



# HOUSING NEED FOR EXTREMELY LOW-INCOME HOUSEHOLDS

LAND USE COMMITTEE  
FILE 240243

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MAYOR'S OFFICE OF HOUSING AND COMMUNITY  
DEVELOPMENT

# Extremely Low-Income (ELI) Households

Less than 30% Area Median Income (ELI)

Household Size	Income (30% AMI)	Affordable Rent Amount (30% of gross income)
1 person	\$31,450 annual \$2,621 monthly	\$786 (studio)
2 people	\$35,950 annual \$2,996 monthly	\$899 (1-bedroom)
3 people	\$40,450 annual \$3,371 monthly	\$1,011 (2-bedroom)
4 people	\$44,950 annual \$3,746 monthly	\$1,124 (3-bedroom)

# Extremely Low-Income (ELI) Households

- 18% (~66,000) of all SF renter households are ELI
  - 80% of these are rent-burdened
- 40% of ELI households are Seniors
  - \$1,500/month average SSI benefits
- Racial disparities:
  - 48% of African American households are ELI
  - 31% of American Indian households
  - 23% of Latino
  - 22% of Asian
- 12% (8,000) of ELI households include children

## Regional Housing Needs Allocation (RHNA)

13,981 ELI units by 2031

17% of SF's RHNA production target

# MIX OF ELI UNITS

	# ELI Households	% of Total
SRO	3,285	23%
Studio	4,315	30%
1BR	3,934	27%
2BR	1,736	12%
3BR	952	7%
4BR	196	1%
5+BR	15	0%
<b>Total</b>	<b>14,433</b>	<b>100%</b>

80% smaller units

20% appropriate for families

- Approximately 25% of our ELI units are designated for formerly homeless households and are subsidized by LOSP, Section 8, or Continuum of Care
- Many unsubsidized ELI units (e.g., do not have an operating subsidy) are in legacy projects in Central SF: older SROs acquired in the 80s/90s.

# SUBSIDIES HELP ELI HOUSEHOLDS SECURE AFFORDABLE UNITS

What are operating/rent subsidies?

- Subsidies pay the difference between operating costs and what the tenant can pay in rent
- Section 8 vouchers pay the difference between Fair Market Rent (FMR) and what the tenant can pay in rent
- Subsidies can be fixed to a unit and support project financing OR can be used by a tenant on the open market

## EXISTING ELI SUBSIDY PROGRAMS

### LOCAL OPERATING SUBSIDY PROGRAM (LOSP)

- Created in 2006
- Implemented by MOHCD + HSH
- Funded by General Fund
- 2,353 units
- Current annual budget: \$36M
- Leverages capital financing by integrating homeless units into Low Income Housing Tax Credit projects by providing funds to eliminate operating deficits
- Units require HSH referral for placements



## EXISTING ELI SUBSIDY PROGRAMS

### SENIOR OPERATING SUBSIDY (SOS)

- Created in 2019 as a pilot program
- Funding from Board
- Provides the difference between a 60% AMI rent and either a 15% or 25% AMI tenant rent
- Largely funded by \$52M in State SB2 funds + General Fund component
- 53 units in operation
- 200+ more in pipeline



# EXISTING ELI SUBSIDY PROGRAMS

## CONTINUUM OF CARE

- Formerly called Shelter Plus Care
- Funding for homeless households
- Funded annually by HUD through a competitive process
- Administered by HSH
- Similar to Section 8 project-based voucher





## EXISTING ELI SUBSIDY PROGRAMS

### PROJECT-BASED VOUCHERS

- SF Housing Authority administers project-based Section 8 Federal vouchers
- Subsidy is paid directly to private landlord
  - Usually nonprofit owner
- Tenants pay 30%-40% of household income



# EXISTING ELI SUBSIDY PROGRAMS

## OTHER SUBSIDIES

- 8 MOHCD subsidy programs
- Lowers rent burden to a sustainable level
- Serves ELI and VLI households (up to 50% AMI)
- Population specific programs, such as HIV+, seniors, People with Disabilities, SRO families
- Funds distributed through CBO partners
- Generally used for private market units and affordable units
- More than 900 households served annually



# CHALLENGES TO ELI UNIT PRODUCTION

- Dramatic cuts to Federal operating subsidy programs (Section 8, Section 202 for seniors, Section 811 for people with disabilities)
- No State operating subsidy program
- Cross subsidy/“income averaging” is allowed under the Federal Tax credit program but has limited potential
  - Regulations require 60% AMI average in an affordable building -- with this rental income, buildings operations are sustainable
  - To produce the 60% AMI average, buildings generally range 30-80% AMI though reaching 30% AMI units is financially challenging

# FUNDING NEEDED TO MEET RHNA GOALS

- **Capital/construction funds**

- ~ \$300,000 in City funds per unit x 13,981 units = \$4.19 Billion
- Assumes 2/3 of construction funding from State and Federal sources

- **Subsidy funds**

- \$10,000-\$15,000 per household per year x 13,981 units
  - \$175M annually = \$2.625 Billion over 15 years
- Assume 3.5% increase in annual subsidy cost
- Assuming no other subsidy source is available



**THANK YOU!**

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