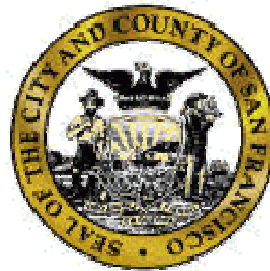




***INCLUSIONARY HOUSING IN
SAN FRANCISCO***



Presentation for Solutions for Working Families

June 29, 2009



San Francisco's Inclusionary Program in Context

Very expensive housing market

- Median sales price of \$650K (2 bdrm condo) affordable at 170% of median income
- Median rent affordable to households at median income

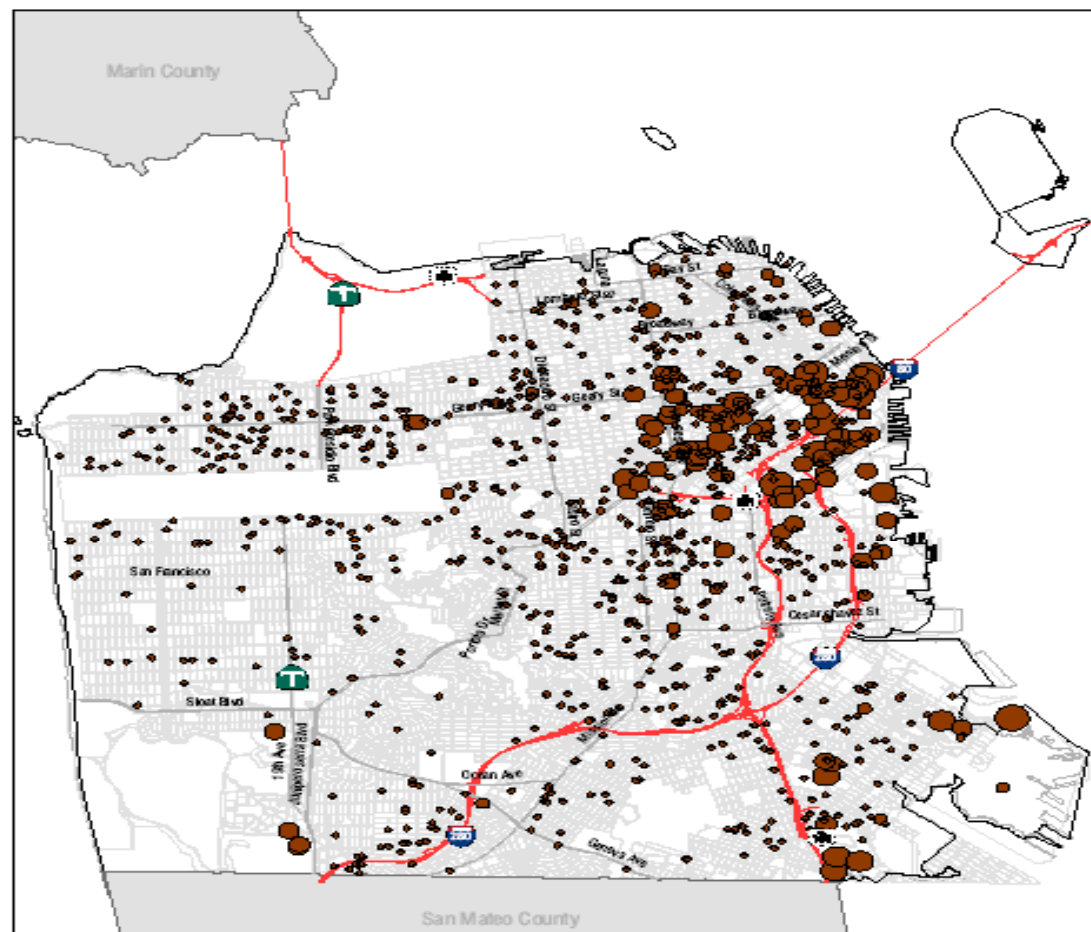
Strong City Support of Affordable Rental Development

- Substantial public funding of \$70--\$100 million
- Produces 300-500 units per year in a city that averages 2000 units per year
- 100% affordable rental projects (tax credits, nonprofit developers)

Ownership:

- Inclusionary biggest program for first-time homebuyers (200-350 households per year)
- Downpayment assistance programs assist 75-125 homeowners per year

MAP 2: Residential Pipeline



Net Units

- Less than 49
- 50 - 99 Net Units
- 100 - 249 Net Units
- 250 - 499 Net Units
- Above 500 Net Units

RESIDENTIAL PIPELINE



TRANSFORMING A CITY THROUGH
RENEWABLE ENERGY AND SUSTAINABLE DEVELOPMENT





REDEVELOPMENT AND AREA PLAN PROPOSALS

Plan Area	Units	Percent Affordable	Adoption Date
Bayview Plan Area	3,724	38%	2007
Transbay Terminal	3,200	36%	2005
Market Octavia	4,400	20%	2007
Eastern Neighborhoods	9,860	32%	2008
Balboa Park	3,145	20%	2009
Visitation Valley	1,580	TBD	2009
Shipyard/Candlestick	10,000	35%	Expected 2009-10
Treasure Island	6,000	30%	Expected 2009-10
Total	41,909	32%	



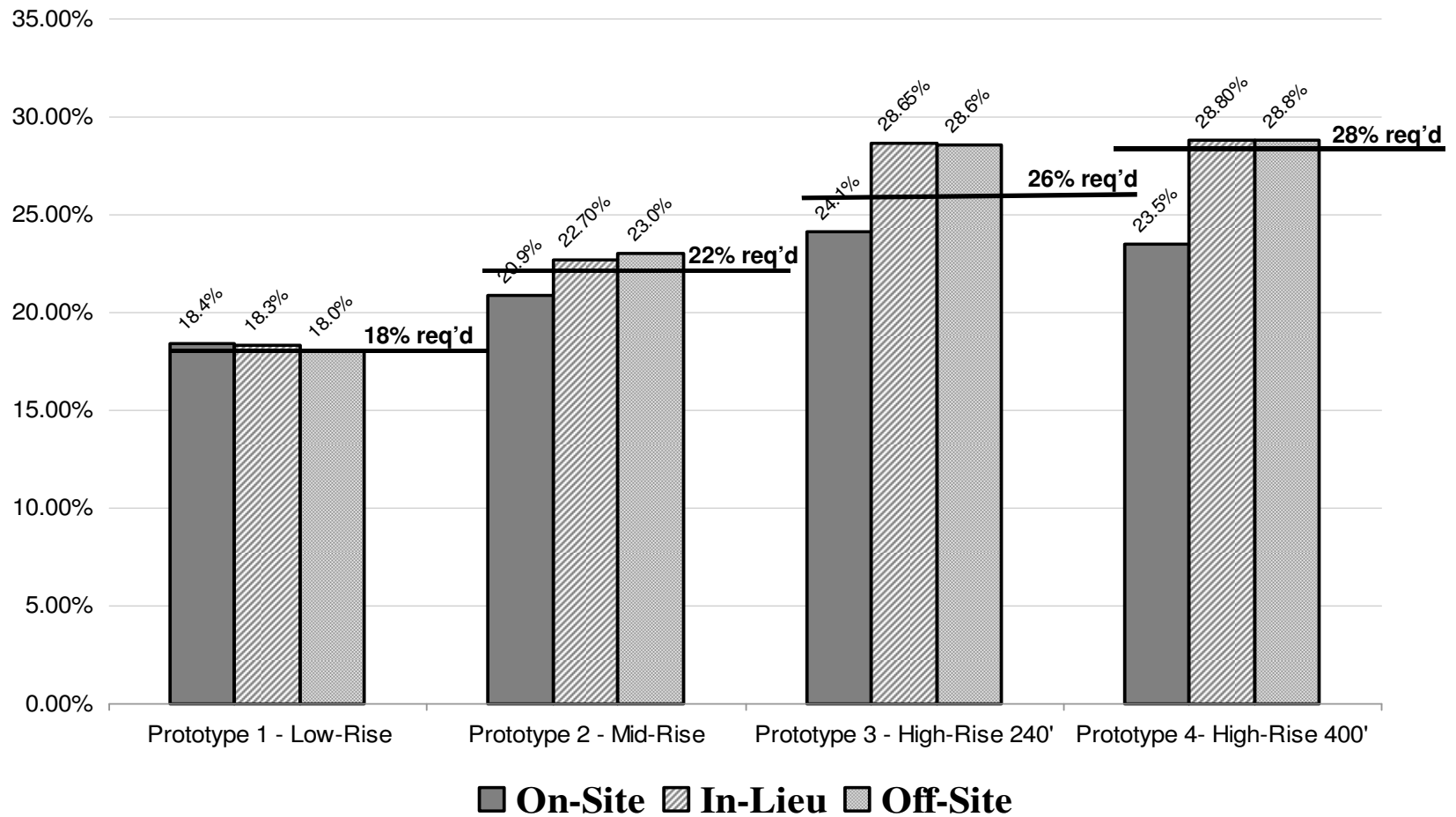
San Francisco's Inclusionary Housing Program

Required for all projects w/5+ units

Basic options:

1. 15% on-site
 2. 20% off-site (within 1 mile)
 3. In-Lieu Fee (equivalent to 20%)
- 2%-5% higher for upzoned parcels in transitioning industrial areas

Return on Cost Analysis



June 29, 2009



INCLUSIONARY HOUSING IN SAN FRANCISCO

MOH Inclusionary Housing Distribution through December 2009				
	Projects	%	Units	%
On-Site BMR Projects	101	75%	668	55%
Off-Site BMR Projects	6	4%	323	26%
In Lieu Fee BMR Projects	27	20%	229	19%
Total (1992-2008)	134	100%	1220	100%



INCOME TARGETS FOR AFFORDABLE HOUSING

- Ownership housing: average income of 100% AMI (80%-120%)
- Rental Housing: 60% of AMI

Median Income	1 Person	2 Person	3 Person	4 Person
30% OF MEDIAN	\$20,350	\$23,250	\$26,150	\$29,050
50% OF MEDIAN	\$33,900	\$38,750	\$43,550	\$48,400
60% OF MEDIAN	\$40,650	\$46,450	\$52,250	\$58,100
80% OF MEDIAN	\$54,200	\$61,950	\$69,700	\$77,450
100% OF MEDIAN	\$67,750	\$77,450	\$87,100	\$96,800
120% OF MEDIAN	\$81,300	\$92,950	\$104,500	\$116,150



Inclusionary Housing Relative to the Condo Market

	Inclusionary	Market
Income Level	100% AMI	170% AMI
Studio	\$195K--\$225K	\$350K
1-BR	\$225-\$255K	\$450K
2-BR	\$255-\$290k	\$650K



Strengths and weaknesses of flexibility and choice

Patterns

- Generally mid-rise/high-rise and luxury homes pay fee
- Entry level and low-rise building provide units on-site
- Very little off-site development (highly varied experience)

In-Lieu Fee

- San Francisco charges the full affordability gap as a fee (total development cost - affordable sales price = In-Lieu Fee)
- Fees enable more deeply affordable rental development
- San Francisco has received \$62 million in in-lieu fees since 2003.



Practitioner Advice

Mandatory homebuyer education to purchase a BMR unit

Below Market Pricing: critical to be substantially below market on pricing for all neighborhoods and product types, especially if you are limiting equity

Simple, transparent, and predictable pricing especially for resales (San Francisco uses an AMI index)

In-lieu fees are a vital tool if you have a development system in place to use them

Off-site should be used sparingly — it creates a need for quality controls that do not otherwise exist.



INCLUSIONARY HOUSING IN SAN FRANCISCO

MOH Inclusionary Housing Units by Tenure Type 2003-2009		
	Units	%
Rental Units	286	30%
Ownership Units	671	70%
Total Units	957	100%



Challenges in the Current Downturn

- ▶ Financial feasibility is a challenge due to availability of financing and falling prices, despite declining costs
- ▶ Resales from pre-ordinance projects at higher income targets (140% AMI) compete with market-rate housing in lower-cost submarkets