



COUNCIL OF COMMUNITY HOUSING ORGANIZATIONS

*The voice of San Francisco's
affordable housing movement*

September 10, 2014

Kearstin Dischinger
San Francisco Planning Department
1650 Mission Street

Subject: CCHO comments on 2014-2022 Housing Element update preliminary draft

Dear Kearstin:

Thank you for giving us an opportunity to provide comments to the Department on the preliminary draft of the Housing Element update. We offer both some specific text revisions and some more topical comments for integration into the document.

When we met with Department staff back in July 2013 there were a number of suggestions from the discussion, and in our more recent meeting with you last month we refreshed the discussion about several which remain important and germane for the Housing Element update as well as some additional issues that have arisen over the past year.

1. Add new housing sales price data to the quarterly Residential Pipeline Summary report (Dashboard). This will be particularly informative to policymakers and the public in understanding how real-time trends in housing prices are addressing the moderate/middle income bracket. Our recommendation is that the HE update incorporate language into Implementation Measure 1 as follows:

1. Planning staff shall continue to provide quarterly data to the Planning Commission through the Residential Pipeline Summary Report on the expected unit type and income level of any proposed projects or area plans under review, including how such units would address the City's fair share of the Regional Housing Needs. Staff will also add sales price data for new housing to this quarterly Report for the Commission to understand real-time trends in housing prices.

We also recommend that Implementation Measure 2 be modified as follows to include data parsed out by Area Plan and by Planning Neighborhood in the annual Housing Inventory, to help policymakers and the public understand the aggregate/cumulative trends at a familiar "community" level.

2. Planning shall continue to make data on housing production available to the public through the annual *Housing Inventory*, including breaking out housing production trends by income level for all

325 Clementina Street, San Francisco, CA 94103 | ccho@sfic-409.org | 415.882.0901

The Council of Community Housing Organizations (CCHO) is a coalition of 22 community-based housing developers and tenant advocates. We fight for funding and policies that shape urban development and empower low-income and working-class communities. The work of our member organizations has resulted in nearly 30,000 units of affordable housing, as well as thousands of construction and permanent jobs for city residents.

Area Plans and Planning Neighborhoods, and increase its notification and distribution to neighborhood organizations.

2. Tiered zoning: provide density bonus in exchange for higher inclusionary housing rates. As you know, we have advocated for a minimum 20% inclusionary threshold for receiving density bonus or other development incentives, and that the program should ultimately be aiming for 35% inclusionary as the goal of this tiered zoning approach to increasing affordable housing. Our recommendation is to integrate this somewhere into the Implementation Measures of the Housing Element.

3. Incentivize mixed income housing through incentives to choose the on-site inclusionary requirement. This is integrated into the package of amendments to Section 415 Inclusionary which should be adopted in 2014/15.

4. In-lieu fee tiers based on construction value -- Establish different fees for low rise, mid rise and high rise buildings. This is integrated into the package of amendments to Section 415 Inclusionary which should be adopted in 2014/15. Somewhere the Housing Element update should reference this process underway and the package of Inclusionary amendments.

5. Family sized units: unit mix requirements for “family units” lack minimum size standards for bedrooms. This is an issue for further discussion, however it is increasingly of importance as trends in market rate development are for smaller unit sizes. For affordable housing projects there are very specific standards for unit and bedroom sizes based on habitability and functionality criteria. The so-called “TCAC” standards are a reference point for discussion. Our recommendation is for the Housing Element update to include an Implementation Measure outlining a process over 2014/15 for establishing minimum unit sizes which would be tied to generic definitions like “family units” or “two-bedroom units.”

6. Public Sites program – recognizing that OEWD and MOH are in process of crafting a comprehensive Public Sites Program to more systematically increase opportunities for using publicly-controlled property as affordable housing development sites, this should be integrated into the Housing Element.

Our recommendation is to augment Implementation Measure 4 as follows (as well as tying this Public Sites Program into Implementation Measure 6).

4. MOH shall continue to actively pursue surplus or underused publicly-owned land for housing potential, working with agencies not subject to the Surplus Property Ordinance such as the SFPUC, SFUSD and MTA to identify site opportunities early and quickly. City agencies shall continue to survey their properties for affordable housing opportunities or joint use potential, and OEWD and MOH will establish a Public Sites Program to guide all City and County agencies in identifying opportunity sites and priorities for affordable housing development.

Reference to the Public Sites Program can also be incorporated into the text of Policy 1.3, as follows:

POLICY 1.3

Work proactively to identify and secure opportunity sites for permanently affordable housing.

The City should aggressively and systematically pursue opportunity sites for permanently affordable housing development through a comprehensive Public Sites Program. Publicly-owned land offers unique opportunity for development of affordable housing....

7. Short-term rentals – this is obviously a current and controversial housing policy issue, and is rightly being integrated into the Housing Element. The language should be as firm as possible.

Our recommended modifications to Policy 2.6 are as follows:

POLICY 2.6

~~Discourage conversion of~~ Ensure housing supply is not converted to de facto commercial use through short-term rentals.

Historically, some households have elected to rent or sublease their homes on a short term basis while they are out of town. Recently short term rental of housing units, especially to travelers and visitors, has increased in volume, in part due to recent technological innovations. Short-term rentals may generate more revenue because travelers generally can afford a higher per night rent than residents. The growing short-term rental market may have the unintended impact of inflating the costs and reducing supply of housing for San Francisco residents.

In some cases short term rentals can enable San Francisco residents to ~~cover the offset~~ costs of their housing (ie, rent or mortgage payment) while they are on vacation or ~~own~~ travel, and enable them to maintain permanent residency in their home. The City should, with abundant care in crafting allowances and with strong enforceability to prevent the allowances from being abused, support such short term rentals that stabilize residents without impacting the housing market.

In other cases, residents may commit to higher housing prices because they assume additional income from renting their home on a short term basis, which could inflate housing values in the City. Of most concern, some property owners have chosen to rent exclusively to short term visitors, removing the units from the housing market. These forms of short term rental could be considered de facto commercialization of housing, ie. conversion to a hotel use. Commercialization would reduce the overall supply of housing available to San Francisco residents and drive up housing prices. The City should protect the permanent housing stock from de facto conversion to commercial use through short-term rentals.

We also recommend that Policy 1.5 be revised as follows, as the risk of in-law units becoming de facto small hotel units rather than permanent “affordable by design” efficiency housing units clearly undermines the intent of the secondary units regulations recently adopted and for which the Planning Department promotes further expanding.

POLICY 1.5

Consider secondary units in community planning processes where there is neighborhood support and when other neighborhood goals can be achieved, especially if that housing is made permanently affordable to lower-income households.

...The process may also examine to further enhance the existing amnesty program where existing secondary units can be legalized. Such enhancements would allow building owners to increase their safety and habitability of their units. Secondary units should be limited in size to control their impact. In order to ensure their longterm affordability and intended use as an efficient below-market housing option, secondary units should be prohibited from use as Short-Term Rentals.

8. Affordable Housing Funding Strategy (as called for in Prop K workplan) – the workplan includes a number of new and expanded funding measures to be explored, which can be embedded in the Housing Element update.

Our recommendation is to somewhere in the document make reference to the Neighborhood Stabilization Plan funding strategy which will explore:

- General obligation bond
- Tax increment set-aside
- Jobs-Housing Linkage fees update
- Luxury housing tax/fee
- Non-primary residence tax/fee

9. Area Plans Strategy (as called for in Prop K workplan) – “That the City shall strive to achieve thirty-three percent of new residential units in new Area plans and Special Use Districts with significantly increased development potential or those amended to significantly increase development potential shall be affordable to low and moderate income households.”

10. Housing Balance Count (as called for in Prop K workplan) – somewhere in the Housing Element update – most logically tied to Implementation Measure 1 – it should integrate requirement for addition of quarterly analysis of housing pipeline by income level and the cumulative ratio of affordable and inclusionary housing to market rate housing (ie, the housing balance count).

11. Finally, we offer these additional suggestions on the Housing Element update based on review of the current preliminary draft.

POLICY 5.5

Minimize the hardships of displacement by ~~providing~~ requiring essential relocation services.

Because of the economic and social hardships involved when a household is forced to move, and the difficulty of funding replacement housing at comparable rents, every effort should be made to minimize displacement. The City should pursue policy and programmatic interventions. When displacement does occur, relocation services including counseling, locating replacement housing, and moving expenses, should be provided ~~by the property owner as a minimum~~ to match the needs of displaced tenants.

POLICY 7.6

Acquire and rehabilitate existing housing to maximize effective use of affordable housing resources.

The City’s existing housing stock provides a resource which can be used to fulfill a number of affordable housing needs. The City should pursue and facilitate programs that enable households to better access existing housing stock. [this policy should integrate a summary of the City’s new Small Sites Acquisition/Rehabilitation Program, which MOH and affordable housing advocates have worked on for the past two years to launch. It has at least \$5 million in funding for the current fiscal year and we are targeting to get sustained funding at least \$10million annually once it is to full scale]

By acquiring and rehabilitating such units, the City can use affordable housing funds in a cost-

effective way that provides stability in existing low-income neighborhoods, where units may be at risk of poor safety or conversion. Such housing acquisition and rehabilitation should happen only

POLICY 10.2

Implement planning process improvements to both reduce undue project delays and provide clear information to support community review.

...In December 2013, a multi city agency effort began in response to a mayoral initiative to streamline processing and permitting of all new housing construction including permanently affordable housing. ~~This That~~ effort ~~has resulted in several administrative reforms is seeking regulations~~ to streamline permit process and to facilitate preservation of existing housing stock. In addition, as a result of this effort the city agencies have now prioritized permitting process for 100% affordable housing projects, and market rate projects with at least 20% on-site Below Market Rate units or 30% off-site Below Market Rate units.

We look forward to talking with you about these comments and further reviewing and commenting on the Housing Element update as the process toward adoption continues.

Thank you,

The image shows two handwritten signatures in blue ink. The signature on the left is for Peter Cohen, and the signature on the right is for Fernando Martí. Both signatures are written in a cursive, flowing style.

Peter Cohen and Fernando Martí
Co-directors, Council of Community Housing Organizations

Cc: Gil Kelley, director Citywide Planning