



Executive Summary

San Francisco Housing Affordability Strategies

MARCH 2020

The Housing Affordability Strategies (HAS) analyze how the City of San Francisco can improve housing affordability over the next 30 years, particularly for low- and moderate-income households. The HAS analyzed development feasibility, City policies, and public investments needed to achieve the City’s housing targets created through both Mayoral action and the will of the voters: build 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 analyzed programs to preserve affordable housing and to protect and stabilize residents. The purpose of the HAS is to help residents, City staff, and policy makers understand how different policies and funding strategies work together to address affordability and foster the diversity of our city. The analysis and outreach for the HAS will inform the 2022 Housing Element update.

Led by the San Francisco Planning Department (Planning), the HAS also incorporates input from other City agencies, including the Mayor’s Office of Housing and Community Development (MOHCD), San Francisco Office of Housing Delivery, and the Office of Economic and Workforce Development (OEWD), and was informed by feedback from the community, advocates, researchers, and policy experts.

KEY CHALLENGES

- **Housing prices and rents have soared** and are increasingly out of reach for many residents, except for higher-income households.
- **Populations of people with low- and moderate-incomes, people of color, and families with children** are declining as housing costs increase.
- **People experiencing homelessness are increasing** in both the city and region.
- **Housing preservation and tenant protection** policies are strong but not sufficient.

- **Demand for housing near jobs, services, and transit is increasing** while supply is lacking in those locations.
- **Housing construction has not kept up** with job and population growth in the region.
- **Lack of regional investment in affordable housing** has aggravated affordability in San Francisco

STRATEGIES

The HAS report focuses on the following question: What would it take to achieve the City’s targets of 5,000 units per year with at least 1/3 affordable and increased community stability over the next 30 years? Four overarching strategies summarize key findings and represent a comprehensive approach to improving housing affordability:

1. Increase housing development potential with a focus on equitable development

The HAS analyzed three land use concepts that could lead to development of 150,000 housing units with at least one third permanently affordable by 2050. Each concept has different implications for equity and accessibility. The City could pursue one of these concepts alone or combine all three to expand housing choices. An equitable approach will require planning with communities, particularly communities of color and low income communities along with a focus on desegregation and access to opportunity.

- **East Side:** Expand housing capacity around Downtown and in light industrial areas.
- **Transit Corridors:** Expand housing capacity along transit corridors on the west, south, and north sides of the city.
- **Residential Districts:** Relax density restrictions in residential districts without changing height limits.

Each of the concepts for housing development will require investment in infrastructure (transit, utilities, schools, parks, cultural resources) in targeted areas.

2. Streamline approvals and permitting and reduce construction costs

- Simplify and shorten development approvals and permitting to increase certainty and lower risk.
- Facilitate the use of new construction materials (i.e. Cross-laminated-timber) and new technology (i.e. modular housing) to lower costs.
- Grow the pool of skilled labor by expanding construction apprenticeship programs and temporary housing for construction workers.

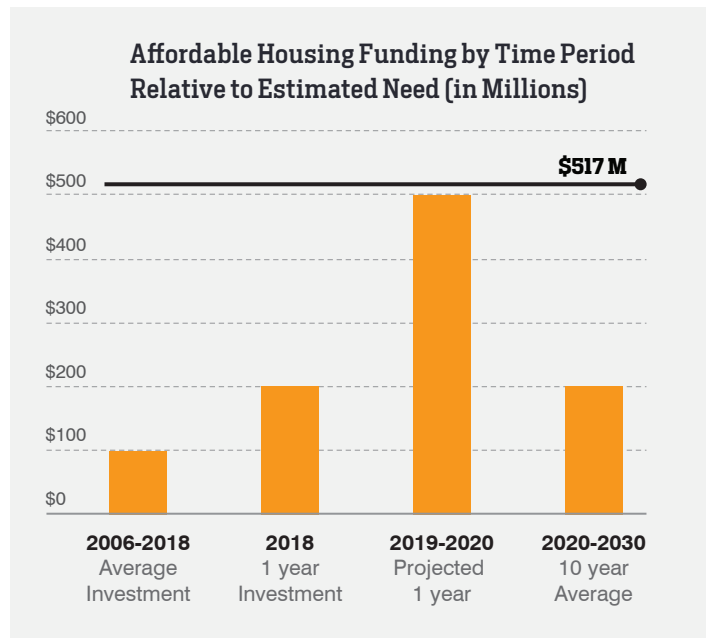
3. Expand and sustain funding to produce and preserve affordable housing

Annual production and preservation targets for market-rate and affordable housing are shown in the table below by estimated public and private investment.

Investment Type / Housing Type	Units
Private investment	
New market-rate units	3,330
New Inclusionary affordable units	640
City investment (includes OCII/ Redevelopment funding)	
New units in 100% Affordable buildings	1,030
Existing units become permanently affordable	400
Existing permanently affordable units rehabilitated	700

- The City would need an average of \$517 million (in 2020 dollars) per year to produce 1,000 city-funded affordable units and preserve 1,100 affordable units. The City is projected to nearly meet that funding need in FY19/20 but has fallen short in the past, and will need to expand funding in the future to meet the target.
- Potential future funding sources to bridge the gap between annual need of \$517 million and projected \$200 million could come from various sources: Future housing bonds; Gross Receipts tax (pending); Regional funding sources. Specific funding proposals will need to be developed by policy makers through a community process.

- Maximizing use of public and nonprofit-owned land for affordable housing could help lower costs.



4. Protect vulnerable residents and stabilize and preserve existing affordable housing

- Expand tenant services including legal services, counseling, and public education.
- Expand rental assistance programs.
- Expand housing services and outreach to the Black community and other historically discriminated groups to support repatriation and increased opportunity.
- Focus housing investments to implement Cultural Districts and preserve and rehabilitate housing serving vulnerable residents, for example SROs.

San Francisco can also help to address housing production, affordable funding, and tenant protection and stabilization through coordination with other cities and regional, state, and federal governments.

Policy issues related to the strategies above are further explored in four sections of this report: (1) Housing Development Feasibility and Costs, (2) Regulation of Housing Development, (3) Affordable Housing Funding, Production, and Preservation, and (4) Tenant Protection, Housing Stabilization, and Homelessness Services.