

The Mayor's Office of Housing

**UNDER PRESSURE AND CHALLENGED
TO PRESERVE DIVERSITY**

June 2014



City and County of San Francisco
Civil Grand Jury 2013-2014

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CITY AND COUNTY OF SAN FRANCISCO

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THE CIVIL GRAND JURY

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Each published report includes a list of those public entities that are required to respond to the Presiding Judge of the Superior Court within 60- to 90 days, as specified.

A copy must be sent to the Board of Supervisors. All responses are made available to the public.

For each finding the response must:

- 1) agree with the finding, or
- 2) disagree with it, wholly or partially, and explain why.

As to each recommendation the responding party must report that:

- 1) the recommendation has been implemented, with a summary explanation; or
- 2) the recommendation has not been implemented but will be within a set timeframe as provided; or
- 3) the recommendation requires further analysis. The officer or agency head must define what additional study is needed. The Grand Jury expects a progress report within six months; or
- 4) the recommendation will not be implemented because it is not warranted or reasonable, with an explanation.

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ISSUE

Housing affordability is a complex topic with many aspects. The Jury decided to center its research on the 2014 Affordable Housing goals championed by Mayor Lee in his January, 2014 State of the City speech.¹ The Jury wanted to investigate the feasibility of delivering a successful response to the Mayor's housing production goal (30,000 units by 2020) by focusing on the portion (one-third, or 10,000 units) that is characterized as "affordable".

This housing target requires that for the next 6-7 years, developers need to complete housing unit numbers much greater than any single year's maximum to date. The Jury also focused their research on the consequences the Affordable Housing target would have on the agency charged with executing the San Francisco (the "City") Affordable Housing policy - the Mayor's Office of Housing and Community Development (MOHCD). The Jury concedes its lack of expertise in housing policy and development, and will not recommend or critique specific policy regulations.

The Jury was interested in whether:

1. The housing targets are achievable.
2. There is sufficient transparency and access to housing program and results to ensure that the public can accurately assess whether Affordable Housing objectives are being achieved and underlying policy is working.
3. Fairness is being applied when new or recently vacated Affordable Housing units are made available for occupancy.

SUMMARY

This report looks at housing that is sponsored or regulated by City government that falls under the rubric of "Affordable Housing." This term primarily refers to government subsidized and deed restricted or price controlled housing targeted at citizens qualified under Area Median Income (AMI) rules. Affordable Housing includes multifamily development projects using government funding sources, units made available through mandate by the City's Inclusionary Housing Ordinance, and funding for all of the support programs required to ensure neighborhood suitability and occupancy compliance.

MOHCD has been tasked to meet their Affordable Housing target while simultaneously providing expertise to the former San Francisco Redevelopment Agency, and the San Francisco Housing Authority. MOHCD funding was buoyed by the City's Housing Trust Fund starting this fiscal year, but funding declines in the last few years from State sources, such as the "tax increment" and State Affordable Housing bonds, means project funding challenges for any increase in new Affordable Housing availability. Add to this daily newspaper accounts of record pricing for rentals and ownership properties in San Francisco and the need for public

¹ <http://www.sfmayor.org/index.aspx?recordid=507&page=846>

transparency and fair access to housing opportunities has never been greater.

The Jury concluded that:

- The City should continue a robust commitment to housing production policies where a substantial percentage of units are Affordable Housing. Focus on policies to increase the number of opportunities for Middle Income households and special needs populations, as only 20% of regional housing targets for this income group have been met.
- Proper public notification should be served for any diversion of Housing Trust Funds away from the goals approved for Affordable Housing by voters in 2012 with Proposition C, such as providing additional financing for the San Francisco Housing Authority Re-envisioning program.
- Navigation and public access to content on the MOHCD website needs substantial improvement.
- Public communications, including the MOHCD Annual Report and quarterly reports of housing pipeline, Affordable Housing achievement data, funding data and operational metrics are in the public interest but are not easily found nor produced with any regularity by MOHCD.
- Other valuable housing pipeline, achievement and housing project reporting needs to be completed in conjunction with the Planning Department and DBI.
- Below Market Rate (BMR) programs administered by MOHCD place a costly and time-consuming burden upon developers and property agents, which may discourage outreach and fair access. Marketing improvements, such as language template materials, are needed to enroll constituencies of qualified applicants.
- Efficiencies in the BMR housing application process are needed through implementation of improved database and web technologies.

While improvements are warranted, the Jury found that the Mayor's Office of Housing and Community Development is a sophisticated agency helping to advance the local Affordable Housing agenda. Additional transparency will allow the public scrutiny required to properly assess the level of resource commitment and impact of present Affordable Housing policies.

San Francisco Affordable Housing programs will not resolve the housing affordability crisis currently overtaking the City. At best, these publically funded programs will provide relief for a limited number of citizens and help to sustain a level of economic diversity important to core values expressed in the Housing Element of San Francisco's General Plan.² Accountability and transparency will be essential as 2020 approaches and projected regional population increases require another major evaluation of "next steps" for City housing policy.

² SF Housing Element; http://www.sf-planning.org/ftp/general_plan/11_Housing.html#HOU_1_1

Acronyms

“The City”	City and County of San Francisco
ABAG	Association of Bay Area Governments
AMI	Area Median Income
BOS	Board of Supervisors
BMR	Below Market Rate
CAPER	Consolidated Annual Performance and Evaluation Report
CCHO	Council of Community Housing Organizations
CDBG	Community Development Block Grants
COP	Certificate of Preference
DALP	Down payment Assistance Loan Program
DBI	Department of Building Inspection
HCD	California Department of Housing and Community Development
HTF	Housing Trust Fund
HUD	Department of Housing and Urban Development
MOH	Mayor’s Office of Housing (former title)
MOHCD	Mayor’s Office of Housing and Community Development (current title)
OCII	Office of Community Infrastructure and Investment (successor to the SF Redevelopment Agency)
OEWD	Office of Economic and Workforce Development
RHNA	Regional Housing Needs Assessment
SFRA	San Francisco Redevelopment Agency (now defunct)
SFHA	San Francisco Housing Authority

BACKGROUND

Housing is a complicated subject affecting all of us in different ways. It is the essence of a stable environment and the basis for healthy communities. Housing conditions change in step with the economy and have become a great challenge for local government as it attempts to foster and maintain strong local communities based on economic inclusion and diversity. San Francisco residents have seen housing prices rise to such an extent recently that the social fabric of the City is being altered and the terms “gentrification” and “crisis” are commonly seen in newspapers and blogs.

Contributing factors include demand growth from improved employment (especially in technology), land availability constraints, regulatory policies and zoning choices. This has coincided with an improving economic cycle characterized by increasing employment but stagnant wage growth in non-tech sectors. The results have been market rate rentals and home ownership pricing that is beyond the reach of most citizens. An urgency to address housing availability and affordability in the City has amplified,³ forcing City government to respond with efforts to improve affordable housing stock and policies to protect current residents.

Qualification for government sponsored programs hinge on the Federal and State concept that considers anyone paying more than 30 percent of gross income in rent or mortgage to be “burdened” and anyone paying more than 50 percent to be “severely burdened”⁴. These benchmarks are based on the notion that a family needs enough discretionary income to afford other necessities. Affordable rent, therefore, means that a family’s total housing costs including utilities should not consume more than 30% of their gross income.

The term “Affordable Housing” in this report refers to efforts by City government to provide rental and ownership opportunities to specific income categories – primarily Very Low, Low and Moderate income categories based on the Area Median Income (AMI) as defined by the Federal Department of Housing and Urban Development (HUD). Income and family size relative to the geographic area’s median income and family size determines one’s qualifying income tier. For example, “Very Low” income means 31%-50% of AMI while “Moderate”

2014 % of AMI	Number in household			
	1	2	3	4
25%	\$ 17,000	\$ 19,450	\$ 21,850	\$ 24,300
50%	\$ 34,000	\$ 38,850	\$ 43,700	\$ 48,550
100%	\$ 67,950	\$ 77,700	\$ 87,400	\$ 97,100
120%	\$ 81,550	\$ 93,250	\$ 104,900	\$ 116,500
150%	\$101,950	\$116,550	\$131,100	\$ 145,650
Source: MOHCD				

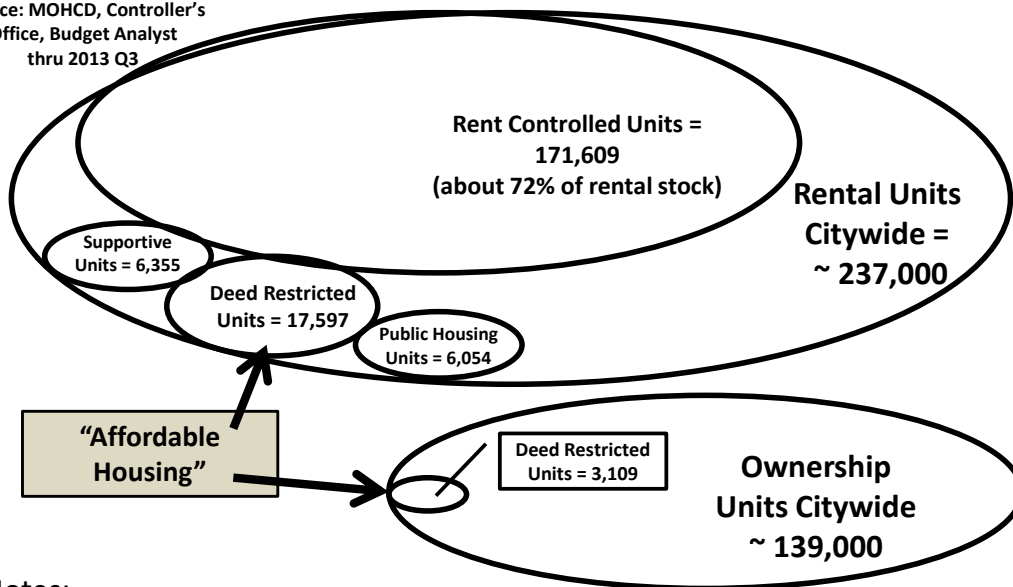
³ The San Francisco Survey, November, 2013 <http://thesanfranciscosurvey.com/> and University of San Francisco Affordability and Tech poll, December, 2013 <http://www.sfgate.com/file/698/698-USF%20Affordability%20and%20Tech%20poll%20Dec%202013.pdf>

⁴ The Census Bureau’s 2011 American Housing Survey data for the San Francisco Bay Metro Area shows 55% of renters are “burdened”. Nationally, the “burdened” rate is about 50%, a figure which jumped about 12% from 2000 to 2010. JCHS study; Harvard University; 2013; pg. 5.

income means 81-120% of AMI.⁵ Affordable housing customized to special needs populations, such as seniors and the disabled⁶ have also been funded and built based on this qualifying income model. Housing that has been built by the City and occupied under City programs are considered “Deed Restricted.” Deed Restricted housing units have contractual terms that set and limit rent amounts and increases, or prescribe future terms of sale in the case of ownership units.

San Francisco Housing Stock* - 2014

Source: MOHCD, Controller's Office, Budget Analyst thru 2013 Q3



*** Notes:**

- Includes both occupied and vacant unit counts from the 2012 One Year American Community Survey (ACS), US Census Bureau data.
- Total Ownership and Total Rental Units are approximate using ACS ratios.
- Supportive Housing (Chronic Homeless) is permanent housing only; does not include Transitional Housing or Emergency shelters
- Public Housing does not include 8,954 privately owned units subsidized by Section 8 vouchers

Figure 1 - SF Housing Stock

The roots of the community-based housing movement go back more than 50 years.⁷ Since that period, housing policy and legislation implemented in San Francisco has ranged from Federal public housing programs to State redevelopment projects to City bond initiatives to address the housing needs of low and moderate income populations.

The development of new Affordable Housing from the 1990’s to 2011 was primarily driven by two agencies, the San Francisco Redevelopment Agency (SFRA) and the City’s Mayor’s Office of Housing (as MOHCD was called then). These agencies developed over 10,000 affordable

⁵ Readers who are not familiar with the concepts of AMI and definitions are encouraged to go to Appendix 1.

⁶ See SF Housing Element, Part 1, March 2011; page I.48 for a list and housing needs of all special needs groups.

⁷ For reviews of this history, see From Urban Renewal and Displacement to Economic Inclusion: San Francisco Affordable Housing Policy 1978-2012; Rosen, Marcia; National Housing Law Project; 2012; and Domhoff, William; UCSC ; Who Rules America? http://www2.ucsc.edu/whorulesamerica/local/san_francisco.html

housing units from FY2002/3 through FY2010/11.⁸ The State decided to close all Redevelopment Agencies in early 2012 and the burden for continued progress on existing SFRA housing projects was transferred to a successor agency, called the Office of Community Infrastructure and investment (OCII).⁹ The portfolio transferred to OCII consists of “enforceable obligation” development projects already funded by prior State commitments. These are (1) Hunter’s Point Shipyard (aka Candlestick), (2) Mission Bay, (3) Transbay, and (4) SB2113 Replacement Housing.¹⁰

The City, through MOHCD, manages the former Redevelopment Agency's affordable housing assets. MOHCD is also working with OCII via a Memorandum of Understanding to provide staff expertise to complete these legacy projects. The Affordable Housing from these projects will be transferred over to MOHCD as an asset for marketing and occupancy implementation. For legal reasons OCII is managed as a separate City enterprise agency with its own Oversight Board and citizens Commission. Their primary responsibility is to ensure that the Affordable Housing portion of these projects are developed consistent with the terms of Dissolution Law. Final dissolution of OCII will occur once the scope of all “enforceable obligation” projects concludes. Completion of these projects is very much in the public interest.

The term “Public Housing” is used to refer to Federally funded housing programs targeted at Extremely Low Income populations (<30% AMI). The administration of these properties has been the responsibility of the San Francisco Housing Authority since 1938.¹¹ This includes housing for 12,691 residents living in 6,054 public housing units, and subsidized rental assistance (known as Section 8 vouchers) to over 19,000 residents in 8,954 privately owned housing units.¹²

⁸ SF Legislative & Budget Analyst; Affordable Housing Report; 2012, pg. 11

⁹ For more details on the Successor Agency see <http://www.sfredevelopment.org/>

¹⁰ SB2113 covers funding replacement of affordable housing lost in older Redevelopment Agency projects. See the following for details: <http://www.sfredevelopment.org/index.aspx?page=187>

¹¹ SFHA has three major programs: (1) the public housing program operated by SFHA; (2) the Housing Opportunities for People Everywhere (HOPE) VI low-income housing operated by nonprofit corporations selected by SFHA, and (3) the housing voucher (Section 8) program. Budget Analyst’s Housing Authority Report, page iii.

¹² SF Legislative & Budget Analyst; Housing Authority Report; 2013, pg. 1

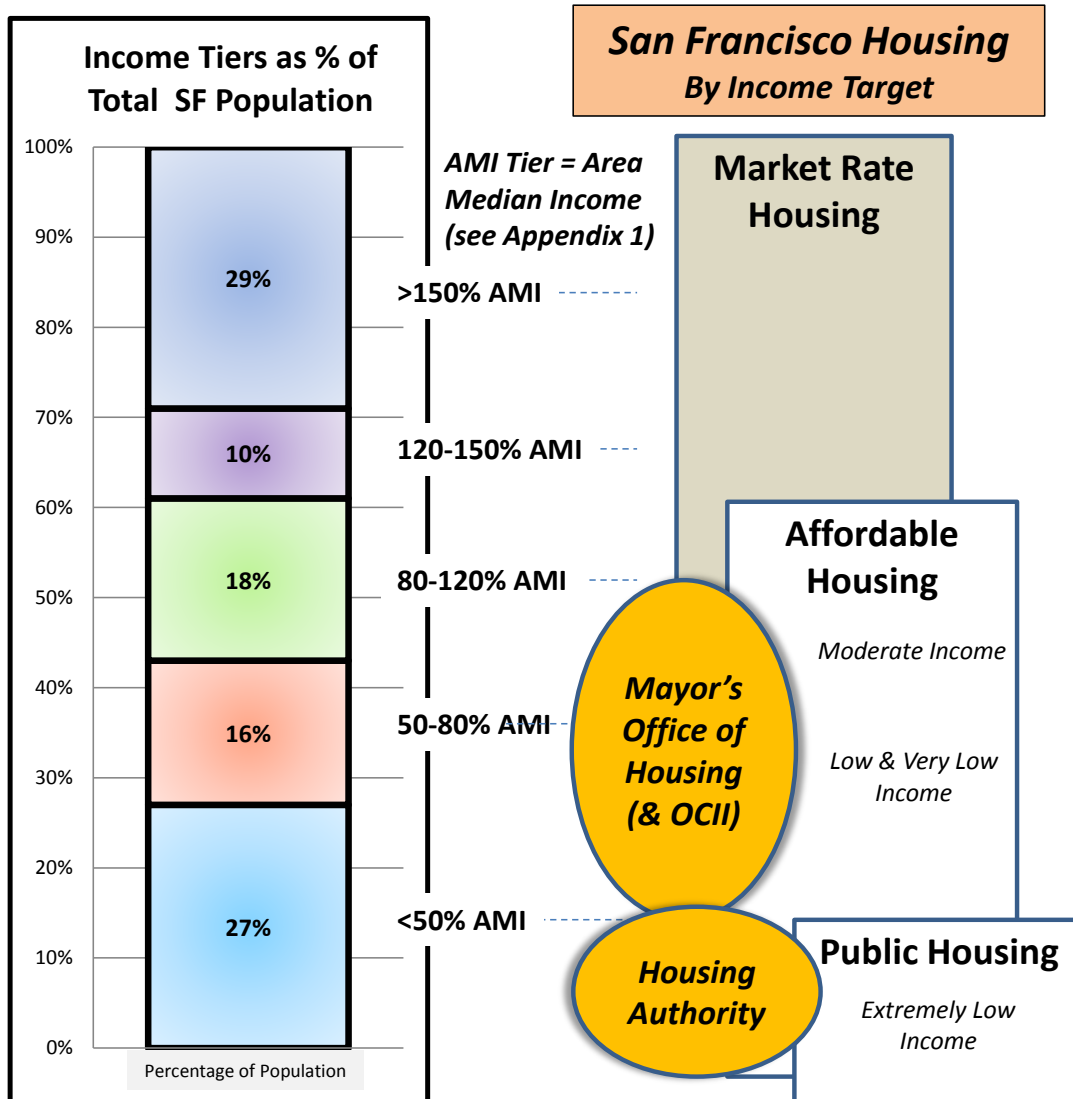


Figure 2 - SF Housing by Income Target¹³

Funding Affordable Housing

Public funding for Affordable Housing comes from a variety of federal, state and local sources, including tax credits, bonds, loans, grants and local Affordable Housing fee programs. From FY 2002/3 – FY 2010/11, the total amount of public funding was some \$1.9B.¹⁴

Funding available for Affordable Housing can be volatile and may vary widely each year depending on the source. For example, Federal Affordable Housing tax credits allocated to the state of California have remained fairly constant since 2006.¹⁵ However, amounts are

¹³ SFHA can serve up to 80% AMI, but does so rarely. MOHCD's 241F program has units housing up to 150% AMI.

¹⁴ SF Legislative & Budget Analyst; Affordable Housing Report; 2012, pg. 15

¹⁵ California Tax Credit Allocation Committee; Annual Reports 2006-2013; found at http://www.treasurer.ca.gov/ctcac/annual_reports.asp

competitively awarded statewide to projects meeting specific housing or resident criteria and during that period San Francisco's annual awards have varied from as high as \$118M to \$56M per year.¹⁶ Other Federal funding sources for the City, such as grant totals for HUD HOME, HOPWA and Community Development Block Grants, remained fairly constant year over year.

State sources like State Affordable Housing Bond issues from Propositions 46 (2002) and Proposition 1A (2006)¹⁷ are no longer available. San Francisco received \$286M, or 11% of the total funding available to local projects from these sources from FY2002/3 – FY2010/11.

City and local funding sources provided 38% of the \$1.9B Affordable Housing total from FY2002/3 – FY2010/11.¹⁸ Most of this was provided using a funding technique called “tax increment” financing used by the Redevelopment Agency. Over 40% of total redevelopment tax increments were allocated just to low and moderate income housing in FY2009/10 and tax increments averaged about \$50M annually, making up over 60% of financing from City and local sources.¹⁹ With the dissolution of the Redevelopment Agencies in 2012, this funding source is no longer available, although the four enforceable obligation projects will be allowed to use previously awarded tax increments.

The dissolution of the SFRA and the slow national economic recovery set the stage for the passage of Proposition C by the voters of San Francisco in 2012. This proposition created and funded the Affordable Housing Trust Fund (HTF) from the City's General Fund.²⁰ The HTF will provide \$20M of funding this year, increase incrementally each year, and provide a significant, stable and predictable funding source for City affordable housing programs for the next 30 years.

Local City funding also includes the Affordable Housing Fund (AHF) (not to be confused with the Trust Fund) and fees which come from building development. Fees are assessed on commercial and residential developers and include the Jobs-Housing Linkage and the Affordable Housing Program Fees. Hotel tax allocations and other revenue transfers also go into this Fund.

The Jobs-Housing Linkage has been assessed on commercial developers since 1996 and is based on a schedule tied to the square footage of a commercial property project. The Affordable Housing Fee assessment for residential projects is calculated at a rate equivalent to 20% of total housing units being developed. The collection of both fees is directly based on the level of real estate development activity in the City, which, in turn, is tied to the economy. Very few fees were collected from 2008-2012, but there was a large increase to almost \$15M in FY2012/13 and it is estimated this total will double in FY2013/14.²¹

¹⁶ SF Legislative & Budget Analyst; Affordable Housing Report; 2012, pg. 15; not including previous Credit returns

¹⁷ http://www.hcd.ca.gov/Housing_Bonds.pdf

¹⁸ SF Legislative & Budget Analyst; Affordable Housing Report; 2012, pg 15

¹⁹ Ibid, pg. 62 and pg. 15

²⁰ See Appendix 3 for a full description of the Housing Trust Fund (HTF)

²¹ MOHCD figures.

Inclusionary Housing is an alternative method for residential developers to pay the Affordable Housing Fee. This choice allows a private sector developer to provide “inclusionary” units either on-site (requiring 12% of total units) or at a nearby off-site location (requiring 20% of total units). Inclusionary Housing choices are used to increase Affordable Housing supply for both rental and ownership projects. Inclusionary Housing is encouraged as it can increase social and economic integration in building projects that might otherwise lack this diversity.

The City has made several adjustments to the Inclusionary Housing percentages over the years, the last being part of Proposition C in 2012. All Inclusionary options add to a developer’s total cost of project development. Adjustments to the formula have been made to balance financial feasibility for residential developers with Affordable Housing policy objectives.

Inclusionary Housing is also referred to as Below Market Rate (BMR). When Inclusionary units are completed, they are administrated by strict BMR/Inclusionary Program rules defined by MOHCD. MOHCD works with rental property managers and Affordable Housing counseling agencies to oversee the process of applying and qualifying for BMR rental units. For ownership units, MOHCD is similarly involved in overseeing the BMR ownership process that includes mortgage counseling and Down Payment Loan Assistance for qualified applicants.

Public Housing and the Housing Authority

In 2012/13 the Housing Authority was in a downward spiral. The residents of Public Housing were in jeopardy from financial mismanagement of Public Housing funds by the Authority and deferred maintenance and repair on their 48 Public Housing sites.²² The Mayor eventually stepped in, replacing administrators and seating a new cadre of Housing Authority commissioners. Restructuring plans were formulated by City Administration and community organizations. San Francisco now has a clear plan for rehabilitating, replacing and managing these properties. This process, known as Housing Authority Re-envisioning, resulted in the authorization of a Rental Assistance Demonstration Program (RAD) award from HUD in January, 2014²³.

In addition to proposing an innovative financing strategy to address long-term viability of the Authority’s portfolio, the Re-envisioning Plan’s execution requires that MOHCD provide construction and project development expertise to the Housing Authority. First phase work has begun on an award assignment for 21 of the Authority’s Public Housing properties. The task at hand is to rehabilitate all 4,575 existing Authority units on 41 properties²⁴ and recapitalize²⁵ these housing assets for eventual transfer of ownership to private entities.

²² SF Budget Analyst; Housing Authority Report, 2013, pg. 6

²³ For a description of the RAD Implementation Plan see http://www.sfha.org/CHAP_Presentation_011514.pdf

²⁴ See http://www.sfha.org/SFHA_RFO_Presentation_013014-DRAFT-REV012914_2_.pdf

²⁵ Recapitalize means to restructure the debt and equity mixture to improve overall financial stability of an asset

MOHCD Housing Development From Funding Thru Construction

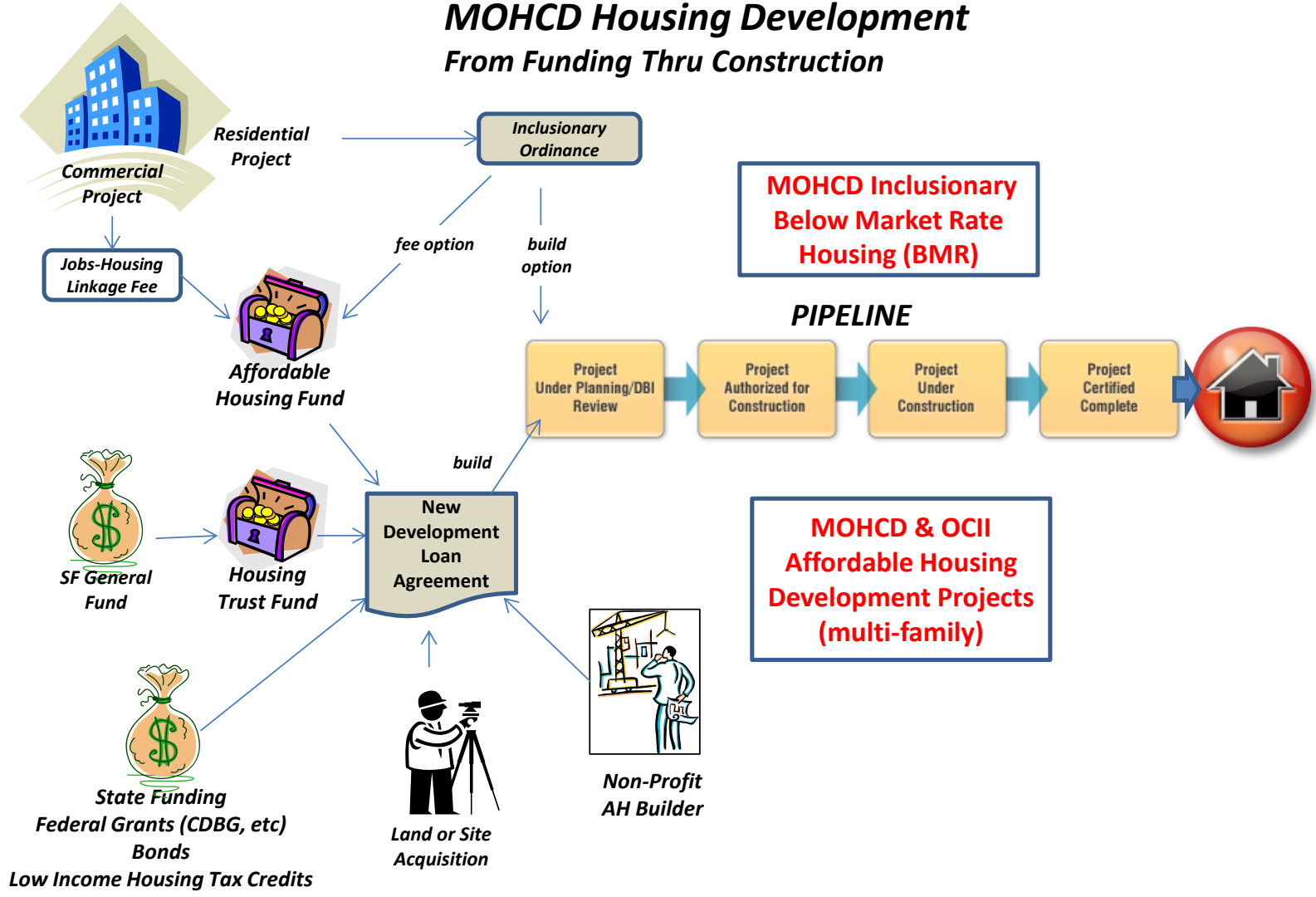


Figure 3 - MOHCD Housing Development

Challenges ahead for MOHCD

Affordable Housing was the topic of a Budget and Legislative Analyst performance audit delivered to the Board of Supervisors in early 2012. This comprehensive report discussed financing of Affordable Housing projects, the role that the Planning Department and Planning Commission play in development, analysis of various policies and regulatory ordinances such as Inclusionary Housing, and provided a series of recommendations for both the Planning Department and MOHCD.

A great deal has changed for MOHCD in the last two years since the issuance of the Budget and Legislative Analyst Performance Report in 2012:

- With the closure of the State Redevelopment Agencies, the OCII successor agency is tasked with completing four large redevelopment projects. There is a contract agreement in place for MOHCD to provide expertise for development and BMR occupancy, plus eventual transfer of Affordable Housing assets to MOHCD
- The Housing Trust Fund was created and now provides MOHCD with a new source of funds, just as local funding sources declined by 20% from \$101M to \$80M from FY2009/10 to FY2012/13 primarily as a result of the elimination of the tax increment²⁶
- The Housing Authority launched its Re-envisioning Plan to rebuild their distressed properties and MOHCD will provide evaluation expertise of the SFHA properties, help manage their pipeline and assist in securing gap funding if needed. The potential for long-term assistance is yet to be determined. The Housing Trust Fund may need to provide stabilization funding to the Housing Authority for emergency repairs.
- The Mayor announced his high profile 2014 Housing Agenda for San Francisco that includes the production of 10,000 affordable housing units by 2020.

It is evident that this has become a challenging period for MOHCD. The Agency will need to navigate a great deal of change and rely on adept management to handle the additional responsibilities demanded by this new agenda.

The Mayor's Office of Housing and Community Development has a good reputation as an innovative and effective agency for developing affordable housing. According to the local San Francisco non-profit think tank, SPUR, "MOH is in the best position to oversee the long-term implementation of the recommendations ...; to integrate and better coordinate the city's housing priorities, resources and programs; and to achieve the economies of scale by avoiding duplication of administrative functions."²⁷ It is clear to the Jury that MOHCD's success will be extremely important in increasing the effectiveness and efficiency of the City's Affordable Housing resources.

²⁶ Figures from MOHCD.

²⁷ Re-envisioning the San Francisco Housing Authority, SPUR memorandum attachment; Karlinsky, Sarah; 6/24/13

DISCUSSION

1. The 30K Target

In Mayor Lee’s January, 2014 “State of the City” address, the top agenda item for his administration was to make more housing units, both market rate and affordable, available in San Francisco to increase the supply of housing options. Mayor Lee’s address included specific proposals to improve access to housing opportunities for “rent burdened” low and middle income residents by 2020.²⁸ The overall target is to produce 30,000 new units of housing with at least one-third being “affordable”. Mayor Lee also championed a plan with seven principles, or pillars, that outline a strategic approach to achieving this target. (This Jury report will refer to this initiative from the Mayor as the “30K Target”, although the affordable portion is 10,000 units).

The seven pillars present an agenda that includes protections for tenants and existing housing stock, tackling serious problems with Public Housing, reducing impediments to increased production, and improving Affordable Housing programs. The numeric goal takes advantage of projects already in the planning pipeline, but still represents a significant challenge for City planners and builders. Also, while the residential real estate market is enjoying a strong recovery, it is doubtful that the City can build its way out of the current affordability crisis,²⁹ and one should not expect market rate rental housing and ownership prices in the City to decrease even if the target is met. However, the Jury does subscribe to the principle that the availability of housing that is affordable to a spectrum of socio-economic levels fosters a more vital and dynamic urban environment and is in the best long-term interest of all its citizens.³⁰

Seven principles (pillars) plan

- 1) Protect residents from eviction
- 2) Stabilize at-risk rent controlled units
- 3) Revitalize Public Housing
- 4) Double down-payment loan assistance program amounts
- 5) Build more affordable housing faster – better tools, fewer delays
- 6) Continue to build market rate units
- 7) Make construction of new homes easier

The Mayor’s 30K Target requires that 5,000 market rate and Affordable Housing units be constructed each year over the next six years, or about 3,500 market rate and 1,500 affordable units per year. Historically, these are aggressive targets and represent an increase of about 8% in the total existing housing stock of some 376,000 units in San Francisco today.³¹ Even in the pre-recession years of easy credit financing and much larger federal housing assistance funding from 2005 to 2009, the maximum total annual completion rate for both market rate and affordable

²⁸ <http://sfmayor.org/index.aspx?page=983>

²⁹ For a perspective, see Welch, Calvin, “SF Controller Shows Supply & Demand Does Not Work in the San Francisco Housing Market”, SF Information Clearinghouse, October 2013 and Lamb, Jonah, “Leveling SF housing field could take 100,000 new units”, SF Examiner article; Feb 12, 2014

³⁰ The General Plan also states this. See Housing Element Part 2, 2008; The City’s Housing values; pg. 4

³¹ Planning Department; 2013 Housing Inventory; pg 5

housing was 3,366 units achieved in 2009 and the 20 year average is about 1,700 units per year from 1995-2013,³² or only one-third of the 30K annual target rate. The chart below depicts housing entitlements from Planning, authorizations from DBI and the number of new units built. The large spike in entitlements in 2010 was from Candlestick-Hunters Point and in 2011 came from Treasure Island and Park Merced project approvals.

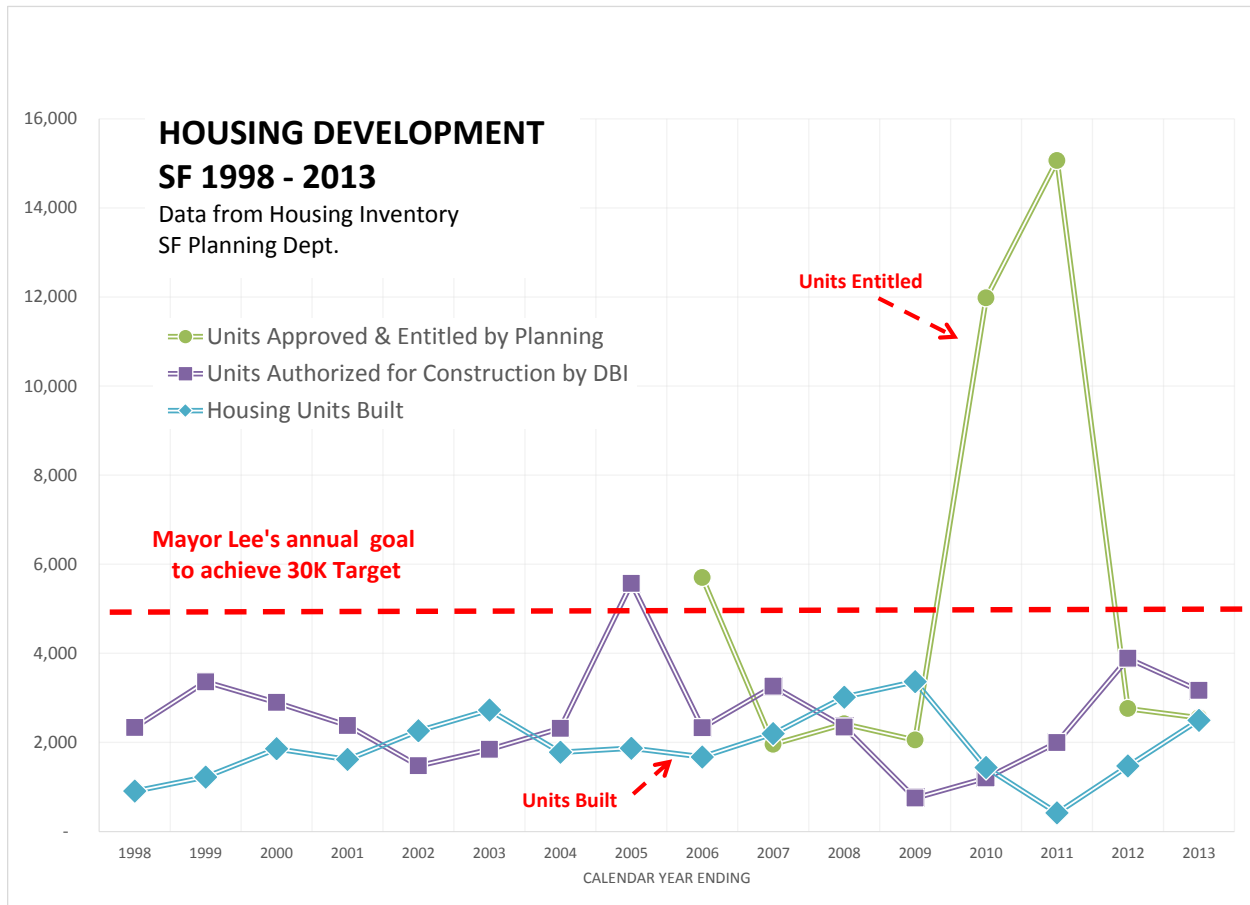


Chart 1 - SF Housing Development 1998-2013

Are the new 30K Targets achievable? The Housing Pipeline Report, which is a forecast tracking report, tallies the number of projects applying for approval with the Planning Department. The latest report shows that the housing pipeline is full.³³ The report lists 857 residential or mixed use projects capable of delivering 50,400 net housing units. There is always uncertainty with the pipeline and projects may not progress to completion, but having close to 40,000 units “entitled”, or approved by Planning, is extremely healthy for achieving the 30K goal, especially since 167 projects are in construction and will release 6,000 units into the local housing supply. It is important to note that just three projects, Hunter’s Point/Candlestick Redevelopment (10,500 units), Treasure Island (7,800 units) and Park Merced (5,860 units) represent over 60% of the

³² Ibid, pg. 6

³³ Housing Pipeline Report, Q4, 2013; Planning Department; February, 2014, pg. 3

entitled units (these projects include both market rate and Affordable Housing).

More important to the Jury, however, is the number of affordable units in the pipeline, and where funding for projects would come from. As previously discussed, the four former Redevelopment projects have sufficient funding agreements to move onward to completion with their Affordable Housing components. The latest pipeline report from MOHCD³⁴ includes these projects, with about 3,400 affordable units for Hunter's Point/Candlestick, Transbay (downtown), and Mission Bay. There are an additional 567 units representing about 11 multi-family new development and rehabilitation projects also entitled, or just over 4000 total in the active MOHCD pipeline. To complete the scenario, the Mayor's Affordable Housing target is within reach if one includes the Housing Authority's Public Housing rehabs (4,575 units) plus units added to the housing stock through the Inclusionary Housing Ordinance. It should be noted that the Housing Authority rehabilitation project does not add new units to the overall housing stock for the City.

MOHCD, SFRA and their builder partners have built or rehabilitated over 13,000 affordable housing units over the last 10 years.³⁵ For the Jury, though, the point is not to be concerned with historical rates of construction, but to acknowledge that MOHCD is being challenged not only by the 10,000 affordable unit goal, but also by additional responsibilities discussed previously. All involved, including MOHCD personnel, may be tasked with performing heroic efforts unless funding is properly managed, staffing is maintained and inefficiencies in the planning, entitlement and construction processes are removed.

Removing Bureaucratic Barriers and Achieving Economically Diverse Targets

In one effort to examine policy and recommend administrative processing improvements, Mayor Lee issued an Executive Directive³⁶ to the Planning Department and the Department of Building Inspection (DBI). The departments responded with a memorandum that made a series of short-term administrative change recommendations to speed reviews and project approvals.³⁷ Among the recommendations were:

- priority processing for 100% affordable housing projects and expedited processing based on the proportion of affordable units proposed by the project
- specialists dedicated to facilitating Affordable Housing projects through the approval process
- more efficient methods of review based on interagency agreements
- expedited hiring of staff involved in the project entitlement process
- online system tracking, and transparency of affordable projects and approval milestones

³⁴ MOHCH, Affordable Housing Entitlements spreadsheet, Q1 2014

³⁵ Budget Analyst Affordable Housing Report 2012, Table 3 and SF Planning, Housing Inventory 2013, Affordable Housing Chapter charts

³⁶ Executive Directive 13-01

³⁷ See http://www.sf-planning.org/ftp/files/publications_reports/SF-Planning-Permitting-Process-June2011.pdf

Additional recommendations for policy change, regulatory improvement and administrative efficiency are expected from the Affordable Housing Task Force also convened by Mayor Lee. This Task Force consists of housing experts, City departments, tenant and housing advocates, realtors and property owner stakeholders, and is expected to issue their final report in July, 2014.

Another stakeholder reaction to the 30K Target comes from the Council of Community Housing Organizations (CCHO) which represents 22 community-based housing developers and tenant advocates. Among a variety of practical recommendations, their response called for the City to build to a “historical Housing Balance of a minimum of 30% housing affordable for households up to 120% of [AMI].”³⁸ This figure reflects the ratio of new affordable units built as a percentage of all new units since 2000.³⁹

It is also important to note that Redevelopment projects have historically maintained this high affordable unit ratio in their projects. The three major OCII projects, Hunter’s Point/Candlestick, Mission Bay and Transbay will have from 29% to 35% of their housing units be affordable. If one excludes the Housing Authority’s rehabs (4,575) from the 10,000 affordable units targeted for 2020 and only counts new Affordable Housing units, the result for the 30K Target (which is 18%) falls short of maintaining this historic ratio.

The 30% affordable ratio also reflects the percentage from the recent Regional Housing Needs Allocation (RHNA), a state mandated community planning document that involves the California Department of Housing and Community Development (HCD) and the Association of Bay Area Governments (ABAG). HCD determines total housing need based on growth projections for each region in the state for an eight year period. ABAG distributes an allocation to each of the Bay Area jurisdictions included in the City’s General Plan Housing Element. The previous RHNA was prepared in 2007, and the new version covers 2014-2022.⁴⁰

Ensuring affordable housing parity and a fair distribution of housing built across all income tiers is a policy area that concerns the Jury. It’s no surprise that in the last seven years, as Table 1 (following page) shows⁴¹, housing constructed in the City is sufficient to meet demand of only the highest income earners. The City is projected to achieve 113% of the RHNA housing target for the market-rate tier, and about 65% for the low-income tiers. But achievement for the low and moderate income categories is only expected to reach 16% and 25% of the housing need respectively.

³⁸ CCHO’s Housing Plan for 2014 – A 2014 Balanced Housing Agenda for San Francisco; pg 4; CCHO; <http://www.sfccho.org/cchos-housing-plan-for-2014/>

³⁹ Housing Inventory 2006, 2009, 2013, Table 19.

⁴⁰ Available at http://onebayarea.org/pdf/final_supplemental_reports/Final_Bay_Area_2014-2022_RHNA_Plan.pdf

⁴¹ Condensed from a table in SF Budget Analyst, Affordable Housing Report, 2012, Table 1.1 pg. 19

Table 1 - Housing Allocation/Achievement 2007-2014

Household income as a Percentage of Area Median Income	Regional Housing Needs Allocation Target 2007-2014	Percentage of Target Projected to be Met by June, 2014
Extremely Low (<30% of AMI)	3,294	62%
Very Low (31%-50% of AMI)	3,295	69%
Low (50%-79% of AMI)	5,535	16%
Moderate (80%-120% of AMI)	6,754	25%
Market (> 120% of AMI)	12,315	113%
TOTAL	31,193	67%

The RHNA targets for the 2014-2022 mandate (Table 2 below) have a similar affordable housing need ratio (35%) as the 2007 allocation (39%) shown in Table 1. Mayor Lee’s 30K target with its one-third (33%) affordable goal would represent a more balanced outcome of Affordable to market rate housing over the previous RHNA period. The Jury supports policy efforts that

2014-2022 San Francisco Housing Targets (RHNA/ABAG)				
Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total
6,234	4,639	5,460	12,536	28,869

Table 2 - SF Housing Targets 2014-2022

further attainment of this Affordable goal. However, as noted earlier, the percentage of new affordable units will be closer to 18% if all 30,000 units are delivered per the 30K plan. Monitoring progress is important during this upcoming timeframe and provides an opportunity for project and policy adjustments to influence actual construction numbers.

The most serious aspect of the 2007-2014 construction trend illustrates the problem faced by middle class families in the City. A 2012 study of the San Francisco Housing Market⁴² shows that Middle Income earners are about 32% of the citywide population distribution of income categories. Compare this to the production percentages for regional housing production targets from the previous chart (about 20%) and the issue of housing availability for the Middle Income tier is clear.⁴³

San Francisco Household Income Distribution, 2009		
Household Income as a Percentage of Area Median Income	Percentage of households	Approx Target achievement projection
Less than 50% of AMI (Extremely, Very Low)	30%	65%
50% - 120% of AMI (Low, Moderate)	32%	20%
> 120% of AMI	38%	113%

Table 3- Middle Income Unit Construction

⁴² MOHCD/Seifel Consulting; Briefing Book: State of the Housing Market Study; 2012; downloaded Mar, 2014 from <http://sf-moh.org/modules/showdocument.aspx?documentid=5818>

⁴³ Certain funding is restricted and must be used only for lower income housing. See Appendix 2.

The Housing Market study further notes that the number of households in the City grew by over 40,000 from 1990 to 2010.⁴⁴ Housing availability becomes an important decision factor in choosing where to live. However, the number of households in the City that are classified as Middle Income (50-120% of AMI) declined by over 5,000 during that same 20-year period.⁴⁵ The demographic trend is that lower and upper income populations are growing and the “middle” is not.

Just as dramatic has been the citywide decline in the number of households with school age children. The Moderate Income tier (50%-80% of AMI) had a 10% decline in the count of households with children in the City from 1990 to 2010.⁴⁶ Only about 13% of all City residents are under 18, the smallest percentage among major cities in the U.S.⁴⁷ Availability of housing options, particularly for home ownership, and the cost of living are among several factors⁴⁸ contributing to this trend.

This Jury report does not endorse specific housing policy options. The list of potential solutions for increased housing supply is long, and an examination of these strategies is beyond our scope for this report and best left to housing policy experts to recommend.⁴⁹ The Jury anticipates that the Mayor’s Task Force on Housing will deliver a set of policy recommendations in July.

However, the Jury supports the need to maintain an equitable distribution of market rate and Affordable Housing construction numbers. Actual housing production needs to better reflect the income distribution of the City’s population. Once the Redevelopment/OCII dissolution is complete, the Jury fears that current funding streams and Inclusionary Housing policies will not be able to create enough affordable housing to maintain any balance in the ratio between Market Rate and Affordable Housing.

Findings:

F1. Housing development in the last decade has fallen far short of regional need targets. New production overwhelmingly delivered market rate units despite housing need targets for a broader income spectrum. This has reduced the number of housing opportunities affordable to the majority of citizens.

F2. Housing construction for Middle Income households is not meeting regional housing targets. Local government programs to address the situation are limited.

⁴⁴ Household includes all of the people who occupy a housing unit, family related, unrelated or single.

⁴⁵ Briefing Book, slide 17

⁴⁶ Briefing Book, slide 54

⁴⁷ <http://www.sfgate.com/bayarea/article/Families-exodus-leaves-S-F-whiter-less-diverse-3393637.php>

⁴⁸ Other factors include urban density, safety, schools, and open space.

⁴⁹ Please see Appendix 4 for a listing of various proposals found in the literature to increase housing supply.

Recommendations:

R1. The Jury recommends the Board of Supervisors convene a hearing this calendar year to review the final report from the Mayor's Housing Task Force and ensure that policy recommendations improve the relationship between Market Rate and Affordable Housing to reflect the economic diversity of the City, and include annual monitoring of regional housing achievement numbers as defined by the Regional Housing Needs Allocation and the Housing Element.

R2. The Jury recommends that MOHCD articulate strategies to improve achievement of regional housing targets for Middle Income households and establish incremental targets by year. The Jury also recommends that MOHCD report annually to the Board of Supervisors on progress in achieving these targets and include best practice research from other municipalities about Middle Income policy solutions.

2. The Housing Trust Fund

The Housing Trust Fund (HTF) resulted from passage of Proposition C in 2012 with approval by 65% of the voters. The HTF receives appropriations from the City’s General Fund meant to provide a stable source of funding “established . . . to support creating, acquiring and rehabilitating Affordable Housing and promoting affordable home ownership programs in the City.”⁵⁰

The HTF is expected to provide \$1.33B over 20 years in support of this objective.⁵¹ The first year allocation (FY 2013/14) is for \$20M, and the initial budget was structured such that MOHCD will use 70 percent of HTF monies to provide local financing for the construction and major rehabilitation of affordable multifamily housing.⁵² It is also a Charter requirement that MOHCD dedicate \$15 million in the first five years of the Housing Trust Fund to “Housing Stabilization” and “Downpayment Loan Assistance” programs. The projected expenditures from the HTF for the current and next fiscal years are:

SF Housing Trust Fund - Proposed FY2013-14 & FY2014-15 Budget		
Program Area	Projected FY 2013-14 Uses \$M	Projected FY 2014-15 Uses \$M
Downpayment Assistance Loan Programs	\$2.0	\$3.0
Housing Stabilization	\$2.8	\$3.1
Complete Neighborhood Infrastructure	\$0.2	\$1.0
Affordable Housing Development	\$13.8	\$14.5
Program Delivery	\$1.2	\$1.2
TOTAL HTF	\$20.0	\$22.8
Source: MOHCD, HTF Budget Final Public Version POST HEARING, Oct, 2013		

Table 4 - HTF Budget

It is important to note that the passage of Proposition C was for “the creation, acquisition, and rehabilitation of rental and ownership housing affordable to households earning up to 120% of the Area Median Income.”⁵³ The Redevelopment Agency funding stream it was meant to replace was, in general, restricted to developments up to 80% of AMI. The HTF is more flexible and can be used to provide financing for projects supporting moderate income populations.

⁵⁰ SF Charter, Sec 16.110

⁵¹ Refer to Appendix 3 for more detail about the Housing Trust Fund.

⁵² MOHCD document, “Housing Trust Fund Program Descriptions”, obtained Oct, 2013

⁵³ Charter Sec 16.110

Housing Authority Need?

An area of concern for the Jury is that the Housing Authority Re-envisioning contains a short-term recommendation for SFHA, in partnership with MOHCD, to “identify financial assistance to address emergency repairs and immediate capital improvements” to help stabilize the public housing stock and service programs in distress.⁵⁴ The Housing Trust Fund can be used as a source of capital to provide these stabilization funds. The Charter states, “The City may disburse monies from the Housing Trust Fund ... on terms determined by the Mayor's Office of Housing in its sole discretion.”⁵⁵

The Jury supports the notion that any diversion or loan of funds to the Housing Authority plan should not result in a permanent loss in HTF funds available to MOHCD to achieve new affordable housing goals for traditional low and moderate income populations as originally voted on in 2012. The City’s Administrative Code only requires reporting from MOHCD to the Board of Supervisors every fifth year beginning 2018.⁵⁶

The Jury agrees that if required, the HTF should be utilized as an emergency gap funding source for support of the Housing Authority, but recommends that public notification occur whenever HTF funds are allocated to Housing Authority rehabilitation, disclose impacts to HTF budget allocations, and publically report repayment or fund recapture activities.

Finding:

F3. Housing Authority properties may require stabilization funds or other gap financing measures to successfully enable the public-private partnership strategy agreed to by stakeholders in the Re-envisioning plan. The City’s Housing Trust Fund could be used to provide funding resources to help support the Re-envisioning plan.

Recommendation:

R3. The Jury recommends that as Housing Trust Fund (HTF) funds are allocated to Housing Authority properties, MOHCD and the Mayor document a funding analysis for the allocation and the impact these disbursements may have on MOHCD Affordable Housing goals and programs to the Board of Supervisors and the public in the year of encumbrance. Reports should include annual updates on repayment.

⁵⁴ Re-envisioning; pg 17

⁵⁵ San Francisco Charter, Section 16.110.d.1. – Housing Trust Fund - Uses of the Housing Trust Fund

⁵⁶ Administrative Code Section 1.60

3. Affordable Housing Documents and Data Availability

The process of developing a single Affordable Housing unit depends on a series of decisions impacted by regional growth objectives, choices and availability of funding, and local neighborhood considerations that often lead to passionate housing policy debates.

The interest of the public in San Francisco to increase funding for Affordable Housing development was evident with the passage of Prop C, the Housing Trust Fund Ordinance. The Jury feels that the public is best served when easy access to strategy, goals and progress data is provided. Transparency will help assure that the Affordable Housing development agenda is on track and help provide the foundation for orderly discussions about policy.

The Mayor's Office of Housing and Community Development has a good record for managing the delivery of new development and Inclusionary units, including comparative achievement with other regional municipalities.⁵⁷ Not only has the Housing Division been a leader in creating Affordable Housing stock, the Community Development Division provides grants and support services to disadvantaged populations in the City. During this investigation, however, the Jury found deficiencies in the availability of public documentation, including policy, strategy and program information, and performance measures. This lack of attention to public communications can potentially sidetrack the overall MOHCD agenda and erode public confidence.

As MOHCD steps up to their expanded role, what follows are public transparency and communication issues that cause the Jury concern.

Website

With increasing public focus on housing, the MOHCD website needs significant improvement in navigation and content management. The agency has over 50 staff positions and should be capable of resourcing this task.

Finding:

- F4. Public information on the City's Affordable Housing strategy and operations is difficult to find on the MOHCD website. News, reports and documents related to Agency responsibilities are scattered or posted under obscure sections. Many documents and links are outdated and the site is poorly organized for seeking portfolio, project activity and operational reporting information.

⁵⁷ Budget Analyst Affordable Housing Report 2012, pg.19

Recommendation:

R4a. To keep the public and the Board of Supervisors informed on a timely basis, the Jury recommends that the MOHCD website be made much more user friendly with improved navigation and better public access to content.

R4b. The Jury recommends that MOHCD immediately designate a website manager responsible for technical design and ease-of-use, plus content management including timely posting of documents and metrics reports that are in the public interest.

Public Reports

The current MOHCD 5-year Consolidated Plan 2010-2014⁵⁸ is over 200 pages long. Required by HUD, the document is a valuable resource for housing experts and is comprehensive in explaining strategic goals and objectives of local housing policy, program objectives and challenges, along with specific goal metrics. Other policy presentations found on the website, like the 2012 Briefing Book⁵⁹, further analyze and discuss policy detail.

These materials, however, are lengthy and technically oriented. There are few documents that are accessible or readable by the general public. The Agency needs to create “public friendly” summaries that help the public understand the goals, objectives and the complex environment of Affordable Housing production and public assistance program management.

The Jury contrasts this lack of easily understood public material to the efforts of New York City. The New York New Marketplace Plan 2003-2014⁶⁰ covers the complex effort that produced 167,000 units of affordable housing during the Bloomberg administration. The Jury found this document to be a straightforward analysis of the NYC Affordable Housing program with simplified housing policy, strategy and program explanations, including funding details for specific projects.

MOHCD has not published an Annual Report since 2009. Although the Jury was told that one was being prepared for publication in Spring of this year, a draft was not available to the Jury in time for review. MOHCD needs to make their Annual Report a routine annual communication to the public and assure it is easily accessed on the website. The New York Report is an excellent template for improving the MOHCD Annual Report on Affordable Housing.

There is also a lack of numbers on Affordable Housing plans, production and goal accomplishment on the MOHCD website. MOHCD works with the Planning Department to provide Affordable Housing construction numbers for the annual San Francisco Housing

⁵⁸ <http://sf-moh.org/Modules/ShowDocument.aspx?documentid=4605>

⁵⁹ <http://sf-moh.org/modules/showdocument.aspx?documentid=6977>

⁶⁰ <http://www.nyc.gov/html/hpd/downloads/pdf/HPD-Annual-2013-FINAL.pdf>

Inventory. However, the 2012 Report was a year late due to staffing issues at Planning, and there was no good data source for Affordable Housing numbers other than making a direct request to MOHCD staff.

Citywide housing construction forecasts are in the Quarterly Pipeline Report also published by the Planning Department. However, Affordable Housing data is not a separate part of this report and an Affordable Housing pipeline spreadsheet had to be requested from MOHCD personnel in order to view new construction and Inclusionary forecasts.

Chicago produces a comprehensive quarterly Pipeline Progress Report on affordable housing.⁶¹ It includes project updates on affordable rental units, including rehabilitation and new construction, homeownership fairs, and policy and legislative issues, with detailed data reporting every three months.

Finding:

F5. MOHCD has not provided consistent, timely, or easy-to-read documentation on the City's Affordable Housing strategy, goals and progress, and has not published an Annual Report since 2009.

Recommendations:

R5a. The Jury recommends MOHCD publish an Annual Report on their website by March of each year. This report should be oriented to a general audience and include information highlights and measures that communicate achievement towards City Affordable Housing program goals.

R5b. The Jury recommends MOHCD publish a quarterly Affordable Housing Pipeline Report within a month of each quarter's closing. This may be done within the Planning Department's Quarterly Pipeline Report, but should also include quarterly Affordable Housing program progress highlights.

Metrics and Leverage Reporting

The lack of consistently available factual data on Affordable Housing progress and forecasts has contributed to erroneous reporting in press articles⁶² that end up eroding public confidence in the performance of both MOHCD and the Planning Department.

⁶¹ "2009-2013 Affordable Housing Plan, 2013 Third Quarter Progress Report";

<http://www.cityofchicago.org/dam/city/depts/dcd/general/FullReport20133.pdf>

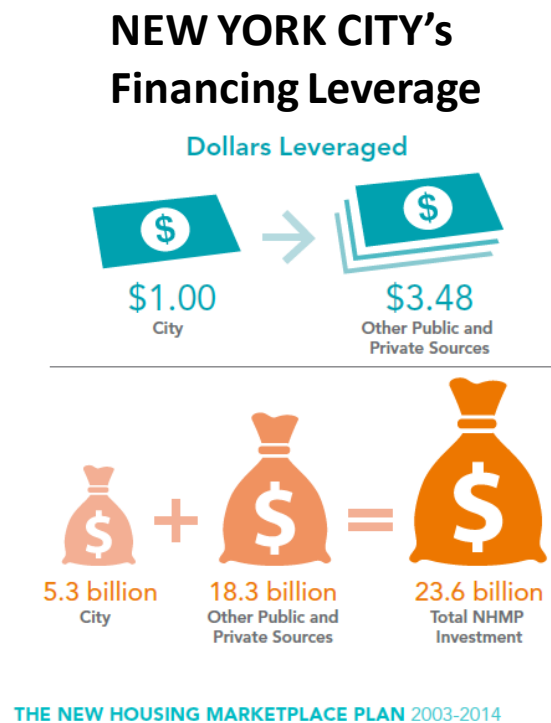
⁶² See <http://www.sfexaminer.com/sanfrancisco/san-francisco-housing-trends-make-it-difficult-for-modest-earners-to-find-a-place-to-live/Content?oid=2629169> Per MOHCD "note that this statistic "Number of Affordable Units that Those Fees Could Finance" is inaccurate. MOHCD's average per unit subsidy for an affordable housing development is between \$150,000 to \$200,000 per unit. Based on the \$200k/unit estimate, \$37 million can support the creation of approximately 185 units [not 3,995]. The Chronicle also got this fact incorrect in a recent article."

MOHCD and the Office of Economic and Workforce Development (OEWD) collect and report metrics to HUD in their annual Consolidated Annual Performance and Evaluation Report (CAPER).⁶³ There are many Affordable Housing performance measures that the Jury finds useful and informative in this report that can easily be extracted and repurposed for public reporting.⁶⁴

A new report mandated by the Board of Supervisors in 2012, known as The Dashboard, is a hybrid of the Housing Inventory and the Pipeline reports meant for policy makers. This report has various challenges including tabulation of the Regional Housing Needs Assessment achievement targets and inclusion of the City defined “Middle Income” category. Production of the report is labor intensive, but new staffing in the Planning Department is expected by midyear. MOHCD and Planning must not defer the commitment to compile this report and update it on a regular schedule.

Leverage is a metric that helps illustrate whether public funds are being managed for maximum impact. Leverage is a measure that indicates the capital commitment the City makes to fund a project and depends on the availability of multiple funding sources. This graphic shows the leverage that New York City was able to exercise through their access to local capital markets⁶⁵.

The Jury feels that highlighting the effectiveness of local resources for Affordable Housing by reporting leverage is a good way to get public support. Although this measure has its limitations⁶⁶, the Jury found leverage calculations already on the Affordable Housing Loan Committee’s Cost Comparison spreadsheets. As each Housing Agency and capital market is different, the Jury is not suggesting that the NYC leverage number is an appropriate target for San Francisco. Rather that this metric should be a standard component of MOHCD’s public reporting.



⁶³ For example on pg. 29 of the 2012-2013 CAPER, “Goal 4: Families and individuals have safe, healthy & affordable housing”, the Jury found many important performance measures worth sharing.

⁶⁴ See Appendix 5 for examples.

⁶⁵ <http://www.nyc.gov/html/hpd/downloads/pdf/HPD-Annual-2013-FINAL.pdf>, page 13

⁶⁶ For a discussion of limitations see “Leveraging Federal Funds for Housing, Community, and Economic Development”; US GAO, May 2007; accessed at <http://www.gao.gov/new.items/d07768r.pdf>

Finding:

F6. MOHCD lacks discipline in posting and providing website access to their Affordable Housing metrics and program results reporting.

Recommendations:

R6a. The Jury recommends MOHCD track and publish metrics with greater frequency using measures based on pipeline and HUD CAPER reporting that help the public to assess the progress of new development and housing support program efforts.

R6b. The Jury recommends MOHCD work with the Planning Department to formulate a Memorandum of Understanding (MOU) specifying timing and responsibility for the preparation and publication of Affordable Housing pipeline data in the Quarterly Pipeline Report. A new report commonly referred to as The Dashboard should be completed. An effort to publish these reports on SF Open Data should be prioritized.

R6c. The Jury recommends MOHCD establish a metric for accounting public contributions per development project. This financing leverage measure should be reported in the MOHCD Annual Report by project type.

New Development Project Updates

The Jury was interested in looking at multi-family new development project information over the lifecycle of a project. However, case file documents on completed projects, with the exception of Affordable Housing Loan Committee documents, could not be easily produced by MOHCD in response to a request from the Jury. The inability of MOHCD to collect documents was a concern for the Jury. It calls into question internal record keeping procedures for completed projects and public transparency. The Jury was also surprised to find that no routine post-project evaluations were undertaken by MOHCD, a best practice in project management methodology.

A good model for project status and document availability is Boston's website, as illustrated by the screen capture on the following page.⁶⁷

⁶⁷ The Boston Redevelopment Authority's Projects website is organized by project with access to key documents <http://www.bostonredevelopmentauthority.org/projects/development-projects>

BOSTON REDEVELOPMENT AUTHORITY

319-327 CHELSEA STREET

VIEWING Overview

PROJECT STATS RSS
Last Updated 10/31/2013

Address: 319-327 Chelsea Street

Neighborhood: East Boston

Land Sq. Feet: 16,800 sq ft

Building Size: 44,550 sq ft

Uses: Rental / Residential / Retail

Project Status

Project Description:
Proposal calls for the demolition of the existing building and the construction of a new, 5-story building for the provision of 38 residential rental units, two commercial units fronting on Bremen Street and 34 parking spaces.

Project Documents [All Project Documents »](#)

Document Access

PROJECT PHASE ?

- Letter of Intent
- Under Review
- Board Approved**
- Under Construction
- Construction Complete

GET UPDATES ON THIS PROJECT

Figure 4 - Project Page Example

Finding:

F7. Project phase documentation related to MOHCD new development projects are not readily available for public inspection.

Recommendation:

R7. The Jury recommends MOHCD use their website to post up-to-date housing development project information and provide access to key milestone documents as is done on the Boston Redevelopment Authority website.

Anecdotes relayed to the Jury during our investigation indicate that MOHCD has done a very good job of facilitating projects and has successfully worked to sustain a vibrant Affordable Housing community. The Jury notes that the public is also a stakeholder in defining Affordable Housing policy and the lack of readable public documents and failure to provide easy and timely access to data on their website is a serious deficiency.

The recent focus on achieving the 10,000 affordable unit goal and with other responsibilities being taken on by MOHCD, the Jury urges MOHCD to prioritize their efforts to improve their public reporting profile and management of their website. With expanded leadership duties comes increased responsibility.

4. Fair Access to BMR Affordable Housing Opportunities

MOHCD’s BMR (Below Market Rate) program offers ownership and rental housing opportunities to qualified applicants. The jury looked into the details of this program to better understand how the process worked for applicants and how fair access to housing opportunities were being managed.

The current inventory of BMR properties includes:

Table 5- BMR Units by Program

BMR PROGRAM	Ownership	Rental	Total
BMR Inclusionary Housing (IH) Program	874	622	1,496
BMR Condo Conversion (CC) Program	318	0	318
Former SF Redevelopment Agency BMR (Inclusionary) Program	900	850	1,750
GRAND TOTALS	2,092	1,472	3,564

The current pipeline through 2016 for BMR units is:

Table 6 - BMR Pipeline

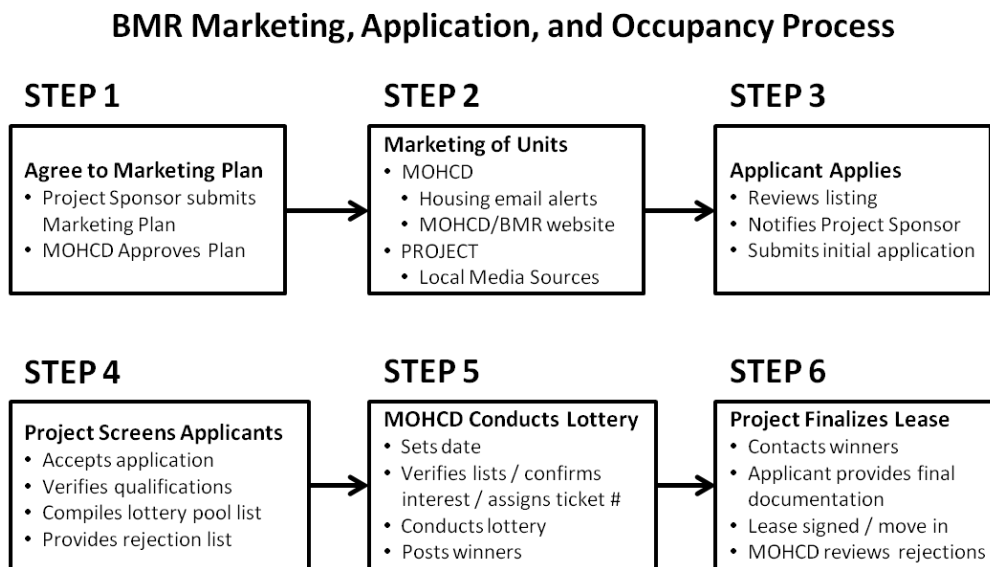
Service Type	Closing Fiscal Year 2013/14	Pipeline Closing 2014/15	Pipeline Closing 2015/16 (Estimates)	Total
Resale Units BMR IH, CC, LEP	32	38	40	110
New Ownership Units BMR	100	221	Not available	321
New Rental Units BMR IH	282	194	100	576
Re-Rental Units BMR IH	15	18	21	54
GRAND TOTALS	429	471	161	1,061

The pipeline reflects a 30% increase in the expected number of units in the program with most of the units coming from Inclusionary Housing projects.

BMR housing is primarily aimed at middle-income households, reflecting City policy to help maintain a diverse workforce within the City. Properties are targeted toward applicants in the 50-120% AMI range. It includes both rental and ownership properties. The latter are generally offered to the upper end of this AMI range. As previously discussed, a decrease in middle-income households has accompanied the City’s overall population increase just as more types of housing normally priced toward this category have gone out of reach.⁶⁸

Inclusionary Housing units are a major component of the BMR Program. This requires working with developers of market rate projects, which can present challenges for MOHCD in enforcing Inclusionary Housing Ordinance compliance⁶⁹ and ongoing monitoring of the BMR Program. It requires MOHCD to track all new projects and units being constructed under the Inclusionary Ordinance, approve compliance plans, provide regulations training to developer partners, and monitor all aspects of occupancy and BMR implementation. From interviews with staff and housing developers, the Jury learned that the occupancy process for Inclusionary BMR units can take more than six months for a major project. This includes marketing project units, screening applicants, conducting a lottery and final qualification of lottery winners prior to tenant leasing.

BMR Occupancy Process



The above graphic describes the process for BMR rental projects. Ownership projects will be slightly different, but in terms of marketing, initial application and qualification, they are similar.

Figure 5 - BMR Process

⁶⁸ City & County of San Francisco, *Joint Presentation on Housing*, 2012

⁶⁹ Costs for the Inclusionary Housing Program are self-funded; administrative costs in recent years have ranged between \$650,000 - \$700,000 annually..

Marketing

MOHCD works with developers and their property management partners (“developer partners”) to market BMR units in accordance with fair housing policy goals. Project partners are required to submit a marketing plan to MOHCD for approval.⁷⁰

Submitted plans are evaluated for diverse neighborhood outreach, standardized language describing eligibility criteria for available units, a media plan including at least five diverse local publications, and listing of ownership units on the local Multiple Listing Service. MOHCD offers a “marketing template” to developer partners, offers training to project employees, and requires contracting with Inclusionary Housing consultants. Effectiveness of marketing campaigns are not regularly evaluated by MOHCD. The entire process places a significant time burden and cost on project partners, which can lead to deficiencies in ensuring fair access to affordable housing.

Marketing to potential applicants is also done through the MOHCD website using an internal subscription email service. This allows for timely notification, especially for re-rental opportunities. The notice provides basic information about project vacancies, including rent and application criteria, and contact information for submitting applications. Currently there are over 16,000 subscribers to this service.

Finding:

F8. MOHCD’s current procedures for marketing BMR units places too much responsibility upon developers without sufficient guidance. Additionally, results of marketing campaigns are not regularly evaluated for effectiveness.

Recommendation

R8a. The Jury recommends MOHCD provide developer partners with more comprehensive materials in the Marketing template, including model BMR program marketing plans, advertising samples, marketing templates in multiple languages, directories of approved consultant and public agency partners, and training materials including web delivered training videos, to set clearly understood minimum standards for outreach.

R8b. The Jury recommends MOHCD implement regular evaluations of marketing effectiveness and marketing materials by surveying applicants to indicate source of notification by housing opportunity.

⁷⁰ City And County Of San Francisco, *Inclusionary Affordable Housing Program Monitoring And Procedures Manual 2013*, Pp 72-74

The BMR Application

The application process for a BMR rental unit is time-consuming and complex. The MOHCD website does not provide clear instructions for an applicant. Potential applicants who wish to get a detailed understanding of the process are referred to a download of an 80-page Procedures Manual that was written for use by MOHCD staff and developer partners.

All BMR program applicants must complete and submit a preliminary application to the property agents of the developer partner. Each project or available unit requires a separate submission that often requires a personal visit to the agent's office and completion of a paper form to enter the lottery. All application follow ups or inquiries are also done with individual project agents.

Compare this process to much more efficient and accurate internet resources available to applicants for Affordable Housing in New York City. New York's Department of Public Housing utilizes a similar business process, but provides a clearer web-based interface for document submission, application management and status tracking via an Affordable Housing Portal.

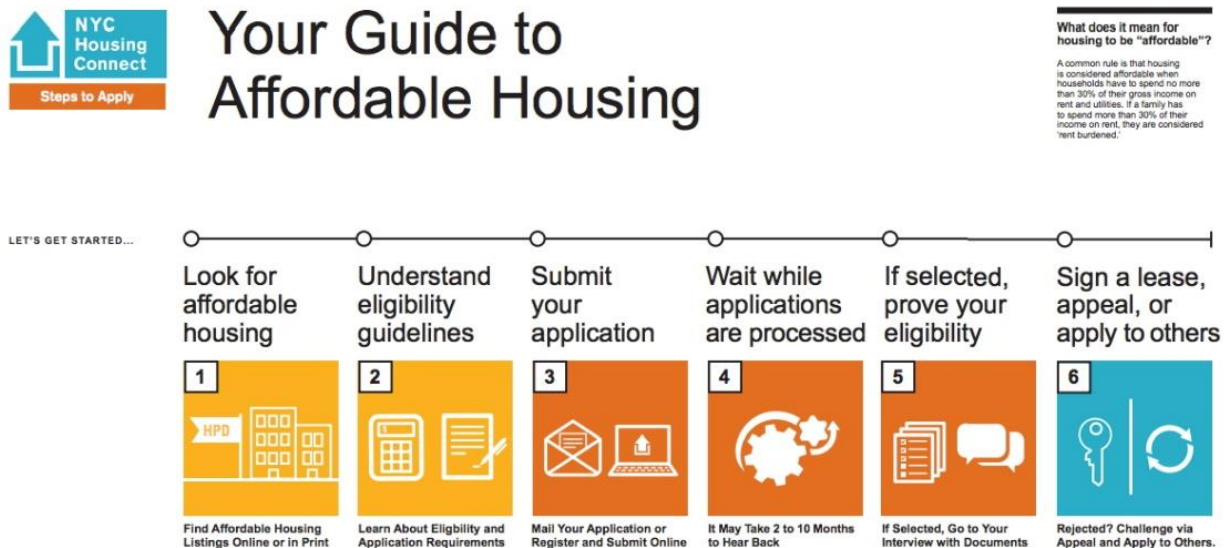


Figure 6 - NYC Web Portal

MOHCD is currently in the planning and design for their own portal website⁷¹ that is similar in concept to New York's. Its implementation will be more user-friendly and efficient for both applicants and developer partners to manage a number of application processing and BMR Program tasks. Creating a database tool becomes even more important given the anticipated

⁷¹ "MOHCD Single Family Programs Data Tracking and Administration Business Requirements"; 9/24/13

growth of the BMR program and increasing compliance monitoring responsibilities.

Finding

F9. The process of applying for an Affordable Housing opportunity is poorly explained and not easily managed on the current MOHCD website. Significant burdens are placed on applicants to manage individual applications for each opening through the process. Similarly, substantial cost and processing burdens are placed on developer partners using inefficient tools to comply with MOHCD procedures. As the portfolio of Affordable Housing properties grows, economies of scale for managing and processing applications will be required.

Recommendation

R9a. MOHCD should provide applicants clear, concise materials on the application process, and conduct and evaluate applicant feedback satisfaction surveys after each new major development project comes on-line.

R9b. MOHCD should prioritize the completion of their Single Family Program Data and Administration System. MOHCD should measure and report on the cost effectiveness of process improvements and efficiencies from implementation of this system in their Annual Report.

Application Screening

To assure fairness in selection, a lottery conducted by MOHCD is used for initial elimination of applicants. Final consideration and qualification occurs only within the pool of lottery winners. Anyone who thinks they meet the eligibility income and residence criteria may enter the lottery with submission of their preliminary application, as vetting a large number of applicants for eligibility prior to the lottery would be cost prohibitive. For one inclusionary project with 49 units, there were over 4,000 applications and similar unit to application ratios for other projects have been reported in the press. The sheer volume of submitted applications is a major issue and is expected to grow.

The lottery allows the application process to be split into two stages with associated personal information from applicants:

1. pre-lottery application – preliminary qualification questions and contact details only are recorded for inclusion in the lottery,
2. detailed financial application - for lottery winners, where personal and financial data is verified for final qualification prior to lease signing

Lottery entrants are placed into preferential pools based on the following priorities:

1. SF Redevelopment Agency Certificate of Preference (COP) Holders: These are households displaced by Redevelopment Agency activity in the Western Addition and Hunters Point in the 1960's.
2. Displaced San Francisco Tenant COP Holders: per recent legislation, certain private market households in San Francisco who were evicted under the Ellis Act
3. Persons who either live or work in San Francisco
4. The general public

In addition to certified income statements required by MOHCD, the developer partner can review and deny lottery winners based on developer partner property management criteria.⁷² All denials have to be reviewed and approved by MOHCD. The property manager's list of criteria for denial can include:

- Inappropriate Household Size
- Insufficient Income to Pay Rent
- Credit/Bankruptcy History
- Eviction History
- Criminal History

Some of these criteria have implications for fair housing. As the number of high-end inclusionary rental projects increased, there were instances of stricter rejection criteria used by property managers beyond those prescribed by BMR Program guidelines.⁷³ Federal fair housing laws require that all applicants (for both market rate and BMR units) be regarded equally in terms of the right to occupancy. However, agents using more stringent screening criteria, such as an applicant's credit history, have created situations restricting access to BMR units in populations MOHCD would consider "qualified".

Unequal access may also be compounded by marketing deficiencies of affordable opportunities to disadvantaged populations and neighborhoods. This includes poor advertising outreach and impediments in the application process, such as language and accessibility. The burden presented by language issues has been placed on developer partners. Their effectiveness in providing interpretive services is too often constrained by budget and priorities. Recently MOHCD began working with nonprofit and other housing support agencies to make key consumer documents available in several languages.

A recent report by MOHCD⁷⁴ indicates a distribution of ethnic groups in BMR rental units that differs significantly from citywide percentages of similar low income populations.

⁷² Procedures Manual, pp. 52-53.

⁷³ Lagos, Marisa, "San Francisco housing dreams haunted by debt," *San Francisco Chronicle*, 5 December 2013.

⁷⁴ *2013-2018 Analysis of Impediments to Fair Housing Choice*, 2013

“Alongside a decline in African American and white low-income populations, the City has seen a slight increase in the population of low-income Asian renters and a large increase in low-income Latino residents. Considering the overall growth in low-income Latino residents, the significant under-representation of Latino households in new affordable housing developments warrants concern. 14% of the City’s very low-income households are Latino/Hispanic but only 7% of the residents in new MOH housing are Latino/Hispanic”⁷⁵

Certain actions are being undertaken by MOHCD to address this issue. In addition to monitoring developer partner compliance where possible, MOHCD is playing an advocacy role to relax screening criteria that contributes to equalizing BMR participation among various disadvantaged groups. For example, the office is working with partners to encourage a more flexible approach to looking at criminal and eviction histories, including sunset periods for consideration of negative events. Recently passed criminal history nondisclosure legislation (“Ban The Box”) by the Board of Supervisors may also help to facilitate access for certain otherwise qualified individuals.⁷⁶

Continuing progress also requires MOHCD staffing levels adequate for training and consistent monitoring. Sensitivity toward fair access to BMR rental housing is not adequately conveyed to project partners in the Procedures Manual. Awareness training for developer partners is another key strategy to improving qualification fairness and the ethnic occupancy statistics for BMR rentals.

A similar access problem exists with BMR Ownership housing. African Americans were particularly underrepresented and in explaining this underrepresentation of African Americans in BMR housing, and declining representation in affordable housing, one stakeholder states, “There is a general lack of knowledge about how to apply for housing and a perception that the lottery system will not benefit African Americans because they are such a small part of the population. Credit issues are another large barrier to applying for housing to the point where people assume they won’t pass the credit test before they even try. Past criminal histories are also a barrier no matter how long ago the crime was committed.”⁷⁷

Ownership programs have down payment percentage requirements. These thresholds may also be a contributing factor. One consideration for MOHCD would be to subsidize down payment requirements to a lower threshold for applicants that is in alignment with the Federal Housing Authority standard of 3%.

⁷⁵ Ibid, pg. 145

⁷⁶ <http://www.jacksonlewis.com/resources.php?NewsID=4762>

⁷⁷ Impediments, pg. 153.

Finding

F10. MOHCD does not provide clear and concise expectations to project partners with regard to broad community outreach and the impact of applicant denials to BMR program goals. This can create potential impediments to fair housing choice for underrepresented ethnic groups.

Recommendation

R10a. The Jury recommends MOHCD work to improve the ethnic diversity of residents in their BMR programs and monitor progress in mitigating any institutional barriers to fair housing choice. Data on representational statistics should be collected and evaluated at regular intervals, preferably every 2 years. Any statistical disparities should be reported to the Board of Supervisors.

R10b. The Jury recommends MOHCD work with developer partners to standardize criteria used for BMR rental application denials. Strategies to reduce minimum down payment requirement denials for BMR ownership units should be given consideration.

Recertification and Monitoring

BMR tenants are required to be recertified annually for eligibility in order to have their leases renewed. An existing tenant's household income is allowed increase up to twice the target AMI over time for the project to accommodate increases from job promotions. The developer partner is required to do recertification, and decisions to deny renewal must be approved by MOHCD.⁷⁸ Other aspects of qualification, such as increased household size, can also block renewal.

In 2012 the Legislative and Budget Analyst Report found that MOHCD had not monitored the ongoing eligibility of residents in certain inclusionary rental units for ten years.⁷⁹ Efforts improved after personnel shifts occurred at MOHCD, but uneven monitoring extends to other projects as well, including at least one project facing renovation and expansion.⁸⁰

The 2012 Budget Analyst report also recommended MOHCD work with the Department of Building Inspection to receive notice of entitled units and require project partners to submit monitoring schedules in advance of project completion.⁸¹ However, there are bureaucratic obstacles to implementation of such procedures. In fact, getting the list of new projects that come under the Inclusionary program remains difficult and often requires MOHCD staff to manually

⁷⁸ *Procedures Manual*, p. 54.

⁷⁹ *Performance Audit*, p. 76.

⁸⁰ Sabatini, Joshua, "Residents concerned about homes, rent as S.F. complex undergoes changes," *San Francisco Examiner*, 5 January 2014.

⁸¹ *Performance Audit*, p. 78.

cross-reference data from DBI. Last year, several Inclusionary Housing projects were not identified as such by the Planning Department and DBI. MOHCD was able to track down these errors. Had this detailed checking effort not been made, \$1.5 million in affordable housing fees could have been overlooked.⁸² Double checking is time-intensive enough to be unsustainable at current staff levels as City housing project entitlements increase.

The Budget Analyst Report also recommended establishment of a nominal per-unit monitoring fee to offset administrative costs to MOHCD. Monitoring fees are not yet in place, but are slated to be included in a future amendment of the Inclusionary Housing Ordinance.

Finding

F11. Errors in identifying Inclusionary Housing projects can affect the creation of BMR compliance plans. Issues with data accuracy from the Planning Department and the Department of Building Inspection impact the ability of MOHCD to approach inclusionary developers in a timely manner.

Recommendation

R11. The Jury recommends that the Planning Department and the Department of Building Inspection make internal process changes to improve the accuracy of data tagged as a new Affordable Housing project under the Inclusionary Housing Program.

⁸² MOHCD estimate.

CONCLUSION

What comes after 2020 for Affordable Housing?

“San Francisco has a deep commitment to promoting fair housing... The unfortunate truth is that unequal access to housing remains a fact of life for many San Francisco residents.... In other words, San Francisco’s high cost housing market is a far-reaching impediment to fair housing choice.”⁸³

San Francisco Affordable Housing production will be particularly challenged once the SFRA/OCII dissolution is complete. Couple this loss with decreasing State and Federal funding resources and the picture could be glum for providing additional housing support to financially vulnerable segments of the City’s population. However, the Jury does subscribe to the notion that the availability of housing that is affordable to the widest spectrum of socio-economic levels fosters a more vital and dynamic urban environment and is in the best long-term interest of all our citizens. This means continuing to invest in building Affordable Housing stock to provide opportunities to those in need who otherwise are unable to afford market rate pricing.

Residential projects take years to design and build. It is not unusual for projects to take 4-6 years in the City today and rarely can a project be completed in two years from entitlement. The Mayor’s 30K plan is a goal that will provide some relief to the current shortage, but exactly how far it will go in addressing the affordability issue depends on many factors and the outlook tends to be gloomy. San Francisco’s population increase toward one million by 2032, and its role as a job center and transit nexus, will mean more need for housing and competition for funds with a host of other infrastructure needs.⁸⁴ On the other hand, the current affordability “crisis” could also dissipate, at least temporarily, should technology employment turn out to be a bubble, as occurred in 2000 after the “dot com” cycle when laid-off workers left San Francisco and vacancy rates increased⁸⁵.

The Jury believes that San Francisco can become a national showcase for successful Affordable Housing policy. Public investment in Affordable Housing results in a common public good and this resource benefits more than just affordable housing tenants. Leadership and results backed by data will allow the City to prepare itself politically and financially to nurture policies that can sustain a culturally and economically diverse population. The Jury feels that recommendations for improving transparency and citizen access to housing will lead to the City of the future that all San Franciscans will be proud to call home.

⁸³ 2013-2018 Analysis of impediments to Fair Housing Choice; 2013; MOH website; pg. iii; <http://sf-moh.org/modules/showdocument.aspx?documentid=6333>

⁸⁴ Schreiber, Dan, SF Examiner; Dec 29, 2013; <http://www.sfexaminer.com/sanfrancisco/san-francisco-at-1-million-citys-population-is-booming-once-again/Content?oid=2659836>

⁸⁵ Per US Census data, San Francisco’s population declined by 6,010 (-0.8%) between April, 2000 and July 2001.

RESPONSE MATRIX

FINDINGS	RECOMMENDATIONS	RESPONSE REQUIRED
<p>Finding 1 Housing development in the last decade has fallen far short of regional need targets. New production overwhelmingly delivered market rate units despite housing need targets for a broader income spectrum. This has reduced the number of housing opportunities affordable to the majority of citizens.</p>	<p>Recommendation 1 The Jury recommends the Board of Supervisors convene a hearing this calendar year to review the final report from the Mayor’s Housing Task Force and ensure that policy recommendations improve the relationship between Market Rate and Affordable Housing to reflect the economic diversity of the City, and include annual monitoring of regional housing achievement numbers as defined by the Regional Housing Needs Allocation and the Housing Element.</p>	<p>Board of Supervisors</p>
<p>Finding 2 Housing construction for Middle Income households is not meeting regional housing targets. Local government programs to address the situation are limited.</p>	<p>Recommendation 2 The Jury recommends that MOHCD articulate strategies to improve achievement of regional housing targets for Middle Income households and establish incremental targets by year. The Jury also recommends that MOHCD report annually to the Board of Supervisors on progress in achieving these targets and include best practice research from other municipalities about Middle Income policy solutions.</p>	<p>MOHCD</p>
<p>Finding 3 Housing Authority properties may require stabilization funds or other gap financing measures to successfully enable the public-private partnership strategy agreed to by stakeholders in the Re-envisioning plan. The City’s Housing Trust Fund could be used to provide funding resources to help support the Re-envisioning plan.</p>	<p>Recommendation 3 The Jury recommends that as Housing Trust Fund (HTF) funds are allocated to Housing Authority properties, MOHCD and the Mayor document a funding analysis for the allocation and the impact these disbursements may have on MOHCD Affordable Housing goals and programs to the Board of Supervisors and the public in the year of encumbrance. Reports should include annual updates on repayment.</p>	<p>MOHCD</p>

<p>Finding 4 Public information on the City’s Affordable Housing strategy and operations is difficult to find on the MOHCD website. News, reports and documents related to Agency responsibilities are scattered or posted under obscure sections. Many documents and links are outdated and the site is poorly organized for seeking portfolio, project activity and operational reporting information.</p>	<p>Recommendation 4 4a. To keep the public and the Board of Supervisors informed on a timely basis, the Jury recommends that the MOHCD website be made much more user friendly with improved navigation and better public access to content. 4b. The Jury recommends that MOHCD immediately designate a website manager responsible for technical design and ease-of-use, plus content management including timely posting of documents and metrics reports that are in the public interest.</p>	<p>MOHCD MOHCD</p>
<p>Finding 5 MOHCD has not provided consistent, timely, or easy-to-read documentation on the City’s Affordable Housing strategy, goals and progress, and has not published an Annual Report since 2009.</p>	<p>Recommendation 5 5a. The Jury recommends MOHCD publish an <u>Annual Report</u> on their website by March of each year. This report should be oriented to a general audience and include information highlights and measures that communicate achievement towards City Affordable Housing program goals. 5b. The Jury recommends MOHCD publish a quarterly Affordable Housing <u>Pipeline Report</u> within a month of each quarter’s closing. This may be done within the Planning Department’s <u>Quarterly Pipeline Report</u>, but should also include quarterly Affordable Housing program progress highlights.</p>	<p>MOHCD MOHCD Planning Department</p>

<p>Finding 6 MOHCD lacks discipline in posting and providing website access to their Affordable Housing metrics and program results reporting.</p>	<p>Recommendation 6</p> <p>6a. MOHCD needs to track and publish metrics with greater frequency using measures based on pipeline and HUD CAPER reporting that help the public to assess the progress of their new development and Housing Support Program efforts.</p> <p>6b. MOHCD should work with the Planning Department to formulate a Memorandum of Understanding (MOU) specifying timing and responsibility for the preparation and publication of Affordable Housing pipeline data in the <u>Quarterly Pipeline Report</u>. A new report commonly referred to as The Dashboard should be completed. An effort to publish these reports on SF Open Data should be prioritized.</p> <p>6c. MOHCD should establish a metric for accounting public contributions per development project. This financing leverage measure should be reported in the MOHCD Annual Report by project type.</p>	<p>MOHCD</p> <p>MOHCD Planning Department</p> <p>MOHCD</p>
<p>Finding 7 Project phase documentation related to MOHCD new development projects are not readily available for public inspection.</p>	<p>Recommendation 7</p> <p>The Jury recommends MOHCD use their website to post up-to-date housing development project information and provide access to key milestone documents as is done on the Boston Redevelopment Authority website.</p>	<p>MOHCD</p>

<p>Finding 8 MOHCD’s current procedures for marketing BMR units places too much burden upon developers without sufficient guidance. Additionally, results of marketing campaigns are not regularly evaluated for effectiveness.</p>	<p>Recommendation 8 8a. The Jury recommends MOHCD provide developer partners with more comprehensive materials in the Marketing template, including model BMR program marketing plans, advertising samples, marketing templates in multiple languages, directories of approved consultant and public agency partners, and training materials including web delivered training videos, to set clearly understood minimum standards for outreach. 8b. The Jury recommends MOHCD implement regular evaluations of marketing effectiveness and marketing materials by surveying applicants to indicate source of notification by housing opportunity.</p>	<p>MOHCD MOHCD</p>
<p>Finding 9 The process of applying for an Affordable Housing opportunity is poorly explained and not easily managed on the current MOHCD website. Significant burdens are placed on applicants to manage individual applications for each opening through the process. Similarly, substantial cost and processing burdens are placed on developer partners using inefficient tools to comply with MOHCD procedures. As the portfolio of Affordable Housing properties grows, economies of scale will be required.</p>	<p>Recommendation 9 9a. MOHCD should provide applicants clear, concise materials on the application process, and conduct and evaluate applicant feedback satisfaction surveys after each new major development project comes on-line. 9b. MOHCD should prioritize the completion of their Single Family Program Data and Administration System. MOHCD should measure and report on the cost effectiveness of process improvements and efficiencies from implementation of this system in their Annual Report.</p>	<p>MOHCD MOHCD</p>

<p>Finding 10 MOHCD does not provide clear and concise expectations to project partners with regard to broad community outreach and the impact of applicant denials to BMR program goals. This can create potential impediments to fair housing choice for underrepresented ethnic groups.</p>	<p>Recommendation 10 10a. The Jury recommends MOHCD work to improve the ethnic diversity of residents in their BMR programs and monitor progress in mitigating any institutional barriers to fair housing choice. Data on representational statistics should be collected and evaluated at regular intervals, preferably every 2 years. Any statistical disparities should be reported to the Board of Supervisors. 10b. The Jury recommends MOHCD work with developer partners to standardize criteria used for BMR rental application denials. Strategies to reduce minimum down payment requirement denials for BMR ownership units should be given consideration..</p>	<p>MOHCD MOHCD</p>
<p>Finding 11 Errors in identifying Inclusionary Housing projects can affect the creation of BMR compliance plans. Issues with data accuracy from the Planning Department and the Department of Building Inspection impact the ability of MOHCD to approach inclusionary developers in a timely manner.</p>	<p>Recommendation 11 The Jury recommends that the Planning Department and the Department of Building Inspection make internal process changes to improve the accuracy of data tagged as a new Affordable Housing project under the Inclusionary Housing Program.</p>	<p>Planning Department Dept. Building Inspection</p>

METHODOLOGY

The 2011/14 Civil Grand Jury interviewed representatives of San Francisco City Departments relevant to this report. This included multiple interviews with leadership, managers and staff personnel at MOHCD, OCII and Planning. An additional number of interviews were conducted with critical non-government stakeholders, including both for-profit and non-profit housing developers, and leaders from advocacy organizations involved with Affordable Housing.

Initially, the Grand Jury relied upon the San Francisco Legislative and Budget Analyst's Performance Audit of San Francisco's Affordable Housing Policies and Programs authored in January, 2012 to inform an initial perspective on the City's Affordable Housing issue. Further research was conducted from various presentations and publically available resources listed in the Bibliography.

Housing allocation, pipeline and achievement data presented came from reports authored by State agencies on the One Bay Area website, San Francisco Planning Department reports and MOHCD reports available on their website. MOHCD provided additional spreadsheets to the Jury that may not be posted on their public site.

Financial data presented came from MOHCD, the San Francisco Legislative and Budget Analyst, San Francisco City Controller's reports and the California Tax Credit Allocation Committee's website.

This report looked primarily at the Housing Division of MOHCD and only briefly at the Community Development Division.

The investigation did not look at depth into the San Francisco Housing Authority, the Rent Stabilization Board, The Treasure Island Development Authority or the Office of Economic and Workplace Development except as they may overlap with MOHCD in achieving City Affordable Housing objectives.

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GLOSSARY

Affordable Housing by definition is housing that is either rented or owned at prices affordable to households with low to moderate incomes. The United States Department of Housing and Urban Development (HUD) determines the thresholds by household size for these incomes for the San Francisco HUD Metro Fair Market Rent Area (HFMA). The HFMA includes San Francisco, Marin, and San Mateo counties. The standard definitions for housing affordability by income level are as follows: (*SF Housing Inventory 2011 page 18*)

Extremely low income: Units affordable to households with incomes at or below 30% of the HUD median income for the San Francisco HFMA; (*SF Housing Inventory 2011 page 18*)

Very low income: Units affordable to households with incomes at or below 50% of the HUD median income for the San Francisco HFMA

Lower income: Units affordable to households with incomes at or below 60% of the HUD median income for the San Francisco HFMA

Low income: Units affordable to households with incomes at or below 80% of the HUD median income for the San Francisco HFMA

Moderate income: Units affordable to households with incomes at or below 120% of the HUD median income for the San Francisco HFMA

Market rate: Units at prevailing prices without any affordability requirements. Market rate units generally exceed rental or ownership affordability levels, although some small market rate units may be priced at levels that are affordable to moderate income households. Housing affordability for units is calculated as follows:

Affordable rental unit: A unit for which rent equal 30% of the income of a household with an income at or below 80% of the HUD median income for the San Francisco HFMA, utilities included; (*SF Housing Inventory 2011 page 18*)

Affordable ownership unit: A unit for which the mortgage payments, PMI (principal mortgage insurance), property taxes, homeowners dues, and insurance equal 33% of the gross monthly income of a household earning between 80% and 120% of the San Francisco HFMA median income, assuming a 10% down payment and a 30-year 8% fixed rate loan. (*SF Housing Inventory 2011 page 18*)

Inclusionary Affordable Housing Program units: These units are rental units for households earning up to 60% of the San Francisco median income, or ownership units for first-time home buyer households with incomes from 70% to up to 110% of the San Francisco median income. (*SF Housing Inventory 2011 page 18*)

Community Development Block Grant Program (CDBG): local communities can use the resources of the CDBG program to develop flexible, locally designed community development strategies to their own programs and funding priorities that address one or more of the national objectives of the program. The national objectives include benefiting low- and moderate-income persons, aiding in the prevention or elimination of blight and addressing other urgent community development needs. (*SF 2010-2014 Five-Year Consolidated Plan*)

Condominium: A building or complex in which units of property, such as apartments, are owned by individuals and common parts of the property, such as the grounds and building structure, are owned jointly by all of the unit owners. (*SF Housing Inventory, 2011, Appendix E, page 49*)

Condo Conversion Ordinance (CCO). Prevents the loss of rent controlled units in San Francisco

Deed Restricted: Housing units that have contractual terms that set and limit rent amounts and increases, or prescribe future terms of sale in the case of ownership units.

Developer Partner: Any company or non-profit agency that is responsible for the preparation and occupancy of an Affordable Housing project and is responsible for on-site property management operations.

Entitlement: approvals for the right to develop property for a desired purpose or use are commonly referred to as "entitlements."

General Plan: Collection of Objectives, Policies, and Guidelines to direct guide the orderly and prudent use of land. (*SF Housing Inventory, 2011, Appendix E, page 49*)

HOME: The HOME Investment Partnerships, introduced in the Cranston-Gonzalez National Affordable Housing Act of 1990, provides funding that can be used for rehabilitation, new construction, acquisition of affordable housing and tenant-based rental assistance. (*SF 2010-2014 Five-Year Consolidated Plan*)

HOPESF: Public housing revitalization initiative seeking to transform eight of San Francisco's most distressed public housing sites by creating thriving, mixed-income communities, without displacing current residents. See <http://hope-sf.org/index.php>

Housing Opportunities for Persons with AIDS (HOPWA): The program allocates funds to meet the housing needs of persons with HIV/AIDS. Supportive services may also be included in the program. (*SF 2010-2014 Five-Year Consolidated Plan*)

Housing Trust Fund (HTF) The New York City Housing Trust Fund (HTF), funded by \$130 million in Battery Park City revenues, provides subsidies for innovative acquisition programs, rehabilitation of portfolios of housing, and to facilitate rehabilitation and new construction targeted to households earning below 30% of AMI and between 60-80% of AMI. Housing Development Fund Corporations (HDFC) Housing Development Fund Corporations are nonprofit entities that oversee limited equity housing cooperatives or rentals to provide low-income housing for New Yorkers. (*New York City New Marketplace Program 2003-2004, Appendix pgs 32-34*)

Housing Unit: A dwelling unit that can be a single family home, a unit in a multi-unit building or complex, or a unit in a residential hotel. (*SF Housing Inventory, 2011, Appendix E, page 49*)

HUD: Department of Housing and Urban Development – Federal Cabinet-level department created by the Housing Act of 1949 (Federal).

Inclusionary Housing Units: Housing units made affordable to lower- and moderate-income households as a result of legislation or policy requiring market rate developers to include or set aside a percentage (usually 10% to 20%) of the total housing development to be sold or rented at below market rates (BMR). In San Francisco, this is usually 15%, and it applies to most newly constructed housing developments containing five or more dwelling units. (*SF Housing Inventory, 2011, Appendix E, page 49*)

Leverage (aka Financial Leverage): The combination of multiple sources of funds, including federal, state, local, and private funds, to finance development projects. Financial leveraging refers to the degree to which a business or an investor utilizes borrowed funds.

Low Income Housing Tax Credit (LIHTC): LIHTC refers to federal tax credits awarded to qualified low-income housing projects. To be eligible, projects must be substantial rehabilitation or new construction with at least 20% of apartments reserved for low-income households. The credits are sold to investors to generate equity for the rehabilitation or new construction work. (*New York City New Marketplace Program 2003-2004, Appendix pgs 32-34*). In San Francisco, this included the South of Market Earthquake Recovery Redevelopment Plan and enabled the SFRA to restore and replace damaged facilities.

Median Income: The median divides the household income distribution into two equal parts: one-half of the households falling below the median household income and one-half above the median. (*SF Housing Inventory, 2011, Appendix E, page 49*)

Mayor's Office of Housing and Community Development (MOHCD): In San Francisco, the Mayor's Office of Housing (MOHCD) is the lead agency responsible for the consolidated planning process and for submitting the Consolidated Plan, annual Action Plans and Consolidated Annual Performance Evaluation Reports to HUD. MOHCD administers the housing activities of the CDBG program and all HOME activities. Under its Community Development Division, MOHCD also administers CDBG public facility, non-workforce development public service and organizational planning/capacity building activities, and all ESG activities. MOHCD also is the lead agency for the HOPWA program.

Office of Economic and Workforce Development (OEWD): Responsible for economic development and workforce development activities of the CDBG program.

Pipeline: All pending development projects -- filed, approved or under construction. Projects are considered to be "in the pipeline" from the day they are submitted for review with the Planning Department, the Redevelopment Agency (SFRA), or the Department of Building Inspections (DBI), until the day the project is issued a Certificate of Final Completion by DBI. (*Housing Inventory, 2011, Appendix E, page 49*)

Section 8: HUD's Housing Choice Voucher program, commonly referred to as Section 8, is the nation's largest affordable housing program for renters. HPD's Section 8 program serves nearly 37,000 households and is the nation's fifth largest. Participants receive a voucher that covers the difference between 30% of their gross annual household income and the cost of their rent plus utilities. Payments are made directly to the participating landlord. (*New York City New Marketplace Program 2003-2004, Appendix pgs 32-34*)

Single Room Occupancy (SRO) Units: Residential hotel rooms, typically occupied by one person, lacking bathroom and/or kitchen facilities. (*SF Housing Inventory, 2011, Appendix E, page 49*)

Stakeholder – any person or organization with an interest or concern in something and having an interest in its success.

Tax Increment Financing: Property tax increases that result from growth in property values due to redevelopment. The SFRA was allowed to use this as a funding technique to issue tax increment bonds.

APPENDICES

Appendix 1 – AMI Tiers Explained

From: MOH Presentation: Housing for San Francisco Residents; MOH, Controller’s Office; Office of Workplace and Economic Development; Feb, 2012.

Definitions:

Rent Burden - paying more than 30% of gross income for rent or mortgage (including utilities) is “burdened”; paying more than 50 percent is “severely burdened”.

Household - All of the people who occupy a housing unit as their usual place of residence

- Not all households are families
- A household may be unrelated people or one person living alone

AMI = Area Median Income

Area = A particular geographical area, e.g., San Francisco

Median = Middle point – half of the population is below and the other half above

Income = Total income from all persons in a household

AMI categories differ by household size

Deed Restricted Affordable Housing

Legally bound to rent or sell to households under income limits at a price that is “affordable”. San Francisco City supports 20,706 units of deed restricted affordable housing (2013 Q3).

What qualifies as affordable?

Step 1. Check the table below for the San Francisco City Area Median Income and household size (based on a 3 county formula by MOHCD) and figure out the AMI tier. (Example: income for a 2 person household of \$38,850 puts one in the 50% AMI tier).

2014	Number in household			
% of AMI	1	2	3	4
25%	\$ 17,000	\$ 19,450	\$ 21,850	\$ 24,300
50%	\$ 34,000	\$ 38,850	\$ 43,700	\$ 48,550
100%	\$ 67,950	\$ 77,700	\$ 87,400	\$ 97,100
120%	\$ 81,550	\$ 93,250	\$ 104,900	\$ 116,500
150%	\$ 101,950	\$ 116,550	\$ 131,100	\$ 145,650
Source: MOHCD				

Step 2. “Affordable housing” means paying only 30% of your income for rent and utilities. (Example: The 50% AMI couple earning \$38,850 per year should only be paying \$971 per

month to not be “rent burdened”). This means that one has enough money left over for other necessities, such as food, transportation, taxes, etc.

Note that as one goes up the wage scale and if you keep the rent burden the same, higher wage earners will have more dollars left over after paying their rent. (Example: the 50% AMI couple will have \$2,266 left per month, while the 120% AMI couple can afford a rental for \$2,331 per month and will have \$5,439 left for taxes and other expenses or savings.

Step 3. Check the monthly rental or mortgage amount (plus utilities) against the MOH tables found on their website and if it’s greater than the 30% benchmark, then it is considered “unaffordable”.

Example: the chart below is affordability data for typical City occupations:

2010 AMI Income Category (1 worker household)	Occupation	2008 EDD Employment Estimates	2008 EDD Job Openings	2010 Hourly Wages (median)	2010 Annual Wages (median)
Less than 50% AMI (Very Low Income)	Waiters and Waitresses	20,150	13,360	\$10.00	\$21,000
	Personal and Home Care Aides	2,560	13,490	\$11.00	\$23,000
	Cashiers	20,010	10,050	\$11.00	\$24,000
50% AMI to 80% AMI (Low Income)	Receptionists and Information Clerks	8,080	2,410	\$16.00	\$34,000
	Customer Service Representatives	10,700	4,640	\$19.00	\$40,000
	Bookkeeping, Accounting, and Auditing Clerks	13,170	1,990	\$22.00	\$45,000
80% AMI to 120% AMI (Moderate Income)	Executive Secretaries and Administrative Assistants	21,280	3,400	\$26.00	\$55,000
	First-Line Supervisors/Managers of Office and Administrative Support	13,060	2,910	\$28.00	\$58,000
	Elementary School Teachers, Except Special Education	6,300	2,210	\$29.00	\$61,000
120% AMI to 150% AMI (Above Moderate)	Market Research Analysts	4,500	2,360	\$40.00	\$84,000
	Management Analysts	9,610	2,650	\$44.00	\$92,000
	Registered Nurses	15,370	4,470	\$49.00	\$101,000
Over 150% AMI (Upper Income)	Computer Software Engineers, Applications	10,830	4,350	\$51.00	\$107,000
	Financial Managers	8,130	1,700	\$67.00	\$139,000
	Lawyers	9,820	2,660	\$76.00	\$158,000

SOURCE: MOH; State of the Housing Market Study

Rental Opportunities (2012 data) – percentage of Craigslist rental opportunities that are affordably priced for each income tier

% of Units Affordable at Income Limit					
Unit Size	Household Size	50% AMI	80% AMI	120% AMI	150% AMI
Studio	1 person	6%	54%	93%	97%
1-Bedroom	2 people	4%	33%	79%	93%
2-Bedroom	3 people	5%	16%	60%	77%
3-Bedroom	4 people	14%	20%	51%	68%
% of Households within Income Category					
All SF Households		0-50%	50-80%	80-120%	120-150%
		30%	15%	17%	10%

a. Affordable rent is based on San Francisco Mayor's Office of Housing published rents and equals maximum monthly rent for each unit type and includes the cost of utilities.

b. Percentage equals the portion of units on the market with asking rents equal to or less than the affordable rents for each unit type.

Source: San Francisco Mayor's Office of Housing, SF Controller's Office, Craigslist, Seifel Consulting Inc.

Housing Challenges faced by AMI Groups in San Francisco

- **VERY LOW INCOME HOUSEHOLDS (0-50% AMI)**
 - Rental apartments out of reach
 - Target for deed-restricted rental
- **LOW INCOME HOUSEHOLDS (50-80% AMI)**
 - Smaller rental affordability gaps
 - Fewer deed-restricted units
- **MODERATE INCOME HOUSEHOLDS (80-120% AMI)**
 - For-sale homes out of reach
 - The focus for affordable ownership programs
- **ABOVE MODERATE INCOME HOUSEHOLDS (120-150% AMI)**
 - Relatively well served by rental market
 - Smaller ownership affordability gap

Appendix 2 - Affordable Housing Policy and Rental Unit Development

Specific policy strategy to date has been to target rental opportunities at low and very low income AMI populations. This is appropriate for two reasons:

1. Very few people in low income ranges can obtain ownership financing. Affordable housing ownership opportunities are more appropriate for middle income or higher wage earner categories who can qualify for a mortgage.
2. Funding sources have restrictions on maximum income limits and many Federal and State programs restrict development to rentals for lower income ranges.

Note in the chart below that the AMI income mix between rental and ownership housing opportunities shows the implementation of this strategy.

Development of Affordable Housing Units FY 2002-03 thru FY 2010-11	Very Low Income (<50% of AMI)	Low to moderate (50%-120% of AMI)
	Total	Total
Rental	9,325	1,351
Ownership	26	1,381
	9,351	2,732

Production of Deed Restricted Affordable Rentals⁸⁶

The development of rental projects through 2012 has relied primarily on a variety of Tax Credits, Tax increments, Bonds, Loans and Grants as seen in the chart below:

Funding for Deed Restricted Affordable Rental Development

Sources of Public Financing for Affordable Housing

FY 2002-03 through FY 2010-11

Source: MOH, SFRA, Tax Credit Allocation Committee, Department of Housing and Community Development

	Percent of Total
Federal and State Tax Credits	36%
Tax Increment Revenues and Bond Proceeds	24%
State Loans and Grants	16%
Federal Grants	10%
City General Fund, Affordable Housing Fees	10%
Other Income	4%
Total	100%

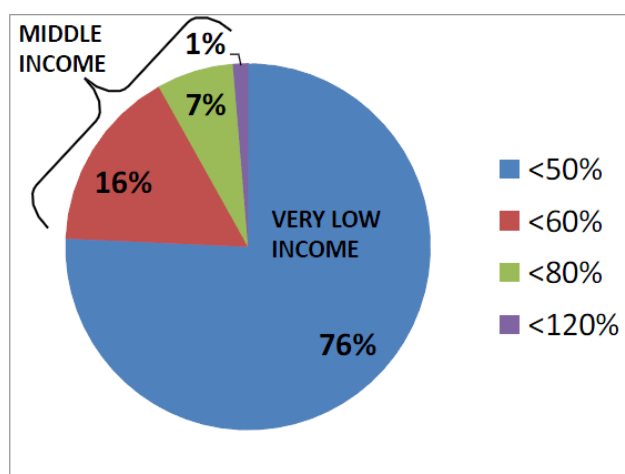
However, there are often restrictions on the type of financing:

⁸⁶ From Housing for San Francisco Residents presentation by MOHCD, Controller & OEWD; Feb. 2012

Sources of financing for Low Income projects (0-60% of AMI)	Sources of financing for Middle Income projects (60%-120% of AMI)
<ul style="list-style-type: none"> • Local • Federal <ul style="list-style-type: none"> ○ Block Grants, HOME Grants, Low Income Housing Tax Credits • State <ul style="list-style-type: none"> ○ Bond Propositions 	<ul style="list-style-type: none"> Only Local • Tax increment and Bond Proceeds • City General Fund (now the Housing Trust Fund) • Affordable Housing Fund

The net result is that the bulk of the 18,000 units of affordable rentals are targeted at low and very low income tiers (< 60%) as seen below.

- Total SF Rental: 212,000 Units
- Deed Restricted Affordable Rental: 18,000 Units
- 24% of City rental units target middle income households
- 16% deed restricted at 50-60% AMI
- 7% deed restricted at 60-80% AMI



Source: Mayor's Office of Housing, SF Redevelopment Agency

At over \$400,000 per unit, local funds are best spent in areas that can get maximum leverage (return per dollar). This means rental housing directed at lower income residents.

Appendix 3 - Housing Trust Fund – Legislative Summary

San Francisco Charter Section 16.110

Fund Structure

1. HTF is funded through General Fund Revenue
2. Fund size is based on current and projected increases in General Fund Revenue
 - a. Tax increments
 - b. Hotel Tax
 - c. New Revenue

Fund Growth

Year	Allocation
1	\$20.0
2	\$22.8
3	\$25.6
4	\$28.4
5	\$31.2
6	\$34.0
7	\$36.8
8	\$39.6
9	\$42.4
10	\$45.2
11	\$48.0
12 to 30	\$50.8
Total	\$1,339.2

In Year 1 (FY 2013/14), \$20M will be allocated to the HTF

Years 2-12, the HTF will grow by \$2.8 Million annually

After Year 12, the HTF will increase or decrease according to annual discretionary revenues to the General Fund

Primary Goal – Balanced Growth

- Affordable Housing Production and Infrastructure Programs
- Homeownership and Housing Stabilization
- Market Rate and Below Market Rate Incentives and Stimulus

Programs

Within these broad goals, three funding categories are called out specifically in the Charter Amendment, as follows:

- No later than July 1, 2018, the City shall appropriate \$15 million for use as a down payment on the purchase of a home for qualifying households (the “Downpayment Assistance Loan Program”);
- No later than July 1, 2018, the City shall appropriate *up to* \$15 million for use as assistance to reduce the risk to current occupants of a loss of housing and/or to help current occupants make their homes safer, more accessible, more energy efficient, and more sustainable (the “Housing Stabilization Program”); and,
- The City may use monies to operate and administer a Complete Neighborhoods Infrastructure Grant Program. A *maximum* of 10% of any year’s appropriation may be used for this purpose.

Example use of Trust Fund:

Per MOHCD “most of the city is housed in smaller buildings (75% of the building stock is comprised of buildings with fewer than 20 units). Deterioration, TIC conversions, and replacement with new market rate condo projects, all threaten to remove these units from the rental stock. However, Tax credit programs, the principle funding source for affordable housing rental development, have traditionally been difficult to use for scattered site developments.” Their recommendation was to establish a small site acquisition and rehabilitation program dedicated to the preservation of small buildings serving low-income tenants.⁸⁷ The Housing Trust Fund would provide MOHCD with a stable source of funding to carry out this agenda.

Sources:

1. Mayor’s Office Housing presentation to Long Term Care Coordinating Council; Sept 13, 2012
2. Mayor’s Office of Housing; Housing Trust Fund Program Descriptions, Oct, 2013

⁸⁷ MOHCD document, “2013-2018 Analysis of impediments to Fair Housing Choice”, pg 169

Appendix 4 – Proposals to Increase/Preserve Housing Stock

Proposals (in no particular order) include:

PROPOSAL	DESCRIPTION/COMMENTS
Secondary units	Proposals are being put forth by Supervisors to legalize secondary units (aka “in-law” units) and to create programs for new construction. Legislation to undertake a pilot program in District 9 was recently passed.
Micro Units	"Micro-apartments" of 220 square feet, for example, including bathroom, kitchen and closet. As a test 120 are now in the pipeline in the Mid-Market area. See Chronicle article http://www.sfchronicle.com/business/article/Micro-apartment-developments-on-rise-in-S-F-4951775.php?t=a9f64630b4286e4899#/0 ; Carolyn Said, Nov 11, 2013
Inclusionary Dial	Allow flexibility in the calculation of inclusionary obligations to change the “dials” (or percentages) of inclusionary housing formulas. See MOH document, “Housing Trust Fund Program Descriptions”, pg. 4, 2012.
Incentives to heighten intensity and incorporate housing	Incentive opportunities to redevelop existing low intensity uses, such as grocery stores and strip shopping centers to heighten intensity and incorporate housing through “incentive zoning”. See Legislative Analyst Report “Feasibility of Housing Above Retail (BOS File No. 051203) (OLA No. 050-05), Sept. 26, 2005.
Community Land Trusts	Community land trusts buy or build property, sell it to low income residents at a below-market price, but retain a ground lease imposing conditions on the buyer. See Legislative Analyst Report “HOUSING TRUSTS, File 99-0146”, March 26, 1999.
Condo Conversions	While evidence suggests a substantial loss of affordable units, legislation can make homeownership opportunities available for median and moderate-income households within a price range otherwise not available in the housing market. See Legislative Analyst Report “HOPE Initiative and Legislation (File # 020934, 020936)”, Aug 23, 2002; and “Approving a Method for Community Land Trusts to Convert Existing Residential Buildings to Limited Equity Condominiums (File No. 032031) (OLA No. 031-04)”, Jan 11, 2005.

Mortgage Assistance Programs	Includes low interest first mortgages, deferred second mortgages and/or grants which assist with down payment and closing cost expenses. See Legislative Analyst Report “Mortgage Assistance Programs (File #: 010719)”, Feb 10, 2003.
Reduce the direct costs of housing development	See Legislative Analyst report “San Francisco Housing Development (File # OLA #: 005-03)”, June 11, 2003 (1) Rezoning land use to increase the supply of land available for housing development; (2) Relaxing Floor-to-Area restrictions for housing development downtown; (3) Increasing height and density allowances along major transit corridors; (4) Providing direct subsidies to affordable housing developers; (5) Altering parking requirements; and (6) Maintaining consistency of development fees.
Reduce the uncertainty costs of housing development	See Legislative Analyst report “San Francisco Housing Development (File # OLA #: 005-03)”, June 11, 2003 (1) Pursuing program environmental impact reports; (2) Revising conditional use requirements; and (3) Reducing the costs of discretionary review.
Affordable Housing Bond Issuance	See SPUR article “San Francisco’s Affordable Housing Bond” on the 1996 Prop A results. http://www.spur.org/publications/spur-report/2002-08-02/san-francisco-s-affordable-housing-bond
Vacancy Reduction	Policies to reduce the number of vacant units. Currently San Francisco has 35,000 vacant units per 2008-2012 ACS Survey. This probably includes units held off the market by landlords involved with aspects of rent control regulation and units undergoing renovation.
Short-term rental regulation	aka Air-bnb issue, potential housing is being removed from the City residential rental stock and being rented out as “hotel space” through listings on short term rental websites. Legislation to collect hotel tax revenues has been passed, but the practice of converting to short-term rentals reduces the long-term housing stock available to local citizens. Tenants in controlled buildings have been evicted or displaced by landlords seeking to improve rental income through conversion to a short-term rental.
City Pension Fund investment	Require that some portion of the SF City Employee Retirement System help finance Affordable Housing projects as a local social investment strategy. See AFL-CIO Building Investment Trust http://www.aflcio-bit.com/

Loan Insurance Programs	HUD sponsored rental housing loan default guarantees for private developers. Facilitates access to credit. See Budget Analyst Affordable Housing Performance Audit Report, 2012, pg.67
Document Recording and Transfer fees	This is a major funding source nationwide for State and local Housing Trust Funds, but is not currently authorized locally. See Budget Analyst Affordable Housing Performance Audit Report, 2012, pg.64.

Appendix 5 – Metrics Sample (from CAPER)

The Consolidated Annual Performance and Evaluation Report (CAPER) is an annual report prepared by MOHCD and OEWD.

The report “represents the annual report of the City and County of San Francisco's implementation of four U.S. Department of Housing and Urban Development (HUD) programs:

- The Community Development Block Grant (CDBG);
- The Emergency Solutions Grant (ESG);
- The HOME Investment Partnership (HOME); and
- The Housing Opportunities for Persons With AIDS (HOPWA) Programs.

The 2012-2013 CAPER serves two purposes: 1) a summary of resources used during the program year July 1, 2012 through June 30, 2013; and 2) a self-evaluation of a) progress and challenges addressing priorities; and b) key accomplishments.”

The example on the next two pages is taken from the CAPER and list goals and achievement for one objective directly related to Affordable Housing.

The Jury recommends that MOHCD extract these metrics and make them available on the MOHCD website and their Annual Report as part of routine public information access.

The Jury would also like to see additional metrics related to budgets, spending and leverage added to the information made available publically.

GOAL 4: FAMILIES AND INDIVIDUALS HAVE SAFE, HEALTHY AND AFFORDABLE HOUSING

Objective 1: Create and maintain permanently affordable rental housing through both new construction and acquisition and rehabilitation programs for individuals and families earning 0-60% of AMI

Performance Measure	5-year Goal	Year 1		Year 2		Year 3		Year 4		Year 5		% of Five-Year Goal
		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	
# of new affordable rental units completed	1,700	231	341	120	135	206						28%
# of new affordable rental units completed through acquisition and rehabilitation or conversion of an existing property	300	0	0	0	0	0						0%
# of units in existing non-profit owned affordable housing projects that will be maintained and preserved	700	212	212	101	1,729	2,863						277%
# of affordable rental units created through the City's Inclusionary Housing Program	50	0	0	0	0	0						0%

Objective 2: Create and maintain permanently affordable ownership housing opportunities through both new construction and acquisition and rehabilitation programs for individuals and families earning up 120% of AMI

Performance Measure	5-year Goal	Year 1		Year 2		Year 3		Year 4		Year 5		% of Five-Year Goal
		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	
# of first time homebuyers receiving financial assistance	500	100	46	60	33	100	120					40%
# of homeowners receiving post-purchase, default, and foreclosure prevention services	1,500	300	322	500	309	500	249					59%
# of homeowners avoiding foreclosure	240	41	49	79	86	85	115					104%
# of new first-time homeowners in below market rate homes (BMR) through the City's Inclusionary Housing Program	300	100	30	35	38	60	48					39%
# of new affordable homes completed	30	0	0	32	32	32	0					107%
# of homes rehabilitated or assisted by Housing Rehabilitation programs	350	70	224	5	4	25	5					67%

Objective 3: Reduce the barriers to access housing affordable to low and moderate-income individuals												
Performance Measure	5-year Goal	Year 1		Year 2		Year 3		Year 4		Year 5		% of Five-Year Goal
		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	
# renters receiving counseling assistance to find and/or maintain housing appropriate for their needs and budget	5,000	293	246	142	276	0	0					10%
# of potential first-time homebuyers receiving pre-purchase counseling and education services	4,575	902	661	610	668	813	1,360					59%
# of homeowners created	415	41	49	79	86	85	115					57%
# of subscribers who will receive regular updates on affordable rental and homeownership opportunities thru a centralized online resource	2,500	1,000	40	10,500	10,500	0	0					422%
Objective 4: Provide both services and premanently affordable, supportive housing opportunities for people with specific needs												
Performance Measure	5-year Goal	Year 1		Year 2		Year 3		Year 4		Year 5		% of Five-Year Goal
		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	
Acquire, rehabilitate or consruct new units in partnership with community-based non-profits	100	88	58	90	227	391						285%
# of beds in residential care facilities for te chronically ill that will be supported on an annual basis with funding for services and operations	113	113	113	113	113	113	163					344%
# of units in supportive housing developments receiving operating and leasing subsidies	1,400	636	691	793	822	1,140						108%
Objective 5: Meet the need for affordable and accessible housing opportunities for our aging population and people with physical disabilities												
Performance Measure	5-year Goal	Year 1		Year 2		Year 3		Year 4		Year 5		% of Five-Year Goal
		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	
Percent of new City supported affordable rental units theat will be accessible/adaptable	75%	231 (100%)	341 (100%)	120 (100%)	135 (100%)	206 (100%)						133%
# of units with improved accessibility features for people with disabilities in private and non-profit owned low-income housing	15	50	0	50	0	105						0%

END OF REPORT