JOBS-HOUSING FIT REPORT

Board of Supervisors
Land Use Committee | December 13, 2021

San Francisco Planning

JOBS-HOUSING FIT REPORT: 2020 REPORT

- Admin Code Section 10.4E (b)(4) adopted December 20, 2019, effective January 2020
- Requires annual report that analyzes data on past and future job growth and housing production within SF, comparing net change in housing demand worker households (by income) with new housing by affordability level.
- 2020 Report **published November 1, 2021**
  - Uses **data through calendar year 2019**
- Creation of first report required creation of methodology and format, including evaluation and testing of data sources
- Covid pandemic substantially delayed completion, including long DSW assignments for core data staff

JOBS-HOUSING FIT REPORT: ASSESSMENTS

(1) Retrospective:

- **Preceding 10-years** through end of preceding calendar year
- Looks at data on actual job growth, wages, household formation by income level, and actual housing production
- **2020 Report covers 2009-2019**

(2) Future Projections:

(a) Development Project **Entitled Pipeline 2020-2030**

(b) Development Project **Entitled Pipeline 2030+**

(c) Long Range Projections *(not accounted for in Entitled Pipeline)*

RETROSPECTIVE ASSESSMENT: METHODOLOGY

(1) Calculate 2009-2019 actual net employment change using 2009 and 2019 data for San Francisco county from the Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW)

- Sort by industry sector (NAICS) and wage

(2) Calculate Total Worker Households and Housing Need

- Match QCEW workers to actual worker households in 2009 and 2019 in Census IPUMS by NAICS sector and wage level
- Census IPUMS provides **household income (AMI) for actual worker households**

(3) **Compare actual housing production by affordability level to housing demand by household AMI**

RETROSPECTIVE ASSESSMENT: 2009-2019 FINDINGS

- **Net Job Growth +211K jobs**
- Total Housing Need of 154K units (61K Affordable, 93K Above Moderate)
- Housing production met 19% of total need (13% Affordable, 24% Above Mod)
- **Unmet Housing Need -124K units (-54K Affordable, -71K Above Mod)**

TABLE 7: HISTORICAL TEN-YEAR RETROSPECTIVE ASSESSMENT (2010-2009)

Wage Quartiles	Employment Change	Housing Need: Lowest < 50% AMI	Low < 80% AMI	Moderate <120% AMI	Total Affordable	Above Moderate	TOTAL
Lowest	39,921	6,595	4,981	5,270	16,846	9,616	26,462
Low	31,827	3,868	3,591	4,286	11,746	10,548	22,293
High	22,143	1,904	2,221	3,260	7,385	9,269	16,654
Highest	116,868	5,518	6,917	12,753	25,188	63,154	88,342
TOTAL Need	210,759	17,886	17,710	25,569	61,165	92,586	153,752
Unit Production in SF		3,641	2,494	1,524	7,659	21,810	29,469
Balance		(14,245)	(15,216)	(24,045)	(53,506)	(70,776)	(124,283)
As Share of Need		*-80%*	*-86%*	*-94%*	*-87%*	*-76%*	*-81%*

Source: San Francisco Planning Department.

Wage ≠ Household Income:

- *While 19% of workers were Lowest Wage, only 12% of worker households were Lowest AMI*
- *56% of households of Lowest Wage workers were Mod or Above Mod AMI*
  - *e.g. multiple earners, fewer/no dependents*
- *29% of households of Highest Wage workers were Affordable AMI*
  - *e.g. single earner with multiple dependents*

FUTURE ASSESSMENTS: METHODOLOGY

(1) **Estimate Employment Change From Net Square Feet by Land Use** in Pipeline Data

(2) **Estimate Worker Households and Housing Need by AMI** using the Jobs-Housing Nexus Study Factors

(3) **Compare projected housing production by affordability level to housing demand**

TABLE 4: SF WORKER HOUSEHOLD FORMATION BY SF WORKER

	San Francisco Household Formation per 100,000 sq. ft.					
AMI Group	Office	Retail	Cultural	Visitor	Medical	PDR
Very Low (<=50%AMI)	17.6	40.6	9.7	17.4	14.1	16.9
Low (50-80% AMI)	24.3	31.3	10.7	17.9	22.3	17.7
Moderate (80-120%AMI)	39.0	30.3	12.8	16.3	32.2	18.6
Above Moderate	160.8	54.1	24.3	21.4	95.7	43.2

Source: Keyser Marston Associates, Jobs Housing Nexus Analysis, San Francisco, May 2019, Table III-5, p 13; and San Francisco Planning Department.

FUTURE ASSESSMENTS: 2020-2040 FINDINGS

TABLE 8: ENTITLED PIPELINE PROJECTS 2020-30

	Affordable					
	Very Low <50% AMI	Low <80% AMI	Moderate <120% AMI	Subtotal	Above Moderate	TOTAL
Housing Need [4]	2,612	3,103	4,440	10,155	16,202	26,357
Housing Produced SF [5]	3,874	4,448	1,579	9,902	29,950	39,852
Balance: Produced - Need	1,262	1,345	(2,861)	(253)	13,748	13,495

TABLE 9: ENTITLED PIPELINE PROJECTS 2030+

	Very Low <50% AMI	Low <80% AMI	Moderate <120% AMI	Subtotal	Above Moderate	TOTAL
Housing Need [4]	979	1,056	1,427	3,462	4,921	8,383
Housing Produced SF [5]	1,873	2,151	764	4,787	13,521	18,309
Balance: Produced - Need	894	1,095	(663)	1,325	8,600	9,926

TABLE 22: SHARE OF LONG-RANGE PROJECTIONS NOT IN PIPELINE PROJECTS

	Affordable					
	Very Low <50% AMI	Low <80% AMI	Moderate <120% AMI	Subtotal	Above Moderate	TOTAL
Housing Need [4]	2,383	2,723	3,374	8,480	9,848	18,328
Housing Produced SF [5]	1,706	1,958	695	4,359	8,965	13,324
Balance: Produced - Need	(677)	(765)	(2,679)	(4,121)	(883)	(5,004)

Table 6c: SF Worker Housing UNMET NEED

		Affordable Housing Categories					
Assessments	SF Job Growth	Very Low < 50% AMI	Low < 80% AMI	Moderate < 120% AMI	Subtotal	Above Moderate	Total Housing
Future Subtotal [1]	98,242	1,479	1,675	(6,203)	(3,048)	21,465	18,417
As share of total need		*25%*	*24%*	*-67%*	*-14%*	*69%*	*35%*

- **Projected housing production more than meets new worker household demand in all AMI categories for 2020-2040 period *except Moderate***

- Deficit/Surplus by AMI:
  - Very Low +23% (1,500 units)
  - Low +24% (1,700 units)
  - Moderate -67% (-6,200 units)
  - Above Mod +69% (21,500 units)

PLANS AND PROJECTS ASSESSMENTS

Admin Code requires analysis of…

(a) Area Plans, and

(b) Major development projects subject to a development agreement and >2 acres under consideration or approved in the prior two years

This 2020 report analyzed all plans and projects from late 2017 through 2020:

Area Plans:

Central SoMa (2018)

Market Octavia Amendment/Hub (2020)

Major Projects:

Pier 70 (2017)

Mission Rock (2018)

India Basin (2018)

3333 California (2019)

Flower Mart (2020)

Potrero Power Station (2020)

Balboa Reservoir (2020)

PLANS AND PROJECTS ASSESSMENTS: FINDINGS

- Most plans and major projects heavily lean toward either housing or jobs.
  - 3 of 7 major projects and 1 of 2 area plans were primarily housing with minor amounts of net new commercial space. 1 major project was entirely commercial.
- Cumulatively across all major projects and area plans there are significant unmet needs at the Moderate and Above Moderate AMI levels, with much smaller unmet needs at Low and Lowest AMI levels.

Table 6c: SF Worker Housing UNMET NEED

Assessments	SF Job Growth	Affordable Housing Categories: Very Low < 50% AMI	Low < 80% AMI	Moderate < 120% AMI	Subtotal	Above Moderate	Total Housing
Major Projects	27,859	(356)	(455)	(2,145)	(2,956)	(3,540)	(6,496)
Area Plans	34,339	(261)	(581)	(2,664)	(3,506)	(5,579)	(9,085)

CUMULATIVE ANALYSIS: 2009-2040 FINDINGS

- Job growth of 309K jobs creating need for 207K units
- Overall production of 101K units
- **Better performance of the future growth period only modestly mitigates huge deficits across all worker household income levels from 2009-2019**
    - **Affordable Housing deficit of -56,554 units**
    - **Above Moderate Housing deficit of -49,312 units**

TABLE 1: JOBS-HOUSING FIT SUMMARY

Assessments	Job Growth	Affordable Housing[1] Need	Affordable Housing[1] Units	Affordable Housing[1] Unmet Need		Above Moderate[2] Housing Need	Above Moderate[2] Housing Units	Above Moderate[2] Housing Unmet Need		Total Housing Need	Total Housing Units	Total Housing Unmet Need	
Historical Assessment (2009-19)	210,759	61,165	7,659	(53,506)	-87%	92,586	21,810	(70,776)	-76%	153,752	29,469	(124,283)	-81%
Future Development Assessment													
Entitled Pipeline Projects 2020-30	49,547	10,155	9,902	(253)	-2%	16,202	29,950	13,748	85%	26,357	39,852	13,495	51%
Entitled Pipeline Projects 2030+	15,086	3,462	4,787	1,325	38%	4,921	13,521	8,600	175%	8,383	18,309	9,926	118%
Long Range Projections (not in Pipeline)	33,610	8,480	4,359	(4,121)	-49%	9,848	8,965	(883)	-9%	18,328	13,324	(5,004)	-27%
Subtotal Future Development (2020+)	98,242	22,097	19,049	(3,048)	-14%	30,971	52,436	21,465	69%	53,068	71,485	18,417	35%
TOTAL 2009-2040	309,001	83,262	26,708	(56,554)	-68%	123,557	74,246	(49,312)	-40%	206,820	100,954	(105,866)	-51%

CUMULATIVE ASSESSMENT: 2009-2040 FINDINGS

- In absolute number of units needed, the greatest deficits are in descending order of worker household income.
  - Above Moderate deficit (-49K) is >50% more than Moderate (-30K), which is more than double both Low (-14K) and Very Low (-13K) deficits
- In percentage of need by income, greatest deficit in Moderate (-87%), followed by Low (-55%), Very Low (-54%) and Above Moderate (-40%)

Table 6c: SF Worker Housing UNMET NEED

Assessments	SF Job Growth	Affordable Housing Categories: Very Low < 50% AMI	Low < 80% AMI	Moderate < 120% AMI	Subtotal	Above Moderate	Total Housing
Historical (2009-19)	210,759	(14,245)	(15,216)	(24,045)	(53,506)	(70,776)	(124,283)
As share of total need		*-80%*	*-86%*	*-94%*	*-87%*	*-76%*	*-81%*
Future (2020-40)							
Entitled Pipeline Projects 2020-30	49,547	1,262	1,345	(2,861)	(253)	13,748	13,495
Entitled Pipeline Projects 2030+	15,086	894	1,095	(663)	1,325	8,600	9,926
Long Range Projections (not in Pipeline)	33,610	(677)	(765)	(2,679)	(4,121)	(883)	(5,004)
Future Subtotal [1]	98,242	1,479	1,675	(6,203)	(3,048)	21,465	18,417
As share of total need		*25%*	*24%*	*-67%*	*-14%*	*69%*	*35%*
TOTAL 2009-2040	309,001	(12,766)	(13,541)	(30,248)	(56,554)	(49,312)	(105,866)
As share of total need		*-54%*	*-55%*	*-87%*	*-68%*	*-40%*	*-51%*

AFFORDABLE HOUSING FUNDING AND SITES: FINDINGS

- Admin Code asks Planning+MOHCD to report on funding and sites needed to meet the affordable housing deficit identified in the Report
- Cumulative Affordable deficit of about 56,500 units, of which 53,500 are from 2009-2019 and 3,000 projected for 2020-2040.
    - For this calculation Future deficit should be adjusted up to 4,700 to reflect *only* current funded/secured but not entitled MOHCD sites (2,700 units in 24 sites), bringing cumulative deficit up to 58,200.
- Average $350K/unit gap subsidy (including $100K/unit acquisition for 50% of sites)
    - **$20.4B local funding needed, 776 sites required @ 75 units/site**
- **If full cumulative Above Moderate housing deficit is also met**, inclusionary housing would reduce affordable deficit to 41,800 units
    - **$14.6B local funding needed, 557 sites required @ 75 units/site**

ISSUES AND CONSIDERATIONS: HIGHLIGHTS

- **Prescribed 10-year retrospective period can exaggerate or mask long term trends**, eg 2009 was bottom of Great Recession. **Shifting the base year forward each year will ignore large past deficits**.
- **Area Plans and Major Projects are redundant to Pipeline and Long-Range projection assessments**. Creates confusion and complexity with overall cumulative calculations, and the relevance of this scale and subset of projected growth is questionable.
- Projections/Future analysis does not consider effects of new policies or projections, such as draft Housing Element or Plan Bay Area 2050. Long range jobs projections are adopted every 4 years. Pipeline is only a slice of the future, so it's important to supplement with broader projections.
- **Timing of annual jobs data availability does not allow completion of annual report per the Admin Code's April publication requirement**. Cannot be done before end of following calendar year. (For instance 2021 jobs data will be available in fall 2022)

ISSUES AND CONSIDERATIONS: HIGHLIGHTS

- The soonest Planning could complete **the next report would be in roughly one year from now at the end of 2022, allowing analysis of jobs data through 2021**.
  - Given the disruption and job loss during 2020, Planning does not recommend creating a report that stops at 2020, and 2021 jobs data is also of questionable utility. Covid and post-Covid job restructuring trends will likely not stabilize until at least well into 2022 or later.
  - 2021 jobs data is released in October 2022.
  - Publication in 2022 will allow use of updated locally-tailored long-range job projections from Plan Bay Area (through 2050).
- Planning recommends **moving publication to every 4 years**, to follow updates to the regional plan, published at the end of the calendar year along with the Commerce & Industry Inventory report on job growth.
  - After Dec 2022 the next report would be published in Dec 2026.

ISSUES AND CONSIDERATIONS: HIGHLIGHTS

- **Keep a fixed retrospective base year.** This could be 2009 so that future reports build from the existing cumulatively or a prior or subsequent year.
- **Consider eliminating individual area plan and Development Agreement individual assessments from the Report.**

BLA 2019 REPORT: COMPARISON TO JHF REPORT METHODOLOGY

- BLA report was **primarily telling a narrative** about the issue of jobs-housing fit with various disconnected data rather than doing a methodical and complete quantitative analysis as required by the Admin Code for the JHF

- BLA used CA EDD **jobs data from SF+SM counties combined** (not SF only) "assuming" that SF is a certain % and that job composition was the same across both counties and that future net growth will also be the same for both counties. **JHF Report uses SF-specific data** from US BLS.

- **BLA future analysis only uses 2016-2026 EDD projections**, which overlaps with the historic period and only goes to 2026. EDD projections are **not locally specific**, “straight line” the future, and have **no tie to SF building pipeline**. **JHF report uses pipeline for Future as required by Admin Code, supplemented by locally tailored projections** adopted by ABAG.

- **BLA future only goes to 2026. JHF Future projects to 2030 and 2040** as required by Admin Code.

BLA 2019 REPORT: COMPARISON TO JHF REPORT METHODOLOGY

- **BLA incorrectly uses individual wage instead of HH income to determine housing need. JHF uses worker household income.** Wage and household income are not interchangeable terms or concepts. Housing affordability and BMR eligibility is determined by HH income and not by an individual's wage.

- **BLA does not do any cumulative analysis of the historical period plus the future period, and retrospective analysis is limited to only 2016-2018**. The conclusion that "enough" Above Mod" housing has been constructed is factually wrong for any cumulative analysis that goes back more than a year or two.

- **BLA groups income categories into 3 of Low, Med, and High**, which does not correspond with the **JHF's required 4 RHNA categories.**

- **BLA calculation of housing need is not based directly on jobs or worker household growth** but rather indirectly on maintaining a certain jobs/housing ratio in the city. The BLA analysis thus constrained the future number of housing units needed.

- **BLA excluded entitled DA units** without building permits in hand. Notably there is a lot of affordable housing in these. As required by the Admin Code, **JHF includes entitled DA units, splitting them bet 2020-2030, and >2030.**

Prioritization of Reports

Now	2022 Q1	2022 Q2	2022 Q3 – 2022 Q4	2022 Q4 – 2023 Q1
• Data Clean Up • Systems Improvement	• Quarterly Pipeline • Stakeholder Outreach on KPIs	• Housing Inventory • RHNA Annual Report • Housing Balance Report	• Start Commerce & Industry Report	• Start Area Plan Monitoring Reports

Ongoing Data Quality Clean Up
Systems Improvement
Iterative Dashboard Development

THANK YOU

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