



To: Members of the Balboa Reservoir Community Advisory Committee

From: Emily Lesk, Office of Economic and Workforce Development

Date: June 20, 2016

Subject: Consensus Development Parameters: Housing Version #2

At the June 13, 2016 meeting of the Balboa Reservoir CAC (the “CAC”), the members of the CAC reached consensus around a series of revisions to the Housing Parameters, Principle #1, proposed by Supervisor Norman Yee. These changes sought to maintain the intent of the previous version of the housing parameters, around which the CAC had achieved consensus at the March 14, 2016 CAC meeting, while adding nuance around the overall goal of maximizing affordable housing for households at a range of incomes.

The clean text below incorporates these new changes, as well as an additional change requested by a CAC member to clarify that the project would ideally exceed the 50% affordability level. A redline of Principle #1, calling out these changes, can be found at the end of the document.

HOUSING PARAMETERS

Principle #1: Build new housing for people at a range of income levels.

Parameters:

- a. Make at least 50% of total housing units permanently affordable in perpetuity to low (up to 55% of Area Median Income (AMI)), moderate (up to 120% of AMI), and middle-income (up to 150% AMI) households, provided that this can be achieved while also ensuring project feasibility and providing the economic return to SFPUC ratepayers that is required by law.
 1. Make at least 33% of total housing units permanently affordable in perpetuity to low or moderate-income households, consistent with Proposition K (2014).
 - A. Make at least 18% of total housing units affordable to low-income households (up to 55% of AMI).
 - B. Make an additional 15% (or more) of total housing units affordable to low or moderate-income households (serving a range of households up to

120% of AMI, with emphasis on households earning 80% to 120% of AMI).

2. To ensure that the project's overall affordable housing serves a diverse group of households ranging from low-income to middle-income, make an additional 17% of total housing units permanently affordable in perpetuity at a range of affordability levels. The maximum AMI levels for middle-income households may not exceed 150% AMI and must correspond with housing prices that are at least 15% below local market rate housing prices at the time of project approval.
3. Developers should assume that SFPUC will receive a "fair market value" land price based on the 33% affordability scenario described in (1) and should propose additional public financing strategies that would enable the project to reach or exceed the 50% or higher affordability level.
 - b. Maximize the amount of affordable housing, exceeding these minimum affordable housing percentages to the greatest extent possible, provided that all other development parameters are also met; do not exceed the minimum number of market-rate units that are necessary to achieve these objectives.
 - c. Target middle-income housing to the qualifying households that have the greatest affordability challenges, such families with children that require larger, family-sized, multi-bedroom units.
 - d. Provide a mix of rental and ownership units.

Principle #2: Create housing that can serve a diverse group of household types.

Parameters:

- a. Provide all affordable housing on-site (as opposed to providing housing off-site or through the developer paying an in-lieu fee).
- b. Design a substantial proportion of housing units, common spaces within residential buildings, and public amenities to be suitable for families with children. A key characteristic of "family-friendly" units is that they have at least two bedrooms.
- c. Indicate how family-friendly units will be made accessible to households at a range of incomes.
- d. Consider partnering with City College and/or area schools to allocate on-site units to house students, faculty, and/or staff.
- e. Identify effective partners and strategies to target affordable housing to special populations such as seniors, physically and developmentally disabled adults, veterans, and/or public servants, subject to fair housing law, ability to secure required subsidy, and related City housing policies.
- f. Consider including alternative housing ownership models, such as co-operative housing.

Principle #3: Help to alleviate City's undersupply of housing.

Parameters:

- a. Within the confines of other relevant parameters (e.g. Principle 1(a), neighborhood character, open space, transportation, City College), and subject to the desired unit sizes and family-oriented units cited above, maximize the amount of new housing created to address the current and projected affordability challenges faced by the neighborhood and the City.
- b. Create housing without compromising the quality of design or construction or outpacing needed transportation infrastructure.

**Redlines Indicating June 13, 2016 Changes to the Housing Parameters, Principle #1
Proposed by Supervisor Norman Yee and accepted by consensus of the Balboa Reservoir CAC**

Principle #1: Build new housing for people at a range of income levels.

Parameters:

- a. Make at least ~~33%~~ 50% of total housing units permanently affordable in perpetuity to low (up to 55% of Area Median Income (AMI)), moderate (up to 120% of AMI), and middle-income (up to 150% AMI) households, provided that this can be achieved while also ensuring project feasibility and providing the economic return to SFPUC ratepayers that is required by law. ~~Or moderate-income households,~~
 - 1. Make at least 33% of total housing units permanently affordable in perpetuity to low or moderate-income households, consistent with Proposition K (2014).
 - A. Make at least ~~15%~~ 18% of total housing units affordable to low-income households (up to 55% of AMI).
 - B. Make an additional 18% 15% (or more) of total housing units affordable to low or moderate-income households (serving a range of households up to 120% of AMI, with emphasis on households earning 80% to 120% of AMI).
 - 2. To ensure that the project's overall affordable housing serves a diverse group of households ranging from low-income to middle-income, make an additional 17% of total housing units permanently affordable in perpetuity at a range of affordability levels. The maximum AMI levels for middle-income households may not exceed 150% AMI and must correspond with housing prices that are at least 15% below local market rate housing prices at the time of project approval.
 - 3. Developers should assume that SFPUC will receive a "fair market value" land price based on the 33% affordability scenario described in (1) and should propose additional public financing strategies that would enable the project to reach or exceed the 50% or higher affordability level. ~~b. Maximize the number of affordable units for low (up to 55% of AMI), moderate (up to 120% of AMI) and middle-income (up to 150% of AMI), propose financial strategies and mechanisms to achieve at least 50% of low, moderate, and middle-income households. Additionally, proposals should strive to exceed this 50% target.~~
- ~~c. Produce sufficient market rate housing to cover costs, provide an economic return to the SFPUC ratepayers, and ensure project feasibility. Do not exceed the minimum number of market rate units that are necessary to achieve these objectives.~~

- b. Maximize the amount of affordable housing, exceeding these minimum affordable housing percentages to the greatest extent possible provided that all other development parameters are also met; **do not exceed the minimum number of market-rate units that are necessary to achieve these objectives.**
- c. **Target middle-income housing to the qualifying households that have the greatest affordability challenges, such families with children that require larger, family-sized, multi-bedroom units.**
- d. Provide a mix of rental and ownership units.