

Affordable Housing 101: Serving Community Housing Needs

Affordable Housing is a strategy mentioned often as a solution to meet the urgent housing needs of communities in San Francisco. This brief overview and glossary provides more information on what Affordable Housing is, how it is funded, and how you can access it. Learn more through additional workshops held by [San Francisco Planning](#) and other community partners in your neighborhood.

What does Affordable Housing Mean?

We say that housing is affordable when a household spends 30% or less of their combined income in housing expenses (rent, mortgage, utilities, etc.). Housing affordability is important because it ensures stable housing which directly impacts our health. Stable affordable housing also frees up resources that allow us to access other determinants of health and economic mobility, such as education, jobs, healthcare, transportation, childcare, and even civic participation.

Types of Affordable Housing

There are different types of affordable housing (or ways we can achieve housing affordability):

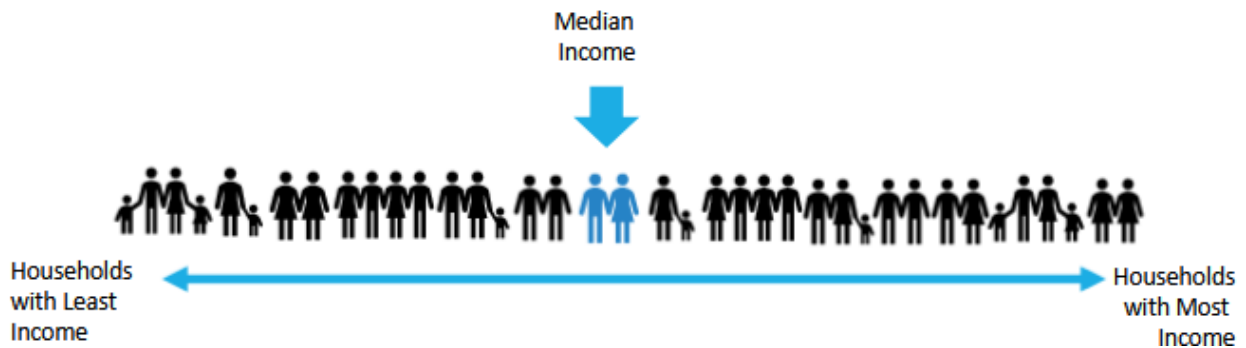
- **Unsubsidized affordable housing:** this is the type of housing that is “naturally” affordable in the market, this may be due to the characteristics of the property, those of its location, or a combination of both. Though this type of housing receives no subsidies, cities may implement policies that may help reduce or stabilize housing costs, such as rent control or policies that may reduce its development cost. However, this is hard to achieve in high-cost areas, like San Francisco.
- **Subsidized affordable housing:** this is when financial assistance is available to either subsidize the housing units themselves (project-based) or the households directly (tenant based) to bring the cost of housing down to an affordable level (30% of income) or to stabilize housing expenses. The sources of subsidy can come from all levels of government, through affordability requirements from housing developers (inclusionary housing) or grants. The next section covers the more common types of subsidized housing.

Types of Subsidized Affordable Housing

These are the most common programs that subsidize housing units (project-based):

- **100% affordable housing:** these are affordable housing units dedicated to low-income households and typically developed, owned and operated by nonprofit organizations. In these buildings, units are designated for specific household incomes (defined as a percentage of the Area Median Income between 0% and 80%) and rent is set at 30% of those incomes. For example, if a unit is designated at 55% of AMI and the current AMI is \$100k, the tenants must make around \$55k to meet income requirements and rents would be set at 30% of that income (around \$16,500 annually or \$1,375 monthly for this example).

Area Median Income (AMI): if you lined up all the households in the Bay Area by their income from least to most, the income of the household in the middle would be the Area Median Income.



- Inclusionary Housing: San Francisco requires new market-rate residential projects of 10 or more units to pay an Affordable Housing Fee or meet the inclusionary requirement by providing a percentage of the units in the project as "below market rate" (BMR) units. These BMR units must be rented or sold at a price that is affordable to low- or middle-income households (30% to 120% of AMI or \$30,000 to \$120,000 from our example above), either "on-site" within the project, or "off-site" at another location in the city, generally within one mile of the market-rate project.
- Public Housing: public housing units were built from the 1930s to the 1970s using solely federal grants. These units are publicly owned (unlike the previous two types) and are deeply subsidized. These public housing developments have relied on federal subsidies to maintain them that have steadily declined; which in combination with insufficient revenue have resulted in severe habitability issues for tenants. San Francisco has used available federal programs as well as significant local funding to rebuild or rehabilitate most of the aging public housing in San Francisco, converting them mostly to 100% affordable housing in the process.
- Supportive housing: this is 100% affordable housing that includes supportive services (behavioral, mental, and social services, for example) and that serves formerly homeless people or people at risk of homelessness. This type of housing makes use of local operating subsidies (see below) to make it deeply affordable (at 0% to 30% of AMI) and placement is managed separately by the Department of Homelessness and Supportive Housing (HSH).
- Local operating subsidies: through these programs, the city pays the gap between the cost of operating housing that serves people experiencing homelessness or at risk of homelessness and all other operating revenue for the building.
- Project-Based Section 8 Rental Assistance (PBRA): this program provides privately owned properties with an operating subsidy from the federal government, so that units are rented to qualifying low-income households. Tenants only pay 30% of their income.

These are the most common tenant-based subsidized housing programs:

- Tenant-based (TCV) Housing Choice Vouchers (HCV): this is the largest tenant rental assistance subsidy for lower income renters. This federal program helps lower income renters afford housing in the private market: tenants only cover the portion of their rent that is equivalent to 30% of their income. Because federal funding for rental assistance is limited, most households that could qualify for

assistance based on income and need do not receive rental assistance.

- Local rental assistance programs: San Francisco does offer local rental assistance programs like TCV to qualifying lower income households, but funds are limited. Some of this rental assistance is for emergencies (one time payments or deposit payments) and others are for longer terms.

How is 100% Affordable Housing Funded?

Typically, affordable housing developers must combine several funding sources including tax credits, private and public loans, and grants to cover the cost of affordable housing construction or acquisition and rehabilitation.

Nationally the largest subsidy for affordable housing development² is the Low-Income Housing Tax Credit (LIHTC), a federal tax credit given for investment in affordable rental housing. Despite its importance, LIHTC covers only a portion of affordable housing development costs and without funding provided by the local government it is nearly impossible to leverage tax credits and other sources to make affordable housing financially possible. In addition, construction and land costs are much higher in San Francisco than most other parts of the state or country and they skyrocketed after the pandemic, making local funding even more essential to affordable housing.

Who Can Apply to 100% Affordable Housing and Inclusionary Housing?

The Mayor's Office of Housing and Community Development (MOHCD) is responsible for distributing 100% affordable and inclusionary units through a lottery system called DAHLIA. This system lists all the units available at the different income levels (expressed as an AMI range, for example, 30% to 50% of AMI) and unit sizes. Applicants must apply for each unit available.

To be eligible, the unit must be serving your household type (family, seniors, people with disabilities, etc.), your household's total income must fall within the AMI range assigned to the unit, and your household size must match the unit size.

The city also offers preference programs which provide priority for affordable housing to households that qualify. These programs provide preferences for people displaced by redevelopment, people displaced by Ellis Act or Owner-Move In evictions or fires, households living within a half-mile radius from the property or in the same Supervisor District as the property, and households that currently live or work at least 75 percent of working hours in the city, among others.

Where to Apply and Get Support

To learn more, get support from a MOHCD Housing Counselor, and apply, visit the DAHLIA Housing Portal (housing.sfgov.org/) or reach out to sfhousinginfo@sfgov.org by email or phone (415-701-5500).

For more information or to attend more community meetings, please contact
CPC.CommunityPlanning@sfgov.org