06. Affordable 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 2nd 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 suffer 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 well-being. Without housing that is affordable to a range of incomes, essential workers and families cannot afford to remain in the City. If that occurs, San Francisco risks losing vital components of its unique and diverse culture in combination with the associated negative economic impacts.

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.

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 numerous 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
- 2022: Recovery Stimulus and Critical Repairs Certificates of Participation allocated $112M to affordable housing efforts
- 2024: $300 million Affordable Housing G.O. Bond

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 capacity through zoning to allow more housing and affordable housing to be built equitably 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. The content here defines the key terms of publicly supported affordable housing production and preservation; documents funding and feasibility principles for those efforts; describes planned, phased, and emerging projects that support greater affordability in San Francisco; and presents a comprehensive view of San Francisco's projected investment in affordable housing.

Mayor's Office of Housing and Community Development

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

Planning Department

The San Francisco Planning Department works with decision-makers to increase the City's livability 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, this includes Area Plans such as Balboa Park, Eastern Neighborhoods, Market Octavia, SoMa, Rincon Hill, and Transit Center.

In addition, the City has adopted new programs such as HOME SF and policies to encourage the addition of Accessory Dwelling Units (ADUs). Together these plans and programs guide development growth, and the community benefits provided to the neighborhoods where growth occurs. The Planning Department updated its eight-year housing element in early 2023, the City's housing plan that determines housing needs and how to address them, defines priorities for decision making and resource allocation for housing programs, developments, and services.

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. OCII is authorized to continue to implement the Major Approved Development Projects in the following Project Areas: Mission Bay North and South, Hunters Point Shipyard, Zone 1 of the Bayview Hunters Point (Shipyard/Candlestick Point), and Transbay. 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.

As of September 2024, 648 new residential housing units, 10 acres of new parks and open space, and the first stage of infrastructure on Yerba Buena Island and Treasure Island have been completed. At full build-out, the Treasure Island/Yerba Buena Island Development Project will consist of a new neighborhood composed of up to 8,000 new residential housing units, new open space, retail and commercial space, and transportation amenities. The greater development and infrastructure needs for the project are described in the Economic and Neighborhood Development chapter 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 is no longer SFHA's responsibility.

Affordability 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 to such a degree 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 2024, San Francisco's median income is $104,900 for an individual, $149,850 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) preservation of MOHCD subsidized housing for continued affordability and habitability; (2) preservation of deed-restricted housing that is not subsidized and has affordability restrictions that will expire; (3) preservation of HUD subsidized housing that is not regulated by MOHCD for continued affordability and habitability; (4) 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; and (5) preservation of public housing.

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.

Image Caption

The Affordability Gap

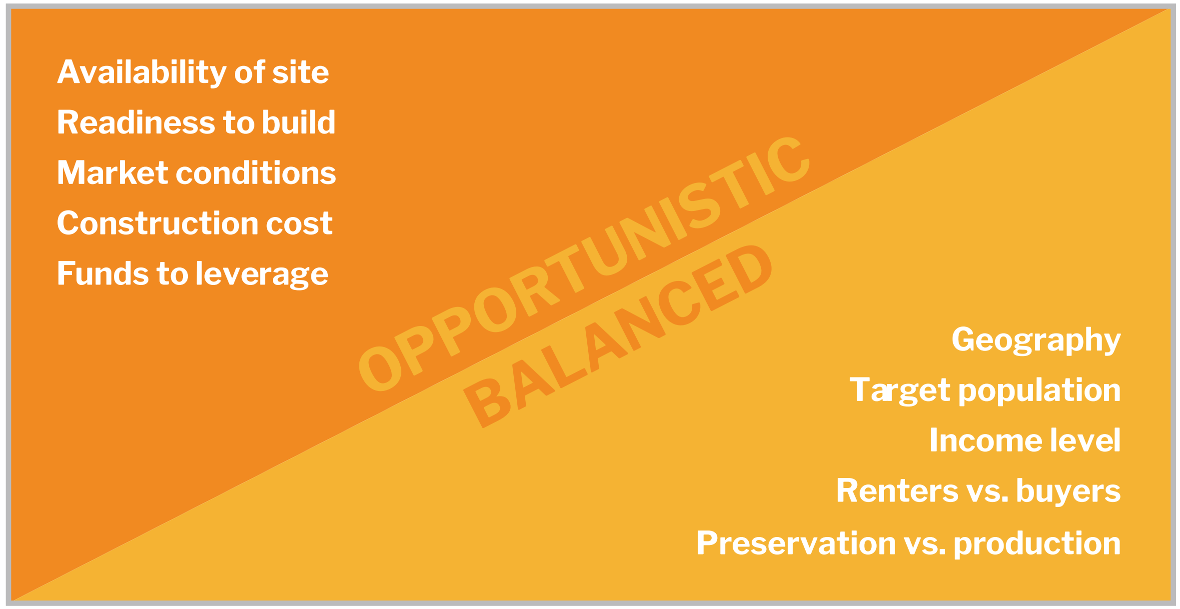
San Francisco has increasingly become unaffordable to wider sections of the population in the past two decades and is one of the most expensive housing markets in the country. According to the Planning Department's San Francisco Housing Needs and Trends report, this trend has intensified in the past 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 current rates of affordable housing availability. 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 seen in four ways: (1) too little housing production to meet population growth, (2) increasing numbers of vulnerable households that are cost burdened or otherwise not sufficiently housed, (3) the loss of units affordable to low-income households, and (4) a significant homeless population.

The 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 the capacity to accommodate this growth. The 2023-2031 Regional Housing Needs Assessment (RHNA) targets increased significantly; San Francisco's share increased from 25,000 units (2014 – 2022) to 82,000 units (2023 – 2031), including 46,0000 units of housing affordable at very low, low, and moderate incomes.

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 quick 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 to deliver units across as broad a geography and as broad a spectrum of need as possible, San Francisco is 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, the cost and availability of development sites, and the 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 increased 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 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 for Publicly Supported Affordable Housing

San Francisco is fortunate to count on several 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. 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. The 2019 Jobs Housing Linkage Fee for office development was set at $19.96 per square foot and will increase to $69.60 per square foot, and the Inclusionary Housing Program Fees are $199.50 per applicable square foot according to the most recently available local fee schedule.

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, 2019, 2020, and 2024 San Francisco voters approved $1.357 billion in G.O. bonds to support affordable housing.

Certificates of Participation (COPs): COPs are a General Fund debt instrument used to support public infrastructure needs and new construction at HOPE SF sites. As a part of the FY2023 budget, the Board of Supervisors approved $112 million in General Fund debt to finance five different housing and community development programs: site acquisition ($40 million), community facilities ($30 million), elevator upgrades ($10 million), educator housing ($12 million), and repairs to public housing cooperatives ($20 million). The MOHCD, the Controller's Office of Public Finance, and the Department of Homelessness and Supportive Housing are coordinating procurement, award, and timelines for these five programs in preparation for several bond issuances starting in 2023.

Image Caption

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.

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 except to fund existing obligations (projects). As the successor agency to the Redevelopment Agency, OCII can still make use of this source to meet its affordable housing production obligations. In 2023, Senate Bill No. 593 was approved which authorizes OCII to use a limited form of tax increment financing, which consists of residual tax increment only available to the City, to fund and develop the 5,842 units that the former San Francisco Redevelopment Agency demolished and never replaced. This effort is referred to as the Replacement Housing Obligation. This source of funding, using limited tax increment and limited tax increment bonds to pay for the housing construction, will occur over many years.

Federal Funds: Federal funds come to San Francisco through formula grant programs, including HOME Investment Partnerships Program (HOME) funds (for new production) and Community Development Block Grant (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, 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 households 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.

Renewal Program / Preservation

The overall estimated renewal needs for preserving existing affordable housing is approximately $1.67 billion over the next 10 years, including acquisition and rehabilitation of existing at-risk rent stabilized housing. The sources identified at the beginning of this chapter, including recently passed bonds, will go toward addressing this need.

The preservation of affordable housing includes maintenance and capital improvements to existing affordable units (both MOHCD and/or HUD funded projects) and preventing the loss of existing affordable rent stabilized units through acquisition and conversion from market-rate to permanently affordable units.

MOHCD-Subsidized Housing

MOHCD-financed housing is 100% affordable housing that is owned and managed by private, usually nonprofit developers and monitored by MOHCD. These buildings are deed-restricted to ensure permanent, long-term affordability, and need reinvestment for systems and unit upgrades approximately every 20 years. Many older buildings would also benefit from seismic retrofits. About 15,500 units in MOHCD's portfolio do not have any project-based rental or building operating subsidies to leverage additional debt, so the City will need to provide a capital subsidy to recapitalize. The total estimated need is $1.54 billion over the next 10 years, excluding seismic retrofits.

HUD-Subsidized Housing

HUD-subsidized housing is affordable housing that is owned and managed by nonprofit or for-profit developers and monitored by HUD. Some HUD-subsidized buildings also have a MOHCD capital subsidy, but the affordability restrictions of exclusively HUD-subsidized units expire when the HUD contract expires, and rents may be converted to market rate rents. Projects that have opted out of HUD contracts, or have year-to-year or soon-to-expire contracts, are at high risk for loss of affordability. About 1,400 units of HUD subsidized housing fall into this high-risk category over the next 10 years. The City would need an estimated $133 million to engage private owners in preservation deals to ensure permanent or long-term affordability for existing HUD-subsidized housing.

MOHCD's planned preservation efforts also include acquisition and rehabilitation of at-risk housing for households between 0-120% AMI through the Small Sites Program, which protects small to mid-size multifamily rental buildings through acquisition which prevents the displacement of existing residents and loss of affordability from Ellis Act and owner move-in evictions. Funding sources that can be used for the Small Sites Program include 10% of Inclusionary and Jobs/Housing Linkage Fees, 25% of condominium conversion fees, 40% of excess Educational Revenue Augmentation Fund (ERAF) allocated to MOHCD, the voter-approved 2019 and 2024 General obligation bonds, and the Housing Trust Fund. Additionally, the City makes below-market loans available for eligible projects through the Preservation and Seismic Safety (PASS) Program. This program was appropriated with up to $260 million when voters approved the modification of the 1990s-era Seismic Safety Loan Program in November 2016.

SFHA – San Francisco Housing Authority

The most recent needs assessment of the SFHA portfolio was conducted in 2009 and determined a need of $269 million. This includes sites already converted and those slated for conversion. The needs of the post-conversion portfolio are likely to exceed the $3 million annual pot expected to be available through HUD. 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.

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 and 80% AMI. 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 2550 Irving. This project will include 90 units for individuals and families earning between 20-60% AMI, including 15 units for veterans. The building will include a mix of studios, 1-bedrooms, 2-bedrooms and 3-bedrooms; and 25% of the units will have two or more bedrooms for families. The ground floor will include residential community space, office space for the Sunset Chinese Cultural District, and a community meeting room. Construction started in spring 2024 and leasing will start in summer 2025. The majority of MOHCD's funding sources support new housing production for very low- and low-income households, although some impact or Area Plan fees are limited to specific geographies. No Place Like Home funds from the State are restricted to chronically homeless individuals, and 60% of excess ERAF could be used for new construction. **The estimated need to continue the City's level of effort to produce very low- and low-income housing units for the next decade is approximately $16 billion through FY2035.**
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, families, and educators. An example of a moderate-income project in the pipeline is 921 Howard Street. This project includes 203 units for individuals and families earning from 70-110% AMI, and a mix of studios 1-bedrooms, 2-bedrooms and 3-bedrooms. Construction began in 2021 and the project celebrated its ribbon cutting in 2024. During the pandemic, significant market fluctuations affected the rentability of moderate-income units. The market for rental units changed dramatically as renters adjusted to pandemic working patterns, with market rate rental rates decreasing to close to the pricing for moderate-income units in some neighborhoods. In 2024, market rate rentals are still unstable, and demand is closely tied to neighborhood, unit size, amenities, and bedroom mix. Certain MOHCD sources of funding can be used for production of moderate-income rental housing, including 60% of excess ERAF allocated to MOHCD, portions of the 2015, 2019, and 2024 Affordable Housing G.O. 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 for production of moderate-income housing units for the next decade is approximately $6.6 billion through FY2035.**

Project Name	Description
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 affordable housing units. Of these, 1,866 units are to be developed by the City, and the balance to be inclusionary units constructed by private Vertical Developers. 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. In 2024, the Development Agreement, DDA, and Special Use District were amended to catalyze the development of the next stage of infrastructure in a moment when it would not otherwise be able to advance in a timely manner. One of the primary goals for the proposed DDA amendments was to bring fiscal resources to the project and revise provisions in the DDA that have economically constrained the Project. The City and Developer proposed to use General Fund Certificates of Participation (COP) to finance the next major stage of infrastructure development in the project (Stage 2), which was approved. This approval was subject to certain conditions, including that the 10-year Capital Plan demonstrates sufficient capacity for the Stage 2 financing in the COP program to fund the remaining costs of infrastructure in Stage 2. TIDA's current Capital Plan focuses on financing the initial six 100% affordable housing developments encompassing an estimated 776 units and the Behavioral Health Building. It is anticipated that these projects should transition current eligible island residents to the replacement housing and add several hundred net new affordable units by 2030.
TIDA – Inclusionary Affordable Projects	Isle House, Hawkins, and 490 Avenue of the Palms are three (3) market rate housing developments recently completed or under construction on Treasure Island. The Isle House, a 250-unit market rate rental development with 24 inclusionary affordable units, received its Temporary Certificate of Occupancy (TCO) in June 2024. Hawkins, a 178-unit market rate rental development, and 490 Avenue of the Palms, a 148-unit market rate condominium development, are both under construction with TCO expected in December 2024 and May 2025, respectively. Hawkins includes nine (9) inclusionary affordable units, and 490 Avenue of the Palms includes seven (7). On Yerba Buena Island, 31 new market rate for-sale townhomes, and flats received TCO in early 2024.
OCII – Hunters Point Shipyard Phase 1	In Hunters Point Shipyard Phase 1, OCII is completing 2 affordable projects on 3 blocks totaling 185 units (including managers' units) in FY 24/25. There are 2 affordable sites remaining in Phase 1. The Hunters Point Shipyard Phase 1 DDA Housing Program designates sites for the development of OCII-sponsored affordable housing projects and establishes a maximum number of affordable units that may be funded (218). OCII only has authorization to finance the remaining balance of 33 units. OCII wishes to maximize the affordable housing capacity of these sites and therefore proposes funding an additional 111 units on the remaining 2 affordable sites using the Replacement Housing Obligation. The increased density will bring the total to 362 affordable units (including managers' units). The individual projects will consist of family rental affordable housing for households earning up to 50% AMI. **Funding from OCII for these units is approximately $12.5 million from the Hunters Point Shipyard Phase 1 funding obligation and $55.5 million from the Replacement Housing Obligation through FY2035.**
OCII – Hunters Point Shipyard Phase 1/Candlestick Point	The Candlestick Point project is expected to restart in 2025. Through FY2035, 747 affordable housing units among seven projects will be in various development stages (predevelopment, construction, completion and lease up) at Candlestick Point. The individual projects will consist primarily of family and some senior rental affordable housing for households earning up to 60% AMI. **Funding from OCII for these units is approximately $358 million through FY2035.**

Enhancement Projects/Production

Project Name	Description
OCII – Mission Bay South	Through FY2035, 710 affordable housing units in four projects will be in various development stages (predevelopment, construction, completion, and lease up). The Mission Bay South Housing Program designates sites for the development of OCII-sponsored affordable housing projects and establishes a maximum number of affordable units (1,218) that may be developed. The Former Agency and OCII have developed most of the affordable units and OCII only has authorization to develop the remaining balance of 165 units. OCII wishes to maximize the affordable housing capacity of these sites and therefore proposes to fund an additional approximately 545 units on the remaining 2 affordable sites, Block 4E and Block 12W, using the Replacement Housing Obligation. These units will predominantly serve households earning from 30% to 60% AMI with a small number of units possibly serving households up to 90% AMI. **Funding from OCII for these units is approximately $87 million from the Mission Bay South funding obligation (in FY 25/26, prior to the 10-year capital planning period) and $252 million from the Replacement Housing Obligation through FY2035.**
OCII – Transbay Transit Center	Through FY2035, approximately 425 affordable housing units in three projects will be in various development stages (predevelopment, construction, completion, and lease up) at the Transbay Transit Center. The individual projects consist of senior rental housing, family rental affordable housing, and affordable homeownership. These projects will serve households earning from 30% to 100% AMI. Some of the projects will include ground floor retail space and other related uses, such as childcare. **Funding from OCII for these units is approximately $204.5 million through FY2035.**
OCII – Replacement Housing Obligation	Through FY2035, in addition to units funded from the Replacement Housing Obligation in OCII Project Areas, OCII plans to fund approximately 550 - 900 units outside of OCII Project Areas through Notices of Funding Availability in targeted areas, such as the Western Addition, where much Redevelopment era displacement occurred, and in collaboration with the Mayor's Office of Housing and Community Development. **Funding from OCII for these units is approximately $315 million through FY2035.**
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, the Housing Authority converted the sites to Project Based Vouchers (PBV), then transferred 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 have been transferred through a disposition process to a nonprofit housing agency; and Plaza East will be disposed though a Rental Assistance (RAD) blend program. Disposing of these properties will allow the flow of funding needed to enhance the quality of life for the residents. SFHA is committed to protecting the rights of the current residents in these units and meeting all requirements pursuant to HUD's public housing regulations.
SFHA – Rental Assistance Demonstration (RAD) Program	During Phases 1 and 2, 3,480 public housing units were converted to Project Based Vouchers (PBV) under RAD, addressing critical immediate and long-term rehabilitation needs and preserving affordability for very low-income residents by increasing revenue and attracting new capital. In addition to RAD, the financing strategy relies upon HUD's Section 18 Disposition/Demolition program which has permitted the Housing Authority to obtain additional Housing Choice Vouchers to supplement the RAD program. During a third phase of RAD conversions for the HOPE VI sites, an additional 304 units were transferred to the new program by August 2022. All 39 RAD projects utilize private debt, equity generated by the Low-Income Housing Tax Credit program, and soft debt from the Housing 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 Housing Authority sites while preserving existing affordability.

Phased Projects

Project Name	Description
Balboa Reservoir	In 2014, the Public Lands for Housing Program was created and identified publicly owned sites within the City that could provide new housing. The Balboa Reservoir, a nearly 17-acre surface public parking across from City College of San Francisco (CCSF) and owned by the San Francisco Public Utilities Commission (SFPUC), is the largest site identified by this program. The SFPUC and the Master Developer executed the Development Agreement in 2021, upon approval of the entitlements. The project will consist of approximately 1,100 units of housing, of which 50% would be market-rate. The affordable units will be for low-income households up to 80% AMI and moderate-income households, including educator households for CCSF and San Francisco Unified School District, up to 130% AMI. The first affordable project is anticipated to start construction June 2025 and second affordable in December 2025. 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 narratives above. However, MOHCD's allocations budget is fully programmed, and only a portion of the funding needed to support the additional 33% of affordable housing has been identified.

Emerging Projects

Project Name	Description
MOHCD – Future Pipeline Projects	MOHCD's planned projects need to meet key criteria for other public investment, including scale, readiness, proximity to public transit, ability to leverage non-City sources of funding, and location in high resource neighborhoods, as defined by the State. The pipeline includes: 100% affordable multifamily buildings that are either stand-alone developments or part of multi-phased development areas, and below-market-rate (BMR) inclusionary units in market-rate buildings. MOHCD's pipeline includes all projects that are financed through city funding agreements, ground leases, disposition and participation agreements and conduit bond financing. Affordable housing developments, such as state-funded projects, that do not meet these criteria are not included in the pipeline. The pipeline of 10,670 affordable units in 212 projects is an ambitious and significant commitment to producing more affordable housing in San Francisco. However, many more units are needed to meet the 2022 Housing Element goals, and the City will need to pursue opportunities and continue to prioritize affordability into the future. Future projects are opportunities to expand MOHCD's pipeline that are not currently accounted for in MOHCD's pipeline and allocations budget. Non-deed-restricted moderate-income housing is produced primarily through the City's Accessory Dwelling Unit (ADU) program. To meet 100% of the Housing Element targets, excluding the portion that is projected to be met through inclusionary units, the total housing expenditure plan would need to increase by approximately $25.1 billion. Meeting this full RHNA allocation requires funding and policy decisions outside the purview of the Capital Plan and would depend on the contribution of inclusionary units delivered through market rate production, which is extremely difficult to model. San Francisco strives to deliver as much affordability as possible while meeting other urgent challenges in its public capital portfolio and other service obligations.
Planning – SRO Rehab Assessment	Planning is launching a study to evaluate rehab needs and conduct cost benefit analysis for various scenarios of rehab for existing SROs in the Tenderloin. The results of this analysis will inform priority properties for rehab, the scale of investment needed, or other solutions needed to provide dignified standards of living in SROs that are a critical City asset to provide housing for extremely low-income households. This work began in 2024 and is intended to be complete by early 2026.
TIDA – Inclusionary Affordable Developments	Vertical Developers have multiple rental and condominium projects in the second Sub-Phase area in various stages of planning and building permit review and are expected to start construction in the next two years. These buildings will include for-rent and for-sale inclusionary affordable units. TICD has demolished most structures within the third Sub-Phase area and geotechnical improvement of soil is underway, with street improvements and infrastructure work expected to start early 2025.
TIDA – Affordable Housing Developments	The third Sub-Phase area includes four additional parcels for the development of 100% affordable housing. The Behavioral Health Building, which includes a minimum of 240 residential step-down beds, received Vertical Development Approval from San Francisco Planning in August 2024 and is expected to start construction early 2026. The Senior Housing building will include up to 120-units, and the building on parcel IC4.3 will include 150-units. Both the Senior Building and IC4.3 development are currently under design and preparing to submit applications to SF Planning for Vertical Development Approval for construction starts in 2026. Parcels E2.3/4 will include the last 100% affordable housing building in the third Sub-Phase area to be completed and is expected to include 155-units. Predevelopment work for parcel E2.3/4 has not yet started.

TABLE 6.1: AFFORDABLE HOUSING FINANCIAL SUMMARY

PROGRAMS/PROJECTS (Dollars in Thousands)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031 - 2035	Plan Total
SPENDING PLAN							
Mayor's Office of Housing and Community Development	2,203,309	2,281,719	2,382,468	2,473,215	2,605,002	15,409,509	27,355,221
Office of Community Investment and Infrastructure	304,000	339,000	125,000	2,000	100,200	327,500	1,197,700
Treasure Island	185,875	158,625	4,725	4,838	144,650	310,825	809,538
TOTAL	**2,693,184**	**2,779,344**	**2,512,193**	**2,480,052**	**2,849,852**	**16,047,834**	**29,362,458**
REVENUES							
2019 Affordable Housing G.O. Bond	60,200	60,700	-	-	-	-	120,900
2024 Affordable Housing G.O. Bond	67,900	113,500	-	-	-	-	181,400
Federal	83,700	2,000	6,000	6,000	6,000	30,000	133,700
Housing Trust Fund	33,600	23,800	21,000	22,000	23,000	130,000	253,400
OCII Bonds	302,000	339,000	121,000	-	100,200	322,500	1,184,700
Other Local	84,897	112,025	32,725	30,838	48,400	202,776	511,660
State	47,500	89,000	-	-	49,000	117,000	302,500
Treasure Island Debt	17,500	17,000	-	-	17,000	12,800	64,300
TOTAL	**697,297**	**757,025**	**180,725**	**58,838**	**243,600**	**815,076**	**2,752,560**
Total San Francisco Jobs/Year	*2,830*	*3,072*	*733*	*239*	*989*	*3,308*	*11,170*
Annual Surplus (Deficit)	*(1,995,887)*	*(2,022,319)*	*(2,331,468)*	*(2,421,215)*	*(2,606,252)*	*(15,232,758)*	*(26,609,898)*
Cumulative Surplus (Deficit)	*(1,995,887)*	*(4,018,206)*	*(6,349,674)*	*(8,770,888)*	*(11,377,140)*	*(26,609,898)*	