

4 Housing Takeaways You Need to Know San Francisco

- 1. Housing is a basic human necessity and our needs for accessible, safe, and stable are urgent in our neighborhoods and across San Francisco**
 - a. Our housing shortage, especially the lack of affordable housing, impacts the well-being of our city and communities in different ways.
 - b. Across the City, this burden is heavier for seniors, low- and middle-income families, young people, people who experience a disability, and those who have already been displaced or are forced into being unhoused.

- 2. Affordable Housing provides an opportunity to meet the most urgent needs community**
 - a. Housing is considered affordable if a household is paying 30% or less of their income for housing, and comes in different forms
 - b. People who spend more than 30% of income on housing, known as rent-burdened, are forced to give up other necessities because of the costs of housing
 - c. 100% Affordable Housing Developments and Inclusionary Housing supports a spectrum of communities, including rent-burdened households, who qualify based on their income, household size and other factors
 - d. Qualifying households may apply for these homes, but demand is much greater than the supply

Renderings of Senior Housing at 4200 Geary in the Richmond, San Francisco



3. Housing Policy needs to create space, more funding and support, and simplify the process to get the housing we need

- a. Community has a long legacy of advocating for more accessible and affordable housing – led today by housing activists across the city, who shaped the 2022 Housing Element, San Francisco’s plan to meet our community housing needs over the next 8 years
- b. The following three policy action areas identify where we need the most change to meet our build more housing
 - *Making More Space*: Rezoning, changing local law, to allow more housing types in communities where people want to live to meet different community needs
 - *Money for More Housing*: More collaboration between non-profits, government, banks and developers needed to build more Affordable and Market Rate Housing
 - *Process for Building*: Government agencies need to make it easier to build all types of housing



4. Housing Action is shaped by Community Members – so we need you!

There are many ways to get involved that can work for you:

- a. Learn more on your Own: Stay up to date with long term plans related to housing and community services in your community
 - Review and share the following tools:
 - Affordable Housing 101
 - Housing Development Process
 - How housing Serves our Communities
 - Visit sfplanning.org and follow on social media
- b. Learn more with others: ask questions and learn more about housing
 - Get involved and follow the SF Cultural District Events
 - Connect to in-person Community Open Houses and Virtual Workshops organized by the San Francisco Planning Department and other city Agencies
- c. Share your Thoughts and Shape our Policy: Share your priorities, ideas, and concerns in the planning process
 - Gather and Request Community Conversations directly from City Government
 - Participate in a Focus Groups / Roundtable Discussions organized to inform the Housing Element Implementation Process
 - Provide comments at Planning Commission and Board of Supervisors Sessions



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

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):

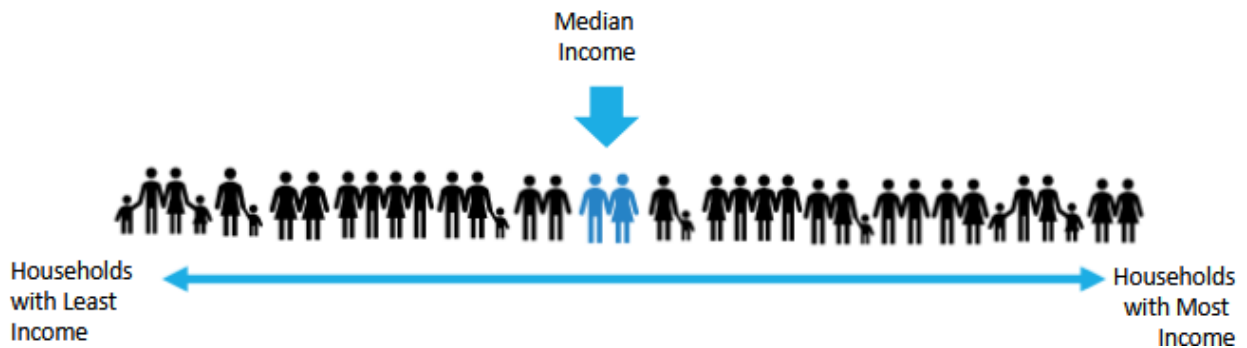
- **Unsubsidized affordable housing:** this is the type of housing that is “naturally” affordable in the market, this may be due to the characteristics of the property, those of its location, or a combination of both. Though this type of housing receives no subsidies, cities may implement policies that 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
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The Housing Development Process

Building housing is a complex undertaking that includes many stages most people are not aware of. Depending on where a development is located, it can take 7-10 years for a large housing project to be completed. The following steps share a high-level overview of the housing development process meant to share more information and activities to build housing.

Step 1: Development Strategy

Most communities have multiple housing needs. A development strategy will identify key questions and provide the information necessary to assess how appropriate a site would be for a certain type of project. This phase usually includes an analysis of existing projects and answers questions like, “Who in the community needs housing?” or “What types of housing is needed in this community?”

	47 Sheridan Road	25 Chiles Avenue	32 Duke Street	23 Chiles Avenue	1 Plymouth Circle
					
Status	U	U	C	C	C
List Price	\$445,000	\$585,000	\$424,900	\$457,500	\$550,000
List\$ SqFt	\$263	\$245	\$265	\$290	\$276
Sold Price			\$403,000	\$450,000	\$546,000
Sold\$ SqFt			\$251	\$285	\$274
Contract Date	06/27/20	06/08/20	06/11/20	08/10/19	02/17/20
Settled Date			07/21/20	10/15/19	03/17/20
DOM	2	8	126	42	3
Subdiv	Kenilworth	Kenilworth	Kenilworth	Kenilworth	Kenilworth
Year Built	1955	1941	1953	1951	1954
Appx Acres	0.28	0.25	0.28	0.16	0.28
Total SqFt	1690	2391	1604	1578	1990
Type	1 Story Basement Ranch	2 Story Cape Cod	1 Story Basement Ranch	1 Story Cottage, Ranch	1 Story Ranch
Style					
Exterior					

A development strategy provides the development team with the information they need to choose a site, design, and finance the project. After completing the development strategy, the project team should have the information they need to inform their site selection, project design, and financing stages.

Step 2: Site Selection

The first step towards selecting a site for the project is to identify desired features of a site. This could be proximity to job opportunities, convenience of public transportation, or services such as shopping and retail.

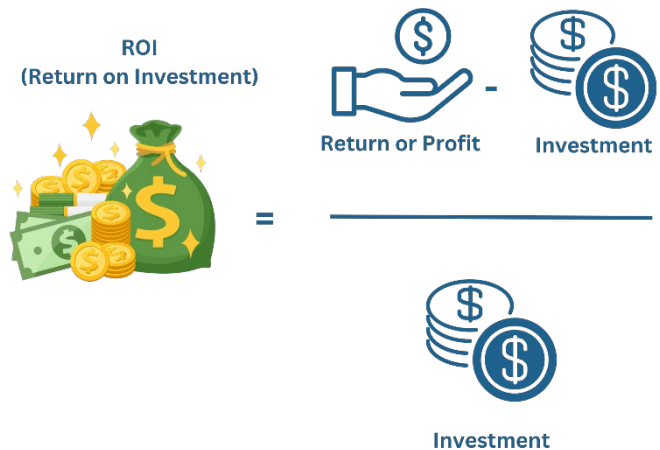
During this stage, the development team must begin focusing on governmental regulations, such as rules that limit the height of buildings, how many units can go in one site, and guidance on design. They must also consider existing plans and regulations for specific geographic areas, which are sometimes drafted through extensive community action and engagement. This often includes certain requirements on how the land can be used. For example, some sites allow retail while others only allow housing. These regulations will determine what type of project could realistically be constructed at the site and ultimately impacts finances of the project by shaping the number of units that can be developed, and if there are any additional costs for things like preserving historic resources on the site.

Step 3: Financial Feasibility

A feasibility analysis will determine if the project can move forward, given its financial expectations and constraints. This stage in the project will require the development team to develop a sophisticated spreadsheet called a “pro forma,” which includes all of the project’s financial inputs. These inputs, taken together, will create a clear picture of the project’s profitability and financial obstacles over a long period of time.

Pro forma’s include but are not limited to:

- *Soft costs*: fees, taxes, and loan interest that will need to be paid as part of the project
- *Hard costs*: construction costs (materials, labor, and the construction management)
- *Net operating income*: rent paid by tenants
- *Return on Investment*: how much money – or profit – a project will generate once all of the costs have been accounted for



Once the feasibility analysis is done, the project team will start obtaining different sources of financing to fund the project. Sources include banks, financial services organizations, public agencies, and nonprofits.

Step 4: Pre-development

Once a project site and funding have been secured, the project team can start with pre-development of the project to complete the project design, map out the construction process, and apply for the necessary permits. The team starts working with an architecture firm and construction management team.

A project’s design will change significantly from its inception based on community feedback, ongoing analysis of existing developments, cost constraints, and government regulations. Construction managers and architects help adjust the project as needed, until a final product meets all financial and regulatory needs.

The project team will also apply for permits. To begin construction, a project must receive approvals from several public agencies, including the planning department, building department, fire department, and public works department. These agencies will evaluate the project based on their criteria and may ask that changes be made before granting approvals.

Step 5: Construction

Once all approvals have been secured and a final project design has been selected, construction can begin. At this point, the project's architects and financial consultants are mostly no longer involved, while construction management and labor now plays the biggest role. The construction management team carries out the plans and designs created during the pre-development phase. The construction management team and the project sponsors will work together over the construction process to identify and address any obstacles that arise, especially those which may create extra expenses for the project.



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