

Tenant Protection, Housing Stabilization, and Homelessness Services

WHITE PAPER

Prepared as Part of the
San Francisco Planning Department's

Housing Affordability Strategies



San Francisco
Planning

Table of Contents

Introduction	3
Existing Tenant Protection and Housing Stabilization Policies and Programs	4
Rent Control and Just Cause Eviction	4
Tenant Protections and Services	5
Housing Stabilization	6
Potential Policies and Programs for Tenant Protection and Housing Stabilization	7
Housing Inventory or Registry	7
Tenant Services Expansion	8
Rental Assistance	10
Strengthened Local Authority to Protect Tenants	12
Preservation of Unauthorized Units	12
Affordable Accessory Dwelling Units Programs	13
Single-Room Occupancy Hotel Protection Expansion	15
Expand Housing Development Options	15
Expand Outreach and Services to Reverse Impacts on Discrimination and Displacement	15
Cultural Districts Initiative	17
Innovative Housing Approaches	17
Homelessness Services and Supportive Housing Programs and Targets	19
Endnotes	22

Introduction

The Housing Affordability Strategies (HAS) project examines how the City of San Francisco can improve housing affordability over the next 30 years, particularly for low- and moderate-income households. The HAS analyzes how to achieve San Francisco's housing targets – created both through Mayoral action and the will of the voters – of 5,000 new housing units per year, at least one third of which should be permanently affordable at low and moderate incomes. In addition, the HAS analyzes policies and programs to preserve affordable housing and to protect and stabilize residents.

This white paper accompanies the primary HAS report with a focus on immediate, short-term approaches to address the housing needs of our most vulnerable populations in two main ways: increasing housing stability and providing shelter and services. By focusing on protection of tenants, stabilization of housing serving low and moderate-income households, and services for people experiencing homelessness, this paper complements the other white papers that address housing production and preservation. This comprehensive approach of protection, preservation, and production follows the regional housing affordability policy framework.

The first two sections of this white paper describes current and potential programs to protect tenants and stabilize households in current housing. Various policies and programs can help tenants to remain in their homes, mitigating the pressures of displacement. In addition, policies and programs to stabilize and preserve existing affordable units, whether rent-controlled or subsidized affordable, help prevent the loss of affordable housing, ensuring that low- and moderate-income residents can remain in their communities even as higher-income residents migrate into San Francisco.

The third section of this paper highlights key efforts to address homelessness. Homelessness is a symptom of a larger problem – a lack of affordable housing and supportive services for our most vulnerable residents. The increasing presence of homelessness indicates an instability among low-income households in our community. Homeless prevention, shelter, and supportive housing provide resources for our most vulnerable communities to ensure that they have shelter and services and can ultimately end their experience of homelessness.

For more detail on the City's existing tenant protections, housing stabilization, and homeless prevention and supportive housing efforts please refer to the Community Stabilization Initiative (CSI) [Report](#) and [Inventory](#) and the [5-year Strategic Framework](#) of the City's Department of Homelessness and Supportive Housing (HSH).

Existing Tenant Protection and Housing Stabilization Policies and Programs

Below we summarize the City's existing policies and programs to protect tenants and stabilize housing serving very low-, low-, and moderate-income people. These policies and programs are grouped under three key topics:

- The City's Rent Control and Just Cause Eviction Ordinance
- Tenant Protections and Services
- Housing Stabilization

Rent Control and Just Cause Eviction

Most of the rental housing in San Francisco is subject to rent control, providing relative affordability and stability to a large share of the city's low- and moderate-income households according to the [Housing Needs and Trends Report](#). Studies have shown that rent stabilization reduces displacement in low-income households and senior households.¹

The City's [Rent Control Ordinance](#) applies to buildings that have two or more units and were certified for occupancy prior to June 13th, 1979. Rent control limits annual rent increases to a percentage of inflation, with additional allowances for maintenance and capital improvements. Some tenants and advocates note that rent increases for capital improvements can be a burden for tenants. The City also has [Just Cause Eviction](#) rules for all tenants that limit evictions to 16 specified causes, and they fall into two categories: at-fault and no-fault. For rent stabilized units, one of the most common no fault evictions is Owner Move-In (OMI) evictions. Landlords evicting tenants for no-fault reasons are required to pay relocation payments. Those payments can be higher for elderly, persons with disabilities, and families with minor children in the household. Landlords may offer a buyout to tenants to voluntarily vacate a unit.

San Francisco's rent control rules are shaped by Costa-Hawkins, a 1995 state law that prohibits rent control on housing built since the law was passed. Costa Hawkins also requires "vacancy decontrol" of rent when a unit becomes vacant, allowing the landlord to charge market rent to a new tenant, though subsequent rent increases are limited by rent control. Costa-Hawkins exempts single-family homes and condominiums from rent control unless a tenant has occupied the home since before 1996. In 2018 State Proposition 10 proposed to repeal Costa-Hawkins but was defeated 59.9% to 40.1%. Repeal of Costa Hawkins would allow cities to expand rent control ordinances. In 2019 the State Legislature passed AB 1482 imposing a cap on rent increases of 5% plus local inflation for buildings that are at least 15 years old. Single family homes and condominiums are exempted except when a landlord owns multiple properties. AB 1482 also extends just cause eviction protections statewide.

Tenant Protections and Services

While tenants in rental housing enjoy just cause eviction protections and most renters are in rent-controlled housing, tenants may still be vulnerable to “no-fault” eviction such as owner move-ins or “at-fault” eviction due to an alleged failure to pay rent or violation of a lease, for example. There was an average of 1,585 eviction notices filed over 2017 and 2018.² Of these, 570 were no-fault (capital improvement, condo conversion, demolition, owner move-in, or Ellis Act withdrawals) eviction notices in 2017, and 644 were no-fault in 2018.³ Tenants may also receive a buy-out to leave a unit or experience problems with the quality of the unit or landlord harassment that unlawfully drives them from their home. The [Rent Board](#) can help mediate certain conflicts and tenant services are described more below.

To address these challenges, San Francisco has developed a variety of resident stabilization and tenant protection programs, including:

- **Tenant Right to Counsel:** In 2018, San Francisco voters approved Proposition F, which created a right to legal counsel for residential tenants facing an eviction. While this initiative had no funding mechanism attached, the Mayor and Board of Supervisors have supported the measure by allocating significant funding.
- **Tenant Counseling, Education, and Outreach:** Through MOHCD, San Francisco has funded a Community-Driven Public Information Campaign through advertising in multiple media, Know-Your-Rights Education, and Tenant Counseling through local, community-based nonprofits. Additionally, DBI’s community-based partners focus their efforts on addressing habitability issues through the Code Enforcement Outreach Program (CEOP) and Single Room Occupancy (SRO) Collaborative Program.
- **Tenant and Landlord Mediation:** Through the San Francisco Rent Board and the MOHCD-funded Bar Association of San Francisco program, tenants, landlords, property managers, and supportive housing service providers can receive a variety of mediation services, as well as consultation, technical assistance, education, and referral to help equip housing providers with the tools that promote housing stability for residents.
- **Emergency Rental Assistance:** San Francisco funds emergency rental assistance through various nonprofit service providers for families and individuals experiencing financial difficulties to help keep residents stably housed and prevent homelessness.
- **Ongoing Rental Subsidies:** San Francisco funds a variety of programs that provide ongoing direct financial assistance designed to lessen a household’s rent burden. Some of these programs, such as federally funded Housing Choice Vouchers (Section 8) or Housing Opportunities for People With AIDS (HOPWA) programs provide deep subsidies in which program participants pay 30% of their income toward rent and the program pays the rest. Other programs are designed to bring the rent burden to level that can be sustained by the program participant (typically 50-70%). One MOHCD-funded shallow subsidy program provides an average monthly subsidy of \$800 per month or \$9,600 per year per program participant.

- **Shorter-term Rental Subsidies:** Several City agencies provide rental subsidies to assist chronically and formerly homeless single adults and families with disabilities; residents of supportive housing who no longer need services to move on to other types of housing; tenants in need of emergency rental assistance, and ongoing rental assistance; seniors and people with disabilities; people living with HIV/AIDS, and transgender people.
- **Affordable Housing Lottery Preference programs:** San Francisco currently has various lottery preferences for placement in affordable housing available to people who meet income qualifications for these developments. These preferences are meant to counteract historic and current displacement and address needs of residents and workers.

Housing Stabilization

In addition to rent control and just cause eviction ordinances, San Francisco has a number of policies in place to preserve rent controlled housing and protect current residents. Some of the **housing stabilization programs** are reviewed in greater detail in the [CSI](#) include:

- **Demolition Controls:** Any proposal to remove, demolish, or merge a unit requires a Conditional Use Authorization (CUA) from the San Francisco Planning Commission at a public hearing. The City's general plan includes the priority policy "that the City's supply of affordable housing be preserved and enhanced," which is generally not consistent with the demolition or removal of affordable housing, including rent-controlled units. Planning's 2018 Housing Balance Report found 413 demolitions citywide from 2008 to 2018.
- **Condominium Conversion Controls:** San Francisco limits condominium conversions of rental apartment buildings by prohibiting conversion of buildings of more than 6 units. For buildings of 6 units or fewer, 200 units per year can convert to condominiums through a lottery process; however, owner-occupied buildings of 2 units may skip the lottery for conversion.
- **Short-Term Rental Regulation and Enforcement:** San Francisco requires registration of homes used as short-term rentals with the Office of Short-Term Rentals (OSTR), which also enforces on illegal short-term rentals. As of fall 2019, there are 2,450 approved short-term rental certificates, with each certificate tied to an individual host and individual residential unit.⁴ Permanent residents of a home can rent a room regularly as a short-term rental (landlords or homeowners associations may also impose rules), entire units without a permanent resident host present can only be short-term rentals up to 90 days per year.
- **Single-Room Occupancy Protections:** Single-Room Occupancy (SRO) hotels in San Francisco have about 19,000 units that typically serve low-income renters with few alternatives including immigrants, seniors, and people with disabilities. The City's [Residential Hotel Conversion and Demolition Ordinance](#) prohibits demolition or conversion of rooms to tourist use and provides for SRO monitoring.

Potential Policies and Programs for Tenant Protection and Housing Stabilization

The Community Stabilization Initiative (CSI), completed in October 2019, identified key priorities for future consideration to enhance existing or to scope new City tenant protection and housing stabilization programs. In addition to the priorities described below, the CSI includes a more comprehensive list of the potential protection and stabilization policies and programs. Key priorities for tenant protection, housing stabilization, and homelessness identified in the CSI include:

- Housing inventory or registry
- Tenant services expansion
- Rental assistance expansion
- Strengthen local authority to protect tenants
- Preservation of unauthorized units (UDU)
- Affordable Accessory Dwelling Unit (ADU) program
- Single Room Occupancy (SRO) hotel preservation
- Expand housing development options
- Expand outreach and services to reverse impacts on discrimination and displacement
- Cultural District initiative
- Innovative housing approaches

Housing Inventory or Registry

A housing inventory (or rental registry) is a database of information about individual housing units and tenancies collected by a rent board or other government entity. An inventory of housing units (rentals, owner-occupied, and vacant) would help San Francisco better understand how housing is used by providing information about each housing unit's rental status, owner, tenant(s), vacancy, property manager, rental terms and conditions, and annual registration fee.⁵ A housing inventory could provide insights into decontrol of units over time or potential vacant unit data. It could help the City enforce rent stabilization and tenant protection laws and allow the City to better craft tailored housing stability and preservation programs to meet specific needs.

Eight California cities use rental registries to support their rent control law, particularly vacancy control and enforcement efforts including Berkeley, San Jose, and Los Angeles, among others. The City of Los Angeles's registry, for example, requires that landlords must provide the rent amount and tenancy information annually for every rental unit subject to the City's rent control requirements.

In contrast to these cities, San Francisco does not maintain a registry of housing units, both renter and owner-occupied. The City employs a petition-based or passive approach to enforcement relying on tenants to determine if their rent is discrepant with that allowed by the law and to file petitions with the rent board in such instances. This approach places the responsibility on the tenant to enforce rent stabilization regulations.

In San Francisco, the Rent Board charges a fee to all rent-stabilized units and maintains a list of properties and levies the fee as part of the property tax.⁶ The City could build on the existing Rent Board list to create a registry of rent-stabilized units and gain insights into rent and decontrol of the unit over time. The Planning Department, which includes the Office of Short-Term Rentals, and Rent Board could work collaboratively to establish and maintain a rental registry.

The Budget and Legislative Analyst report estimates the following implementation costs:⁷

- Start-up costs: \$300,000
- Ongoing annual staffing and related costs: \$1.7-\$3.6 million

These estimates assume an additional 15-31 full-time equivalent positions added to current Rent Board staffing to administer a rental registry and to engage in active enforcement activities such as outreach, education, and dissemination of maximum rent amounts and increases. This cost estimate is based on whether the City adopts a more limited or more active enforcement approach. These costs could be covered by increasing per unit rent stabilization fees charged to landlords or increasing the current business license tax for rental property.

Tenant Services Expansion

The City manages numerous eviction-related legal services; tenants' rights counseling, education and outreach; mediation services; and direct financial assistance to support and protect tenants.

Tenant Legal Defense Services

San Francisco voters passed the No Eviction Without Representation Act of 2018, then-known as Proposition F, on June 5, 2018 and went into effect on July 11, 2019. It established a policy that all residential tenants facing eviction have the right to legal representation, known as Tenant Right to Counsel (TRC). This full-scope legal representation is provided by a network of City-funded legal services organizations and is subject to availability. The policy does not cover tenants who are being evicted by their master tenant or by their landlord who lives in the unit with them.

The City's fiscal year 2019-2020 included \$11.3 million to implement the Tenant Right to Counsel, which included \$9.5 million for the Mayor's Office of Housing and Community Development and \$1.8 million for the Department of Homelessness and Supportive Housing. During the first six months of implementation (July 1, 2019 – December 31, 2019), two-thirds of all eligible households who sought help received the mandated full-scope legal representation provided by 42 City-funded TRC staff attorneys, while the remaining one-third received limited assistance. This one-third represents 546 eviction cases. A TRC staff attorney carries an average annual caseload of 50 cases. A staff attorney in the nonprofit sector, including all necessary supports (e.g., supervision, paralegal, social worker, litigation costs, etc.), costs approximately \$220,000 per year.

When annualized, the one-third of tenant households who received limited assistance in the first six months of implementation, represents approximately 1,100 households. With an average annual caseload of 50 full-scope cases per staff attorney, TRC would need to hire an additional twenty-two attorneys to meet anticipated demand. In addition to the baseline 42 City-funded TRC staff attorneys,

current funding provides enough funding for an additional five attorneys. Therefore, MOHCD estimates that an additional \$3.75 million annually is needed to hire the remaining seventeen additional TRC staff attorneys to meet the unmet need.

Tenant Counseling, Education, and Outreach Programs

MOHCD's tenant counseling, education, and outreach programs include, but are not limited to: Know Your Rights workshops, 1-on-1 counseling, community partner-driven convening and coordination of all tenant counseling organizations, civic engagement and leadership development, and a community-driven public information campaign. The Department of Building Inspection (DBI) oversees the Code Enforcement Outreach Program (CEOP) and the Mission, Chinatown, Central City (Tenderloin), and Families United SRO Collaboratives. The City budgets \$6 million annually to implement these programs, which includes \$3.8 million allocated to DBI and \$2.2 million to MOHCD.

While City-funded providers of these services have not quantified the unmet need, all have indicated that their programs are not at all scaled to the challenge. Not only do their programs not have capacity to serve all who seek help, there are likely many hundreds if not thousands of tenants who never seek help when confronted by an eviction or other form of housing instability because they either do not know their rights as tenants or do not know where to go for help.

Mediation Services

Mediation services seek to improve the tenant-landlord relationship. MOHCD has partnered with the Bar Association of San Francisco to provide various Alternative Dispute Resolution (ADR) services including twenty-four-hour telephone consultation, two- or multi-party mediation, ombudsman, and legal technical assistance for housing providers of all types. MOHCD and the Rent Board support ADR programs. The Rent Board's ADR program has served landlords and tenants from 59 units. The Department of Homelessness and Supportive Housing (HSH) also manages a mediation training program to rapidly resolve homelessness at Access Points. Additionally, the District Attorney's Office offers mediation services.

MOHCD's program's budget is \$950,000 (an increase from \$200,000 in 2016). The Rent Board does not separately track funding for their ADR program. HSH funded a \$10,000 mediation services training pilot program for Fiscal Year 2018-2019 and is funding a full-time position during Fiscal Year 2019-2020.

Though the unmet need of mediation services is unknown, the mediation process could be expanded to serve tenants who receive eviction notices for minor lease violations, providing more time to tenants and landlords to resolve the issue before an eviction occurs. There could be an opportunity to expand the Rent Board's ADR program depending on if there is a need and uptake to cover possible ADR sessions for [Assembly Bill 1482 Tenant Protection Act of 2019](#) impacts.

Tenant Protection Enforcement

The City could shift from a complaint-based system of tenant protection enforcement to a more proactive and affirmative enforcement system. An enforcement team could be established within the Rent Board to ensure that capital improvements don't result in permanent displacement. This enforcement team could also ensure that when tenants are displaced by Owner Move-In evictions (OMI) that the owner and/or

relatives are in fact living in the housing units. This would require additional funding and legislative changes to implement.

Rental Assistance

Rental assistance, either on an ongoing or one-time basis, is offered to tenants who are either severely rent burdened (pay more than 50% of their income towards rent) and struggle to make ends meet or who are facing an unexpected crisis and cannot make rent, respectively. Ongoing rental assistance can also deepen the affordability of City's affordable rental housing when provided to applicants who would not otherwise income-qualify due to their extremely low incomes. For example, a unit may be priced to be affordable at 55% of AMI and a household earning 25% of AMI would be spending more than half their income in rent for that unit without additional assistance.

MOHCD operates three types of rental assistance programs: emergency rental assistance, ongoing rental assistance, and the trans housing pilot program. MOHCD currently provides approximately \$8.55 million direct financial rental assistance per year which serves approximately 1,350 – 1,730 households per year. The Department of Homelessness and Supportive Housing (HSH) dedicates \$1.8 million annually to eviction prevention and rental subsidies. The Department of Disability and Aging Services (DAS) manages ongoing and limited rental subsidy programs. The Department of Public Health (DPH) manages several rent subsidy programs including the Person Living With HIV/AIDS (PLWHA) subsidy program and rent subsidies given to people who are referred to mental health treatment programs by DPH.

Emergency Rental Assistance

Emergency rental assistance is provided once to stave off evictions. For example, a household facing an eviction may owe one month in back rent. The program will cover the back rent if the household can demonstrate that it can afford the rent moving forward. MOHCD contracts with Eviction Defense Collaborative and Catholic Charities to administer the program. MOHCD allocates approximately \$2.15 million in direct financial assistance per year. The program serves approximately 730-1,100 households per year with the average annual amount of assistance per household being \$2,350.

DAS provides limited term housing subsidies to 155 clients in 2019-2020 and 175 clients in 2020-2021 with pending income sources, temporary reduction of income, temporary inability to work, or on a case by case basis. DAS budgeted \$800,000 for the current year and \$1.2 million for the next fiscal year (2020-2021) and the funding is split between the Q Foundation and Self-Help for the Elderly to administer the program.

Ongoing Rental Assistance

Ongoing rental assistance include shallow subsidies designed to lower a household's rent burden to a sustainable level (or under 70% of the household income). Through this program, extremely low- and very low- income households (up to 30% and 50% of AMI respectively), who would not otherwise qualify for inclusionary housing because they do not earn enough to afford the already low rent, can receive an ongoing shallow subsidy to income-qualify and afford living in below market rate housing. The program targets seniors, adults with disabilities, Certificate of Preference holders, mixed-immigration status families, and SRO families. MOHCD contracts with the Q Foundation to administer the program. MOHCD invests approximately \$2.6 million in direct financial assistance per year. The program serves

approximately 420 households annually with the average annual amount of assistance per household being \$6,190.

DAS provides long-term rent subsidies to 166 clients annually. Client income level is 40% AMI or below and rent subsidies average \$800 per month or less. The goal is to get the client to 30% income to rent ratio when possible. DAS invests \$2 million annually and works with the Q Foundation to administer the program.

Ongoing deep subsidies

Ongoing deep subsidies are designed to cover most of the household's rent. Program participants are people living with HIV and typically pay 30% of their income on housing. MOHCD administers this program directly and invests approximately \$2.7 million in direct financial assistance per year. The program serves approximately 187 households with the average annual amount of assistance per household being \$14,400. DAS works with Brilliant Corners to administer the Community Living Fund for people in need of housing subsidies and have no other resources or means to acquire the housing subsidy. The program services 147 people and operates with a \$4.4 million annual budget.

HSH also offers housing subsidies discussed in more detail in the section on Homelessness Services. HSH's Shelter + Care Program provides rental assistance to chronically homeless single adults and families with disabilities. The Housing Ladder program offers opportunities for residents of public supportive housing who no longer need services to move on to other types of housing, making their unit available for people experiencing homelessness. The Rapid Rehousing program is designed for a wide variety of individuals and families. It provides time-limited rental assistance and services for people leaving homelessness. In addition, HSH provides rental subsidies to help individual households and are not tied to a specific development or project but stay with the tenant.

Trans Housing Pilot Program

Recently launched by MOHCD in partnership with the Office of Trans Initiatives, Our Trans Home SF provides transitional supportive housing to twelve transgender or gender nonconforming individuals. Participants are expected to invest their time and support to increase their income and transition into an independent housing unit with a shallow subsidy. In FY19-20, MOHCD awarded \$786,000 to St. James Infirmary to operate the transitional housing program and recruit, assess, navigate, and provide case management for the shallow subsidy program and \$364,000 to Larkin Street Youth Services to administer the shallow subsidies to 15-20 households.

Expanded rent subsidy programs for specific underserved populations and rent burdened households could reduce the number of displaced households at a lower cost than producing a new unit over the short term.

It is challenging to understand the unmet rental assistance need in the City. The City has a solid understanding of the number of households that are moderately rent burdened (spending 30% of income on rent) and severely rent burdened (spending more than 50% of income). We can estimate from available data that there are over 39,000 low-income renters in the city that are severely rent burdened.⁸

The City does not have a grasp, however, on the number of households that are extremely cost burdened (spending more than 70% of income) and, therefore, does not know the unmet need. It is

important to note that not all households that show up in data as severely cost burdened need rental assistance (e.g. students with substantial family support or higher-income households temporarily without work). Further analysis could help estimate the number of households in need as well as common characteristics among these households. For those extremely cost burdened renters that do receive support the average amount of direct rent assistance provided by MOHCD is about \$9,600 per year.

Strengthened Local Authority to Protect Tenants

Assembly Bill 1482 was approved by the State legislature in September 2019 and signed into law by the Governor in October 2019. The law caps yearly rent increase at 5 percent plus the rate of inflation and includes just cause provisions. The law would not apply to housing built within the last 15 years, single-family homes not owned by corporations or trusts, and duplexes where the owner lives in one of the units. The law sunsets in 2030. On November 2018, a state ballot measure (Proposition 10) proposed to repeal the Costa-Hawkins Act, which restricts local rent control laws, was defeated despite strong support from many tenants' rights organizations.

There is an opportunity to work with cities, the state, and the public to strengthen local authority to protect tenants. In collaboration with other cities and building on Assembly Bill 1482, the City could support state legislation to reform Costa-Hawkins and the Ellis Act to allow local jurisdictions to adjust local rent and eviction controls to meet their challenges. This could allow San Francisco to expand its rent stabilization regulations to cover a broader proportion of the housing stock or implement regulations on vacancy control, where existing rent-stabilized units may be able to remain at an affordable rent despite vacancy of the unit.

Preservation of Unauthorized Units

Unauthorized units (UDUs) are apartments that have been added to existing homes or apartment buildings without legal permits and are typically created from storage rooms, garages, or basements. UDUs are more likely to be affordable to low- and moderate-income renters because they were created at lower cost than units in new buildings and often have features and construction that do not meet local code standards. A study from the early 2010s revealed that the number of UDUs in San Francisco was estimated to be between 30,000 to 50,000 units.⁹ US Census data also indicates that thousands of households in San Francisco live in UDUs.

The City allows [legalization of UDUs](#) and generally discourages the removal of these relatively affordable units if there is a clear path to bringing them up to code. While the City has recently relaxed some code requirements and waived fees to legalize more of these units, some UDUs may cost property owners more than what is financially feasible to legalize. The average cost listed in permits to legalize UDUs in 2018 was about \$63,000.¹⁰ The steep investment necessary to legalize UDUs may incentivize property owners to keep these units under wraps or to remove them from the rental market. It is possible that legalizing UDUs also reduces their affordability. After investing funds to legalize a unit, a property owner may seek to increase rent or replace tenants to bring the unit to market rate prices.

Discrepancies between City departments on the definition of a UDU have also led to the loss of illegal units over time. The Planning Department process requires confirming occupancy of a UDU, but only relies on sources of data for occupancy that span the recent couple of years. If tenants lived in the unit prior to the dates of occupancy sources available, the unit could potentially be removed or reabsorbed into other existing legal units.

Programs such as the Condominium Conversion Program mandate that buildings with legalized unit cannot apply for condominium conversion, further encouraging the discrete removal of these units from the housing market.

Broadening the City's policy to retain UDUs, adjusting existing codes and programs, exploring financing tools, and expanding data sources may stem the loss of illegal units over time. Implementation of these programs and policies range from requiring additional staff time and resources to, in the case of a loan program, extensive funding and staff time to implement.

- **Broaden the UDU retention policy by enhancing City agency coordination and standardizing the definition of a UDUs.** Building on existing coordination by holding an interagency working group between DBI and Planning to discuss issues that overlap both agencies and to develop process solutions regarding UDUs, renovation permits, and code enforcement, among others. Participants could include members from both agency's code enforcement teams and program managers. The working group could work to standardize the UDU definition.
- **A loan program to assist low-income homeowners** in bringing illegal units up to code could help bring more of these units to light. Technical and financial assistance to low- and moderate-income owners looking to legalize a UDU (or looking to convert to a condominium with a UDU) would be an equitable way to subsidize an important source of housing for low and moderate-income San Franciscans. There is an opportunity to explore small low-interest loan and grant program opportunities to legalize UDUs, perhaps in partnership with philanthropy and nonprofits.
- **New data sources to confirm occupancy could improve the City's understanding of UDU occupancy.** Given the difficulty of confirming occupancy to formally identify a UDU, Planning could consider using other data sources such as tax records from local, state or federal sources; driver's licenses and address change data from the California Department of Motor Vehicles; school enrollment data; and, mailing address from the U.S. Postal Service. Researching additional data sources would require staff time and program funding.

Affordable Accessory Dwelling Units Programs

Accessory Dwelling Units (ADUs) are housing units added to existing or proposed residential buildings and are also often called in-law units, granny flats, secondary units, or basement or garage apartments. In San Francisco, an ADU can provide extra space and flexible living situations for multigenerational families, or help a homeowner maintain rental income for mortgage payments. Adding these additional units to properties that are typically one unit or lower density contributes to the housing stock and helps provide more homes that are typically affordable by design.

However, ADUs are often expensive to build and the lack of financing mechanisms specific to ADUs make it difficult for many smaller property owners to utilize the program. Within the existing landscape of mortgage products, loans for ADUs either do not exist or are at the early stages of being formed. Most traditional lenders are reluctant to consider the future rental income from the ADU when securing financing.

Another one of the main challenges for building ADUs has been the lengthy review process by various departments. Small property owners find the process complicated and daunting. The long process was due to lack of allocated staff, lack of coordinated review between multiple departments, or, in some cases, disagreements between departments.

Providing financing options for homeowners to build ADUs could increase the reach of the program for many low- and moderate-income homeowners.

- **ADU Incentives Program** would identify qualified homeowner applicants and assess their properties for ADU potential. The Planning Department is currently seeking a community-based organization to implement a Pilot Assessment Phase of the program in District 4. Qualified low- to moderate-income single-family homeowners will receive an assessment of the feasibility of adding an ADU in their homes. The pilot phase will provide recommendations on how to design an ADU incentives program, which would incentivize the construction of affordable ADU units throughout San Francisco.
- **ADU loan or financing programs** for property owners could be created. The City could partner with financial institutions to create loan products for ADUs where the rental income/added value for the ADU will be considered. An affordable loan program could also be explored, such as advocating for a California State law to develop a revolving construction loan fund for ADUs. AB 1074 was introduced in early 2019 to dedicate funds to help finance the cost of constructing an ADU, and the bill is currently in committee process. Providing financial assistance could help create more housing in these communities and help stabilize low-income homeowners or help them make needed repairs.
- **More flexible building options** for ADUs could help to decrease the cost of constructing an ADU if the program introduced flexible material and building type options. Revising legislation at State and local levels to allow other building forms such as rear yard cottages, home on wheels, or prefabricated buildings could reduce the cost of building an ADU and make the program more feasible for property owners.
- **More avenues for ADU outreach** could be explored by the City, such as continuing to develop outreach materials that explain the process in simple language to a typical homeowner with minimum familiarity of the City's bureaucracy. These materials should be translated into multiple languages such as Chinese and Spanish. The City could consider conducting ADU fairs in areas of the city with more single-family homes and including marketing materials on local media such as Chinese-speaking stations. Finding a local advocate for ADUs would also help the City create more interest in building ADUs in small properties as well.

Single-Room Occupancy Hotel Protection Expansion

Today, residential SRO (Single Room Occupancy) hotels represent one of the few remaining affordable housing options for low-income households and seniors in San Francisco. Housing market pressures, illegal conversions, and legal issues with defining tenancy have led to the loss of SRO rooms and the affordability of these rooms over time.

Historically, SRO hotel rooms were populated by low-wage workers, transient laborers, and recent immigrants for long stays. SRO rooms are differentiated from tourist hotels in that they were meant to house a transient workforce, not tourists visiting the City for pleasure. A typical room in a residential hotel is a single eight (8) x ten (10) foot room with shared toilets and showers on each floor. Approximately 19,000 residential SRO rooms exist in the City, and increasingly many rooms house several people for long periods of time. Approximately 12,500 of those rooms are in for-profit SRO hotels and approximately 6,540 residential rooms are in non-profit owned SRO hotels.

Expand preservation acquisition, outreach to owners and tenants, address maintenance issues, enhance tenant protections, and adjust sale notification report requirements of SRO Hotels.

Expand Housing Development Options

Existing single-family home (RH-1) and two-family homes (RH-2) zoning in the city accounts for most of the residential land. Current height, bulk, setback, design, and open space requirements restrict the ability of homeowners to renovate their homes. As families grow and change, there is a need to adjust homes to meet the needs (e.g. expansion to include additional family members or a caretaker). There is an opportunity to expand housing development options to support intergenerational and growing household needs, including multifamily housing and density adjustments. (see residential growth concept and housing feasibility and development regulation sections)

Expand Outreach and Services to Reverse Impacts on Discrimination and Displacement

In order to stabilize and support the city's most vulnerable communities such as Black residents and other groups that have suffered due to government actions and private discrimination, there is an opportunity to expand outreach and services.

Outreach and Education Expansion

Several City agencies reach out to communities with dropping populations in the city to share information regarding various tenant protection and housing stabilization programs and services to meet their needs. For example, MOHCD works with community-based organizations to share information about housing lottery preference programs and affordable housing opportunities, among others. Enhancing outreach and education to communities with dropping populations could increase participation of these communities in the city's programs and services. Implementation of these programs and policies could include additional staff time, resources, and program funding.

- **Expand outreach to displaced communities and vulnerable populations.** The City could expand outreach to communities that have been displaced, such as the Black population and other

populations that have been dropping, to raise awareness of and facilitate applications to housing programs including affordable rental and ownership programs. Due to the complexity of housing lottery preference programs, prioritization of programs, and requirements for documentation, many households have a limited understanding of the programs. Additional outreach and education on preference programs would help households feel less intimidated by the process and have a better understanding of the qualifications required. Additionally, support in additional languages could be enhanced by including a link to the Lottery Preferences Manual in multiple languages including but not limited to English, Spanish, Chinese, and Tagalog on the MOHCD website.

- **Targeted tenant education and outreach.** Results of neighborhood-specific investments from MOHCD and tenants' organizations could be analyzed to create targeted funding for areas that most need it. Gaining clarity into which neighborhoods and building types experience different types of evictions and/or buyouts could lead to better funding mechanisms or more targeted outreach to ensure that everyone is reached.

Lottery Preference Program Expansion

San Francisco currently has various lottery preferences for placement in affordable housing available to people who meet income qualifications for these developments. These preferences are meant to counteract historic and current displacement and address needs of residents and workers. Lottery preferences include:

- People displaced as part of redevelopment who hold a Certificate of Preference (COP) (issued in the 1960s and 1970s) and promised the right to return to affordable housing,
- Tenants displaced by a no-fault eviction or fire,
- Neighborhood residents around certain projects funded by MOHCD,
- Residents of US Census tracts with high displacement pressure,
- Residents at-risk of displacement due to affordability restrictions that are expiring,
- Residents who live or work in San Francisco; and,
- Preferences for rebuilt public housing and affordable housing buildings.

The largest proportion of applicants awarded a unit were COP applicants. COP applicants can exercise the certificate twice – to rent one unit and to buy one unit.

Enhancing the lottery preference program would protect low- and moderate-income households throughout the city. Implementation of these programs and policies could include additional staff time, resources, and some program funding.

- **Lottery preference program expansion.** The City could explore opportunities to expand lottery preference programs to address historic inequality and racist practices and support vulnerable populations. The City could explore adding affordable housing to help address the long-term impacts of historic discrimination as well as expand culturally competent services to help people at-risk of displacement, for example renters in public and affordable housing and rent-controlled housing. The City could further explore extending the benefit of the COP program beyond the directly affected household members to subsequent generations, which could aid in bringing back

displaced communities to the City. However, through 2025, there could be barriers to extending the benefit due to state law.

- **Lottery preference program data analysis.** The City could research the effectiveness of each program and consistently collect and analyze data for why applicants refuse a unit or do not qualify for a unit. Applicant data is being collected through the DAHLIA website and could be analyzed to better understand the number of people who have not completed applications or do not qualify for a unit, and to conduct further outreach or provide support to these households. Evaluating applicant data could help staff understand the number of people who have not completed applications or do not qualify for a unit, and to conduct further outreach or provide support to these households. These important data points could contribute to the understanding of the success of each preference program.

Cultural Districts Initiative

The Cultural Districts initiative aims to bring resources in order to stabilize vulnerable communities facing or at risk of displacement or gentrification, and to preserve, strengthen and promote our cultural assets and diverse communities. The recently formalized program of cultural districts created the opportunity to expand the capacity of existing and future cultural districts to support the community-led process as they craft their respective Cultural History, Housing and Economic Stabilization Strategies (CHHESS) and move towards its implementation. The CHHESS will strengthen government and community partnerships and coordination. Current cultural districts include: Japantown Cultural District, Calle 24 Latino Cultural District (in the Mission), SoMa Pilipinas – Filipino Cultural District, Compton’s Transgender Cultural District (in the Tenderloin), Leather and LGBTQ Cultural District (in the SOMA), African American Arts and Cultural District (in the Bayview), and Castro LGBTQ Cultural District.

There is an opportunity to fully build the capacity of this program as it launches in order to expand it to areas of the city where it might be needed in the future. Additional capacity will build grassroots policies and protocols to guide development of cultural districts in a manner that builds community collaboration and cohesion. With the growing interest in cultural districts in the city, there is an opportunity to partner with philanthropic entities and other potential funding sources to support the place keeping strategies and cultural sustainability projects. Consistent funding would support the development and implementation of cultural districts – not just the Cultural District’s institutions but the many endeavors within the Districts. Affordable housing investments can also be coordinated to strengthen cultural district communities. Implementation of these programs and policies could include additional staff time, resources, and extensive funding.

Innovative Housing Approaches

Despite the City’s efforts, homelessness has continued to grow in San Francisco. While the Department of Homelessness and Supportive Housing’s work is advancing with some key goals already met, the work is being done in the context of a regional and state-wide housing and affordability crisis leading to increased rates of new homelessness in our community. Until more federal, state and local support is

available to develop housing, San Francisco must invest in prevention and diversion strategies, expanding temporary shelter and short, medium- and long-term housing interventions. Addressing homelessness requires services and shelter today, but it also requires a comprehensive and innovative approach to housing solutions for the future.

Additional temporary and/or creative space to accommodate unhoused residents, such as non-traditional housing in terms of scale, materials and construction and temporal conditions is an opportunity to increase housing options for people experiencing homelessness. Offering vacant, underutilized, publicly owned space such as a parking lot for RVs is one example of an innovative approach to shelter (but not housing) needs. Additional opportunities to integrate supportive housing into the City's affordable housing preservation programs is another approach to explore as is changing approval processes and timelines for development of affordable and permanent supportive housing. This new approach and policy could help streamline housing production of and increase the number of housing options for people experiencing homelessness. Implementation of this program and policy could include additional staff time and extensive resources.

Homelessness Services and Supportive Housing Programs and Targets

In 2016, the City and County of San Francisco created a new city department, the Department of Homelessness and Supportive Housing (HSH), to address the ongoing issue of homelessness in the City. A majority of HSH funding is dedicated to ongoing housing subsidies and the operation of permanent supportive housing (PSH) for formerly homeless households. About 66 percent of HSH budget is spent on housing the formerly homeless and not addressing people currently experiencing homelessness. PSH developments are also concentrated in supervisorial districts with the highest proportion of homeless persons, but there are other districts with a sizeable homeless population and few PSH options that do not receive comparable funding for building housing. The remaining funds are used for people currently experiencing homelessness, less administrative and capital expenditures.

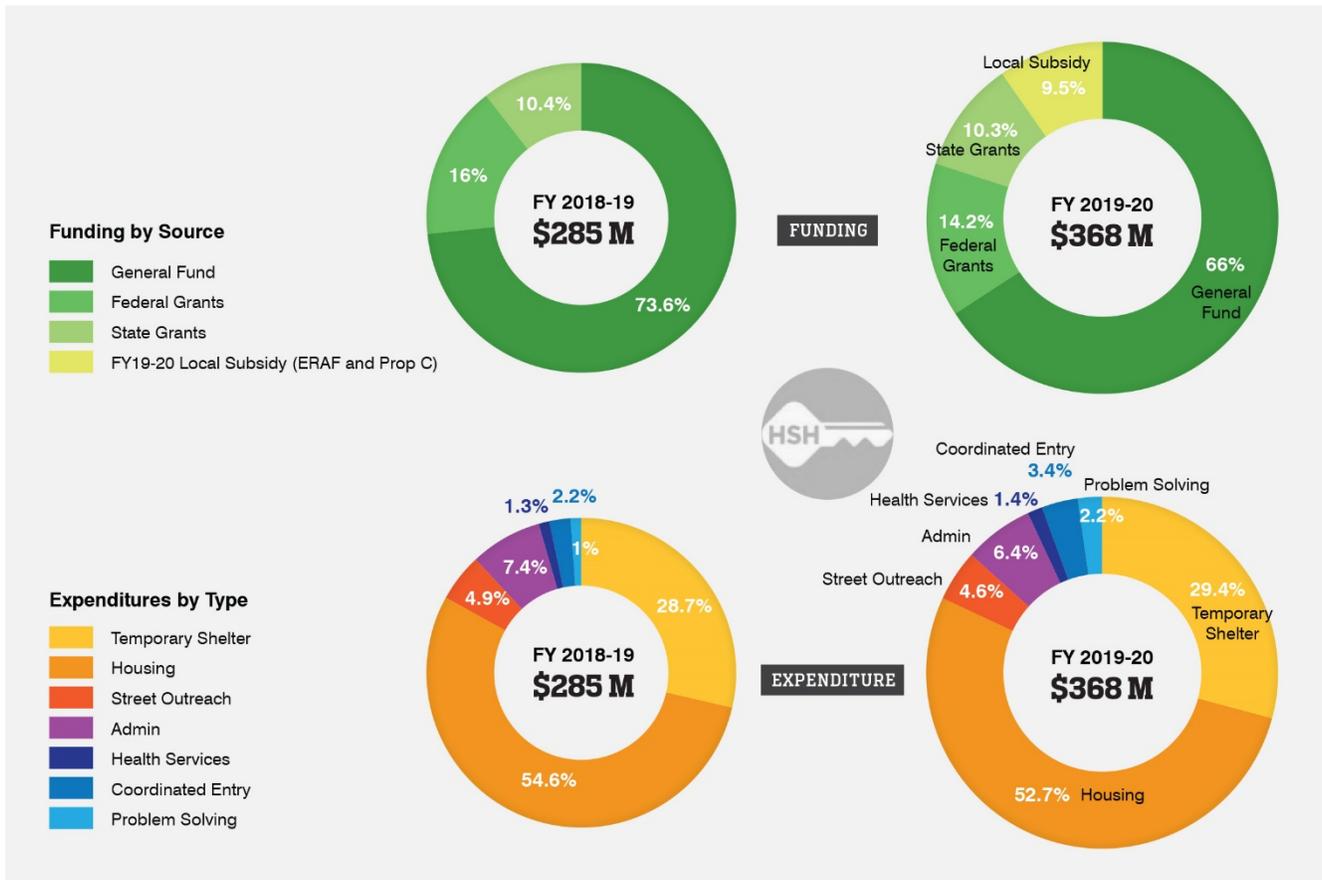
With the creation of HSH, the City created a [Five-Year Strategic Framework](#) to address homelessness within the City and County of San Francisco which includes metric-driven goals:

- End family homelessness by December 2022
- Reduce chronic homelessness 50 percent by December 2022
- Reduce youth homelessness 50% by December 2022
- Add 1,000 Permanent Supportive Housing (PSH) units by 2021
- An additional 700 temporary shelter beds by 2021

There has been significant expansion of temporary shelters, including navigation centers, over the last few years. Since 2018, the City added 709 new shelter beds and we have an additional 475 in the pipeline to be opened by the end of 2020.

HSH's budget has grown to expand housing and services, with \$285 million invested in fiscal year 2018 to 2019 and \$368 million in 2019 to 2020. Federal and state funding provide approximately a quarter of HSH funding with local funding providing the remainder of the budget. Local funding from the City's General Fund was over \$240 million in 2019-2020. A majority of HSH funding is dedicated to ongoing housing subsidies and the operation of permanent supportive housing for formerly homeless households (see chart below). Expansion of affordable housing development, as described in the HAS would support the goals to expand permanent supportive housing and help more people exit homelessness.

Figure 1. HSH FY 2018-19 and FY 2019-20 Operating Budget



The City’s core programs to prevent homelessness and provide supportive housing include:

- Permanent supportive housing:** The Direct Access to Housing (DAH) program provides permanent supportive housing to homeless persons with complex medical, mental health, and/or substance use diagnoses. HSH also master leases several buildings throughout the city to provide housing and support services for formerly homeless individuals. HSH also funds supportive housing in MOHCD-funded affordable developments through the Local Operating Subsidy Program (LOSP) for units serving formerly homeless people.
- Rapid Rehousing program (RRH)** is designed for a wide variety of individuals and families. It provides time-limited rental assistance and services for people leaving homelessness. The goals of the Rapid Rehousing are to help people obtain housing quickly, increase self-sufficiency, and remain housed. Rapid Rehousing includes housing identification, temporary rent and assistance, and case management. Rising Up is a public/private partnership that provides Rapid Rehousing services to at least 500 Transition Aged Youth.
- Temporary shelter:** Navigation Centers, existing temporary shelters, and SAFE Navigation Centers provide temporary shelter for homeless individuals and families on the street. SAFE Navigation Centers are low-threshold, high-service residential programs for homeless adults to reduce street homelessness and connect individuals to services and housing assistance. HSH has opened 8

Navigation Centers since 2015, and 6 are currently in operation. HSH and DPH maintain a winter shelter program that provides additional temporary shelter capacity during the colder months of the year.

- **Street outreach:** SF Homeless Outreach Team (HOT) was developed by Department of Public Health. It operates 24/7 and has a dispatch and outreach of skilled teams, working neighborhood beats to address different the dire needs of the homeless in the City. The skilled teams include medical staff on the street for help with needs such as mental health and substance abuse treatment. Clients can also access a walk-in Behavior Health Access Center and a Treatment Access Program (TAP). The program provides a Crisis Services site and hotline as well. Encampment Resolution Team (ERT) collaborates closely with other City departments to address conditions of living on the streets. ERT consists of a specialized team of outreach staff to work closely with encampment residents, neighbors, property owners, and other agencies to close long-standing encampments and assist people with connection to residential programs.
- **Healthcare and support services:** Department of Public Health (DPH) provides health care services to homeless individuals and families. DPH's Sobering Center provides a safe place for rest and assessment for people who are intoxicated on the street. Whole Person Care (WPC) is the coordination between DPH, HSH, and other agencies to provide care for a particularly vulnerable group identified as high users of multiple systems (such as hospitals, shelters, or other care facilities). Project Homeless Connect (PHC) serves all homeless San Franciscans. Some of the services provided are dental care, glasses, HIV testing, Hepatitis A vaccines, housing information, groceries, hygiene products, medical care, mental health services, SSI benefit help, legal advice, C.A. identification cards, voice mail accounts, employment counseling/ job placement, wheelchair repair, addiction services and pet care. Several programs exist to provide homeless prevention and homeless services to seniors and people with disabilities including, but not limited to: Swords to Plowshares, Rehab centers, Homebridge, and Lighthouse.
- **Coordinated Entry** organizes the Homelessness Response System with a common, population specific assessment, a centralized data system and "by name" database of clients, and a prioritization method. This directs clients to the appropriate resources and allows for data-driven decision making and performance-based accountability. The Coordinated Entry process is organized to serve three subpopulations, Adults, Families with Children, and Youth. The process is comprised of four parts: access, assessment, prioritization, and referral.
- **Problem Solving** provides opportunities to prevent people from entering the Homelessness Response System and to redirect people who can resolve their homelessness without the need for ongoing support. It may offer a range of one-time assistance, including eviction prevention, legal services, relocation programs (Homeward Bound), family reunification, mediation, move in assistance, and flexible grants to address issues related to housing and employment.
- **Housing Ladder** offers opportunities for residents of Permanent Supportive Housing or Rapid Rehousing to move outside of the Homelessness Response System (Moving On Initiative).

In addition to the above programs, HSH also works with other City agencies, such as the Department of Public Health, the Fire Department, and others, to provide additional programs addressing homeless persons and/or families. For more information on affordable housing and City's Local Operating Subsidy Program, see the Affordable Housing section. For more information on the City's homelessness prevention and supportive housing, contact HSH.

Endnotes

- 1 <https://web.stanford.edu/~diamondr/DMQ.pdf>
- 2 Eviction notices do not provide an in-depth analysis on evictions, since not all eviction notices result in evictions, not all eviction notices are filed with the Rent Board, and not all evictions are done lawfully.
- 3 Eviction notices do not provide an in-depth analysis on evictions, since not all eviction notices result in evictions, not all eviction notices are filed with the Rent Board, and not all evictions are done lawfully.
- 4 A certificate may be associated with one or more online listings given the use of both competing short-term rental websites and variations of listing activity (e.g. multiple private room listings and a single whole-unit listing for the same home with varying availability throughout the year).
- 5 <https://sfbos.org/sites/default/files/BLA.RentalRegistry.041619.pdf>
- 6 <https://sfrb.org/topic-no-013-rent-board-fee>
- 7 <https://sfbos.org/sites/default/files/BLA.RentalRegistry.041619.pdf>
- 8 Planning Department Analysis of 2015 IPUMS-USA data and American Community Survey data, 2017.
- 9 San Francisco Planning Department. "Executive Summary on the Authorization of Units Installed without a Permit." <http://commissions.sfplanning.org/cpcpackets/2014.0230T.pdf>. March 13, 2014.
- 10 According to 2018 building permit data