Mission Bay South Block, Photo Credit: Keith Baker

06. Affordable Housing

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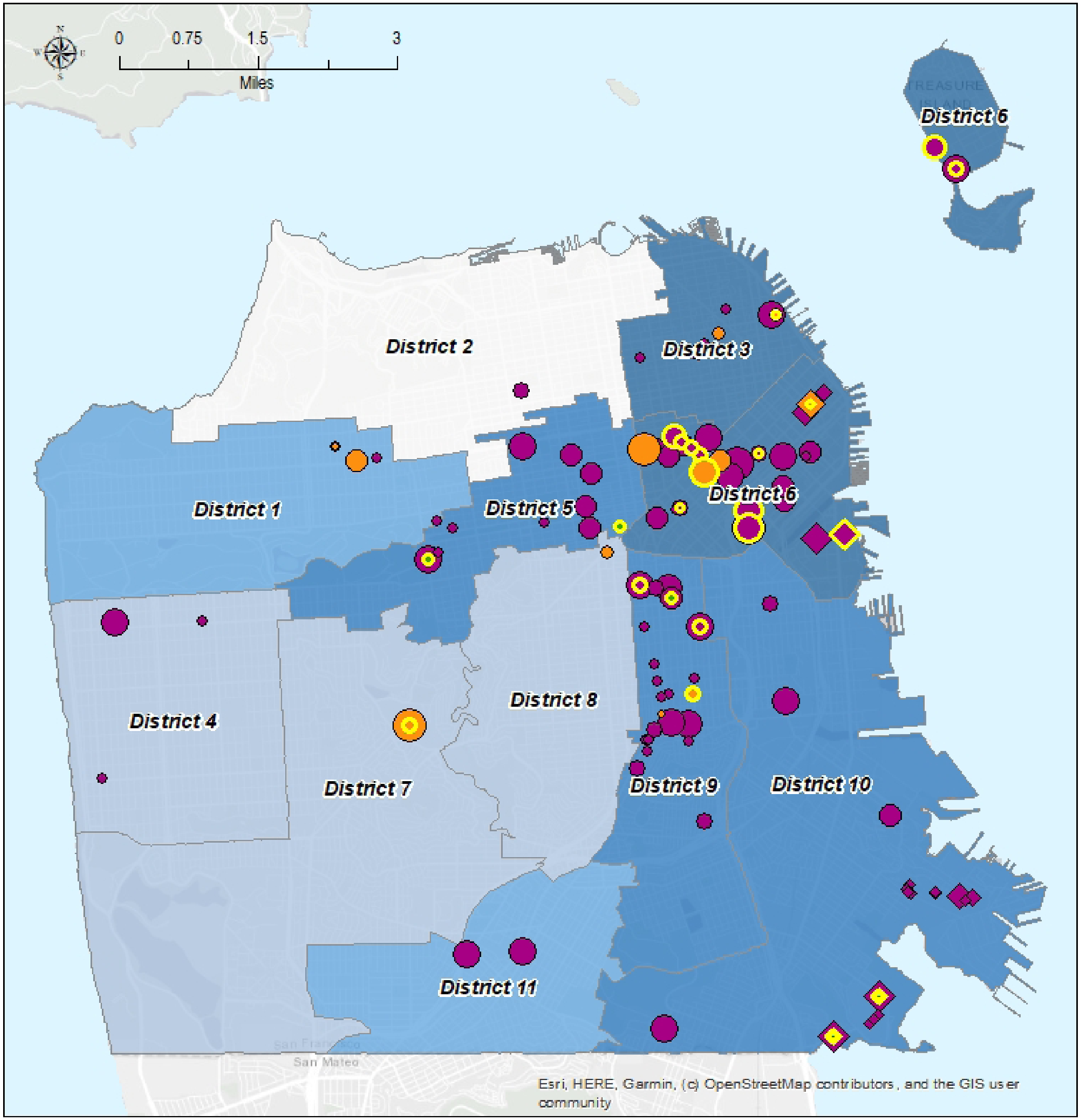


Pipeline of Affordable Housing Developments

This map shows the entire MOHCD- and OCII-sponsored affordable housing development pipeline without regards to available funding or scheduling.

There are 10,289 total affordable units across 138 developments as of October 30, 2020

.

Extremely Low Income

- 13%-15%
- 16%-17%
- 18%-20%
- 21%-32%
- 33%-38%

Affordable Units

- 1 - 35
- 36 - 80
- 81 - 118
- 119 - 179
- 180 - 274

Lead Agency

- MOHCD
- OCII

Housing Type

- Family Housing (8,516 Units)
- Senior Housing (1,359 Units)
- TAY Housing (100 Units)
- Supportive Housing (1,947 Units)

*Supportive Housing includes: Family Supportive Housing, Senior Housing, and TAY Housing.

06. AFFORDABLE HOUSING

MOHCD: Mayor's Office of Housing and Community Development
OCII: Office of Community Investment and Infrastructure
Planning: Planning Department
TIDA: Treasure Island Development Authority
SFHA: San Francisco Housing Authority

San Francisco's unaffordability is wide-reaching. Housing costs have increased far faster than inflation since the late 1990s and have risen to the highest in the nation since the 2011 boom. High costs and low supply bring personal hardship, accelerate displacement, undermine balanced economic growth, and cause environmental damage as workers endure longer daily commutes. To become a truly resilient city, San Francisco must tackle the challenges of unaffordability for residents today and proactively build for the future.

Affordable housing is critical to the City's economic and social health. Without housing that is affordable to a range of incomes, San Francisco runs the risk not only of losing vital components of its unique and diverse culture, but also risks incurring negative economic impacts as essential workers and families cannot afford to remain in the City.

Housing affordability is also crucial to the City's efforts to advance racial equity. Not only have historic housing policies like urban renewal and redlining furthered systems of structural and institutional racism, these policies continue to impact Black, Indigenous, and people of color today as they disproportionately experience homelessness, rent burden, substandard housing and overcrowding. Moreover, as the COVID-19 pandemic has shown, people of color have been most in need of housing stabilization resources. With the pandemic's effect on the economy expected to last for the next few years, San Francisco must advance affordable housing as the long-term solution to housing stability and racial equity.

Overview

City leaders and voters have repeatedly demonstrated their support for policies and investments that address the housing needs of San Francisco's workforce and vulnerable residents. Since 2012, San Francisco has passed a number of key initiatives to increase resources for affordable housing production, including:

- 2012: Housing Trust Fund as a set-aside within the City's General Fund
- 2015: $310 million affordable housing G.O. bond
- 2016: Significant increase to the inclusionary obligations on market rate housing
- 2018: Gross receipts tax to fund housing and services for people experiencing homelessness
- 2019: $600 million affordable housing G.O. bond
- 2020: Health and Recovery G.O. Bond included $147M for permanent supportive housing

Moving forward, San Francisco will continue to prioritize and enhance programs and projects that produce and secure affordable homes. This longstanding commitment includes additional investments in permanent supportive housing (see the **Health and Human Services chapter**) and housing affordability at low and moderate incomes, as well as increasing zoning capacity to allow more housing and affordable housing to be built equitable throughout the City.

Capital investment for acquiring and building affordable housing is the most permanent and secure approach for the City to create deed-restricted affordable housing. This was formally recognized in the Board of Supervisor's approval of the FY2020-29 Capital Plan to incorporate affordable housing into the City's regular capital planning process. This new chapter and related modifications throughout the Capital Plan represent the fulfillment of that direction. The content here defines the key terms of publicly supported affordable housing production and preservation; documents funding and feasibility principles for those efforts; collects planned, phased, and emerging projects that support greater affordability in San Francisco; and presents an all-sources view of San Francisco's projected investment in affordable housing.

The projects for this service area are estimated to create over 6,400 jobs over the next 10 years.

Mayor's Office of Housing and Community Development

MOHCD supports San Franciscans with affordable housing opportunities and essential services to build strong communities. The department works to create affordable housing, preserve affordability, protect vulnerable residents, and empower communities, neighborhoods, and people seeking housing. MOHCD's programs to create and preserve affordable housing are multifaceted and include 100% affordable multifamily housing, HOPE SF (described in Economic and Neighborhood Development), down payment assistance loans, Small Sites, Preservation and Seismic Safety, and the monitoring of inclusionary mixed income housing.

Planning Department

The San Francisco Planning Department works with decision-makers to increase the livability of the City through adoption of the City's vision for the future, embodied by the General Plan. This comprehensive policy document guides public and private action concerning land use and zoning policy, community stabilization, urban design, public realm enhancements, and environmental planning. The City has adopted plans and programs to channel new development and to provide a framework for adding housing and jobs, including Area Plans such as Balboa Park, Eastern Neighborhoods, Market Octavia, Rincon Hill, Transit Center, Visitacion Valley, and most recently Central SoMA. In addition, the City has adopted new programs such as HOME SF and policies to encourage the addition of Accessory Dwelling Units. Together these plans and programs guide where growth can occur and what community benefits are offered to the neighborhoods through this growth.

Office of Community Investment and Infrastructure

OCII is the successor agency to the San Francisco Redevelopment Agency, which was dissolved in 2012 by order of the California Supreme Court. The Office is authorized to continue to implement the Major Approved Development Projects: Mission Bay North and South, Hunters Point Shipyard and Zone 1 of the Bayview (Shipyard/Candlestick Point), and the Transbay Project Areas. The greater development and infrastructure needs for those developments are described in the Economic and Neighborhood Development Chapter. The affordable housing components of the OCII Project Areas are represented in this chapter.

Treasure Island Development Authority

Treasure Island and Yerba Buena Island, located in San Francisco Bay, contain approximately 404 and 150 acres, respectively. In early 2003, the Treasure Island Development Authority and the Treasure Island Community Development, LLC (TICD) entered into an Exclusive Negotiating Agreement and began work on a Development Plan for the islands. The Treasure Island/Yerba Buena Island Development Project is creating a new neighborhood consisting of up to 8,000 new residential housing units, new commercial, open space, and retail space, and transportation amenities. The greater development and infrastructure needs for the project are described in the Economic and Neighborhood Development Service Area and the affordable housing components are represented in this chapter.

San Francisco Housing Authority

The San Francisco Housing Authority (SFHA) has converted the majority of its public housing units to permanently affordable sites owned by non-profit management firms to enable the use of tax credits as a funding source for those properties. SFHA will continue to ensure compliance with eligibility and other programmatic requirements at these sites, but the management of the facilities will no longer be SFHA's responsibility.

Affordable Housing as a Public Asset

Affordable housing is essential for San Francisco's resilience and livability, but it is also distinct from the other facilities and infrastructure in the public portfolio. Unlike the City's horizontal and vertical assets such as pipes, streets, and buildings, when it comes to affordable housing, the asset the City "owns" is the affordability itself. Affordability is ensured both through restrictions placed on title or through ownership of the land underlying affordable units. With only one exception, the City does not own the affordable housing asset itself. Affordable housing buildings are typically owned by partnerships where the managing general partner is a mission-driven non-profit organization. Property management is provided either by the same ownership entity, or through contracts with third-party property management entities that specialize in affordable housing. Likewise, service provision for residents is typically provided through third party contracts between the owner and qualified service providers.

Financial support of affordable housing production and preservation is generally provided by MOHCD through loans to affordable housing developers. As such, the affordable housing projects supported by the City are not considered public works. Qualified development teams are selected through Notices of Funding Availability (NOFAs) or Requests for Proposals or Qualifications (RFPs or RFQs). Those teams then carry out preservation and new construction projects. This financing approach allows projects to leverage sources of funding at the state and federal level such that local resources are needed to pay only a portion of the total cost of development.

Key Terms

Affordability

The term "affordable housing" refers to a broad range of levels of affordability that are typically divided into the categories below. The categories themselves are based on Area Median Income (AMI) which describes the level of income a household has relative to the region's median income.

- Moderate Income: 80%-120% AMI
- Low Income: 50%-80% AMI
- Very Low Income: 30%-50% AMI
- Extremely Low Income: below 30% AMI

In 2020, San Francisco's median income is $89,650 for an individual, $128,100 for a family of four. San Francisco publishes its own AMI levels that are different than those published by the U.S. Department of Housing and Urban Development (HUD) and by the California Tax Credit Allocation Committee (TCAC) for the San Francisco region. MOHCD uses an "unadjusted" AMI, which is lower than HUD's published AMI that includes an upward high cost adjuster (which TCAC then follows). MOHCD also places limits on year-over-year increases to AMI levels. As a result, real incomes that correspond to MOHCD's AMI levels are lower than those for the same AMI levels as published by HUD and TCAC.

Permanent Supportive Housing

Permanent Supportive Housing (PSH), also known as Supportive Housing, refers to affordable housing that is designed for households (adults with or without dependent children, seniors, veterans and Transitional Age Youth) exiting homelessness and offers voluntary on-site supportive services. In San Francisco, these services are provided by the Department of Homelessness and Supportive Housing, and future capital investments in PSH are discussed in the **Health and Human Services Service Area chapter.**

Preservation and Production

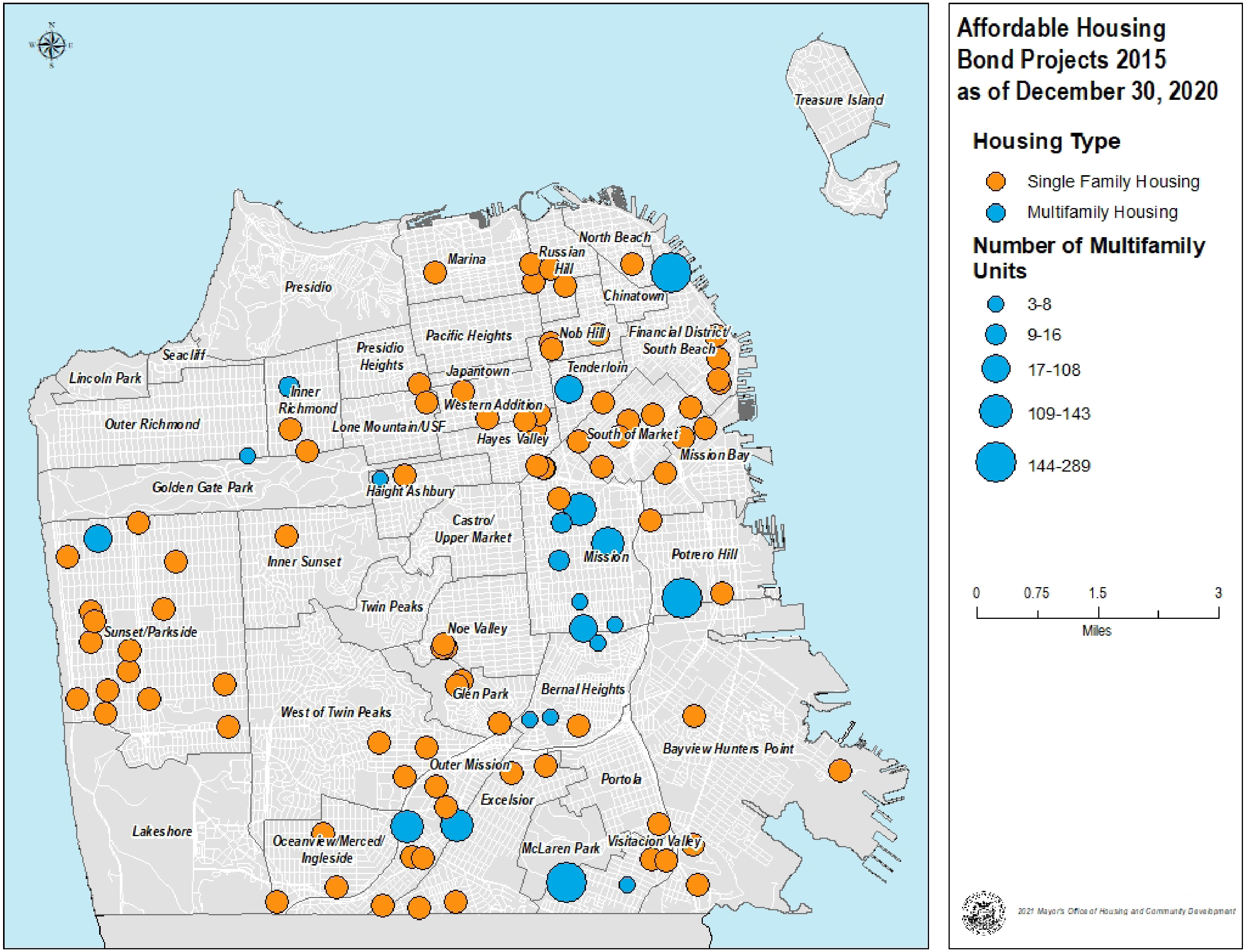
Broadly speaking, affordable housing investments can be divided into two categories: preservation of existing affordability and production of new affordable homes. The City's role in maintaining public housing resources is a combination of preservation and production efforts.

Preservation can be broken out into five categories: (1) the acquisition, rehabilitation, and preservation of rent-restricted or rent-controlled housing, vulnerable to Ellis Act and owner move-in evictions, and vacancy de-control; (2) preservation of MOHCD-subsidized housing for continued affordability and habitability; and (3) preservation of HUD subsidized housing that is not regulated by MOHCD for continued affordability and habitability.

New production of permanently affordable homes occurs primarily through one of a few mechanisms: units produced through San Francisco's inclusionary zoning requirements, MOHCD's multifamily lending program, and OCII-supported new multifamily production.

HOPE SF Alice Griffith Phase 1, Photo Credit: Blake Thompson Photograph

Mission Bay South Block 3 East, Photo Credit: Bruce Damonte


Treasure Island
North Beach
Russian Hill
Marina
Presidio
Chinatown
Pacific Heights
Nob Hill
Financial District/ South Beach
Presidio Heights
Japantown
Tenderloin
Sea Cliff
Lincoln Park
Inner Richmond
Western Addition
Outer Richmond
Lone Mountain/USF
Hayes Valley
South of Market
Mission Bay
Golden Gate Park
Haight Ashbury
Castro/ Upper Market
Inner Sunset
Mission
Potrero Hill
Twin Peaks
Noe Valley
Sunset/Parkside
Glen Park
Bernal Heights
West of Twin Peaks
Bayview Hunters Point
Outer Mission
Portola
Excelsior
Lakeshore
Oceanview/Merced/ Ingleside
McLaren Park
Visitacion Valley
Affordable Housing Bond Projects 2015 as of December 30, 2020
Housing Type
Single Family Housing
Multifamily Housing
Number of Multifamily Units
3-8
9-16
17-108
109-143
144-289
0
0.75
1.5
3
Miles

The Affordability Gap

San Francisco has increasingly become unaffordable to wider sections of the population in the past two decades, and is one of the most expensive housing markets in the country. According to the Housing Needs and Trends report this trend has intensified in the past five years due to the high-wage job growth in the region. Low- and moderate-income households are being replaced by higher income households and many of our existing households are at risk of losing their housing at the current affordable rates. The result is that many households are cost burdened. HUD considers any household paying more than 30% of their gross income on rent to be cost burdened, and households that pay more than 50% of their gross income on rent to be severely cost burdened.

The affordability gap in San Francisco can be explained in four categories: (1) housing for natural population growth, (2) existing at risk households who are cost burdened or otherwise not sufficiently housed, (3) the loss of units affordable to low income households, and (4) the homeless population.

Association of Bay Area Governments estimates the housing need based on population growth through the Regional Housing Needs Allocation process. Local jurisdictions must show that they have capacity to accommodate this growth. The current allocations are based on the 2014-2022 RHNA cycle. For the upcoming 2023-2031 RHNA cycle, recently adopted state law requires the incorporation of metrics such as cost burden and overcrowding in the methodology to calculate housing need. As such, the allocation for the next cycle has increased to 82,067 units, with over 38,000 units for very low-income, low-income and moderate-income households.

Lastly, the 2019 San Francisco Homeless Census found more than 8,000 unsheltered people in the most recent point-in-time count.

San Francisco's projected population growth is expected to exert further cost pressure. Though there has been significant affordable housing production and preservation in the last several years, a critical need for more affordable housing continues.

Funding and Feasibility Principles

San Francisco has longstanding funding principles to prioritize our capital projects (see Introduction). The principles for affordable housing preservation and production are different but no less important for strategic planning and expedient project delivery.

Whereas the standard capital planning funding principles are tiered, the principles for affordable housing prioritize feasibility, balanced across the many categories of need within the affordable housing sector.

To maximize the number of units delivered, and in order to deliver units across as broad a geography and as broad a spectrum of need as possible, San Francisco must be both opportunistic and balanced in its approach to housing production. The City, acting primarily through MOHCD,

must respond to opportunities as they arise and support projects that are as cost efficient as possible. Project feasibility depends on the availability of City and non-City funds, cost and availability of development sites, and cost of construction. Without eligible funds in hand, a project cannot proceed. Affordable housing developers must compete on the open market for sites, or sites may come to the City through land dedication. Construction costs have jumped dramatically in recent years, and a project's mix of uses and funds must be able to support those costs.

While focusing on cost efficiency and feasibility, the City prioritizes balancing the distribution of resources in an effort to address the range of need for affordable housing in San Francisco. The portfolio is inclusive of projects across neighborhoods, populations, and income levels. It must support renters and buyers through preservation and production strategies. With so many needs on so many fronts, public affordability supports multiple targets in consideration of the whole of San Francisco's affordable housing needs.

Sources

San Francisco is fortunate to count on a number of capital sources of funding to provide as subsidy to support the production of affordable housing.

General Fund

The Housing Trust Fund: Established in 2012 through the passage of Proposition C, the Housing Trust Fund is an annual set-aside in the General Fund. The Housing Trust Fund is a 30-year fund capped at $50 million per year, representing a total of $1.2 billion in funding for housing subsidies over the life of the fund.

Local Operating Support Program (LOSP): These subsidies provide ongoing operating support to permanent supportive housing through 15-year contracts with affordable housing owners. LOSP subsidies cover the difference between tenant-paid rent (very low for formerly homeless households) and the operating cost of the units.

One-Time General Fund Appropriations: When San Francisco receives one-time sources, one-time capital uses such as affordable housing are the preferred use. In recent years, San Francisco has committed one half of excess property tax revenues received through the Education Revenue Augmentation Fund (ERAF) to affordable housing.

Fees

Inclusionary and Jobs/Housing Linkage Fees: Jobs Housing Linkage Fees apply to development projects that increase the amount of commercial uses by 25,000 or more gross square feet. As of January 11, 2021, the Jobs Housing Linkage Fee for office development is $72.04 per square foot for projects over 50,000 square feet and $64.83 for projects less than 50,000 square feet. Inclusionary Housing Program Fees are $210.47 per applicable square foot.

Area Plan Fees: Area Plan Fees are development impact fees in the areas of San Francisco's most concentrated growth: Eastern Neighborhoods, Market & Octavia, Visitaction Valley, Balboa Park, Rincon Hill, Transit Center, and most recently, Central SoMa. These fees are paid by developers for infrastructure needs to meet growth-driven demand, including affordable housing.

Debt

G.O. Bonds: In 2015 and 2019 San Francisco voters supported a $310 million and a $600 million G.O. Bond to support affordable housing. In 2020, voters approved the Health and Recovery G.O. Bond, including $147 million for permanent supportive housing. An affordable housing bond is planned for 2024, pending voter approval.

Certificates of Participation (COPs): This General Fund debt instrument is used to support public infrastructure needs and new construction at HOPE SF sites.

PASS Program: MOHCD manages one amortizing debt product called Preservation and Seismic Safety (PASS) Program that provides below-market rate debt to acquisition/preservation projects, thereby reducing the need for direct capital subsidy.

OCII Hunters Point Shipyard Phase 1 Block 57 Landing, Photo Credit: Innes Ken

TIDA Maceo May Rendering, Photo Credit: Mithun Solomon

Tax Increment Financing: Tax Increment Financing (TIF) was historically the largest source of local financing for the San Francisco Redevelopment Agency. When California dissolved redevelopment agencies in 2012, this source of funding was discontinued for local governments. As the successor agency to the Redevelopment Agency, OCII can still make use of this source to meet its affordable housing production obligations.

Federal Funds: Federal funds come to San Francisco through formula grant programs, including HOME funds (for new production) and CDBG (for acquisition and preservation). Although the availability of federal funding has decreased over the years, HOME and CDBG continue to play a role in San Francisco's housing production and preservation.

Leveraged Funds: For every dollar of City funding that is provided to produce affordable housing, additional funding from the project sponsor makes the project whole. These complementary funds may include federal or state tax credits, competitive state funding (MHP, AHSC, IIG, TOD, etc.), or federal rent subsidies (Section 8, Section 202/811).

Market Rate Production: Although market rate residential production is often pitted against affordable housing, whether due to competition for land or concerns over gentrification, market rate production plays an important role in the City's overall affordability. Market rate production reduces the competition for existing housing units by higher-income families who can afford new construction. Providing housing at market-rate satisfies some of the housing need, which reduces demand on existing housing. More directly, market rate production generates affordable units through inclusionary requirements and fees. Market rate residential developers must provide a portion of the units as below market rate (BMR) units, or they may opt to (a) pay an "in lieu" fee to be used by MOHCD to fund new production; (b) build affordable units on a separate site; or (c) dedicate land to the City for production of new affordable housing.

TIDA C3.1 Rendering, Photo Credit Paulett Taggart Architects

Renewal Program / Preservation

Acquisition/Rehabilitation

MOHCD's planned preservation includes the acquisition and rehabilitation of at-risk housing for households between 0-120% AMI to prevent the displacement of existing residents and loss of affordability from Ellis Act and Owner Move-In evictions, condominium conversions, and demolitions. Based on the Housing Balance Report, an average of 400 units per year have been removed from protected status.

An example of an acquisition and rehabilitation project in the pipeline is 3254-3264 23rd Street. This project consists of 6 residential units serving households at an average of less than 80% AMI, and 5 commercial spaces. The sponsor acquired the site with conventional bridge financing in March 2020. The rehabilitation is expected to be completed in the Summer of 2021, when it will convert to permanent financing from the City through the PASS and SSP programs.

Sources eligible for this purpose include 10% of Inclusionary and Jobs/Housing Linkage Fees, 25% of condominium conversion fees, 40% of excess ERAF allocated to MOHCD, and the Housing Trust Fund. Additionally, the City makes below-market loans available for eligible projects through the Preservation and Seismic Safety (PASS) Program, which had capacity for up to $260 million in below-market loans when voters approved the modification of the Seismic Safety Loan Program in November 2016.

The estimated need to acquire and rehabilitate 400 units annually is approximately $1.9 billion through FY2031.

MOHCD-Subsidized Housing

MOHCD's planned preservation includes the recapitalization of existing 100% affordable housing that is owned and managed by private developers and monitored by MOHCD. About 15,500 units in MOHCD's portfolio do not have any project-based rental or building operating subsidies to leverage additional debt, so they will need City capital subsidy to recapitalize.

An example of an existing MOHCD subsidized project in the pipeline for recapitalization is Throughline Apartments. This scattered site project consists of three buildings totaling 88 units serving households at an average of less than 30% AMI. Pending an award of competitive financing sources, construction is expected to begin in 2021 with completion in 2022.

Sources eligible for this purpose include the Housing Trust Fund and 40% of excess ERAF allocated to MOHCD.

The estimated need to recapitalize 15,500 units of existing MOHCD-subsidized housing is approximately $1.2 billion through FY2031.

HUD-Subsidized Housing

MOHCD's planned preservation includes the recapitalization of federally subsidized affordable housing that is owned and managed by non-profit or for-profit developers and monitored by the HUD. About 1,000 units of HUD subsidized housing are high-risk for loss of affordability over the next 10 years because these projects have either opted out of their HUD contracts or have year-to-year or soon-to-expire contracts and can convert to market-rate rents after the expiration of their affordability restrictions.

An example of a HUD-subsidized project in the pipeline for recapitalization is Frederick Douglas Haynes Apartments. This project consists of 104 units serving households at an average of less than 50% AMI. Construction began in August 2020 with an anticipated completion in January 2022.

Sources eligible for this purpose include the Housing Trust Fund and 40% of excess ERAF allocated to MOHCD.

The estimated need to recapitalize 1,000 units of existing HUD-subsidized housing is approximately $146 million through FY2031.

Renewal Projects

Project Name	Description
SFHA – San Francisco Housing Authority	With extensive support from the City, over 4,000 public housing and HOPE VI units have been preserved and rehabilitated under the Rental Assistance Demonstration (RAD) program. The remaining 1,500 public housing units are slated for rehabilitation, replacement, and/or conversion to the Section 8 platform. In the interim, funding for maintenance, including annual federal operating subsidies, have been and are expected to continue to be inadequate, making deterioration of these units a continual challenge.

OCII Hunters View Phase 2a,
Photo Credit: John Stewart Company

Enhancement Projects / Production

Project Name	Description
MOHCD – Very Low and Low Income Housing	MOHCD's planned projects include very low and low income housing that serve households between 0-80% AMI. The vulnerable populations served include formerly homeless individuals and families, transitional age youth, seniors, and families. An example of a very low and low income project in the pipeline is 730 Stanyan Street. This project will include approximately 120 units for individuals and families earning from 30-80% AMI, including formerly homeless young adults. The building will include a mix of studios, 1-bedrooms, 2-bedrooms and 3-bedrooms, and a generous offering of neighborhood serving, ground floor uses. Construction is expected to begin in 2022 with completion in 2024. The majority of MOHCD's sources of funding are eligible for new production for very low and low income households, although some impact or Area Plan fees are limited to use in specific geographies, No Place Like Home funds from the State are limited to use for chronically homeless individuals, and 60% of excess ERAF allocated to MOHCD could be used for new construction. **The estimated need to continue the City's level of effort in these categories according to the draft 2022-2031 RHNA targets for the next cycle is approximately $6.6 billion through FY2031.**
MOHCD – Moderate Income Housing	MOHCD's planned projects include moderate income housing that serves households between 80-120% AMI. The populations served include moderate income individuals and families and educators. An example of a moderate income project in the pipeline is 921 Howard Street. This project will include 203 units for individuals and families earning from 50-120% AMI, and it will include a mix of studios 1-bedrooms, 2-bedrooms and 3-bedrooms. Construction is expected to begin in mid-2021 with completion in 2023. Certain MOHCD sources of funding are eligible for production of moderate-income rental housing, including 60% of excess ERAF allocated to MOHCD, portions of the 2015 and 2019 General Obligation bonds, and the Housing Trust Fund, which allow for the acquisition, rehabilitation and new construction of rental units serving households up to 120% AMI. Additionally, the G.O. bonds allow for first-time homeownership assistance programs serving households up to 175% AMI and educators up to 200% AMI, and the Housing Trust Fund allows for first-time homeownership assistance programs for households up to 120% AMI. **The estimated need to continue the City's level of effort in these categories according to the draft 2023-2031 RHNA targets for the next cycle is approximately $353 million through FY2031.**
TIDA - Treasure Island Development Authority	The Disposition and Development Agreement (DDA) Housing Plan and Financing Plan for Treasure Island set forth a strategic framework for funding 2,173 of the housing units to be affordable units. Of these, 1,866 units are to be developed by the City with the balance to be inclusionary units constructed by Treasure Island Community Development (TICD). Due to an escalation in costs since 2011, an increase in the number of affordable units to be delivered, and other changes, revised funding strategies will be required to close the resultant funding gap. **TIDA's current Capital Plan focuses on financing the initial six 100% affordable housing developments encompassing an estimated 776 units and the HealthRIGHT360 residential treatment facilities. These projects should transition current residents of the island eligible for replacement housing and several hundred net new affordable units.**

Project Name	Description
TIDA – The Bristol Project	Treasure Island Community Development (TICD) is developing market rate housing in the first subphase of development on Yerba Buena Island. The Bristol, a five-story 124-unit building with 14 inclusionary affordable units, is currently in construction. Other market-rate flats and townhomes on Yerba Buena Island are beginning construction.
OCII – Hunters Point Shipyard/ Candlestick Point	Through FY2031, 1,394 affordable housing units in 14 projects will be in various development stages (predevelopment, construction, completion and lease up). The individual projects will consist primarily of family rental affordable housing for households earning up to 60% AMI. Some of the projects will include ground floor retail space and other related uses such as child care. **Funding from OCII for these units through FY2031 is approximately $490 million.**
OCII – Mission Bay South	Through FY2031, 445 affordable housing units in three projects will be in various development stages (predevelopment, construction, completion, and lease up/sales). 291 units are under construction and were funded prior to FY2022. The individual projects will consist of permanent supportive housing for adults, family rental affordable housing, and moderate-income homeownership housing. These projects will serve households earning from 30% to 110% AMI. **Funding from OCII for 445 of these units through FY2031 is approximately $66 million.**
OCII – Transbay Transit Center	Through FY2031, 323 affordable housing units in three projects will be in various development stages (predevelopment, construction, completion, and lease up). The individual projects will consist of senior rental housing and family rental affordable housing. These projects will serve households earning from 30% to 80% AMI. Some of the projects will include ground floor retail space and other related uses such as child care. **Funding from OCII for these units through FY2031 is approximately $103 million.**
SFHA – Disposition Projects	The Housing Authority is an important partner in the HOPE SF projects described in the Economic and Neighborhood Development chapter. To better support low-income residents in San Francisco, SFHA plans to convert the sites to Project-Based Vouchers, then transfer ownership and management to a non-profit developer entity. The increased rent subsidies from the vouchers will enable the private owners to secure the additional resources needed to complete full rehabilitations of the sites. A combination of this financing with a public land trust in the form of a long-term ground lease and local developers is a public-private partnership consistent with SFHA's re-envisioning. This structure ensures long-term affordability and oversight through the lend-lease structure, access to new funds not available to SFHA, and improved housing conditions. SFHA is also working on dispositions of other properties: scattered sites, and Plaza East. Disposing of these properties will allow the flow of funding needed to enhance the quality of life for the residents. The Housing Authority is committed to protecting the rights of the current residents in these units and meeting all requirements pursuant to HUD's public housing regulations.

Enhancement Projects/Production

Project Name	Description
SFHA – Rental Assistance Demonstration (RAD) Program	On Phases 1 and 2, conversion of 3,480 public housing units to Project Based Vouchers (PBV) under RAD addressed critical immediate and long-term rehabilitation needs and preserving affordability for very low-income residents by increasing revenue and by attracting new capital. In addition to RAD, the financing strategy as contemplated by the Plan relies upon HUD's Section 18 Disposition/Demolition program which has permitted the Authority to obtain additional Housing Choice Voucher/Section 8 vouchers to supplement the RAD program. On a third phase of RAD conversions for the HOPE VI sites, an additional 425 units were transferred to the new program by December 2020. All 39 RAD projects utilize private debt, equity generated by the Low-Income Housing Tax Credit program, and soft debt from the Authority and the City and County of San Francisco. This approach has resulted in a $2.3 billion conversion project and generated $830 million in construction and rehabilitation work that benefits the tenants of Authority sites while preserving existing affordability.

**TIDA Maceo May Rendering,
Photo Credit: Mithun Solomon**

**TIDA C3.1 Rendering (4),
Photo Credit Paulett: Taggart Architects**

**OCII Transbay Block 6,
Photo Credit: Santos Prescott Associates**

Phased Projects

Project Name	Description
Balboa Reservoir	The City identified the Balboa Reservoir site as a priority for housing development under the Public Lands for Housing program. The Public Utilities Commission has jurisdiction of the site and has entered into an Exclusive Negotiation Agreement with the selected development team. The project will consist of approximately 1,100 units of housing, of which 50% would be market-rate. The developer will fund and construct 66.7% of the affordable units with the City providing financing for the remaining 33.3% of the affordable units. The populations that will be served include very low and low income households up to 80% AMI and moderate income households, including educator households, up to 130% AMI. All of MOHCD's local sources of funding are eligible for new production like that planned for Balboa Reservoir, with the exceptions noted in the planned very low and low income and moderate income housing program description.
HOPE SF	The City has made a commitment to rebuild four public housing developments in the southeast region that have physically deteriorated: Alice Griffith, Hunters View, Potrero, and Sunnydale (see discussion in Economic and Neighborhood Development chapter). HOPE SF will replace the existing 1,900 units one-for-one and add another 5,300 units to transform long underserved communities into vibrant, mixed income neighborhoods. The populations served include existing public housing households, who are guaranteed a right to return to the rebuilt housing, and new very low and low income households up to 60% AMI. An example of a HOPE SF project in the pipeline is Sunnydale Block 3. This project will include approximately 170 units, of which 127 will be set aside for existing public housing residents with a right to return, and 52 will be set aside for new low income households up to 60% AMI. The project includes a mix of 1-bedrooms, 2-bedroom, 3-bedroom, and 4-bedrooms. Construction will start in 2022 and is expected to be complete by 2024. The majority of MOHCD's sources of funding are eligible for HOPE SF, with the exception that impact fees can only be used on new units and not replacement units. The total need for HOPE SF is estimated at $750 million over the next 10 years, in addition to the development costs that are already accounted for in the Economic and Neighborhood Development chapter.

Emerging Projects

Project Name	Description
MOHCD – Future Pipeline Projects	MOHCD's planned projects meet key criteria for investment, including scale, readiness, proximity to public transit, ability to leverage non-City sources of funding, and location in neighborhoods that have low production and/or high displacement. Phased projects are multi-year, multi-phase projects in a development area that include housing and infrastructure development. Together the pipeline for these projects represents an ambitious and significant commitment to producing more affordable housing in San Francisco. However, more units beyond these are needed, and the City will need to pursue opportunities and continue to prioritize affordability into the future. Emerging projects are opportunities to expand MOHCD's pipeline that are not currently accounted for in MOHCD's pipeline and allocations budget. MOHCD must be nimble and opportunistic in acquisition of properties that come on the market, as funding is available, and especially if the acquisition is below market value. It is important to note that the Housing Need targets represented in this chapter's financial tables represent a continuation of the City's level of effort during 2015-2019, where City subsidies have supported 82% of very low income, 54% of low income, and 23% of moderate income deed-restricted production. Based on these spending levels, the City is projected to meet approximately 50% of the very low income, 82% of the low income, and 42% of the moderate income targets in the current 2014-2022 RHNA cycle. Non deed-restricted moderate income housing is produced primarily through the City's ADU program. To meet 100% of the current RHNA targets, excluding the portion that is projected to be met through Inclusionary units, the total housing expenditure plan would need to increase by approximately $5.1 billion. Meeting this full RHNA allocation would likely require policy decisions outside the purview of the Capital Plan and would also depend on the contribution of Inclusionary units delivered through market rate production, which is extremely difficult to model, especially given the economic impact of the COVID-19 pandemic. Still, San Francisco acknowledges the full need and strives to deliver as much affordability as possible while meeting other urgent challenges in its public capital portfolio and other service obligations.
OCII – Phase II Hunters Point Shipyard	The work at Phase II of the Shipyard project is delayed due to the environmental testing and remediation work being done by the U.S. Navy. As a result, OCII funded affordable housing projects are similarly delayed.
TIDA – Mercy Housing & Catholic Charities Project	The second 100% affordable housing project on Treasure Island, developed by Mercy Housing in partnership with Catholic Charities, is in planning and building permit review. Project financing is expected to close in Q2 of CY 2021 with construction following in Q3. The 135-unit building will provide replacement housing for existing Catholic Charities and market rate residents on Treasure Island as required by program transition plans.
TIDA – Community Housing Partnership & HealthRIGHT360 Projects	The third and fourth 100% affordable housing developments are planned to be constructed in partnership with Community Housing Partnership and HealthRIGHT360 and to transition residents of those agencies' facilities and programs to permanent locations on Treasure Island. The sequence and schedule for these developments will be determined by the availability of funding. Because HealthRIGHT360 operates treatment and transitional housing programs, many funding sources for the construction of permanent affordable housing will not be available to finance the construction of the HealthRIGHT360 building.
TIDA – Inclusionary Affordable Developments	TICD has multiple rental and condominium projects in the second subphase area on Treasure Island in various stages of planning and building permit review and are expected to start construction between 2021-2023. These buildings will include for-rent and for-sale inclusionary affordable units. Street Improvement Permit (SIP) documentation and subdivision maps for the third subphase area are under review by City agencies. With the expectation that the SIP will be issued and subdivision map approved in Q1 2021, TICD has begun the demolition of structures within the subphase area. This subphase area will include four additional TIDA parcels for the development of affordable housing.

Project Name	Description
OCII – Mission Bay South Block 9 & Hunters Point Shipyard Blocks 52/54	OCII has several projects in various stages of predevelopment and early construction. Mission Bay South Block 9 started construction in summer 2020 and will included 141 units for formerly homeless individuals. Hunters Point Shipyard Blocks 52/54 is one family rental project on two nearby sites will total 112 units and is expected to start construction in 2022. Mission Bay South Block 9a will be a 148 units affordable homeownership project and is in schematic design and will start construction in mid-2022. Hunters Point Shipyard Phase 1 Block 56 is a 73- unit family rental project, and will start construction in mid-2022. Transbay Blocks 2 East and 2 West will include approximately 169 senior units and 80 family rental units; developer selection and predevelopment funding is expected early in calendar year 2021.

TIDA C3.1 Rendering,
Photo Credit: Paulett Taggart Architects

OCII Hunters Point Shipyard Block 49,
Photo Credit: Maximilian Barnes

TIDA Maceo May Rendering,
Photo Credit: Mithun Solomon

TABLE 6.1: AFFORDABLE HOUSING FINANCIAL SUMMARY

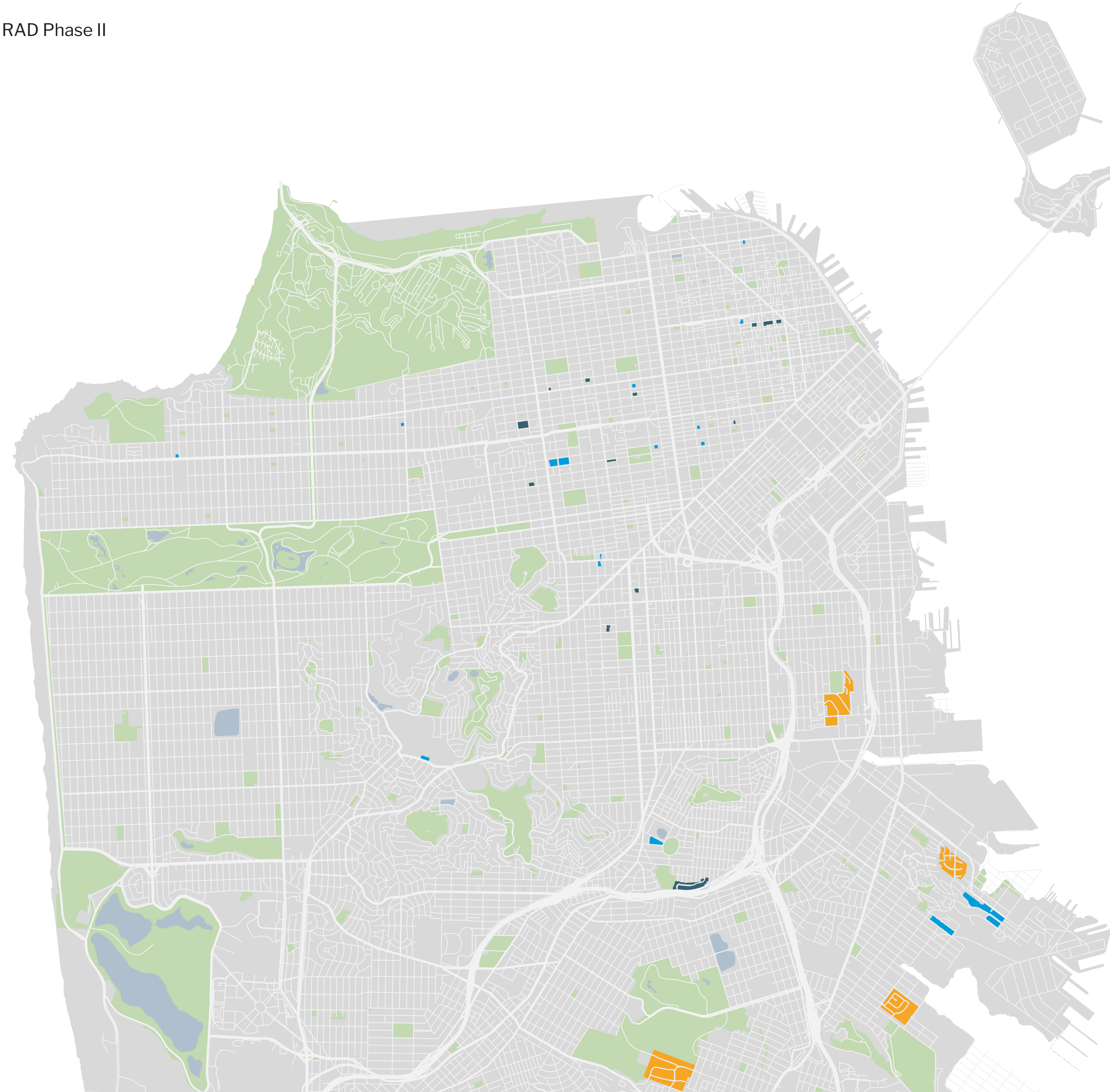
PROGRAMS/PROJECTS (Dollars in Thousands)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027 - 2031	Plan Total	
SPENDING PLAN								**DEFERRED**
Mayor's Office of Housing and Community Development	256,003	484,469	247,145	254,529	51,210	351,900	1,645,256	9,343,671
Office of Community Investment and Infrastructure	117,440	227,110	-	121,768	3,520	209,400	679,238	
Treasure Island	93,500	193,000	-	162,000	-	397,000	845,500	
TOTAL	**466,943**	**904,579**	**247,145**	**538,297**	**54,730**	**958,300**	**3,169,994**	
REVENUES								
2019 Affordable Housing G.O. Bond	175,000	-	175,000	-	-	-	350,000	
2024 Affordable Housing G.O. Bond	-	-	-	160,000	-	-	160,000	
Federal	4,137	7,350	6,350	7,350	6,350	34,750	66,287	
HOPE SF Certificates of Participation	-	-	-	34,000	-	34,000	68,000	
Housing Trust Fund	63,563	28,089	29,589	31,589	32,000	160,000	344,830	
OCII Bonds	25,680	226,148	-	103,377	3,520	209,400	568,125	
Other Local	365,422	147,287	16,386	158,893	27,504	233,624	949,116	
State	12,000	17,000	-	12,000	-	36,000	77,000	
Treasure Island Debt	7,000	-	-	8,000	-	24,000	39,000	
TOTAL	**652,802**	**425,874**	**227,325**	**515,209**	**69,374**	**731,774**	**2,622,358**	
Total San Francisco Jobs/Year	*2,924*	*1,907*	*1,018*	*2,308*	*311*	*3,278*	*11,746*	
Annual Surplus (Deficit)	*185,859*	*(478,705)*	*(19,820)*	*(23,088)*	*14,644*	*(226,526)*	*(547,636)*	
Cumulative Surplus (Deficit)	*185,859*	*(292,846)*	*(312,666)*	*(335,754)*	*(321,110)*	*(547,636)*		

HOPE SF AND RENTAL ASSISTANCE DEMONSTRATION (RAD) SITES

HOPE SF

RAD Phase I

RAD Phase II



350

PORT STRUCTURES

Including Piers, Wharves, and Buildings

3

Miles of the Waterfront Protected by the Seawall

2

Cruise Ship Terminals

700,000

Square Feet of Exhibit Space at Moscone

300

ACRES

New Parks and Open Space at Treasure Island/Yerba Buena Island Development Project