



SAN FRANCISCO PLANNING DEPARTMENT

MEMO

DATE: 29 September 2016
TO: Honorable Members of the San Francisco Board of Supervisors
FROM: John Rahaim
Director of Planning
RE: **HOUSING BALANCE REPORT No. 4**
1 July 2006 – 30 June 2016

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SUMMARY

This report is submitted in compliance with Ordinance No. 53-15 requiring the Planning Department to monitor and report on the housing balance between new market rate and new affordable housing production. One of the stated purposes of the Housing Balance is “to ensure that data on meeting affordable housing targets Citywide and within neighborhoods informs the approval process for new housing development.” This report is the fourth in the series and covers the ten-year period from 1 July 2006 through 30 June 2016.

The “Housing Balance” is defined as the proportion of all new affordable housing units to the total number of all new housing units for a 10-year “Housing Balance Period.” In addition, a calculation of “Projected Housing Balance” which includes residential projects that have received approvals from the Planning Commission or Planning Department but have not yet received permits to commence construction will be included.

In the 2006 Q3 and 2016 Q2 Housing Balance Period, 23% of net new housing produced was affordable. By comparison, the expanded Citywide Cumulative Housing Balance is 17%, although this varies by districts. Distribution of the Cumulative Housing Balance over the 11 Board of Supervisor Districts ranges from -197% (District 4) to 49% (District 5). This variation, especially with negative housing balances, is due to the larger number of units permanently withdrawn from rent control protection relative to the number of total net new units and net affordable units built in those districts.

The Projected Housing Balance Citywide is 18%. Three major development projects were identified in the ordinance for exclusion in the projected housing balance calculations until site permits are obtained. Remaining phases for these three projects will add up to 22,700 net units including over 5,170 affordable units; this would increase the projected housing balance to 21% if included in the calculations.

BACKGROUND

On 21 April 2015, the Board of Supervisors passed Ordinance No. 53-15 amending the *Planning Code* to include a new *Section 103* requiring the Planning Department to monitor and report on the Housing Balance between new market rate housing and new affordable housing production. The *Housing Balance Report* will be submitted bi-annually by March 1 and September 1¹ of each year and will also be published on a visible and accessible page on the Planning Department's website. *Planning Code Section 103* also requires an annual hearing at the Board of Supervisors on strategies for achieving and maintaining the required housing balance in accordance with the City's housing production goals. (See *Appendix B* for complete text of Ordinance No. 53-15.)

The stated purposes for the Housing Balance Monitoring and Reporting are: a) to maintain a balance between new affordable and market rate housing Citywide and within neighborhoods; b) to make housing available for all income levels and housing need types; c) to preserve the mixed-income character of the City and its neighborhoods; d) to offset the withdrawal of existing housing units from rent stabilization and the loss of single-room occupancy hotel units; e) to ensure the availability of land and encourage the deployment of resources to provide sufficient housing affordable to households of very low, low, and moderate incomes; f) to ensure adequate housing for families, seniors and the disabled communities; g) to ensure that data on meeting affordable housing targets Citywide and within neighborhoods informs the approval process for new housing development; and h) to enable public participation in determining the appropriate mix of new housing approvals.

Specifically, the *Housing Balance Report* will track performance toward meeting the goals set by Proposition K and the City's *Housing Element*. In November 2014, San Francisco's voters endorsed Proposition K, which set a goal of 33% of all new housing units to be affordable. Housing production targets in the City's *Housing Element*, adopted in April 2015, includes 28,870 new units built between 2015 and 2022, 57%² of which should be affordable. In addition, Mayor Ed Lee set a goal of creating 30,000 new and rehabilitated homes by 2020; he pledged at least 30% of these to be permanently affordable to low-income families as well as working, middle income families.³

This *Housing Balance Report* was prepared from data gathered from previously published sources including the Planning Department's annual *Housing Inventory* and quarterly *Pipeline Report* data, San Francisco Rent Board data, and the Mayor's Office of Housing and Community Development's *Weekly Dashboard*.

¹ The Board of Supervisors is currently looking at amending the ordinance to extend the report deadlines to 1 April and 1 October.

² The Ordinance inaccurately stated that "22% of new housing demands to be affordable to households of moderate means"; San Francisco's Regional Housing Needs Assessment (RHNA) allocation for moderate income households is 19% of total production goals.

³ For more information and tracking of 30K by 2020, see <http://sfmayor.org/housing>.

CUMULATIVE HOUSING BALANCE CALCULATION

Planning Code Section 103 calls for the Housing Balance “be expressed as a percentage, obtained by dividing the cumulative total of extremely low, very low, low, and moderate income affordable housing (all units 0-120% AMI) minus the lost protected units, by the total number of net new housing units within the Housing Balance Period.” The ordinance requires that the “Cumulative Housing Balance” be provided using two calculations: a) one consisting of net housing built within a 10 year Housing Balance period, less units withdrawn from protected status, plus net units in projects that have received both approvals from the Planning Commission or Planning Department and site permits from the Department of Building Inspection, and b) the addition of net units gained through acquisition and rehabilitation of affordable units, HOPE SF and RAD units. “Protected units” include units that are subject to rent control under the City’s Residential Rent Stabilization and Arbitration Ordinance. Additional elements that figure into the Housing Balance include completed HOPE SF and RAD public housing replacement, substantially rehabilitated units, and single-room occupancy hotel units (SROs). The equation below shows the second, expanded calculation of the Cumulative Housing Balance.

$$\begin{array}{r}
 \text{[Net New Affordable Housing +} \\
 \text{Completed Acquisitions \& Rehabs + Completed} \\
 \text{HOPE SF + RAD Public Housing Replacement +} \\
 \text{Entitled \& Permitted Affordable Units]} \\
 \text{– [Units Removed from Protected Status]} \\
 \hline
 \text{[Net New Housing Built + Net Entitled \& Permitted Units]}
 \end{array}
 =
 \begin{array}{l}
 \text{CUMULATIVE} \\
 \text{HOUSING} \\
 \text{BALANCE}
 \end{array}$$

The first “Housing Balance Period” is a ten-year period starting with the first quarter of 2005 through the last quarter of 2014. Subsequent housing balance reports will cover the 10 years preceding the most recent quarter. This report covers July 2006 (Q3) through June 2016 (Q2).

Table 1a below shows the constrained Cumulative Housing Balance for 10 year 2006 Q3 – 2016 Q2 period is 8% Citywide. With the addition of completed acquisitions and rehabs and RAD units, the expanded Cumulative Housing Balance is 17%. In comparison, the expanded Cumulative Housing Balance for 10 year 2005 Q3 – 2015 Q2 period is 17%. Owner Move-Ins (OMIs) were not specifically called out by the Ordinance in the calculation of the Housing Balance but are included because this type of no-fault eviction results in the loss of rent controlled units either permanently or for a period of time. The Board of Supervisors is looking at revising the ordinance to include OMIs in the Housing Balance calculation

Expanded Cumulative Housing Balances for Board of Supervisor Districts range from -197% (District 4) to 48% (District 5). Negative balances in Districts 1 (-31%), 2 (-17%), 3 (-2%), 4 (-197%),

8 (-17%), and 11 (-104%) resulted from the larger numbers of units removed from protected status relative to the net new affordable housing and net new housing units built in those districts.

Table 1A
Cumulative Housing Balance Calculation, 2006 Q3 – 2016 Q2

BoS Districts	Net New Affordable Housing Built	Units Removed from Protected Status	Total Entitled Affordable Units Permitted	Total Net New Units Built	Total Entitled Units	Housing Balance
BoS District 1	170	(453)	4	332	104	-64.0%
BoS District 2	6	(348)	40	389	596	-30.7%
BoS District 3	220	(410)	18	1,143	317	-11.8%
BoS District 4	10	(412)	1	109	95	-196.6%
BoS District 5	589	(405)	217	1,407	556	20.4%
BoS District 6	3,144	(210)	571	15,337	5,639	16.7%
BoS District 7	96	(207)	-	421	138	-19.9%
BoS District 8	200	(603)	33	934	498	-25.8%
BoS District 9	224	(581)	17	1,123	236	-25.0%
BoS District 10	1,033	(240)	231	3,265	2,265	18.5%
BoS District 11	25	(323)	20	160	107	-104.1%
TOTALS	5,717	(4,192)	1,152	24,620	10,551	7.6%

Table 1B
Expanded Cumulative Housing Balance Calculation, 2006 Q3 – 2016 Q2

BoS Districts	Net New Affordable Housing Built	Acquisitions & Rehabs Completed	RAD Program	Units Removed from Protected Status	Total Entitled Affordable Units Permitted	Total Net New Units Built	Total Entitled Units	Housing Balance
BoS District 1	170	-	144	(453)	4	332	104	-31.0%
BoS District 2	6	24	113	(348)	40	389	596	-16.8%
BoS District 3	220	-	143	(410)	18	1,143	317	-2.0%
BoS District 4	10	-	-	(412)	1	109	95	-196.6%
BoS District 5	589	290	263	(405)	217	1,407	556	48.6%
BoS District 6	3,144	1,127	189	(210)	571	15,337	5,639	23.0%
BoS District 7	96	-	110	(207)	-	421	138	-0.2%
BoS District 8	200	-	132	(603)	33	934	498	-16.6%
BoS District 9	224	319	118	(581)	17	1,123	236	7.1%
BoS District 10	1,033	-	213	(240)	231	3,265	2,265	22.4%
BoS District 11	25	-	-	(323)	20	160	107	-104.1%
TOTALS	5,717	1,760	1,425	(4,192)	1,152	24,620	10,551	16.7%

PROJECTED HOUSING BALANCE

Table 2 below summarizes residential projects that have received entitlements from the Planning Commission or the Planning Department but have not yet received a site or building permit. Overall projected housing balance at the end of 2015 is 15%. This balance is expected to change as several major projects have yet to declare how their affordable housing requirements will be met. In addition, three entitled major development projects – Treasure Island, ParkMerced, and Hunters Point – are not included in the accounting until applications for building permits are filed or issued as specified in the ordinance. Remaining phases from these three projects will yield an additional 22,400 net new units; 23% (or 5,170 units) would be affordable to low and moderate income households.

The Projected Housing Balance does not account for affordable housing units that will be produced as a result of the Inclusionary Housing Fee paid in a given reporting cycle. Those affordable housing units are produced several years after the Fee is collected. Units produced through the Fee typically serve lower income households than do the inclusionary units, including special needs populations requiring services, such as seniors, transitional aged youth, families, and veterans.

Table 2
Projected Housing Balance Calculation, 2016 Q2

BoS District	Very Low Income	Low Income	Moderate	TBD	Total Affordable Units	Net New Units	Total Affordable Units as % of Net New Units
BoS District 1	-	-	-	-	-	17	0.0%
BoS District 2	-	-	-	-	-	15	0.0%
BoS District 3	-	-	63	-	63	159	39.6%
BoS District 4	-	-	-	-	-	16	0.0%
BoS District 5	-	-	247	-	247	303	81.5%
BoS District 6	-	169	711	-	880	3,131	28.1%
BoS District 7	-	-	-	-	-	1,048	0.0%
BoS District 8	-	12	24	-	36	142	25.4%
BoS District 9	-	-	-	-	-	14	0.0%
BoS District 10	-	53	-	184	237	3,314	7.2%
BoS District 11	-	-	-	-	-	207	0.0%
TOTALS	-	234	1,045	184	1,463	8,366	17.5%

CUMULATIVE HOUSING BALANCE ELEMENTS

Because the scope covered by the Housing Balance calculation is broad, each element – or group of elements – will be discussed separately. The body of this report will account for figures at the Board of Supervisor district level. The breakdown of each element using the Planning Department District geographies, as required by *Section 103*, is provided separately in an *Appendix C*. This is to ensure simple and uncluttered tables.

Affordable Housing and Net New Housing Production

Table 3 below shows housing production between 2006 Q3 and 2016 Q2. This ten-year period resulted in a net addition of 24,620 units to the City’s housing stock, including 5,717 affordable units. A majority of net new housing units and affordable units built in the ten year reporting period were in District 6 (13,920 or 62% and 3,116 or 56% respectively). District 10 follows with about 2,630 (12%) net new units, including 760 (14%) affordable units.

The table below also shows that almost 25% of net new units built between 2006 Q1 and 2015 Q4 were affordable units. Over half (55%) of all affordable units built were in District 6. While District 1 saw modest gains in net new units built, half of these were affordable (50%).

Table 3
New Housing Production by Affordability, 2006 Q3 – 2016 Q2

BoS District	Very Low	Low	Moderate	Middle	Total Affordable Units	Total Net Units	Affordable Units as % of Total Net Units
BoS District 1	170	-	-	-	170	332	51.2%
BoS District 2	-	-	6	-	6	389	1.5%
BoS District 3	161	11	48	-	220	1,143	19.2%
BoS District 4	-	-	10	-	10	109	9.2%
BoS District 5	422	77	90	-	589	1,407	41.9%
BoS District 6	1,969	652	500	23	3,144	15,337	20.5%
BoS District 7	70	26	-	-	96	421	22.8%
BoS District 8	151	32	17	-	200	934	21.4%
BoS District 9	138	40	46	-	224	1,123	19.9%
BoS District 10	225	441	367	-	1,033	3,265	31.6%
BoS District 11	-	13	12	-	25	160	15.6%
TOTAL	3,306	1,292	1,096	23	5,717	24,620	23.2%

It should be noted that units affordable to Extremely Very Low Income (EVLI) households are included under the Very Low Income (VLI) category because certain projects that benefit homeless individuals and families – groups considered as EVLI – have income eligibility caps at the VLI level.

Acquisition and Rehabilitation of Affordable Housing Units

Table 4 below lists the number of units that have been rehabilitated and/or acquired between 2006 Q3 and 2016 Q2 to ensure permanent affordability. These are mostly single-room occupancy hotel units that are affordable to extremely very low and very low income households.

Table 4
Acquisitions and Rehabilitation of Affordable Housing, 2006-2015

BoS District	No. of Buildings	No. of Units
BoS District 2	1	24
BoS District 5	2	290
BoS District 6	13	1,127
BoS District 9	2	319
TOTALS	18	1,760

RAD Program

The San Francisco Housing Authority's Rental Assistance Demonstration (RAD) program preserves at risk public and assisted housing projects. According to the Mayor's Office, RAD Phase 1 transferred 1,425 units to developers in December 2015.

Table 5
RAD Affordable Units

BoS Districts	Projects	Units
BoS District 1	2	144
BoS District 2	1	113
BoS District 3	2	143
BoS District 5	3	263
BoS District 6	2	189
BoS District 7	1	110
BoS District 8	2	132
BoS District 9	1	118
BoS District 10	1	213
TOTALS	15	1,425

Units Removed From Protected Status

San Francisco's Residential Rent Stabilization and Arbitration Ordinance protects tenants and preserves affordability of about 175,000 rental units by limiting annual rent increases. Landlords can, however, terminate tenants' leases through no-fault evictions including condo conversion, owner move-in, Ellis Act, demolition, and other reasons that are not the tenants' fault. The Housing Balance calculation takes into account units permanently withdrawn from rent stabilization as loss of affordable housing. The following no-fault evictions affect the supply of rent controlled units by removing units from the rental market: condo conversion, demolition, Ellis Act, and owner move-ins (OMIs). It should be noted that OMIs were not specifically called out by the Ordinance to be included in the calculation. However, because owner move-ins have the effect of the losing rent controlled units either permanently or for a substantial period of time, these numbers are included in the Housing Balance calculation as intended by the legislation's sponsors. Some of these OMI units may return to being rentals and will still fall under the rent control ordinance.

Table 6 below shows the distribution of no-fault eviction notices issued between July 2006 and June 2016. Eviction notices have been commonly used as proxy for evictions. Owner Move-In and Ellis Out notices made up the majority of no fault evictions (54% and 33% respectively). Distribution of these no-fault eviction notices is almost evenly dispersed, with Districts 8 and 9 leading (both at 14%).

Table 6
Units Removed from Protected Status, 2006 Q3 – 2016 Q2

BoS District	Condo Conversion	Demolition	Ellis Out	Owner Move-In	Units Removed from Protected Status
BoS District 1	2	28	126	297	453
BoS District 2	8	14	130	196	348
BoS District 3	8	12	262	128	410
BoS District 4	1	92	66	253	412
BoS District 5	16	23	131	235	405
BoS District 6	2	80	86	42	210
BoS District 7	2	24	40	141	207
BoS District 8	13	32	247	311	603
BoS District 9	4	67	219	291	581
BoS District 10	2	30	35	173	240
BoS District 11	-	92	43	188	323
TOTALS	58	494	1,385	2,255	4,192

Entitled and Permitted Units

Table 7 lists the number of units that have received entitlements from the Planning Commission or the Planning Department. These pipeline projects have also received site permits from the Department of Building Inspection and most are under construction as of the final quarter of 2015. Over half of these units are being built in or will be built in District 6 (53%). Eleven percent of units that have received Planning entitlements and site permits from the DBI will be affordable.

Table 7
Permitted Units, 2016 Q2

BoS District	Very Low Income	Low Income	Moderate	Total Affordable Units	Net New Units	Total Affordable Units as % of Net New Units
BoS District 1	-	-	4	4	104	3.8%
BoS District 2	-	-	40	40	596	6.7%
BoS District 3	-	-	18	18	317	5.7%
BoS District 4	-	-	1	1	95	1.1%
BoS District 5	181	8	28	217	556	39.0%
BoS District 6	235	250	86	571	5,639	10.1%
BoS District 7	-	-	-	-	138	0.0%
BoS District 8	-	33	-	33	498	6.6%
BoS District 9	-	-	17	17	236	7.2%
BoS District 10	-	193	38	231	2,265	10.2%
BoS District 11	-	-	20	20	107	18.7%
TOTALS	416	484	252	1,152	10,551	10.9%

PERIODIC REPORTING AND ONLINE ACCESS

This report complies with *Planning Code Section 103* requirement that the Planning Department publish and update the *Housing Balance Report* bi-annually on September 1 and March 1 of each year. *Housing Balance Reports* are available and accessible online, as mandated by the ordinance, by going to this link: <http://www.sf-planning.org/index.aspx?page=4222> .

ANNUAL HEARING

An annual hearing on the Housing Balance before the Board of Supervisors will be scheduled by April 1 of each year. This year's Housing Balance Report was heard before the Board of Supervisors on 18 April 2016. The Mayor's Office of Housing and Community Development, the Mayor's Office of Economic and Workforce Development, the Rent Stabilization Board, the Department of Building Inspection, and the City Economist will present strategies for achieving and maintaining a housing balance consistent with the City's housing goals at this annual hearing. The ordinance also requires that MOHCD will determine the amount of funding needed to bring the City into the required minimum 33% should the cumulative housing balance fall below that threshold.

APPENDIX A
Ordinance 53-15

AMENDED IN COMMITTEE
4/6/15

FILE NO. 150029

ORDINANCE NO. 53-15

1 [Planning Code - City Housing Balance Monitoring and Reporting]
2

3 **Ordinance amending the Planning Code to require the Planning Department to monitor**
4 **the balance between new market rate housing and new affordable housing, and publish**
5 **a bi-annual Housing Balance Report; requiring an annual hearing at the Board of**
6 **Supervisors on strategies for achieving and maintaining the required housing balance**
7 **in accordance with San Francisco's housing production goals; and making**
8 **environmental findings, Planning Code, Section 302 findings, and findings of**
9 **consistency with the General Plan, and the eight priority policies of Planning Code,**
10 **Section 101.1.**

11
12 **NOTE: Unchanged Code text and uncodified text are in plain Arial font.**
13 **Additions to Codes are in single-underline italics Times New Roman font.**
14 **Deletions to Codes are in ~~strikethrough italics Times New Roman font.~~**
15 **Board amendment additions are in double-underlined Arial font.**
16 **Board amendment deletions are in ~~strikethrough Arial font.~~**
17 **Asterisks (* * * *) indicate the omission of unchanged Code**
18 **subsections or parts of tables.**

19 Be it ordained by the People of the City and County of San Francisco:
20

21 Section 1. Findings.
22

23 (a) The Planning Department has determined that the actions contemplated in this
24 ordinance comply with the California Environmental Quality Act (California Public Resources
25 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of
Supervisors in File No. 150029 and is incorporated herein by reference. The Board of
Supervisors affirms this determination.

(b) On March 19, 2015, the Planning Commission, in Resolution No. 19337, adopted
findings that the actions contemplated in this ordinance are consistent, on balance, with the

Supervisor Kim
BOARD OF SUPERVISORS

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1 adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the
2 Board of Supervisors in File No. 150029, and is incorporated herein by reference.

3 (c) Pursuant to Planning Code Section 302, this Board finds that this Planning Code
4 Amendment will serve the public necessity, convenience, and welfare for the reasons set forth
5 in Planning Commission Resolution No. 150029 and the Board incorporates such reasons
6 herein by reference.

7

8 Section 2. The Planning Code is hereby amended by adding new Section 103 to read
9 as follows:

10 **SEC. 103. HOUSING BALANCE MONITORING AND REPORTING.**

11 **(a) Purposes.** *To maintain a balance between new affordable and market rate housing City-*
12 *wide and within neighborhoods, to make housing available for all income levels and housing need*
13 *types, to preserve the mixed income character of the City and its neighborhoods, to offset the*
14 *withdrawal of existing housing units from rent stabilization and the loss of single-room-occupancy*
15 *hotel units, to ensure the availability of land and encourage the deployment of resources to provide*
16 *sufficient housing affordable to households of very low, low, and moderate incomes, to ensure adequate*
17 *housing for families, seniors and the disabled community, to ensure that data on meeting affordable*
18 *housing targets City-wide and within neighborhoods informs the approval process for new housing*
19 *development, and to enable public participation in determining the appropriate mix of new housing*
20 *approvals, there is hereby established a requirement, as detailed in this Section 103, to monitor and*
21 *regularly report on the housing balance between market rate housing and affordable housing.*

22 **(b) Findings.**

23 *(1) In November 2014, the City voters enacted Proposition K, which established City*
24 *policy to help construct or rehabilitate at least 30,000 homes by 2020. More than 50% of this housing*
25 *would be affordable for middle-class households, with at least 33% affordable for low- and moderate-*

1 income households, and the City is expected to develop strategies to achieve that goal. This section
2 103 sets forth a method to track performance toward the City's Housing Element goals and the near-
3 term Proposition K goal that 33% of all new housing shall be affordable housing, as defined herein.

4 (2) The City's rent stabilized and permanently affordable housing stock serves very low-,
5 low-, and moderate-income families, long-time residents, elderly seniors, disabled persons and others.
6 The City seeks to achieve and maintain an appropriate balance between market rate housing and
7 affordable housing City-wide and within neighborhoods because the availability of decent housing and
8 a suitable living environment for every San Franciscan is of vital importance. Attainment of the City's
9 housing goals requires the cooperative participation of government and the private sector to expand
10 housing opportunities to accommodate housing needs for San Franciscans at all economic levels and to
11 respond to the unique needs of each neighborhood where housing will be located.

12 (3) For tenants in unsubsidized housing, affordability is often preserved by the
13 Residential Rent Stabilization and Arbitration Ordinance's limitations on the size of allowable rent
14 increases during a tenancy. As documented in the Budget and Legislative Analyst's October 2013
15 Policy Analysis Report on Tenant Displacement, San Francisco is experiencing a rise in units
16 withdrawn from rent controls. Such rises often accompany periods of sharp increases in property
17 values and housing prices. From 1998 through 2013, the Rent Board reported a total of 13,027 no-fault
18 evictions (i.e., evictions in which the tenant had not violated any lease terms, but the owner sought to
19 regain possession of the unit). Total evictions of all types have increased by 38.2% from Rent Board
20 Year (i.e. from March through February) 2010 to Rent Board Year 2013. During the same period, Ellis
21 Act evictions far outpaced other evictions, increasing by 169.8% from 43 in Rent Board Year 2010 to
22 116 in Rent Board Year 2013. These numbers do not capture the large number of owner buyouts of
23 tenants, which contribute further to the loss of rent-stabilized units from the housing market. Any fair
24 assessment of the affordable housing balance must incorporate into the calculation units withdrawn
25 from rent stabilization.

1 (4) Pursuant to Government Code Section 65584, the Association of Bay Area
2 Governments (ABAG), in coordination with the California State Department of Housing and
3 Community Development (HCD), determines the Bay Area's regional housing need based on regional
4 trends, projected job growth, and existing needs. The regional housing needs assessment (RHNA)
5 determination includes production targets addressing housing needs of a range of household income
6 categories. For the RHNA period covering 2015 through 2022, ABAG has projected that at least 38%
7 of new housing demands for San Francisco will be from very low and low income households
8 (households earning under 80% of area median income), and another 22% of new housing demands to
9 be affordable to households of moderate means (earning between 80% and 120% of area median
10 income). Market-rate housing is considered housing with no income limits or special requirements
11 attached.

12 (5) The Housing Element of the City's General Plan states: "Based on the growing
13 population, and smart growth goals of providing housing in central areas like San Francisco, near jobs
14 and transit, the State Department of Housing and Community Development (HCD), with the
15 Association of Bay Area Governments (ABAG), estimates that in the current 2015-2022 Housing
16 Element period San Francisco must plan for the capacity for roughly 28,870 new units, 57% of which
17 should be suitable for housing for the extremely low, very low, low and moderate income households to
18 meet its share of the region's projected housing demand." Objective 1 of the Housing Element states
19 that the City should "identify and make available for development adequate sites to meet the City's
20 housing needs, especially permanently affordable housing." Objective 7 states that San Francisco's
21 projected affordable housing needs far outpace the capacity for the City to secure subsidies for new
22 affordable units.

23 (6) In 2012, the City enacted Ordinance 237-12, the "Housing Preservation and
24 Production Ordinance," codified in Administrative Code Chapter 10E.4, to require Planning
25 Department staff to regularly report data on progress toward meeting San Francisco's quantified

1 production goals for different household income levels as provided in the General Plan's Housing
2 Element. That Ordinance requires data on the number of units in all stages of the housing production
3 process at various affordability levels to be included in staff reports on all proposed projects of five
4 residential units or more and in quarterly housing production reports to the Planning Commission. The
5 Planning Department has long tracked the number of affordable housing units and total number of
6 housing units built throughout the City and in specific areas and should be able to track the ratio called
7 for in this Section 103.

8 (7) As the private market has embarked upon, and government officials have urged, an
9 ambitious program to produce significant amounts of new housing in the City, the limited remaining
10 available land makes it essential to assess the impact of the approval of new market rate housing
11 developments on the availability of land for affordable housing and to encourage the deployment of
12 resources to provide such housing.

13 **(c) Housing Balance Calculation.**

14 (1) For purposes of this Section 103, "Housing Balance" shall be defined as the
15 proportion of all new housing units affordable to households of extremely low, very low, low or
16 moderate income households, as defined in California Health & Safety Code Sections 50079.5 et seq.,
17 as such provisions may be amended from time to time, to the total number of all new housing units for a
18 10 year Housing Balance Period.

19 (2) The Housing Balance Period shall begin with the first quarter of year 2005 to the
20 last quarter of 2014, and thereafter for the ten years prior to the most recent calendar quarter.

21 (3) For each year that data is available, beginning in 2005, the Planning Department
22 shall report net housing construction by income levels, as well as units that have been withdrawn from
23 protection afforded by City law, such as laws providing for rent-controlled and single resident
24 occupancy (SRO) units. The affordable housing categories shall include net new units, as well as
25 existing units that were previously not restricted by deed or regulatory agreement that are acquired for

1 preservation as permanently affordable housing as determined by the Mayor's Office of Housing and
2 Community Development (MOHCD) (not including refinancing or other rehabilitation under existing
3 ownership), protected by deed or regulatory agreement for a minimum of 55 years. The report shall
4 include, by year, and for the latest quarter, all units that have received Temporary Certificates of
5 Occupancy within that year, a separate category for units that obtained a site or building permit, and
6 another category for units that have received approval from the Planning Commission or Planning
7 Department, but have not yet obtained a site or building permit to commence construction (except any
8 entitlements that have expired and not been renewed during the Housing Balance Period). Master
9 planned entitlements, including but not limited to such areas as Treasure Island, Hunters Point
10 Shipyard and Park Merced, shall not be included in this latter category until individual building
11 entitlements or site permits are approved for specific housing projects. For each year or approval
12 status, the following categories shall be separately reported:

13 (A) Extremely Low Income Units, which are units available to individuals or
14 families making between 0-30% Area Median Income (AMI) as defined in California Health & Safety
15 Code Section 50106, and are subject to price or rent restrictions between 0-30% AMI;

16 (B) Very Low Income Units, which are units available to individuals or families
17 making between 30-50% AMI as defined in California Health & Safety Code Section 50105, and are
18 subject to price or rent restrictions between 30-50% AMI;

19 (C) Lower Income Units, which are units available to individuals or families
20 making between 50-80% AMI as defined in California Health & Safety Code Section 50079.5, and are
21 subject to price or rent restrictions between 50-80% AMI;

22 (D) Moderate Income Units, which are units available to individuals or families
23 making between 80-120% AMI, and are subject to price or rent restrictions between 80-120% AMI;

24 (E) Middle Income Units, which are units available to individuals or families
25 making between 120-150% AMI, and are subject to price or rent restrictions between 120-150% AMI;

1 (F) Market-rate units, which are units not subject to any deed or regulatory
2 agreement with price restrictions;

3 (G) Housing units withdrawn from protected status, including units withdrawn
4 from rent control (except those units otherwise converted into permanently affordable housing),
5 including all units that have been subject to rent control under the San Francisco Residential Rent
6 Stabilization and Arbitration Ordinance but that a property owner removes permanently from the
7 rental market through condominium conversion pursuant to Administrative Code Section 37.9(a)(9),
8 demolition or alterations (including dwelling unit mergers), or permanent removal pursuant to
9 Administrative Code Section 37.9(a)(10) or removal pursuant to the Ellis Act under Administrative
10 Code Section 37.9(a)(13);

11 (H) Public housing replacement units and substantially rehabilitated units
12 through the HOPE SF and Rental Assistance Demonstration (RAD) programs, as well as other
13 substantial rehabilitation programs managed by MOHCD.

14 (4) The Housing Balance shall be expressed as a percentage, obtained by dividing the
15 cumulative total of extremely low, very low, low and moderate income affordable housing units (all
16 units 0-120% AMI) minus the lost protected units, by the total number of net new housing units within
17 the Housing Balance Period. The Housing Balance shall also provide two calculations:

18 (A) the Cumulative Housing Balance, consisting of housing units that have
19 already been constructed (and received a Temporary Certificate of Occupancy or other certificate that
20 would allow occupancy of the units) within the 10-year Housing Balance Period, plus those units that
21 have obtained a site or building permit. A separate calculation of the Cumulative Housing Balance
22 shall also be provided, which includes HOPE SF and RAD public housing replacement and
23 substantially rehabilitated units (but not including general rehabilitation / maintenance of public
24 housing or other affordable housing units) that have received Temporary Certificates of Occupancy
25

1 within the Housing Balance Period. The Housing Balance Reports will show the Cumulative Housing
2 Balance with and without public housing included in the calculation; and

3 (B) the Projected Housing Balance, which shall include any residential project
4 that has received approval from the Planning Commission or Planning Department, even if the
5 housing project has not yet obtained a site or building permit to commence construction (except any
6 entitlements that have expired and not been renewed during the Housing Balance period). Master
7 planned entitlements shall not be included in the calculation until individual building entitlements or
8 site permits are approved.

9 (d) **Bi-annual Housing Balance Reports.** Within 30 days of the effective date of this
10 Section 103 By June 1, 2015, the Planning Department shall calculate the Cumulative and Projected
11 Housing Balance for the most recent two quarters City-wide, by Supervisorial District, Plan Area, and
12 by neighborhood Planning Districts, as defined in the annual Housing Inventory, and publish it as an
13 easily visible and accessible page devoted to Housing Balance and Monitoring and Reporting on the
14 Planning Department's website. By August September 1st and February March 1st of each year, the
15 Planning Department shall publish and update the Housing Balance Report, and present this report at
16 an informational hearing to the Planning Commission and Board of Supervisors, as well as to any
17 relevant body with geographic purview over a plan area upon request, along with the other quarterly
18 reporting requirements of Administrative Code Chapter 10E.4. The annual report to the Board of
19 Supervisors shall be accepted by resolution of the Board, which resolution shall be introduced
20 by the Planning Department. The Housing Balance Report shall also be incorporated into the
21 Annual Planning Commission Housing Hearing and Annual Report to the Board of Supervisors
22 required in Administrative Code Chapter 10E.4.

23 (e) **Annual Hearing by Board of Supervisors.**

24 (1) The Board of Supervisors shall hold a public Housing Balance hearing on an annual
25 basis by April 1 of each year, to consider progress towards the City's affordable housing goals.

1 including the goal of a minimum 33% affordable housing to low and moderate income households, as
2 well as the City's General Plan Housing Element housing production goals by income category. The
3 first hearing shall occur no later than 30 days after the effective date of this ordinance, and by April 1
4 of each year thereafter.

5 (2) The hearing shall include reporting by the Planning Department, which shall present
6 the latest Housing Balance Report City-wide and by Supervisorial District and Planning District; the
7 Mayor's Office of Housing and Community Development, the Mayor's Office of Economic and
8 Workforce Development, the Rent Stabilization Board, by the Department of Building Inspection, and
9 the City Economist on strategies for achieving and maintaining a housing balance in accordance with
10 San Francisco's housing production goals. If the Cumulative Housing Balance has fallen below 33% in
11 any year, MOHCD shall determine how much funding is required to bring the City into a minimum
12 33% Housing Balance and the Mayor shall submit to the Board of Supervisors a strategy to accomplish
13 the minimum of 33% Housing Balance. City Departments shall at minimum report on the following
14 issues relevant to the annual Housing Balance hearing: MOHCD shall report on the annual and
15 projected progress by income category in accordance with the City's General Plan Housing Element
16 housing production goals, projected shortfalls and gaps in funding and site control, and progress
17 toward the City's Neighborhood Stabilization goals for acquiring and preserving the affordability of
18 existing rental units in neighborhoods with high concentrations of low and moderate income
19 households or historically high levels of evictions; the Planning Department shall report on current
20 and proposed zoning and land use policies that affect the City's General Plan Housing Element
21 housing production goals; the Mayor's Office of Economic and Workforce Development shall report on
22 current and proposed major development projects, dedicated public sites, and policies that affect the

1 City's General Plan Housing Element housing production goals; the Rent Board shall report on the
2 withdrawal or addition of rent-controlled units and current or proposed policies that affect these
3 numbers; the Department of Building Inspection shall report on the withdrawal or addition of
4 Residential Hotel units and current or proposed policies that affect these numbers; and the City
5 Economist shall report on annual and projected job growth by the income categories specified in the
6 City's General Plan Housing Element.

7 (3) All reports and presentation materials from the annual Housing Balance hearing
8 shall be maintained by year for public access on the Planning Department's website on its page
9 devoted to Housing Balance Monitoring and Reporting.

10
11 Section 4. Effective Date. This ordinance shall become effective 30 days after
12 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
13 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
14 of Supervisors overrides the Mayor's veto of the ordinance.

15
16 APPROVED AS TO FORM:
17 DENNIS J. HERRERA, City Attorney

18 By: 
19 MARLENA BYRNE
Deputy City Attorney

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City and County of San Francisco
Tails
Ordinance

City Hall
 1 Dr. Carlton B. Goodlett Place
 San Francisco, CA 94102-4689

File Number: 150029

Date Passed: April 21, 2015

Ordinance amending the Planning Code to require the Planning Department to monitor the balance between new market rate housing and new affordable housing, and publish a bi-annual Housing Balance Report; requiring an annual hearing at the Board of Supervisors on strategies for achieving and maintaining the required housing balance in accordance with San Francisco's housing production goals; and making environmental findings, Planning Code, Section 302, findings, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

April 06, 2015 Land Use and Transportation Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

April 06, 2015 Land Use and Transportation Committee - RECOMMENDED AS AMENDED

April 14, 2015 Board of Supervisors - PASSED, ON FIRST READING

Ayes: 11 - Avalos, Breed, Campos, Christensen, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

April 21, 2015 Board of Supervisors - FINALLY PASSED

Ayes: 11 - Avalos, Breed, Campos, Christensen, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 150029

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 4/21/2015 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
 Clerk of the Board

Mayor

4/30/2015
 Date Approved

APPENDIX B

CUMULATIVE HOUSING BALANCE REPORT No 4 TABLES BY PLANNING DISTRICTS

**Table 1A
Cumulative Housing Balance Calculation, 2006 Q3 – 2016 Q2**

Planning Districts	New Affordable Housing Built	Units Removed from Protected Status	Total Entitled Affordable Units Permitted	Total Net New Units Built	Total Entitled Permitted Units	Cumulative Housing Balance 1
1 Richmond	170	(563)	87	509	197	-43.3%
2 Marina	2	(188)	-	140	141	-66.2%
3 Northeast	200	(424)	12	870	269	-18.6%
4 Downtown	1,656	(120)	232	5,397	1,746	24.8%
5 Western Addition	491	(221)	168	1,131	816	22.5%
6 Buena Vista	119	(239)	39	566	423	-8.2%
7 Central	20	(386)	-	348	47	-92.7%
8 Mission	481	(554)	38	1,587	430	-1.7%
9 South of Market	1,812	(117)	461	11,853	5,458	12.5%
10 South Bayshore	635	(69)	93	1,382	619	32.9%
11 Bernal Heights	-	(183)	-	74	24	-186.7%
12 South Central	10	(340)	10	140	114	-126.0%
13 Ingleside	111	(176)	11	426	140	-9.5%
14 Inner Sunset	-	(200)	-	94	32	-158.7%
15 Outer Sunset	10	(412)	1	103	95	-202.5%
TOTALS	5,717	(4,192)	1,152	24,620	10,551	7.6%

Table 1B
Cumulative Housing Balance Calculation, 2006 Q1 – 2015 Q4

Planning Districts	New Affordable Housing Built	Acquisitions & Rehabs Completed	RAD	Units Removed from Protected Status	Total Entitled Affordable Units Permitted	Total Net New Units Built	Total Entitled Permitted Units	Cumulative Housing Balance 2
1 Richmond	170	-	144	(563)	87	509	197	-22.9%
2 Marina	2	24	-	(188)	-	140	141	-57.7%
3 Northeast	200	-	143	(424)	12	870	269	-6.1%
4 Downtown	1,656	826	189	(120)	232	5,397	1,746	39.0%
5 Western Addition	491	290	376	(221)	168	1,131	816	56.7%
6 Buena Vista	119	-	132	(239)	39	566	423	5.2%
7 Central	20	-	-	(386)	-	348	47	-92.7%
8 Mission	481	319	-	(554)	38	1,587	430	14.1%
9 South of Market	1,812	301	-	(117)	461	11,853	5,458	14.2%
10 South Bayshore	635	-	213	(69)	93	1,382	619	43.6%
11 Bernal Heights	-	-	118	(183)	-	74	24	-66.3%
12 South Central	10	-	-	(340)	10	140	114	-126.0%
13 Ingleside	111	-	-	(176)	11	426	140	-9.5%
14 Inner Sunset	-	-	110	(200)	-	94	32	-71.4%
15 Outer Sunset	10	-	-	(412)	1	103	95	-202.5%
TOTALS	5,717	1,760	1,425	(4,192)	1,152	24,620	10,551	16.7%

Table 2
Projected Housing Balance Calculation, 2016 Q2

BoS District	Very Low Income	Low Income	Moderate	TBD	Total Affordable Units	Net New Units	Total Affordable Units as % of Net New Units
1 Richmond	-	-	-	-	-	18	0.0%
2 Marina	-	-	-	-	-	14	0.0%
3 Northeast	-	-	8	-	8	159	5.0%
4 Downtown	-	89	90	-	179	1,969	9.1%
5 Western Addition	-	-	11	-	11	144	7.6%
6 Buena Vista	-	7	21	-	28	244	11.5%
7 Central	-	5	-	-	5	48	10.4%
8 Mission	-	22	-	-	22	379	5.8%
9 South of Market	-	111	-	16	127	1,614	7.9%
10 South Bayshore	-	-	-	168	168	2,503	6.7%
11 Bernal Heights	-	-	-	-	-	3	0.0%
12 South Central	-	-	-	-	-	205	0.0%
13 Ingleside	-	-	-	-	-	1,015	0.0%
14 Inner Sunset	-	-	-	-	-	37	0.0%
15 Outer Sunset	-	-	-	-	-	14	0.0%
TOTALS	-	234	130	184	548	8,366	6.6%

Table 3
New Housing Production by Affordability, 2006 Q3 – 2016 Q2

Planning Districts	Very Low	Low	Moderate	Middle Income	Total Affordable Units	Total Net Units	Affordable Units as % of Total Net Units
1 Richmond	170	-	-	-	170	509	33.4%
2 Marina	-	-	2	-	2	140	1.4%
3 Northeast	161	11	28	-	200	870	23.0%
4 Downtown	1,048	306	279	23	1,656	5,397	30.7%
5 Western Addition	367	77	47	-	491	1,131	43.4%
6 Buena Vista	55	14	50	-	119	566	21.0%
7 Central	-	18	2	-	20	348	5.7%
8 Mission	365	40	76	-	481	1,587	30.3%
9 South of Market	845	494	473	-	1,812	11,853	15.3%
10 South Bayshore	225	293	117	-	635	1,382	45.9%
11 Bernal Heights	-	-	-	-	-	74	0.0%
12 South Central	-	10	-	-	10	140	7.1%
13 Ingleside	70	29	12	-	111	426	26.1%
14 Inner Sunset	-	-	-	-	-	94	0.0%
15 Outer Sunset	-	-	10	-	10	103	9.7%
TOTALS	3,306	1,292	1,096	23	5,717	24,620	23.2%

Table 4
Acquisitions and Rehabilitation of Affordable Housing, 2006 Q3 – 2016 Q2

Planning District	No. of Buildings	No. of Units
2 Marina	1	24
4 Downtown	6	826
5 Western Addition	2	290
8 Mission	2	319
9 South of Market	7	301
TOTALS	18	1,760

Table 5
RAD Affordable Units

Planning District	No of Buildings	No of Units
1 Richmond	2	144
2 Marina	-	-
3 Northeast	2	143
4 Downtown	2	189
5 Western Addition	4	376
6 Buena Vista	2	132
7 Central	-	-
8 Mission	-	-
9 South of Market	-	-
10 South Bayshore	1	213
11 Bernal Heights	1	118
12 South Central	-	-
13 Ingleside	-	-
14 Inner Sunset	1	110
15 Outer Sunset	-	-
TOTALS	15	1,425

Table 6
Units Removed from Protected Status, 2006 Q3 – 2016 Q2

Planning District	Condo Conversion	Demolition	Ellis Out	Owner Move-In	Total Units Permanently Lost
1 Richmond	3	34	193	333	563
2 Marina	4	5	47	132	188
3 Northeast	11	13	264	136	424
4 Downtown	-	68	47	5	120
5 Western Addition	8	11	67	135	221
6 Buena Vista	4	11	93	131	239
7 Central	10	24	138	214	386
8 Mission	2	33	276	243	554
9 South of Market	2	18	32	65	117
10 South Bayshore	1	13	4	51	69
11 Bernal Heights	4	28	46	105	183
12 South Central	-	87	35	218	340
13 Ingleside	-	41	20	115	176
14 Inner Sunset	8	16	57	119	200
15 Outer Sunset	1	92	66	253	412
Totals	58	494	1,385	2,255	4,192

Table 7
Entitled and Permitted Units, 2016 Q2

Planning District	Very Low Income	Low Income	Moderate	Total Affordable Units	Net New Units	Total Affordable Units as % of Net New Units
1 Richmond	83	-	4	87	197	44.2%
2 Marina	-	-	-	-	141	0.0%
3 Northeast	-	-	12	12	269	4.5%
4 Downtown	83	133	16	232	1,746	13.3%
5 Western Addition	98	8	62	168	816	20.6%
6 Buena Vista	-	33	6	39	423	9.2%
7 Central	-	-	-	-	47	0.0%
8 Mission	-	22	16	38	430	8.8%
9 South of Market	152	195	114	461	5,458	8.4%
10 South Bayshore	-	93	-	93	619	15.0%
11 Bernal Heights	-	-	-	-	24	0.0%
12 South Central	-	-	10	10	114	8.8%
13 Ingleside	-	-	11	11	140	7.9%
14 Inner Sunset	-	-	-	-	32	0.0%
15 Outer Sunset	-	-	1	1	95	1.1%
TOTALS	416	484	252	1,152	10,551	10.9%