Conner, Carly Grob, and the Process Improvement Planner, Bridget Hicks. Activity 1.2 will be led by the Current Planning Director, with support from a Planner 3 in the Current Planning Division. Activity 1.3 will be led by the current Manager III, Alex Sabato, in the Department of Building Inspection, and supported by the Director of Current Planning and the Process Improvement Planner as needed. For Activity Two, Lisa Chen and James Pappas will manage activities among the Community Development Specialist 1, Planner 2, Planner 3, Planner 4, and Planner 5. For Activity Three, Josh Switzky, Lisa Chen and James Pappas will lead activities to facilitate housing production in high-resourced neighborhoods. Activity Four or Streamlining Community Benefits activities will be managed by James Pappas and Kris Romasanta.

The San Francisco Planning Department will lead the management and implementation of the proposed activities in partnership with the Department of Building Inspection and [TBD]. Four divisions will be involved in managing the activities for the PRO Housing grant. The Citywide Division, comprised of 20 professional staff regularly perform project management on long-range planning projects, for example rezoning to allow for more multifamily housing in the city. The Current Planning Division is made up of 80 professional and technical staff who work closely with the planning code, providing technical assistance on development projects and permits. There are 16 professional staff in the Community Equity Division who work with Equity Communities through community engagement and policy support. The Finance Division is responsible for accounting, finance, and procurement processes, and ensure that the department is complying with HUD requirements.

Each division within the department has extensive experience in implementing projects similar to those proposed.

## LEADERSHIP CAPACITY AND LEGAL AUTHORITY

The objectives and activities outlined in this grant align with the San Francisco's Housing Element goals under California State Government Code Section 65583. The Planning Department is responsible and has legal authority over the land use, zoning, and development laws in San Francisco. Planning and land use approvals are reviewed and approved by the San Francisco Planning Commission and subsequently approved by the Board of Supervisors.

Activities 1.1 and 1.3 include city agency partners that will continue to work together to remove barriers and provide more improved interagency communication through housing implementation and technology improvements. Activity 1.1 implements an ongoing interagency effort with established partnerships. Currently, Mayoral staff are leading the implementation of the Housing for All Action Plan, and proposed approach would be led by [TBD]. [Lead Agency] would convene department heads and senior staff who are identified in the plan and helped to draft the action items. Activity 1.3 upgrades the Department of Building Inspection's out-of-date Permit Tracking System, a citywide system used by many agencies to track permitting and fees. DBI approves plans and issues permits for all construction in San Francisco. This funding would help modernize the permitting system and lay groundwork for a single, coordinated permitting system.

As mentioned, the Housing for All Executive Directive directs all city departments to achieve goals and actions in the Performance Assessment and Improvement Plan to improve processes in the production of housing. Planning staff works regularly with OEWD, MOHCD, DBI, and PUC as well as other local, regional, state, and federal partners, funders, community organizations, subrecipients. OEWD is the lead on large-scale Development Agreements, while MOHCD supports the financing and funding of affordable housing for the city; Department of Building Inspection ensures that buildings are safe for residents and workers; and the Public Utilities Commission provides oversees the city's water, sewer, and utility infrastructure. These large agencies are responsible for overseeing specific infrastructure needs for the city, and have generally collaborated with some coordination with other agencies. The push to streamline approvals through the Housing for All directive has allowed for more interagency collaboration, and with this PRO Housing funding, housing efforts will be more in-sync and coordinated.

## APPLICATION DEVELOPMENT

This application was prepared by San Francisco Planning Department staff without the use of consultants or professional grant writers. Authors include Lisa Chen, Principal Planner; Carly Grob, Housing Implementation Team Manager; James Pappas, Policies and Strategies Manager; and Kris Romasanta; Senior Community Development Specialist. Additional support was provided by Reanna Tong, Planner 3 and by staff at the Department of Building Inspections (Alex Lewis-Koskinen, Deputy Director of Administrative Services), Office of Economic and

Workforce Development (Robin Havens, Implementation Director) and San Francisco Municipal Transportation Agency (Wade Wietgreffe, Joint Development Program Manager).

## CIVIL RIGHTS AND FAIR HOUSING

San Francisco Planning Department has experience with civil rights and fair housing issues as well as experience with the design and operations of programs that have provide tangible reductions in racial disparities. In April 2020, California passed assembly Bill 686 Affirmatively Furthering Fair Housing, a law to incorporate fair housing laws into the cities' housing elements. These actions to address segregation and racial disparities have been incorporated into San Francisco's 2022 Housing Element Update.

In addition, the department has a Community Equity division that works closely with communities in Priority Equity Geographies as well as a team to promote race and social equity. City staff regularly tracks community needs by neighborhood, community, and ethnic group and through its robust community engagement process, Activating Community Priorities, has engaged with community through focus groups, one-on-ones, surveys, and other qualitative measures to supplement quantitative data.

The department works closely with the Mayor's Office of Housing and Community Development, the agency responsible for investing in affordable housing projects and performing community development related activities to support community organizations that serve low-income residents.

## Exhibit F. Leverage

San Francisco is leveraging committed funds in several areas including existing staffing, grants, and other direct costs.

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# Exhibit G. Long-term Effect

## LONG-TERM IMPACTS OF REMOVING BARRIERS TO HOUSING PRODUCTION

The 2022 Housing Element is San Francisco’s first citywide housing plan that is centered on racial and social equity, and it includes policies and programs that express our city’s collective vision and values for the future of housing in San Francisco. It articulates San Francisco’s commitment to recognizing housing as a right; increasing housing affordability for low-income households and communities of color; opening small and mid-rise multifamily buildings across all neighborhoods; ensuring housing fosters environmental sustainability, health, and resilience; and connecting housing to neighborhood services like transportation, education, and economic opportunity.

The activities here have been selected out of a much larger menu of actions in the Housing Element Implementation Program (which specifies short-, medium-, and longer-term tasks) because they are actionable, strategic, and achievable within the grant period. They leverage work that is already occurring, adding much-needed resources to amplify and accelerate our work and helping address specific identified barriers in producing affordable and mixed-income housing.

For instance, the tasks under Activity 1 will result in structural changes to San Francisco’s notoriously complex and lengthy processes of permitting new housing. Many of these policies and procedures have evolved in response to legitimate community needs but have grown in complexity and number such that they have become a major hindrance to building the housing we need. Some local developers of affordable and market-rate housing have described the process as a “death by a thousand cuts.”

Activity 1 will reform our permitting infrastructure across 14 City agencies to create a coordinated and solutions-oriented “One City” production system that will facilitate efficient and effective housing delivery while also ensuring that all construction is safe and built according to codes and standards. It will further amplify the work initiated by the “Housing for All” Executive Directive, which has already begun to bear fruit since it was issued in January 2023.

For example, due to process streamlining efforts led by the Mayor’s Office Housing Delivery Director and the Office of Economic & Workforce Development, the Department of Public Works launched the Infrastructure Taskforce, a focused team of specialized engineers and infrastructure experts that has significantly reduced the approval and delivery timelines for horizontal infrastructure improvements (new streets, parks, and utilities) associated with large Development Agreement projects and other significant-scale housing projects. This is a critical element in supporting the majority of new housing development since many of the largest projects need new street grids and significant infrastructure upgrades before infill housing development can even begin construction.

This work also leverages recent local and state policy changes to streamline our housing approvals and offer ministerial approvals to more projects. For instance, San Francisco’s average timeline from application through entitlement was 450 days as of 2022.



The tasks under Activity 3 will decisively remove zoning barriers which have hindered development of multifamily housing in high-opportunity areas of the city, helping redress our history of exclusionary zoning policies and fulfilling our goal of creating capacity for a minimum of 36,200 additional housing units in these areas. Throughout the 20<sup>th</sup> century, San Francisco adopted a range of exclusionary and discriminatory land use policies, including the broad neighborhood downzoning in 1978 that prohibited new multifamily housing in much of the city, including the areas today designated as high- and higher-resourced neighborhoods. In more recent years, we have started to see more development in these areas due to programs like HOME-SF (a local density bonus program), but so far these changes have been relatively modest in scale.

The rezoning effort noted here will enable mid-rise and high-rise housing to be built in high-opportunity neighborhoods, making them comparable to areas like the Eastern Neighborhoods and Market Octavia, where rezoning resulted in a significant amount of new housing development over the past two decades. In particular, the rezoning will enable the production of affordable housing in higher-resourced areas (both inclusionary housing and publicly-funded affordable housing), which directly implements Affirmatively Furthering Fair Housing goals by expanding economic opportunities for low- and moderate-income residents and other protected groups. Other tasks within this activity will address additional policy, financial and technical barriers to building specific housing typologies (like small and medium multifamily types) and building on specific sites (like public lands).

Activity 2 will remove barriers to producing and preserving affordable units, addressing two specialized areas within our broader housing system: single-residence occupancy (SRO) buildings and faith-based organizations. San Francisco has an extensive network of 500 SRO buildings citywide, some of which are historic buildings that have been providing affordable and low-cost housing even before our modern affordable housing systems were established. The SRO Preservation Framework will develop a comprehensive strategy and identify necessary funding to address the significant needs for maintenance and habitability upgrades, helping preserve these buildings so they can continue to affordably house low- and middle-income residents.

Meanwhile, faith-based organizations represent one of the most exciting opportunities for adding new affordable housing, building on recent policies (like CA State Bill 4) which streamline housing development on these sites. City agencies have heard from numerous organizations that have the desire and the public will to build affordable housing on their land, but they lack the technical knowledge and resources to even initiate the process.

Activity 4 addresses a recent paradigm shift in local and statewide housing policy: the movement towards ministerial and streamlined housing approvals, coupled with greater state oversight over local housing production. Notwithstanding the actions in Activity 3 to add housing in higher-opportunity areas, we know that there will also continue to be significant new housing development in areas that have been rezoned in the past couple decades, particularly in the city's Priority Equity Geographies. Our effort to create a Streamlined Community Benefits Framework will help fulfill Affirmatively Furthering Fair Housing requirements by ensuring that new development in these areas is taking community needs into consideration, particularly addressing areas and populations with greater vulnerabilities due to income, race, disability status, age, linguistic and cultural barriers, and other circumstances. This framework will ensure that community needs are clearly and objectively stated in accordance with state and local laws, so that

we can meet our ambitious housing production goals while continuing to take steps to limit displacement and increase access to opportunities and resources in Priority Equity Geographies.

Collectively, this work advances numerous city and regional objectives, including:

- Increasing affordability and reducing the costs of accessing housing.
- Reducing racial and economic segregation and creating more access to housing in areas of opportunity.
- Stabilizing vulnerable communities and reinforcing the cultural and economic role such neighborhoods play for low- and moderate-income residents.
- Facilitating infill development in areas with existing access to jobs, infrastructure and services, thereby reducing the environmental footprint of housing and its occupants.

Notably, these activities help implement other city and regional plans aimed at creating healthy, resilient, and sustainable communities. These include Plan Bay Area (adopted by the Metropolitan Transportation Commission in 2021), the San Francisco's Climate Action Plan (adopted in 2021), and the Hazards and Climate Resilience Plan (adopted in 2020). These tasks will stabilize and improve the habitability and environmental performance of SRO buildings. It will also result in new housing development that meets ambitious energy and water efficiency requirements.

## BROADER IMPACT AND SCALABILITY

Despite its reputation as a place that is sometimes challenging to build new housing, San Francisco leads the region in per-capita production of affordable and market-rate housing units, so this work will also support affordability in the broader nine-county Bay Area region and provide models for other jurisdictions to follow.

Cumulatively, the actions of the Housing Element and the activities identified here advance a vision of equitable housing development by producing and preserving housing to meet our needs, while implementing targeted strategies to address the barriers and issues facing specific geographies and populations. Specifically, this work provides a model for other California communities for future updates and implementation of Housing Elements, which are required of all local governments in California. During the development of the Housing Element and now during its implementation, San Francisco agencies have regularly been in contact with staff from other jurisdictions around the state (and sometimes nationally) to share our work and learn from peers' experiences.

## OVERCOMING POTENTIAL ROADBLOCKS

The activities in this application were chosen not only because of their potential impact and our ability to deliver them during the grant period, but also because they are strategically aligned with city and state laws and with priority actions coming out of the Housing Element. In particular, the proposal helps implement numerous state laws and related efforts, such as ministerial housing production laws, the San Francisco Housing Policy and Practice Review (conducted by the CA Department of Housing & Community Development), and the Regional Housing Needs Allocation

(RHNA) process (which sets the housing production targets that must be addressed in local Housing Elements).

That said, there are numerous roadblocks to carrying out this work, some of which are not unique to San Francisco. Currently, we are experiencing challenging economic conditions, with high and rising costs (including soft and hard costs for materials, labor, and financing) and stagnant rents and sales prices – the result of which is that applications for new housing have slowed significantly, following several years of robust growth prior to the COVID-19 pandemic.

Economic conditions also impact agencies’ work more directly, constraining the city budget (notably our ability to maintain or increase staffing) and impacting the cost of consultants and other professional services. In addition, local housing issues are often highly politicized and contentious, which has perhaps gotten even worse in more recent years as some local governments and politicians have increasingly protested the expanded role of state government in local housing matters.

The unanimous adoption of the 2022 Housing Element is an example of how San Francisco City agencies successfully overcame similar political barriers to adopt comprehensive, ambitious housing policies that are consistent with state laws. Further, the activities selected for this grant represent work that can move forward (and in some cases, are statutorily required to move forward) despite these economic and political roadblocks. Implementing these proposed activities will address barriers and needs identified in this application, help jumpstart projects that are marginally feasible or approaching feasibility, and ensure that San Francisco is well-poised to ramp up our housing production when economic conditions begin to reverse.

## MEASURES OF SUCCESS

Upon implementation, the activities here will positively contribute to numerous near-term and short-term outcomes. The metrics below represent potential measures of success, with specific goals identified for the more near-term actions that may see a measurable improvement during the grant period (identifying at least one such target per grant Activity).

**Figure 15: PRO Housing Outcomes – Draft Measures of Success**

Topic	Example Metrics
<b>Overall Success</b>	Number of housing units entitled & produced, by income level.
	Number and % of housing units built in MTC Priority Development Areas <sup>8</sup> (PDAs), thereby reducing greenhouse gas emissions.
	% of Cost-burdened residents (by renters/owners; race; income).
<b>Housing Production</b>	Average time to entitlement & time to building permit approval. <i>Goal: reduce permitting time for housing development projects by 50%.</i>
<b>Affordable Housing</b>	Single-room occupancy (SRO) units preserved
	# of people housed by race

<sup>8</sup> Metropolitan Transportation Commission’s Priority Development Areas: <https://mtc.ca.gov/planning/land-use/priority-development-areas-pdas>

	# of faith-based organizations entering the training program; # of units entitled on faith-based land. <i>Goal: 6 to 12 program participants; at least 25-50% located in high-resourced areas.</i>
<b>Expanded Housing Typologies</b>	Number of homes entitled using pre-approved floorplans
	Increased zoning capacity for homes in high-resourced areas (# of net new units). <i>Goal: Capacity created for 36,200 additional units, at minimum.</i>
	Number and % of homes entitled in high-resourced areas, both market rate and affordable. <i>Goal: 25-50% of affordable units located in high-resourced areas.</i>
	Number of public sites with conceptual designs developed for new housing.
	Number of units (affordable and market-rate) entitled on public lands.
<b>Community Benefits</b>	Number and % of homes built in priority equity geographies using streamlined community benefit legislation. <i>Goal: 75% of projects utilize streamlined community benefits process.</i>
	Value of funds / benefits generated by new development (ex: inclusionary housing units & fees; public realm improvements; infrastructure impact fees.)
	Total of public and private investments by equity community

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## Attachments (not counted in page count)

***[NOTE: Per the public participation requirements in the PRO Housing NOFO, attachments are not required to be posted with the draft application. The following attachments will be developed and included in final application submittal.]***

Attachment A. Summary of comments received on published Application and list of commenters by name/organization.

Attachment B. Certification of compliance with NOFO public participation requirements. Provide evidence of the reasonable notice of your public hearing and the publication of the application for public comment, consistent with Section VI.E of the NOFO.

Attachment C. Advancing Racial Equity Narrative per Section III.F of the NOFO

Attachment D. Affirmative Marketing and Outreach Narrative per Section III.F of the NOFO

Attachment E. Experience Promoting Racial Equity Narrative per Section III.F of the NOFO