

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

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TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst



SUBJECT: April 19, 2018 Budget and Finance Committee Meeting

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Budget Priority Report: Homelessness

Executive Summary

- Though the Point in Time (PIT) count showed a 1 percent decrease in homelessness from 2015 to 2017 (7,539 to 7,499 respectively), San Francisco has seen an 18 percent increase in homelessness since 2007 using PIT estimates.¹ San Franciscans ranked homelessness and housing as the top issues faced by the city, with 33 percent of the individuals surveyed for the 2017 biennial San Francisco City Survey completed by the Controller's office ranking the high number homeless individuals and insufficient services as the most significant challenges for the city.²
- The Department of Homelessness and Supportive Housing applies a number of different strategies to address homelessness, which can be segmented into three categories: 1) problem solving and homelessness prevention (e.g. eviction prevention service, one time rent support); 2) emergency homeless services (e.g. navigation centers, emergency shelters, street medicine) and 3) exits from homelessness (e.g. permanent supportive housing, rapid rehousing). Their tiered strategy allows the department to address everyone from individuals at risk of becoming homeless to individuals who have experienced chronic homelessness.
- HSH has identified areas in which budget enhancements have the ability to better support the homeless population. They include (1) expanding Rapid Rehousing programs to increase the number of vouchers offered to single adults (2) pursuing additional master leases to increase the supply of permanent housing (3) Increasing Rapid Rehousing and/or temporary shelter options for Transition Aged Youth

Policy Options

1. *The Board of Supervisors could request the Mayor's Office to add funds to the FY 2018-19 budget to enhance one or more of the following as outlined in Table 4 above: (a) Rapid Rehousing vouchers for single adults; (b) master lease units and operating subsidies; (c) Rapid Rehousing vouchers for youth; and (d) a new Navigation Center for youth.*
2. *The Board of Supervisors could request the HSH Director to provide further information on (a) the need and effectiveness of increasing services in permanent supportive housing units; and (b) the need and effectiveness of increasing funding for problem solving services.*

¹ PIT counts, 2005 to 2017

² 2017 San Francisco City Survey, Office of the Controller

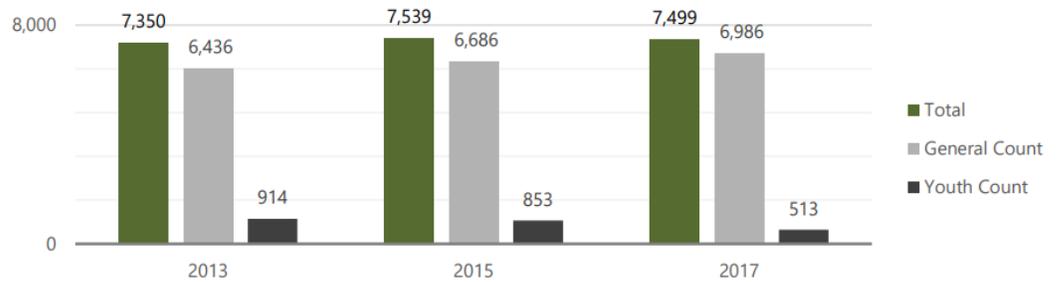
Homelessness in San Francisco

The Department of Housing and Urban Development requires that all jurisdictions receiving federal funding for homeless assistance conduct a biennial homeless Point in Time (PIT) count. The PIT includes a visual count of all individuals who are living unsheltered on the street, and a detailed count of individuals who are living in temporary shelter. In addition, there is an in-depth follow up survey with a sample of homeless individuals, and San Francisco conducts a youth specific survey.

In 2017 the San Francisco PIT included 7,499 individuals, 4,353 were living unsheltered while 3,146 were residing in temporary shelters, residential facilities, or hospitals. The numbers have decreased slightly since the previous count, with 2015 representing 7,539 individuals and 2013 representing 7,350 individuals.

Over the past decade, the homeless population in San Francisco has grown from 6,377 to 7,499, roughly an 18 percent increase. The Department of Homelessness and Supportive Housing, based on guidelines from the United States Department of Housing and Urban Development, suggests that multiplying the PIT by a factor of 2.77 provides a rough estimate for the number of people who experience homelessness on an annual basis (roughly 20,000).

Figure 1. TOTAL NUMBER OF HOMELESS INDIVIDUALS, SHELTERED AND UNSHELTERED, ENUMERATED DURING THE GENERAL POINT-IN-TIME HOMELESS COUNT AND YOUTH COUNT WITH TREND

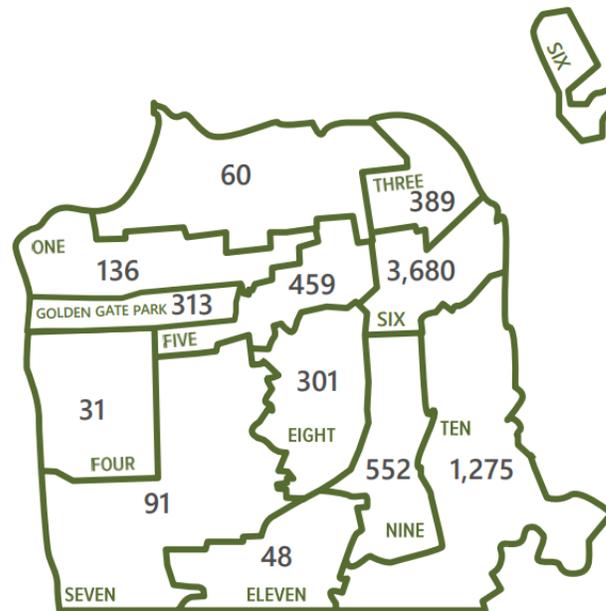


Source: Applied Survey Research. (2015-2017). San Francisco Homeless Count. Watsonville, CA.

According to the Executive Director of the Department of Homelessness and Supportive Housing, more individuals are entering the City’s homeless system than exit; the PIT count estimated that on any given night there are nearly 3,000 newly homeless individuals in San Francisco and 2,400 who arrived homeless in the City.

The PIT count has consistently demonstrated that a disproportionate number of homeless individuals reside in Supervisor District Six, with 49 percent of the homeless individuals identified in the 2017 PIT living in this district, followed by District Ten which had 17 percent of homeless individuals. The map below shows the number of homeless individuals by district based on the PIT count.

Figure 3. UNSHELTERED AND SHELTERED POINT-IN-TIME COUNT RESULTS BY DISTRICT



Source: Applied Survey Research. (2017-2017) San Francisco Homeless Count³

In examining homelessness and strategies to alleviate homelessness, experts in this field generally examine subpopulations of homeless individuals to best understand their needs. Generally these are broken down into families, youth, and adults. Further subcategories include chronically homeless individuals (those who have continuously experienced homelessness of a year or more, or have experienced four or more episodes of homelessness within the past three years) and veterans. Families represented 8 percent of the total PIT population⁴, and unaccompanied children and Transition Aged Youth (TAY) represented 18 percent of the total PIT population.⁵

Currently, there are larger gaps in services for adults and TAY youth when compared to families; this is reflected in spending allocated to each of these subpopulations. 58 percent of the adult homeless population is unsheltered on a given night in San Francisco, while just three percent of families are unsheltered on a given night in San Francisco.⁶ Seven percent of unaccompanied minors were unsheltered at the time of the 2017 PIT, while 19 percent of TAY youth were unsheltered.

³ 2017 Point in Time Count, page 14

⁴ 2017 Point in Time Count, page 13

⁵ Youth Point in Time Count page 9

⁶ 2017 Point in Time Count, Page 15

Established Programs

While previously homeless services were primarily provided by the Human Services Agency and Department of Public Health, on July 1, 2016 the City created the Department of Homelessness and Supportive Housing (HSH) which develops citywide strategies to reduce homelessness. Two major undertakings that HSH is piloting include the Online Navigation & Entry (ONE) system and Coordinated Entry. ONE system is a data management platform that combines 15 unique data management systems into one system, thus allowing for uniform measures of progress and ability to track individuals across homeless programs. Coordinated entry is a community wide intake platform that is designed to match people experiencing homelessness to available community resources that are the best fit for their situation. This system is meant to standardize the assessment process to identify the best type of housing intervention. The system is organized into three subpopulations, adults, and families with children, and youth, and the process for coordinated entry is organized into five parts: intake problem solve, assess, prioritize and refer. Ideally, HSH aims to intervene at the earliest stage possible when someone is at risk of becoming homeless. Their programs are tiered in an effort to be cost effective, and ensure that resources are reserved for the right individuals. Descriptions of some HSH programs and programs from other departments are described below. They have been organized into the following categories: **problem solving**, including homelessness prevention, programs that address individuals at risk of becoming homeless and those who are newly homeless; **emergency homelessness services**, programs that offer supports to individuals who are homeless, and **exits from homelessness**, or programs that move people off of the street into a stable housing situation.

This programs list is not comprehensive, though it covers many of the main programs HSH and other departments run to address homelessness in the city. An inventory of these services is included in Table 1 on page 7.

PROBLEM SOLVING & HOMELESSNESS PREVENTION PROGRAMS

In addition to services aimed at individuals who are already homeless HSH utilizes strategies to prevent homelessness or to quickly end homelessness for individuals who have recently become homeless. These services include:

Homeward Bound reunites adults and families experiencing homelessness in San Francisco with family and friends in other communities who are willing to house them. The department conducts a screening before sending a person to a new location and staff conduct follow-up calls once a person arrives in a new location. HSH currently serves 850 Homeward Bound clients each year.

Family Reunification reunites unaccompanied youth with family members within our outside of San Francisco. This can be done through Homeward

Bound or through programs run by our nonprofit partners. We currently assist approximately 100 youth each year.

Eviction Prevention helps households about to lose their housing with one-time financial assistance (security deposit, utilities payment funds, back rent assistance, etc.) and or legal services. HSH currently provides this service to 750 households each year.

Move-in Assistance provides security deposits, furniture allowances and other assistance for households who have found housing but need financial assistance to move-in. HSH helps 750 households with this type of assistance each year.

Flexible Grants remove barriers to housing for clients who do not necessarily need long-term government support. Examples include: paying off a debt to a roommate or utility company; providing 2-3 months of rental assistance while a client starts a new job; and assisting with car repairs so a client can return to work. This program is not available widely but HSH currently has a small pilot serving up to 100 clients at various locations.

EMERGENCY HOMELESSNESS SERVICES

Temporary Shelters

HSH operates multiple types of temporary shelters: Adult emergency shelters, family shelters, TAY shelter, stabilizations beds, transitional housing, and Navigation Centers. Though they serve similar purposes, they operate differently and may serve different populations.

Navigation centers are meant to serve people coming out of encampments and people who have not utilized the emergency shelter system. Many of these individuals have been chronically homeless, defined as, “either (1) an unaccompanied homeless individual with a disabling condition who has been continuously homeless for a year or more, or (2) an unaccompanied individual with a disabling condition who has had at least four episodes of homelessness in the past three years.”⁷ Placement in a navigation Center is temporary and is determined by HSH’s outreach programs on a case by case basis. These placements have fewer restrictions than placements in traditional emergency shelters, such as the ability to bring partners, pets, and possessions. In total there are 352 HSH navigation center beds, costing an average of \$93 dollars/bed, with 337 additional beds slated to open in FY 2018-19, while 195 are slated to close in calendar year 2018 for a net increase of 142 beds.

Emergency Shelters are overnight shelters that individuals can stay in for from one night to six months depending on the program. Historically emergency shelters for adults have had a waitlist of 1000 people or more, pointing to the

⁷ Department of Housing and Urban Development

need for the service. Emergency shelters have fewer on-site services when compared with navigation centers. Navigation centers have a staff to client ratio of 15:1, while traditional emergency shelters have a staff to client ratio of 41:1, or fewer in the case of some shelters.⁸ There are check-in and check-out times at emergency shelters, and individuals with a bed must meet those times. If an individual does not return for check in for the evening, their bed may be given to another person on the waitlist for the night. If they don't return for 72 hours then their bed is given to someone on the waitlist. In total, there are 1,389 emergency shelter beds for families, youth and adults (including 375 beds open during winter months), 437 Transitional Housing beds, and 96 stabilization beds.

Transitional Housing provides people with significant barriers to housing stability with a place to live and intensive social services for up to two years while they work toward self-sufficiency and housing stability. This intervention is not an exit from homelessness, as persons staying in transitional housing are still considered homeless, but sheltered. Transitional housing is most effective for veterans, single mothers, TAY, and families in the process of reunification. Transitional housing can offer services such as education, job training and placement, substance abuse counseling, parenting classes and child care services. HSH policy is for transitional housing residents to pay 30 percent of their income toward service fees. In some Transitional Housing programs a portion of these fees are returned to the participant upon exit from the program.

Outreach

As HSH works to reduce street homelessness, part of its strategy is to engage and stabilize the most vulnerable homeless individuals who are living on the streets. Street Outreach is primarily provided by the Homeless Outreach Team (HOT) and nonprofit partners and connects those living outside with the Homelessness Response System. This includes street outreach and engagement, encampment resolution, care coordination, Access Points and Resource Centers. The Encampment Resolution Team is a specialized team of HSH outreach staff whose goal is to address encampments effectively and compassionately.

Health Services

Both HSH and DPH operate **Stabilization Beds**. **Stabilization Beds** are an alternative to shelter for people who cannot be served in a congregate setting. These may also be emergency shelter beds that individuals enter upon being discharged from an acute care setting. This includes the Humming Bird Program, a 15 bed navigation center located at SF General Hospital that aims to stabilize people as they exit hospital care.

DPH operates the **Street Medicine Team**, a team that helps establish care for chronic health conditions and works to transition patients to stable health care.

EXITS FROM HOMELESSNESS

⁸ Information provided by HSH

Permanent Supportive Housing is the most resource-intensive program within HSH's portfolio. The program offers deeply subsidized supportive housing with on-site services such as case-management or medical services. Permanent supportive housing residents are among the highest need HSH clients (e.g. individuals with mental or physical illness, individuals who have been homeless for long periods of time, or individuals who are working to overcome addiction). Once an individual is stabilized in housing and no longer needs onsite supportive services, HSH aims to move individuals to less resource intensive housing options in order to maximize its use of available housing placements. These units had approximately a 12.9 percent turnover rate in FY 2016-17, with 87.1 percent of individuals remaining in place.

Rapid Rehousing provides time-limited rental assistance and services for people leaving homelessness. The goals of rapid rehousing include housing identification, temporary rental assistance, and case management. Typically individuals receive rapid rehousing services and subsidy for a period of 18 months.

Table 1: Current Inventory of Homeless Services

Intervention	Capacity
Eviction Prevention (HSH)	750 slots
Homeward bound	850 slots
Resource Center Chairs	190
Navigation Center Beds	352
Adult Shelter Beds	1,186 year round
Family Shelter Units	167
Adult Winter Shelter Beds	375
TAY Shelter	40
Youth <18 shelter	26
Permanent Supportive Housing Units (Adults)	6,571
Permanent Supportive Housing Units (Families)	710
Permanent Supportive Housing Units (TAY)	122
Transitional Housing Units Adults	149
Transitional Housing Units Families	33
Transitional Housing Units (TAY)	255
Rapid Rehousing Adults	25
Rapid Rehousing Families	850
Rapid Rehousing TAY	30

Source: Appendix B HSH Strategic Plan, supplemented by information provided by HSH

Historical Budgets and Spending

While several City departments provide services to or interact with San Francisco residents experiencing homelessness, the Department of Homelessness and Supportive Housing is the main service/program provider. The Department's budget increased by 11 percent from \$217.4 million in FY 2016-17 (the first year of the Department) to \$242.3 million in FY 2018-19, as shown in Table 2 below.

**Table 2: Department of Homelessness and Supportive Housing Expenditure
Budget FY 2016-17 to FY 2018-19**

Program	FY 2016-17	FY 2017-18	FY 2018-19	Increase/ (Decrease)
Administration and management	\$15,057,491	\$12,844,257	\$9,381,699	(\$5,675,792)
Capital asset planning	500,000	5,925,000	-	n/a
Children's Baseline	1,766,327	675,070	675,070	(1,091,257)
Outreach and prevention	10,066,777	11,430,429	11,565,525	1,498,784
Shelter and housing	183,538,026	208,061,995	209,309,399	25,771,373
Transition Aged Youth Baseline	6,453,161	11,447,723	11,435,566	4,982,405
Total	\$217,381,782	\$250,384,474	\$242,367,259	\$24,985,477

Source: City budget system

General Fund revenues make up approximately 68% of the budget with additional funding coming from state and federal sources.

Performance Measures

Official Performance Measures

HSH measures performance based on successful entry into housing, maintenance of housing once a person is housed, and utilization of available services. The department combines some programs when measuring outcomes and examining programs individually becomes difficult. As HSH completes the implementation of the ONE system, the department plans to collect more detailed data and track system-wide and program-specific outcomes. The Department's performance goals and outcomes from the Controller's Office Performance Data are listed in appendix A. The department is working to develop new performance measures to align with their 5-year strategic framework, released in October 2017. We provide a narrative description below. Given that the Department is new, we discuss performance during the fiscal year 2016-17 only.

Measures capturing utilization of available services

Many of the performance measures HSH currently captures relate to the utilization of available services. For example, if the Department utilized every available emergency shelter bed, this would be considered a success. HSH is meeting most utilization based performance targets in the following categories:

- Number of families receiving a rental subsidy
- Number of individuals leaving homelessness due to a placement in permanent supportive housing
- Number of individuals reunited with friends or family through the Homeward Bound program

- Percentage of all available year-round single adult homeless shelter beds used

HSH's ability to meet their targets in these categories is in part a testament to the demand for services. Exceptions where the department fell slightly short of a utilization target include:

- Number of families that secured or maintained housing due to a one-time grant
- Number of single adults that secured and/or maintained housing due to a one-time grant

In these instances the department was not able to meet the target in part because of the lack of affordable housing in the Bay Area housing market.

Performance based measures

The department captures several measures that describe outcomes rather than outputs. These include 1) the percentage of case managed families that are placed in permanent or transitional housing, enter a treatment program, or reunite with family, and 2) the percentage of homeless households still in supportive housing or other appropriate placements after one year. While HSH met its target for homeless individuals remaining in place if placed appropriately, the Department did not meet its goal for case managers to place families into appropriate housing options. According to the Department, implementation of coordinated entry for families with children is expected to improve the placement of families into appropriate housing. More information is needed to fully assess program outcomes.

Though the department is meeting many of its performance goals, the demand for all housing options provided exceeds the supply of housing. In addition, the inflow of homeless individuals outpaces the outflow, meaning that often the department has to house multiple people before attaining a meaningful decrease.

Potential Funding Impacts

The Department of Homelessness and Supportive Housing has emphasized the need to increase its inventory for all housing options. This includes increasing the number of supportive housing units, increasing grants to prevent individuals from becoming homeless, increasing emergency shelter beds, increasing Rapid Rehousing vouchers, and increasing transitional housing. In all cases, demand for services outpaces supply of services, perhaps warranting expansion of all programs. However, programs can be difficult to expand due to space or funding limitations, and program outcomes for some programs remain unclear. The options for budget enhancements discussed below and outlined in Table 4 focus on programs that provide housing subsidies, temporary shelter, or permanent supportive housing.

1) Expand the Rapid Rehousing program to increase the number of vouchers for single adults

Historically families have been the focus of Rapid Rehousing efforts, which have seen success at the local and national level. In FY 2016-17, a Rapid Rehousing program run by the nonprofit Hamilton Family Services had the following performance outcomes: 82 percent of participants were housed and stable one year after the Rapid Rehousing subsidy ended, 14 percent of participants were housed but at risk, and 5 percent were not housed. These represent outcomes for approximately 63 families; outcomes for prior years that Hamilton Family Services has operated Rapid Rehousing are included in Appendix B.

While data is not available on the outcomes for single adults who receive rapid rehousing vouchers, adults need more options when exiting from homelessness. Expanding Rapid Rehousing vouchers for single adults would allow HSH to better support lower needs adults for whom permanent supportive housing is unnecessary. Unlike permanently subsidized housing, Rapid Rehousing is time limited, making the program less costly in the long run. The City funds approximately 150 family Rapid Rehousing vouchers annually. Currently, much of the funding for Rapid Rehousing comes from the Heading Home Campaign, a housing grant aimed at families funded primarily by private donors. The campaign raised funds to support Rapid Rehousing efforts for 800 families by 2020; approximately 200 families have utilized the program to date. Funding for Rapid Rehousing for Families may be a priority in future budget cycles given that this largest investment comes from a privately supported campaign.

2) Pursue additional master leases to increase the supply of permanent supportive housing

HSH has stated that landlords have approached the Department about master leases for an additional 200 units of housing. While these potential leases are still in development, this may offer an opportunity to increase the number of permanent housing units, allowing for increased exits from homelessness. Funds for master lease permanent supportive housing units including leasing and operating costs and would need to be ongoing.

3) Increase Rapid Rehousing and temporary shelter options for Transitional Aged Youth

According to HSH, the Department currently underspends on youth relative to their percentage of the homeless population. Potential options to address youth homelessness include a Youth Navigation Center to meet the needs of unsheltered youth and Rapid Rehousing subsidies with supportive services to move youth quickly out of homelessness and into stable housing which may include roommate situations or other developmentally appropriate co-housing models.

Table 4: Cost estimates for suggested policy options

Cost Estimate	Option
\$1,125,000 to \$2,250,000	Rapid Rehousing Vouchers for Single Adults <i>The average cost of a voucher for single adults is approximately \$15,000 annually or \$22,500 for the full 18 months. Estimates include administrative costs. An appropriation of \$1,125,000 would provide Rapid Rehousing vouchers for at least 50 single adults and \$2,250,000 would provide Rapid Rehousing vouchers for at least 100 adults over 18 months.</i>
\$3,200,000 to \$6,400,000	Master Lease Units and Operating Subsidies <i>HSH may be able to identify and master lease up to 200 Single Room Occupancy (SRO) units in FY 2018-19. HSH estimates the leasing, operating, and service costs for each master lease unit to be \$32,000 per year. Estimated costs for 100 new master lease units in FY 2018-19 are \$3,200,000 and for 200 new master lease units in FY 2018-19 are \$6,400,000.</i>
\$1,125,000 to \$2,250,000	Youth: Rapid Rehousing <i>The average cost of a Rapid Rehousing voucher for adults and TAY is approximately \$22,500 over 18 months. An appropriation of \$1,125,000 would provide Rapid Rehousing vouchers for at least 50 single adults and \$2,250,000 would provide Rapid Rehousing vouchers for at least 100 adults over 18 months.</i>
\$3,500,000	Youth: Navigation Center <i>A new 90-bed navigation center focused on youth would cost an estimated \$3,500,000 per year for start-up, operating, and service costs.</i>

Below are options that the Board of Supervisors could consider as possible budget enhancements. These options focus on services and programs rather than housing placements.

Permanent Supportive Housing Services

Currently HSH’s permanent supportive housing portfolio varies in level of onsite services. With the implementation of Coordinated Entry, HSH will be prioritizing permanent supportive housing placement for the most vulnerable people

experiencing homelessness. Therefore the service needs of people entering permanent supportive housing going forward will be higher than the current permanent supportive housing population. According to HSH, additional resources are needed to adequately staff and resource their housing programs. HSH estimates the need for approximately \$3,000,000- \$4,000,000 in FY 2018-19 to bring the staffing and services to the level needed to successfully operate permanent supportive housing for the most vulnerable people experiencing homelessness. The Board of Supervisors could request HSH to provide further information on the need and effectiveness of increasing permanent supportive housing services.

Invest in Problem-Solving

According to HSH, communities around the country have seen reductions in the number of people entering their homelessness response systems by implementing Diversion or Problem Solving strategies. Problem Solving provides opportunities to prevent people from entering the Homelessness Response System and to redirect people who can resolve their homelessness without the need for shelter or ongoing support. It may offer a range of supports including eviction prevention, relocation assistance, family reunification, mediation, move-in assistance, and flexible Problem Solving funds. Participants might receive assistance that helps them find housing here in San Francisco or other communities of their choosing. According to HSH, by investing in Problem Solving HSH can reduce the number people entering the homelessness response system thus reducing trauma in the lives of people experiencing a housing crisis. The Board of Supervisors could request HSH to provide further information on the need and effectiveness of increasing permanent supportive housing services.

Policy Options

- 1. The Board of Supervisors could request the Mayor's Office to add funds to the FY 2018-19 budget to enhance one or more of the following as outlined in Table 4 above: (a) Rapid Rehousing vouchers for single adults; (b) master lease units and operating subsidies; (c) Rapid Rehousing vouchers for youth; and (d) a new Navigation Center for youth.*
- 2. The Board of Supervisors could request the HSH Director to provide further information on (a) the need and effectiveness of increasing services in permanent supportive housing units; and (b) the need and effectiveness of increasing funding for problem solving services.*

Appendix A: HSH Performance Measures as captured by the Controller's Office, FY 15-16 AND FY 16-17

Performance Measure	FY16 (Jul- Jun) Actual	FY17 (Jul-Jun) Target	FY17 Actual (Jul-Jun)
Number of families receiving a rental subsidy	285	275	267
Number of families that secured and/or maintained housing due to a one-time grant	648	1153	956
Number of households on the waiting list for family shelter	232	175	157
Percent of case managed families in shelters that are placed in permanent or transitional housing, enter a treatment program, or reunite with family	53%	65%	47%
Number of individuals (includes single adults and members of families) leaving homelessness due to placement in HSA permanent supportive housing	566	500	545
Number of individuals leaving homelessness through DPH's Direct Access to Housing (DAH) program	-	320	226
Number of individuals reunited with family or friends through the Homeward Bound program	880	750	825
Number of single adults that secured and/or maintained housing due to a one-time grant	790	1047	700
Percent of formerly homeless households (includes single adults and families) still in supportive housing or other appropriate placements after one year	97%	90%	97%
Percentage of all available year-round single adult homeless shelter beds used	95%	95%	95%

Appendix B: Hamilton Family Services stability data 12 months after exit from Rapid Rehousing Programs, FY 2014-15—FY 2016-17

Housing status 12 months after exit from rental subsidy	FY 2016-17	FY 2015-16	FY 2014-15	Combined outcomes 2006-2017
Housed and stable	81%	87%	85%	92%
Housed but at risk	14%	0%	6%	5%
Not housed	5%	13%	9%	3%

Budget Priority Report: Housing

Executive Summary

- The Association of Bay Area Governments (ABAG) set a goal for the construction 28,869 new housing units in San Francisco in the seven-year period from 2015 to 2022. San Francisco will likely exceed the goal by 2022, based on the number of housing units that have been constructed or entitled as of September 2017. Market rate housing will likely exceed the goal by more than 200 percent while housing for low income and very low income households will meet about 50 percent of the goal, and housing for middle income households will meet about 25 percent of the goal.
- San Francisco has programs to promote affordable housing, including inclusion of below market rate housing in new housing developments, payment of an affordable housing fee by developers of new market rate housing developments, an annual General Fund allocation to the Housing Trust Fund, and issuance of Affordable Housing general obligation bonds, approved by the voters.
- The Mayor's Office of Housing and Community Development (MOHCD) administers the City's housing programs. Programs include providing gap financing to affordable housing developments by nonprofit developers (leveraging other funding sources such as loans and federal low income housing tax credits), down payment assistance to first time home buyers, and rental assistance to households at risk of losing housing.
- MOHCD has identified four projects that could move forward if the Mayor's Office were to allocate gap funding in FY 2018-19. **(1)** The City purchased 750 Stanyan Street in 2018. Gap funding of \$35 million to \$40 million would allow the City to leverage other non-City funding sources to develop 100 to 150 affordable housing units. **(2)** The City subdivided the Sansome Street Fire Station parcel to give air rights to MOCHD to develop affordable housing. Gap funding of \$30 million would allow the City to leverage other non-City funding sources to develop 100 affordable housing units. **(3)** Development on Treasure Island requires 27.2 percent of approximately 8,000 units to be affordable, of which approximately 310 units would be finance by the developer and approximately 1,866 units would be financed by the Treasure Island Development Authority. According to MOCHD, \$54 million would be used to provide gap financing for 180 affordable housing units; the balance of financing for these 180 units would be funded by non-City sources. **(4)** The Metropolitan Transportation Commission (MTC) has provided \$5 million toward Transit Oriented Development to acquire property as a site for affordable housing development. According to MOHCD, funds have been set aside to match the MTC grant, but a site for affordable housing development has not yet been identified. According to MOHCD \$30 million would be used

to provide gap financing for 100 affordable housing units; the balance of financing for these 100 units would be funded by non-City sources.

- The budget enhancement options noted above are one-time enhancements to provide gap funding to develop housing affordable to low and very low income households. These budget enhancement options would add housing units to the City's stock of housing. In addition, the ordinance pending before the Board of Supervisors appropriates \$13 million in Affordable Housing bond proceeds for initial funding to develop 82 housing units for teachers (to be located at 43rd Avenue and Irving Street), and 21 other middle income housing units (to be located at 88 Broadway). The Board of Supervisors could request the MOHCD Director to provide further information on available and needed funding for the new teacher and middle income housing units to ensure completion of these housing units.
- The following housing programs provide down payment or rent assistance to San Francisco residents for existing housing units. **(1)** MOHCD provides down payment and other assistance to first time home buyers through the Downpayment Assistance Loan Program and Teacher Next Door Program. **(2)** MOHCD, through contracts with community based organizations, provides eviction prevention and rental assistance to households at risk of losing housing. The Board of Supervisors could request the MOHCD Director to provide further information on (a) the feasibility of enhancing the Teacher Next Door and Downpayment Loan Assistance Programs; and (c) the effectiveness and need for enhancements to the rental assistance program

Policy Options

1. *The Board of Supervisors could request the Mayor's Office to fund one or more of the following in the FY 2018-19 budget: (a) \$35 million to \$40 million in gap financing for 100 to 150 affordable housing units at 730 Stanyan Street; (b) \$30 million in gap financing for 100 affordable housing units at 772 Pacific Street; (c) \$54 million in gap financing for 180 affordable housing units on Treasure Island; (d) \$30 million in gap financing for 100 affordable housing units in the Mission to leverage the MTC Transit Oriented Development grant.*
2. *The Board of Supervisors could request the MOHCD Director to provide further information on (a) available and needed funding for the new teacher and middle income housing units to ensure completion of these housing units; (b) the feasibility of enhancing the Teacher Next Door and Downpayment Loan Assistance Programs; and (c) the effectiveness and need for enhancements to the rental assistance program.*

Regional Housing Allocation Goals

The State of California mandates regional Councils of Government to develop Regional Housing Needs Plans that determine how many housing units, including affordable units, that each local community must plan to accommodate. The Association of Bay Area Governments (ABAG) is the regional Council of Government for the San Francisco Bay Area. ABAG sets Regional Housing Need Allocation (RHNA) goals for local communities, which are submitted annually to the State Department of Housing and Community Development. The RHNA goals for San Francisco in the seven-year period from 2015 to 2022 are 28,869 additional units of housing. As of September 2017, San Francisco had developed 12,023 additional units of housing, or approximately 42 percent of the goal, as shown in Table 1 below.

Table 1: Progress Toward Meeting 2022 Regional Housing Need Allocation Goals as of September 2017

	RHNA Housing Goals 2015 to 2022	Actual Production 2015 to 2017	Actual Production as of September 2017	Actual Production Total	Actual Production % Goals
Total Housing Units	28,869	10,026	1,997	12,023	42%
Very Low Income ^a	6,234	2,048	206	2,254	36%
Low Income ^b	4,639	537	416	953	21%
Moderate Income ^c	5,460	489	30	519	10%
Above Moderate Income ^d	12,536	6,952	1,345	8,297	66%

Source: RHNA Progress 2017Q3

^a “Very low income” indicates household income of 50 percent or less of the Area Median Income (AMI), equal to \$57,650 or less for a family of four in 2017.

^b “Low income” indicates a household income from 51 percent to 80 percent of AMI, equal to \$57,651 to \$92,250 for a family of four in 2017.

^c “Moderate income” indicates a household income of 81 percent to 120 percent of AMI, equal to \$92,251 to \$138,350 for a family of four in 2017.

^d “Above moderate income” indicates a household income of more than 120 percent of AMI, equal to more than \$138,350 for a family of four in 2017.

If housing units that have been approved (“entitled”) by the Planning Department but not yet constructed are included in the total number of housing units, then San Francisco has exceeded the RHNA goal for housing between 2015 and 2022, as shown in Table 2 below.

Table 2: Progress Toward Meeting 2022 Regional Housing Need Allocation Goals (Constructed and Entitled) as of September 2017

	RHNA Housing Goals 2015 to 2022	Actual Production 2015 to September 2017	Entitled as of September 2017	Actual Production and Entitled Total	Actual Production and Entitled % Goals
Total Housing Units	28,869	12,023	21,529	33,552	116%
Very Low Income	6,234	2,254	344	2,598	42%
Low Income	4,639	953	1,913	2,866	62%
Moderate Income	5,460	519	835	1,354	25%
Above Moderate Income	12,536	8,297	18,437	26,734	213%

Source: RHNA Progress 2017Q3

Housing for households with above moderate income (both actual production and entitled) is more than double the RHNA housing goals for 2015 to 2022, as shown in Table 2 above. Housing for households with moderate income (both actual production and entitled) meets only 25 percent of the RHNA housing goals for 2015 to 2022. While housing for households with low or very low income meet more of the RHNA housing goals than moderate income households, they still only meet 42 percent to 62 percent of RHNA housing goals for 2015 to 2022.

Housing Policies and Programs to Achieve Affordability

Inclusionary Housing

The Inclusionary Affordable Housing program was established in 2002 under Planning Code Section 415, which required that new residential housing developments of 10 or more units pay an Affordable Housing Fee or provide a percentage of housing units at below market rate. The Board of Supervisors significantly revised the Inclusionary Affordable Housing program in 2017.

The Inclusionary Affordable Housing program requires that 12 percent of on-site units for developments of 12 to 24 housing units be affordable to households with income at 55 percent of AMI for rental housing or 80 percent of AMI for ownership housing. If developers elect to pay the Affordable Housing Fee rather than provide below market rate housing on-site, the fee is equivalent to 20 percent of the development's housing units.

For housing developments of 25 or more units:

- For rental projects, 18 percent of on-site housing units must be below market rate, including 10 percent affordable to households with income at 55 percent of AMI, 4 percent affordable to households with income at 80 percent of AMI, and 4 percent affordable to households with income at 110 percent of AMI.
- If the developer of rental housing of 25 or more units elects to pay the Affordable Housing Fee rather than provide below market rate housing on-site, the fee is equivalent to 30 percent of the development's housing units.

- For ownership projects, 120 percent of on-site housing units must be below market rate, including 10 percent affordable to households with income at 80 percent of AMI, 5 percent affordable to households with income at 105 percent of AMI, and 5 percent affordable to households with income at 130 percent of AMI
- If the developer of ownership housing of 25 or more units elects to pay the Affordable Housing Fee rather than provide below market rate housing on-site, the fee is equivalent to 33 percent of the development's housing units

Mayor's Office of Housing and Community Development

The Mayor's Office of Housing and Community Development (MOHCD) administers various rental and housing ownership programs.

Rental Housing Placement

MOHCD manages listings and applications for several rental programs, including (a) housing units affordable to low income and very low income households that are operated by nonprofit agencies, and (b) inclusionary housing units affordable to moderate income households.

Ownership Assistance

MOHCD has three programs to assist San Francisco residents to purchase homes, including:

(a) Inclusionary housing units for-sale at below market rate. Inclusionary housing units are below market rate units available to first time homebuyers through a lottery system.

(b) Downpayment Assistance Loan Program. The Downpayment Assistance Loan Program provides down payment assistance to qualified low and middle income first time home buyers in the form of a deferred payment loan up to \$375,000. Homebuyers must make a down payment of at least 5 percent of the purchase price, and obtain a 30-year fixed rate first mortgage through a participating lender. This loan requires no monthly payments for 30 years; the principal loan amount and an equitable share of the property appreciation become due and payable at the end of 30 years on upon sale, rent, or transfer of the property.

(c) City Second Loan program. The City Second Loan program assists low and moderate income first time homebuyers to purchase a market rate housing unit in eligible properties. Homebuyers must make a down payment of at least 5 percent of the purchase price, and obtain a 30-year fixed rate first mortgage through a participating lender. The City Second Loan program provides second mortgage assistance up to \$375,000. The loan is a 40-year deferred loan due upon sale, rent, or transfer of the property. The principal loan amount and an equitable share of the property appreciation become due and payable at the end of 30 years on upon sale, rent, or transfer of the property.

Housing Financing

MOHCD facilitates the development of new and preservation of existing affordable housing by providing acquisition and predevelopment financing for

nonprofit developers of affordable housing, loans to nonprofit agencies to purchase small sites or make capital repairs of existing sites, and gap financing for affordable housing development. Due to availability of low-income housing tax credits, MOHCD's capital financing is largely targeted to development of rental housing affordable to low income and very low income households. MOHCD generally makes funding available through a Notice of Funding Availability (NOFA) or Request for Proposals/Qualifications (RFP/RFQ).

Other Housing Services

MOHCD provides eviction defense and tenant counseling, alternative dispute resolution for residents of supportive housing, and counseling for San Francisco residents on renting affordable housing or purchasing homes for the first time. MOHCD also provides housing assistance to persons living with HIV, survivors of domestic violence, and residents of San Francisco Housing Authority housing.

MOHCD Funds

MOHCD administers two major housing funds: the Housing Trust Fund and the Affordable Housing Fund.

Housing Trust Fund

The voters approved the Housing Trust Fund in 2012, which receives a General Fund allocation, starting a \$20 million per year in the first year of the fund and increasing by \$2.8 million each year to \$50 million per year. The Housing Trust Fund budget in FY 2017-18 is \$31.2 million, as shown in Table 3 below.

Table 3: Housing Trust Fund Budget and Expenditures FY 2017-18

Program Area	FY2017-18 Uses as of March 2018			
	FY 17-18 Budget	Actual Uses	Encumbered	Available Balance
<u>Downpayment Assistance Loan Program</u> ^a	-	-	-	-
Downpayment Assistance Loan Programs	3,000,000	2,301,000	0	699,363
First Responders Downpayment Assistance	1,000,000	369,750	0	750,000
<i>Subtotal DALP</i>	<i>4,000,000</i>	<i>2,670,750</i>	<i>0</i>	<i>1,449,363</i>
<u>Housing Stabilization Programs</u>				
Healthy Homes/Lead Grants	0	0	0	57,755
Energy Efficiency Loans	153,750	41,536	112,214	0
Emergency Repair Loans	0	0	0	49
Housing Counseling and Assistance	1,252,915	679,326	574,089	0
Eviction Defense/Prevention and Tenant Housing Stabilization	2,903,441	1,413,994	1,500,694	0
MALP/HOA Relief	0	0	0	385,626
Small Site Acquisition/Rehab ^b	2,500,000	1,821,923	1,531,907	1,773,312
General Housing Stabilization	96,843			156,807
<i>Subtotal Housing Stabilization</i>	<i>6,906,949</i>	<i>3,956,778</i>	<i>3,718,905</i>	<i>2,373,548</i>
<i>Subtotal Complete Neighborhoods Infrastructure</i> ^c	<i>750,000</i>	<i>350,000</i>	<i>1,538,954</i>	<i>1,535,895</i>
<u>Affordable Housing Development</u>				
HTF COP Debt Service	200,000	0	0	200,000
Other Housing Development	16,607,937	4,439,188	20,725,876	11,002,007
<i>Subtotal Housing Development</i> ^d	<i>16,807,937</i>	<i>4,439,188</i>	<i>20,725,876</i>	<i>11,202,007</i>
<i>Subtotal Program Delivery</i>	<i>2,735,114</i>	<i>1,767,263</i>	<i>861,577</i>	<i>1,102,725</i>
Total Housing Trust Fund	31,200,000	13,183,979	26,845,313	17,663,538
<u>HTF COPs</u>				
Total Affordable Housing Development	0	4,484,426	18,451,432	2,064,142
TOTAL Housing Trust Fund w/ COPs	31,200,000	17,668,405	45,296,745	19,727,680

Source: MOHCD

^a Funds are currently being distributed to homebuyers selected through a lottery^b Funds are committed to active small sites projects^c Funds are committed to nonprofit organizations selected through a competitive process^d Funds are committed to pipeline projects

The proposed Housing Trust Fund budget for FY 2018-19 of \$34 million is \$2.8 million more than the FY 2017-18 budget of \$31.2 million, as shown in Table 4 below. The increase is due largely distributed to allocations to affordable housing development (\$1.3 million) and debt service on Certificates of Participation (COPs, \$1 million).

Table 4: Housing Trust Fund FY 2018-19 Budget

	2017-18	2018-19	Increase
<u>Downpayment Assistance Loan Program</u>	-	-	-
Downpayment Assistance Loan Programs	3,000,000	3,000,000	0
First Responders Downpayment Assistance	1,000,000	1,000,000	0
<i>Subtotal DALP</i>	<i>4,000,000</i>	<i>4,000,000</i>	<i>0</i>
<u>Housing Stabilization Programs</u>	-	-	-
Energy Efficiency Loans	150,000	150,000	0
Housing Counseling and Assistance	1,162,237	1,191,293	29,056
Eviction Defense/Prevention and Tenant Housing Stabilization	3,094,712	3,172,080	77,368
Small Site Acquisition/Rehab	2,500,000	2,500,000	0
<i>Subtotal Housing Stabilization</i>	<i>6,906,949</i>	<i>7,013,373</i>	<i>106,424</i>
<i>Subtotal Complete Neighborhoods Infrastructure</i>	<i>750,000</i>	<i>750,000</i>	<i>0</i>
<u>Affordable Housing Development</u>			
Fillmore Center		5,487,933	
Sunnydale Block 6 Vertical		9,337,500	
Sunnydale Block 7 Vertical		3,106,100	
Sunnydale Block 3A Vertical			
Midtown Phase 1			
Potrero Block B Vertical			
<i>Subtotal Affordable Housing Development</i>	<i>16,602,676</i>	<i>17,931,533</i>	<i>1,328,857</i>
<i>Subtotal Debt Service</i>	<i>200,000</i>	<i>1,245,094</i>	<i>1,045,094</i>
<i>Subtotal Program Delivery</i>	<i>2,740,375</i>	<i>3,060,000</i>	<i>319,625</i>
Total	31,200,000	34,000,000	2,800,000

Source: MOHCD

Affordable Housing Fund

Planning Code Section 415 established the Affordable Housing Fund, which receives Affordable Housing fee and Jobs-Housing Linkage fees¹ paid by developers. Affordable Housing Fund revenues are allocated to affordable rental housing projects, generally as gap financing to leverage private, federal, state, and local funds. As of June 30, 2017, the Affordable Housing fund balance was \$204,951,071, as shown in Table 5 below. According to MOHCD, these funds were wholly committed to pipeline housing projects.

¹ Planning Code Section 413 establishes the Jobs-Housing Linkage fee on some hotel, entertainment, office, and restaurant developments of 25,000 square feet or more to fund affordable housing requirements. Planning Code Sections 416 and 417 set specific affordable housing fees on residential development in the Market Octavia and Eastern Neighborhoods.

Table 5: Affordable Housing Fund Balance as of June 30, 2017

Source	Amount
Inclusionary Housing	\$120,207,340
Jobs Housing Linkage	73,107,982
Market Octavia	5,313,039
Eastern Neighborhoods - Mission	1,226,960
Eastern Neighborhoods - SOMA	1,919,830
Van Ness and Market Downtown Residential	3,175,920
Total	\$204,951,071

Source: MOHCD

General Obligation Bonds

Legislation is pending before the Board of Supervisors to appropriate \$146 million in Affordable Housing General Obligation bond proceeds to affordable housing projects. This is the second bond sale, for total bond proceeds of \$217 million out of \$310 million in bond authority. The allocation of the bond proceeds is shown in Table 6 below.

Table 6: Prior and Proposed Allocation of General Obligation Bond Proceeds

	1 st Issuance	2 nd Issuance		Housing
	FY 2016-17	FY 2017-18	Total	Units
<u>Public Housing</u>				
Potrero Parcel X Predevelopment	2,251,586		2,251,586	
Potrero Parcel X Vertical Gap	14,241,507		14,241,507	72
Potrero Infrastructure Predevelopment	1,200,000		1,200,000	
Potrero Block B Predevelopment	2,206,907		2,206,907	
Sunnydale Master Planning	2,800,000		2,800,000	
Sunnydale 6A & 6B Predevelopment	5,000,000		5,000,000	
Sunnydale Parcel Q Predevelopment	2,000,000		2,000,000	
Sunnydale Parcel Q Vertical	10,900,000		10,900,000	55
Cost of issuance	575,440	0	575,440	
Legal and other incidentals		400,000	400,000	
<i>Subtotal Public Housing</i>	<i>41,175,440</i>	<i>400,000</i>	<i>41,575,440</i>	<i>127</i>
<u>Low-Income Housing</u>				
4840 Mission Predevelopment Only	3,000,000		3,000,000	
250 Laguna (to be reallocated)	1,974,731		1,974,731	
Small Sites Program	15,000,000	9,235,000	24,235,000	81
500 Turk Street Predev, Acquisition & Construction	3,000,000	15,500,000	18,500,000	108
1296 Shotwell Construction		22,205,269	22,205,269	96
88 Broadway Construction		21,180,000	21,180,000	104
Adjustment for 1990 Folsom	1,025,269	(1,025,269)	0	
Cost of issuance	340,161	717,306	1,057,467	
Legal and other incidentals		500,000	500,000	
<i>Subtotal Low Income Housing</i>	<i>24,340,161</i>	<i>68,312,306</i>	<i>92,652,467</i>	<i>389</i>
<u>Mission Housing 1990 Folsom</u>				
Predevelopment, Acquisition & Construction	6,000,000	41,359,731	47,359,731	143
Adjustment for 1990 Folsom		1,025,269	1,025,269	
Cost of issuance	85,040	435,518	520,558	
Legal and other incidentals		250,000	250,000	
<i>Subtotal Mission Housing</i>	<i>6,085,040</i>	<i>43,070,518</i>	<i>49,155,558</i>	<i>143</i>
<u>Middle-Income Housing</u>				
Downpayment Assistance Loan	2,900,000	15,260,000	18,160,000	61
Teacher Next Door	903,014	1,196,986	2,100,000	25
Middle-Income Teacher Housing: 43rd & Irving		3,000,000	3,000,000	82
Middle-Income: 88 Broadway		10,000,000	10,000,000	21
Cost of issuance	53,902	310,182	364,084	
Legal and other incidentals		400,000	400,000	
<i>Subtotal Middle Income Housing</i>	<i>3,856,916</i>	<i>30,167,168</i>	<i>34,024,084</i>	<i>189</i>
Additional Cost of Issuance expenses as estimated by OPF		305,008		
Reserve for Market Uncertainty		3,745,000		
Total	75,457,557	146,000,000	217,407,549	705

Source: MOHCD

Performance Measures

MOHCD reports to the U.S. Department of Housing and Urban Development (HUD) on achievement of goals detailed in MOHCD's strategic plan and action plan. One of the three overarching objectives in MOHCD's strategic plan is that families and individuals are stably housed. The Appendix shows the FY 2016-17 goals and actual measures reported to HUD.

Potential Funding Impacts

Table 7 below identifies several options for the Board of Supervisors to consider in enhancing the FY 2018-19 budget for housing.

Table 7: Policy Options for Providing Additional Services

Amount	Option
\$35 million to \$40 million	<p>Gap Funding for Pipeline Project: 730 Stanyan Street Affordable Housing Units: 100 to 150 <i>The Board of Supervisors authorized the City to purchase 730 Stanyan Street in January 2018 for \$15.5 million. MOHCD has not yet identified construction and other financing for the project, but anticipate that they would be able to secure sufficient non-City funding to implement the project if and when the City is able to fund the gap.</i></p>
\$30 million	<p>Gap Funding for Pipeline Project: 772 Pacific Street Affordable Housing Units: 100 <i>The Board of Supervisors authorized the City to subdivide the parcel on which the Sansome Street Fire Station is located, and convey the air rights to MOHCD to develop affordable housing atop the fire station. MOHCD considers this site to be a feasible housing development because of the opportunity to leverage financing (especially low-income housing tax credits) and to retain residents at risk of displacement. MOHCD has not yet identified construction and other financing for the project, but anticipate that they would be able to secure sufficient non-City funding to implement the project if and when the City is able to fund the gap.</i></p>
\$54 million	<p>Gap Funding for Pipeline Project: Treasure Island Affordable Housing Units: 180 <i>The Treasure Island Development Project provides for 27.2 percent of approximately 8,000 housing units to be affordable to moderate and low income household of which approximately 310 units would be financed by the developer and approximately 1,866 units would be financed by the Treasure Island Development Authority through the Infrastructure and Revitalization Financing District and other sources. Prior reports have identified the financing gap for the affordable housing units. According to MOHCD, \$54 million would be used to provide gap financing for 180 affordable housing units; the balance of financing for these 180 units would be funded by non-City sources.</i></p>
\$30 million	<p>Gap Funding for Pipeline Project: Mission Neighborhood Affordable Housing Units: 100 <i>The Metropolitan Transportation Commission (MTC) has provided \$5 million toward Transit Oriented Development to acquire property as a site for affordable housing development. According to MOHCD, funds have been set aside to match the MTC grant, but a site for affordable housing development has not yet been identified, though MOHCD is actively looking to identify a site. According to MOHCD, the \$30 million would be used to provide gap financing for the 100 affordable housing units; the balance of financing for these 100 units would be funded by non-City sources.</i></p>

The budget enhancement options noted above are one-time enhancements to provide gap funding to develop housing affordable to low and very low income households. These budget enhancement options would add housing units to the City's stock of housing.

In addition, the ordinance pending before the Board of Supervisors appropriates \$13 million in Affordable Housing bond proceeds for initial funding to develop 103 units of middle income housing: 82 housing units for teachers (to be located at 43rd Avenue and Irving Street), and 21 other middle income housing units (to be located at 88 Broadway)

Middle Income Housing

The Affordable Housing bond approved by the voters in 2015 allocated \$77.4 million to middle income housing. The Board of Supervisors previously appropriated \$3.8 million in bond proceeds, and an ordinance is pending that would appropriate an additional \$29.4 million in bond proceeds to middle income housing, totaling \$33.2 million of the authorized \$77.4 million (with approximately \$44.1 million in authorized and unsold bonds).

As noted in Table 2 above, the City is on track to meet only 25 percent of the RHNA goal for new middle income housing units. The pending ordinance appropriating Affordable Housing bond proceeds provides initial funding of \$13 million to develop 82 housing units for teachers (to be located at 43rd Avenue and Irving Street), and 21 other middle income housing units (to be located at 88 Broadway), as shown in Table 6 above. The Board of Supervisors could request the MOHCD Director to provide further information on available and needed funding for the new teacher and middle income housing units to ensure completion of these housing units.

Down Payment and Rental Assistance

The housing programs noted below provide down payment or rent assistance to San Francisco residents for existing housing units.

Down Payment Assistance

MOHCD also provides financial assistance to first time homebuyers. This financial assistance does not add to the City's housing stock but facilitates home ownership for San Francisco residents who might not otherwise be able to buy a home. The MOHCD budget allocates \$4 million in FY 2017-18 and in FY 2018-19 to down payment loan assistance. In addition, proceeds from the first and second issuance of the Affordable Housing bonds allocated \$2.1 million to the Teacher Next Door² program and \$18.2 million to the Downpayment Loan Assistance Program, as shown in Table 6 above. The Board of Supervisors could request the MOHCD Director to provide further information on the feasibility of enhancing the Teacher Next Door and Downpayment Loan Assistance Programs. According to MOHCD,

² The Teacher Next Door program provides \$40,000 to San Francisco Unified School District to assist educators to purchase below market rate housing units.

198 first time homebuyers applied for down payment assistance in response to the July/August 2017 lottery, of whom 23 received loans.

Eviction Prevention and Rental Assistance

MOHCD, through contracts with community based organizations, provides eviction prevention and rental assistance to households at risk of losing housing. According to MOHCD, while MOHCD has not prepared an analysis of unmet need for households at risk of losing housing, service data from one community based organization in FY 2017-18 showed that 20 percent of households who seek rental assistance are not provided assistance due to either lack of available rental assistance funds or because the household did not qualify.³ The most cited reason for seeking rental assistance is poor money management (81 percent), followed by temporary loss of income (11 percent) and family emergency (8 percent). According to MOHCD, households with limited financial means need help managing their personal finances, especially when it comes to paying the rent. MOHCD estimates that a money management service could be piloted for \$150,000 per year.

MOHCD, through the community based organizations, provided \$690,000 in rental assistance to 538 households in FY 2016-17, and expects to provide \$950,000 in rental assistance to 730 households in FY 2017-18. The average rental assistance is \$1,300 per household. The Board of Supervisors could request the MOHCD Director to provide further information on the effectiveness and need for enhancement to the rental assistance program.

Policy Options

1. *The Board of Supervisors could request the Mayor's Office to fund one or more of the following in the FY 2018-19 budget: (a) \$35 million to \$40 million in gap financing for 100 to 150 affordable housing units at 730 Stanyan Street; (b) \$30 million in gap financing for 100 affordable housing units at 772 Pacific Street; (c) \$54 million in gap financing for 180 affordable housing units on Treasure Island; (d) \$30 million in gap financing for 100 affordable housing units in the Mission to leverage the MTC Transit Oriented Development grant.*
2. *The Board of Supervisors could request the MOHCD Director to provide further information on (a) available and needed funding for the new teacher and middle income housing units shown in Table 6 above to ensure completion of these housing units; (b) the feasibility of enhancing the Teacher Next Door and Downpayment Loan Assistance Programs; and (c) the effectiveness and need for enhancements to the rental assistance program.*

³ According to MOHCD, criteria for rental assistance balances providing limited assistance to as many households as possible, while at the same time only providing assistance to those households with rents that can be sustained beyond the one-time assistance.

FY 2016-17 Performance Measures: Families and Individuals are Stably Housed

Priority Need 1A: Develop and Maintain Affordable Housing	Goal	Actual	Over/ (Under) Goal
Goal 1Ai. Increased supply of affordable housing			
<i>Performance Measures: Outcome Indicators</i>			
Number of affordable housing units created	438	1,868	1,430
<i>Performance Measures: Output Indicators</i>			
Number of Permanent Supportive Housing units built for TAY (Parcel U, 17th & Folsom)	0	23	23
Number of Permanent Supportive Housing units built for seniors (24th St)	35	144	109
Number of Permanent Supportive Housing units built for veterans (MBS3E)	0	0	0
Number of Permanent Supportive Housing units built for homeless families	41	278	237
Number of affordable housing units built for low-income households at or below 60% AMI	162	887	725
Number of BMR housing units developed	200	536	336
Number of workforce housing units developed beyond BMR	0	0	0
Goal 1Aii. Preserve and Maintain Affordable Housing Supply			
<i>Performance Measures: Outcome Indicators</i>			
Number of affordable housing units preserved or maintained	291	1,516	1,225
<i>Performance Measures: Output Indicators</i>			
Number of units where lead hazards are addressed	5	1	(4)
Number of public housing units converted to private ownership under the Rental Assistance Demonstration program	0	1,021	1,021
Number of single family homes rehabilitated	23	1	(22)
Number of multifamily units rehabilitated	156	307	151
Number of public housing units rebuilt under HOPE SF	107	186	79
Priority Need 1B: Make Housing Affordable			
Goal 1Bi. Increased affordability of rental housing			
<i>Performance Measures: Outcome Indicators</i>			
Number of lower income households served with the assistance of rental subsidies (LOSP)	23	5	(18)
Goal 1Bii. Increased opportunities for sustainable homeownership			
<i>Performance Measures: Outcome Indicators</i>			
Number of new homeowners created	180	238	58
<i>Performance Measures: Output Indicators</i>			
Number of new COP holders	60	44	(16)
Number of new DTHP holders	50	167	117
Number of individuals receiving pre-purchase education and counseling	800	4,006	3,206
Number of individuals receiving post-purchase education and counseling	70	336	266
Number of households receiving downpayment assistance loans	100	132	32
Number of households receiving loans to purchase shares in co-ops	10	0	(10)
Number of new BMR owners	125	185	60
Number of MCCs issued	50	69	19
Goal 1Biii. Increase access to rental and homeownership housing			
<i>Performance Measures: Outcome Indicators</i>			
Number of households placed in BMR and affordable rental housing	190	n/a	n/a
<i>Performance Measures: Output Indicators</i>			
Number of individuals receiving assistance in accessing housing, including preparing for successful rental application	2,500	2,770	270
Number of new and re-rental opportunities	100	417	317
Number of existing BMR rental units	1,245	1,639	394
Number of new COP holders	60	44	(16)
Number of new DTHP holders	50	167	117

Priority Need 1C: Prevent and End Homelessness	Goal	Actual	Over/ (Under) Goal
Goal 1Ci. Reduced rate of evictions			
<i>Performance Measures: Outcome Indicators</i>			
Number of individuals whose evictions have been prevented	1,250	3,537	2,287
<i>Performance Measures: Output Indicators</i>			
Number of individuals receiving legal representation	1,000	4,358	3,358
Number of individuals receiving tenant education and counseling	2,000	3,320	1,320
Number of individuals receiving short-term rental assistance	260	543	283
Number of individuals receiving financial assistance, including moving costs, security deposits, utilities, last month's rent	22	0	(22)
Goal 1Cii. Transitional housing is available for those who need it			
<i>Performance Measures: Outcome Indicators</i>			
Number of individuals and/or families moving to permanent housing	8	3	(5)
<i>Performance Measures: Output Indicators</i>			
Number of individuals and/or families placed in transitional housing	15	15	0
Goal 1Ciii. Homeless people receive basic shelter and support services			
<i>Performance Measures: Outcome Indicators</i>			
Number of individuals moved into more stable housing	220	151	(69)
<i>Performance Measures: Output Indicators</i>			
Number of individuals receiving rapid-rehousing services, including case management, and housing placement	640	827	187
Number of individuals receiving short-term rental assistance	80	45	(35)
Number of individuals receiving financial assistance, including moving costs, security deposits, utilities, last month's rent	10	170	160
Number of individuals and families receiving shelter services	900	512	(388)
Number of units subsidized through LOSP	23	n/a	n/a
Priority Need 1D: Provide Supportive Housing Services			
Goal 1Di. Increased access to services for public housing residents			
<i>Performance Measures: Output Indicators</i>			
Number of residents engaged in case management across four HOPE SF sites and beginning in 2016-2017 eight RAD sites	210	774	564
Number of resident service referrals across four HOPE SF sites and beginning in 2016-2017 eight RAD sites	645	1,881	1,236
Goal 1Dii. Increased access to permanent supportive housing and transitional housing for PLWHA			
<i>Performance Measures: Outcome Indicators</i>			
Outcome Indicator 1Dii: Number of individuals more stably housed	500	558	58
<i>Performance Measures: Output Indicators</i>			
Number of individuals housed in long-term residential care facilities	113	161	48
Number of individuals housed in permanent facilities	68	69	1
Number of individuals housed in transitional facilities	11	24	13
Number of individuals receiving shallow rental subsidies	45	85	40
Number of individuals receiving long-term deep rental subsidies	240	219	(21)

Source: 2016-17 Consolidated Annual Performance and Evaluation Report