MEMO TO THE PLANNING COMMISSION

HEARING DATE: January 14, 2021

January 14, 2021

Case Number: 2020-008417
Project: Recovery Strategies - Housing
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Recommendation: None - Informational

Background

The global COVID-19 pandemic and resulting economic recession are having major health and economic impacts in the city and around the state, the nation, and the world. In San Francisco, American Indian, Black, and Latinx communities, other communities of color, and people with lower income have been disproportionately impacted by the virus, exposing and amplifying historic racial and social inequities. In response, the Planning Department, the Mayor’s Office of Housing and Community Development (MOHCD), and the Office of Economic and Workforce Development (OEWD) are working together to develop a coordinated Housing Recovery Strategies work program to monitor and analyze changing conditions, coordinate efforts with other City agencies and departments, and provide immediate and ongoing measures that help the city adapt.

Current Proposal

The purpose of this report is to:

- Share a comprehensive picture of the current state of housing policy and programs to meet the needs of residents, especially vulnerable populations, during the COVID-19 pandemic (see Attachment A, Current Conditions and Efforts Underway, page 4).
- Identify opportunities for the City to enhance efforts in its COVID-19 recovery response regarding housing, focusing on serving vulnerable populations and priority geographies (see Attachment A, Proposed Efforts, page 12).

At the January 14th hearing, Rich Hillis, Director of Planning Department; Maia Small, Policy and Strategies Manager, and Andrea Nelson, Senior Community Development Specialist, in the Community Equity Division at Planning; Lydia Ely, Deputy Director, Housing at MOHCD; Dylan Schneider, Acting Director of Strategy and External Affairs at HSH; and, Dr. Deborah Borne, Medical Director for the Transitions Division at DPH will kick off the Recovery Strategies topic presentations by providing an overview of the Housing Recovery Strategies work, an interagency effort.
This will be followed over the next few months by a series of three more individual topic presentations to the Planning Commission with recommendations for detailed discussion and decision-making. At the center of this work, the City of San Francisco and these departments are acknowledging that its starting point and structure must address the current crisis impacts on the American Indian, Black, Latinx, Asian, Pacific Islander, and other communities of color and low-income communities to ensure a recovery towards a just and vital San Francisco.

**Required Commission Action**

No action by the Commission is being requested at this time.

**Recommendation:**  None – Informational

**Attachments:**

Attachment A – Housing Recovery Strategies Work Report
Attachment B – Mayor’s Homelessness Recovery Plan
# Attachment A

## HOUSING RECOVERY STRATEGIES

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Introduction

The global COVID-19 pandemic and resulting economic recession are having major health and economic impacts in the city and around the state, the nation, and the world. In San Francisco, American Indian, Black, and Latinx communities, other communities of color, and people with lower income have been disproportionately impacted by the virus, exposing and amplifying historic racial and social inequities.

Purpose

The purpose of this report is to:

• Share a comprehensive picture of the current state of housing policy and programs to meet the needs of residents, especially vulnerable populations, during the COVID-19 pandemic (see section: Current Conditions and Efforts Underway, page 4).
• Identify opportunities for the City to enhance efforts in its COVID-19 recovery response regarding housing, focusing on serving vulnerable populations and priority geographies (section: Proposed Efforts, page 12).

Approach - Centered on Racial and Social Equity

Housing policy and land use planning have historically worsened racial and social inequity by excluding Black, American Indian, and people of color from owning or renting in high opportunity areas. These public and private policies and practices have included racial covenants, exclusionary zoning, discrimination in renting and selling homes, lending discrimination including “red lining” of Black, brown, and racially mixed communities, prioritizing federal housing subsidies for higher income homeowners, and targeting communities of color and low-income neighborhoods for urban renewal.¹ These policies have directly contributed to lower wealth, health, and educational outcomes for people of color today. City agencies share responsibility to address this history with state and federal governments and private organizations.

Using the power of zoning and land use, the City of San Francisco, its Planning Commission and Department and other government agencies, individuals, and private organizations have intentionally advanced policies aligned with white supremacy goals to segregate, displace, dispossess and extract wealth from Black communities, the American Indian community, and communities of color. Although the City has taken steps to undo the damage caused by past policies and practices, the racial disparities caused continue to the present day. Despite progress in addressing explicit discrimination, racial inequities continue to be deep, pervasive, and persistent in San Francisco.²

The following key findings illustrate the city’s history of racial and social inequity as it relates to housing.

• In the time span of 25 years, the proportion of the Black population in San Francisco was reduced by half, a far more rapid decline than the rest of the Bay Area.
• Residents of color have higher cost burdens and more overcrowding.
• Low-income renters make up the vast majority (82%) of the estimated 82,000 cost-burdened renters (paying more than 30% of income in rent).
• Lower income renters face higher incidence of eviction and housing instability and fewer housing options than higher income households.
• Residents of color face greater likelihood of eviction threats and housing instability.
• Black and Latinx communities have a higher rate of renting.
• Approximately 10% of the city’s extremely low-income households are Black, while in 2015 Black people only comprised 5% of residents.

¹ https://greenlining.org/
We support the public health view that housing is fundamental to meeting people’s basic needs. Housing security and an end to homelessness are considered key social determinants of health that could heavily impact disease and death in San Francisco. Safe, stable housing provides a place to prepare and store food, access to water and sanitation, protection from the elements, a place to rest, and a sense of security. We seek to assist the unhoused, those in unsafe or overcrowded conditions, and those needing physical, emotional, or financial supportive services, including seniors. We seek to anchor and advance the return of families of color, specifically Black, Latinx, and American Indian populations. We seek to expand resources and economic and housing opportunities for low-, moderate-, and middle-income families.

Effects of COVID-19

With the start of the City’s Shelter-in-Place Order on March 16, 2020, the city’s ability to house its residents gained greater challenges with heightened exposure and health impacts. While the eviction moratorium allowed many to stay housed in place, the change in governance, needs, and service distribution across the city resulted in a 285% increase in tents for those unhoused in the Tenderloin in the first four months of shelter-in-place with twice as many deaths as the previous year. In a study that included 44 states that instituted eviction moratoriums, lifting eviction moratoriums was associated with increased COVID-19 incidence and mortality, supporting the public health rationale for use of eviction moratoriums to prevent the spread of COVID-19. A wave of evictions could be catastrophic in San Francisco, leaving thousands of residents unhoused and unsupported.

The demands of shelter-in-place also put mounting pressures on people in under-housed conditions, for example, people in illegal units or over-crowded housing or under threat from domestic violence. Vulnerable populations that rely on additional sustaining services, including physical support, rehabilitation, occupational therapy, food delivery, or other social services for health and well-being, have been increasingly at risk, given increased susceptibility to COVID-19 and diminished service access.

While many essential workers have been able to continue their higher-risk work, they are more likely to be renters and have greater rent burdens, generally have fewer family safety nets, are at higher risk of contracting COVID-19, and are thus at greater risk of housing instability or loss if conditions change. Many of those who are unemployed are locked in, given rent moratoriums, and are at high risk of dislocation when rent payments resume. As the unemployment rate has increased to 8.4%, up to 33,000 renters could be unable to pay rent due to loss of income and could be at risk of

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3 “Housing and Health: An Overview of The Literature,” Health Affairs Health Policy Brief, June 7, 2018. DOI: 10.1377/hpb20180313.396577
5 Note: “Families” can mean any size and type of household, with or without children.
9 https://bayareaequityatlas.org/essential-workers
10 https://www.labormarketinfo.edd.ca.gov/file/lfmonth/sanf5pds.pdf
eviction when and if eviction moratoriums are lifted in 2021. Unpaid rent for affected renters is estimated at between $13 and $32 million per month. By early May, across the country, 7 in 100 homeowners had contacted their mortgage lender to say that they could not afford to pay their monthly payment.

Current Conditions and Efforts Underway

The City responded during Shelter in Place (SIP) with funding for immediate housing stabilization efforts, such as eviction defense grants, emergency rental assistance, ongoing tenant-based rental subsidies, as well as longer-term support like permanently affordable supportive housing site acquisition and investment in housing development, representing a nearly $110 million city investment. The Mayor and Board of Supervisors also initiated the Economic Recovery Task Force to urgently convene business, community, philanthropic, and public leadership across the city. While the City responded fast and effectively to meet the needs of numerous residents in the city during this unprecedented time, there are still thousands of residents who are experiencing homelessness or are at-risk of losing their home. There are immediate and long-term actions the City could and will take to address this humanitarian crisis.

The housing crisis is not new nor unique to the pandemic. Between 2011 and 2015, the Bay Area added 501,000 new jobs — but only 65,000 new homes. An estimated 24,000 people in San Francisco live in crowded conditions and about 7,500 homeless persons were counted in San Francisco. Since the pandemic, more than 124,000 individuals have requested to change their address. Although some of the city’s residents are leaving, it is possible that some are short-term relocations and other middle- to high-income people are moving into the city to take their place. Therefore, outmigration may not necessarily relieve financial pressure on low- and very-income residents, as well as those who are middle-income and lost work during the pandemic.

The following summarizes key issues related to housing as a result of the COVID-19 pandemic:

- Safe and supportive housing
- Tenant protections and homeowner support
- Healthy living conditions and public health
- Housing security and stability
- Economic development

Safe and Supportive Housing

Providing safe and supportive housing for the city’s unhoused residents is a top priority for the city as it is currently a humanitarian and public health crisis. The City’s Emergency Operations Center (EOC) is managing a number of housing

13 https://sfbos.org/sites/default/files/BLA.Unpaid%20Rent.COVID_.102720.pdf
16 Economic Recovery Task Force - The Task Force was charged with guiding the City’s efforts through the COVID-19 recovery to sustain and revitalize the business and employment, mitigate the economic hardships already affecting the most vulnerable San Franciscans, and build a resilient and equitable future. The Task Force was co-chaired by San Francisco Assessor-Recorder Carmen Chu; San Francisco Treasurer José Cisneros; Rodney Fong, President and CEO of the San Francisco Chamber of Commerce; and Rudy Gonzalez, Executive Director of the San Francisco Labor Council. It included participation of over 100 community leaders from neighborhoods and industries from across the city, nonprofit partners, the business community, philanthropic partners, as well as labor representatives. The Task Force was organized around the following economic recovery policy areas: Jobs and Business Support; Vulnerable Populations; and Economic Development.
recovery-related projects that specifically support housing recovery among other goals. These include, but are not limited to, the Shelter-in-Place hotel rooms and Safe Sleeping Sites and Villages and for HSH, the Tenderloin Action Plan19 and the COVID-19 Data and Reports.20

Early in the pandemic, the City offered Shelter-in-Place hotel rooms, congregate sites, trailers, and RVs to individuals vulnerable to COVID-19. Currently, 2,284 formerly homeless individuals are sheltering in place in hotels in San Francisco. Of these individuals, 25% identify as African American, 21% as white, and 12% as Hispanic/Latinx.21

Additionally, the City’s Safe Sleep Program is a low-barrier and COVID-informed housing option for individuals experiencing homelessness to sleep in tents off the sidewalks and remain socially distant from each other. There are currently five active Safe Sleep Sites and Villages in the city serving 239 individuals.22 Numerous decision-makers and community members support the Safe Sleeping Sites, and some argue that these sites are a solution to the number of unhoused residents and the shortage of safe indoor shelters.23 HSH has explored other potential solutions, such as tiny houses, but is focusing on solutions that have been effectively implemented. To-date, these Safe Sleep Sites remain safe and clean without one COVID-19 infection. Similarly, there is low infection rates among the city’s unhoused population where isolation and a lack of indoor shelter have helped slow the spread. At the same time, drug overdose deaths among unhoused residents are spiking in San Francisco.24

The City further opened safe camping sites, housed people in underused hotels, and eventually took advantage of the State’s Home Key program which allowed the city, with the nimbleness of the San Francisco Housing Accelerator Fund, to purchase two hotels for permanent supportive housing for people experiencing homelessness.25 Another pressing concern is providing safe, supportive housing for those experiencing homelessness as the streets are not safe from COVID-19 or unhealthy air during wildfire season. The Project RoomKey initiative has placed over 1,000 people experiencing homelessness in the city’s hotels rooms.26 The City opened 20 hotel sites with over 2,600 rooms for people vulnerable to COVID. Project Homekey provided funding for the City to purchase the Granada Hotel, a 232-room hotel, and the Hotel Diva as Permanent Supportive Housing. COVID-19 Allowance Hotel Placement (also known as Project Roomkey) provides temporary hotel vouchers to stabilize Housing Referral Status households during shelter in place who would otherwise have been unsheltered.

Mayor Breed’s Homelessness Recovery Plan, announced in July 2020, is ambitious and includes planned investments in upcoming two-year budget and continued delivery of funded projects and programs, making 6,000 additional placements available for people experiencing homelessness including the largest two-year expansion of new permanent supportive housing (PSH). The city will have 1,500 new PSH units available by July 2022 and 1,000 reactivated beds in the adult shelter system.27 The Board of Supervisors unanimously voted on December 15, 2020 to

21 COVID-19 Alternative Housing Program, COVID-19 Data and Reports, December 19, 2020. Online: https://data.sfgov.org/stories/s/4nah-suat. Comparatively, in January 2019 the number of people experiencing homelessness was 8,035 and 37% identified as Black or African American, 29% as white, and 18% as Hispanic/Latinx.
26 Episcopal Community Services San Francisco. Project RoomKey. Online: https://ecs-sf.org/project-roomkey/
not move people experiencing homelessness placed in Shelter-in-Place hotel rooms until FEMA provides written confirmation that funding has ended or until people obtain a stable housing placement.\textsuperscript{28}

Additionally, HSH’s Emergency Housing Voucher Program for Housing Referral Status Transitional Age Youth (TAY, ages 18-24) provided a hotel voucher while searching for housing. Over 50 youth experiencing homelessness were served through this program who would have otherwise been unsheltered. Meals In Place SF Program was launched and funded in March 2020 to deliver 1,400 meals per day to people living in encampments in partnership with the Salvation Army. Legislation and Planning Code Ordinance revisions include a Planning Code amendment (Chapter 41) to allow residential hotels to retain their tourist room designations even if they rent these units as permanent supportive housing and to use their rooms as permanent supportive housing.

The Department of Public Health (DPH) has been largely deployed as Disaster Service Workers to the Emergency Operations Center. The agency has been working on numerous COVID-19 recovery efforts including supporting HSH in COVID-19 response related to people experiencing homelessness, as well as managing housing placement and flow of persons with physical and behavioral health impairments into DPH-managed beds.

**Tenant Protections and Homeowner Support**

Many San Franciscans who may have struggled to afford the high cost of housing even prior to this crisis have now experienced a sudden loss of income and are unable to pay rent at all. Unemployment was 6.9% in October 2020 (down from 8.4% in September).\textsuperscript{29} Thirty-seven percent of renter households in California were unable to pay rent and were at risk of eviction as of July 2020.\textsuperscript{30}

While these pressures impacted primarily low- and moderate-wage households, many high-wage earners and more economically mobile populations chose to leave the city rather than be sheltered in smaller apartments. Technology, finance, government, and professional service workers adapted to work from home quickly and had nearly no drop in employment and many have taken advantage of the flexibility of remote working and have left the city temporarily or permanently. In response to increasing vacancy, rents have dropped more significantly than any other large U.S. city, “down 24% year over year to a median two-bedroom price from over $3,000 to $2,305.”\textsuperscript{31} Despite this drop, San Francisco is still the most expensive rental market and remains more accessible to above moderate-income renters, while rents likely remain too high for most lower- income renters.\textsuperscript{32} While a large percentage of renters fled the city (mostly for areas within 60 miles), there has been a significant increase in new renters coming in to replace them.\textsuperscript{33}

One of the largest, upcoming risks to renters is the end of the temporary residential eviction moratorium on January 31, 2021. Nearly all evictions are prohibited, and rents are not due until after this time. At that point, a number of tenants will be in a precarious position facing a potential eviction and nearly a year’s worth of owed rent. Unpaid rent for affected renters is estimated at between $13 and $32 million per month. Between approximately 14,000 and 33,000 renter households have either partial or complete unpaid rent, which is approximately 15% of tenants in the city.\textsuperscript{34}

\textsuperscript{30} Nova, Annie, How the eviction crisis across the U.S. will look, CNBC, July 28, 2020.
\textsuperscript{34} Budget and Legislative Analyst’s Office. Estimate of unpaid residential rent in San Francisco due to COVID-19 pandemic and related public health
Though each of these households are experiencing the crisis differently, it is conceivable that some households have not been able to pay rent (approximately $2,000/month) for months.35

In the meantime, the inability for many renters to pay rent has also placed financial strain on small property owners. Many small property owners rely on rent to pay for mortgage and property tax payments. Without rental payments, they can be at risk of mortgage default. An eviction moratorium without rental assistance poses problems for small property landlords as well. The delinquency rate for homeowners who are behind in their payments is soaring in the U.S.36 In San Francisco, condos and townhomes had the highest increase in delinquency rate between January and October 2020 followed by multifamily buildings.37 In contrast to rents, housing sales continue to rise with low interest rates and high inventory of houses for sale and ample demand from higher income buyers. Median single-family home prices are up 8.1% from last year and the number of homes sold in San Francisco is up 90% from last year.38

Eviction moratoriums at the local, state and federal level and mortgage deferments have been an immediate measure to keep people in their homes. There were followed on October 28, 2020 with the City agreeing to pay up to 65% of unpaid back rent for qualifying tenants and landlords.39 Even with debt relief, rent burdened renters will still need months to get back on their feet and be able to live sustainably. As of February 1, 2021, tenants could be evicted for not paying that month’s rent, triggering debt repayment.

In addition to the eviction moratorium, Tenant Right to Counsel (TRC) provides full scope legal representation to residential tenants facing eviction provided by a network of City-funded legal services organizations. The leading cases of eviction in San Francisco are nonpayment of rent and nuisance cases.40 Prior to the COVID-19 pandemic, TRC was only serving two-thirds of the people facing eviction. The Board of Supervisors earmarked $750,000 (added to the current $9.8 million) to expand TRC in light of the pandemic impacts on renters.41 While additional resources will help, the program is still underfunded and if scaled to pre-pandemic conditions would need an additional $5 million per year.

State legislators are seeking an extension to the state law AB 3088 protecting tenants from evictions, which expires January 31, 2021. Legislation introduced December 7, 2020 would extend the protections for 11 months, until December 31, 2021.42 Landlord representatives are asking for financial support while tenants are not required to pay more than 25% of their rent.

In addition to the eviction moratorium and TRC, MOHCD and the Rent Board provide a number of tenant protections including just cause eviction protections, tenant-landlord mediation services, emergency (one-time) and ongoing rental assistance, Small Sites Program, and no-fault eviction requirements such as relocation payment requirement of the landlord, among others.43

40 Community Stabilization Initiative. [placeholder for page # etv]
43 Mayor’s Office of Housing and Community Development website. Online: https://sf.gov/departments/mayors-office-housing-and-community-development
On December 21, 2020, Congress passed and on December 27, 2020 the President signed the relief package to support those impacted by COVID-19, including $25 billion nationally for emergency rental assistance. Since the federal relief may not reach all residents, local dollars could be prioritized for people who may not qualify for federal assistance. MOHCD is working with Mayor London Breed and other key stakeholders on determining the plan to deploy $25 million anticipated from the Treasury for the federally funded emergency rental assistance program. The federal rent moratorium will remain in effect until January 31, 2021 and the foreclosure moratorium will remain until February 28, 2021.44

Healthy Living Conditions and Public Health

Living in crowded conditions is one of the top key factors contributing to COVID-19 transmission. Neighborhoods in the city with higher rates of overcrowding in housing, such as the Mission District, Tenderloin, and SOMA, tend to have higher rate of cases.45 The Mission has the third highest rate of cases (cases per 10,000 residents) in the city, with the Bayview leading followed by the Tenderloin.46,47 Similar to the Mission District, Tenderloin residents tend to live in close quarters with their roommates or neighbors.

The U.S. Department of Housing and Urban Development (HUD) defines overcrowded as more than one- and one-half occupants per room.48 Crowded homes have been a concern practically as long as public health has been a field. Living with a large number of people has long been associated with “faster-spreading infections, inescapable stress, irregular sleep and the effects that follow, including higher blood pressure and weakened immune systems.”49 Furthermore, overcrowded living conditions put residents at a higher risk of infection, disproportionately impacting lower-income households, which have an overcrowding rate nearly double the city as a whole. Latinx- and Asian-headed households have the highest rates of overcrowding - more than double the citywide rate.50

In addition to infection and death due to COVID-19, the global pandemic has exacerbated other public health crises. Another result of shelter-in-place orders is the confinement of some household members with others who abuse them. By all accounts, the rate of domestic violence incidents has become more frequent and more violent in San Francisco and across the state since February 2020.51 Additionally, overdose deaths in San Francisco far outpace the 173 COVID-19 deaths with 621 people dying from an overdose this year. This is partially due to the flood of fentanyl in the city’s drug supply. The pandemic has disrupted City services like housing and treatment isolating many people who then use alone without a safety net to save them.52

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44 National Low Income Housing Coalition, COVID-19 Rental Assistance Database. Online: https://docs.google.com/spreadsheets/d/1H_fybfo9NydlptQs5wUkXexcimh3gaoQI7LUJGc8/edit#gid=79194074
50 Planning Department Analysis of IPUMS USA 5-year 2014-2018 Data
Housing Security and Stability

One of the greatest equity disparities in San Francisco is related to home ownership. Just 22% of American Indian householders, 23% of Black, and 24% of Latinx householders own their own homes compared to 36% of white householders and 48% of Asian householders.53

Table 1: Housing Tenure by Race of Households Head54

<table>
<thead>
<tr>
<th></th>
<th>Owners</th>
<th>Renters</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Indian</td>
<td>22%</td>
<td>78%</td>
</tr>
<tr>
<td>Asian</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>Black</td>
<td>23%</td>
<td>77%</td>
</tr>
<tr>
<td>Hispanic/Latinx</td>
<td>24%</td>
<td>76%</td>
</tr>
<tr>
<td>White</td>
<td>36%</td>
<td>64%</td>
</tr>
<tr>
<td>Other</td>
<td>35%</td>
<td>65%</td>
</tr>
<tr>
<td>Two or More Race</td>
<td>25%</td>
<td>75%</td>
</tr>
<tr>
<td>Citywide</td>
<td>37%</td>
<td>63%</td>
</tr>
</tbody>
</table>

This racial disparity among homeowners in San Francisco is not accidental. Government-sanctioned racial discrimination in zoning, lending and the sale and rental of homes—from redlining to racial covenants and exclusionary zoning—made housing a central feature of racial inequity in the city. Areas of the city that were redlined by the government in the 1930s were predominantly Black, American Indian, and residents of color. It was an explicitly discriminatory policy. Redlining made it hard for residents to get loans for homeownership or maintenance and led to cycles of disinvestment.55 Today, we see the impact of housing discrimination based on race and ethnicity in the low percentage of Black, American Indian, Latinx, and people of color who own homes today. Housing presents one of the greatest existing equity challenges in San Francisco.

The U.S. has primarily relied on homeownership as a strategy to build wealth.56 Homeownership provides secure housing and financial and social resiliency. Home equity can support educational expenses or retirement, thereby stabilizing life choices, lifetime earnings, and generational opportunity. Financial gain is important, but financial consistency and stability is more likely to result in less family stress and more reinforcing systems (such as insurance and healthcare).

Some financially strained homeowners are struggling to pay mortgage and property tax payments. To prevent foreclosures in San Francisco during the pandemic, the COVID-19 Homeowner Emergency Loan Program offered by the Mayor’s Office of Housing and Community Development (MOHCD) provides loans to homeowners experiencing financial hardship.57 City-funded community-based organizations provide temporary financial assistance to eligible households, regardless of immigration status, who have experienced a substantial loss of household income as a result of COVID-19 and cannot afford their housing costs.

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53 IPUMS data 2014-2018
54 Ibid.
57 https://sfmohcd.org/COVID19HELP
There are not enough permanently affordable rental and ownership units in the city to meet the tremendous demand. MOHCD received more applicants than it could accommodate in its available Below Market Rate Units between 2018-2019 with 1 rental unit for every 248 applicants and 1 ownership unit for every 18 applicants.58

**Housing Pipeline**

The Planning Department quickly adapted during COVID to online formats for application processing and Commission hearings, working closely with the Department of Building Inspection (DBI) to facilitate entitlements and permitting. Adaptation challenges remain for DBI, with several City departments, including Digital Services, actively updating technology options to provide consistent service to members of the public submitting applications. Accessory dwelling unit (ADU) permitting has been an effective example of these efforts.

The private housing development market prior to COVID had contracted with many already entitled projects unable to complete construction and fewer housing applications for projects at the mid- and high-rise scales. One of the main contributors to the financial infeasibility was the high cost of construction and limits on available labor. Many developers and architects note that they anticipate these costs to drop in the over the next few years, although this is not yet apparent in bidding. The bulk of the housing production anticipated in the housing pipeline is found in the coming phases of the many approved development agreements and former redevelopment sites along the Bay shore.

Small, multi-family housing (defined as 4-20 units) remains a high potential for future production, although there are many existing barriers including:

- High cost of construction and land costs create major financial impediments
- Neighborhood opposition and regulatory “discretion” makes permitting unpredictable and risky.
- Not many sites in the city are available and zoned for this type of housing.
- Lot size and restrictions on consolidating lots make projects smaller and less efficient.
- Not a large industry of developers and builders that do 4-20-unit buildings currently.
- Industry adaptations, such as modular or cross-laminated timber, which could lower the construction costs are not developed at this scale yet.

Additionally, there is an opportunity for the city to develop a model for affordable housing in small formats, although this is currently not possible given state funding restrictions on “scatter site” models. City agencies, Supervisor offices, and community organizations are working on several fronts to explore financing methods and identify sites.

**Public Resources**

Amongst these impacts of COVID-19, MOHCD, and all City agencies, are facing a financial shortfall this year. Mayor London Breed asked City agencies to decrease their budgets by 7.5% this coming year. Some City agencies are already short-staffed and under resourced. Only approximately 30% of the Department of Homelessness and Supportive Housing’s positions are filled, for example.

Adding to the limitation of resources to support affordable housing, State bonds are now competitive. Each state receives an annual federal allowance of tax-exempt, private activity bonds that can be issued to support public-serving projects including affordable housing. For nearly 15 years, California had not used all of its annual bond capacity but that changed this year, forcing the state to award bonds competitively and reducing availability. Because 4% Low Income Housing Tax Credits (LIHTC) must be paired with these bonds, the limit on bond availability also effectively limits LIHTC. MOHCD’s affordable housing development pipeline is likely to slow down as a result of the slowing economy and the State bond shifts.

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The slowing economy limits the funding available to the City to provide local funding for affordable housing including acquisition of rental housing to preserve it as permanently affordable (e.g., the Small Sites Program). The benefit of a market slowdown could be a significant change in the price of buildings. Yet, the purchase price of buildings has not changed significantly yet and MOHCD does not have a dedicated fund for acquisition. MOHCD is exploring options, in partnership with other City agencies, including a real estate transfer tax, companion legislation, and other new funding sources.

The Relief Bill passed by Congress includes a 4% Low Income Housing Tax Credits will receive a permanent “floor” to their value that will provide additional equity for affordable housing, though this doesn’t resolve the current competitiveness of private activity bonds (tax exempt bonds) that must be paired with 4% credits.

Proposed Efforts

Though the COVID-19 pandemic has been extremely challenging on many of the city’s residents, there is great opportunity moving forward to address the needs of people living in unstable conditions and whose already tenuous situation has been exacerbated by the pandemic. For the Housing Recovery Strategies work, the team also recognizes that housing is a key social determinant of health and as a fundamental right like water and food— in other words— like infrastructure.

Who We are Serving

The recovery team has identified that by serving specific populations who have historically been the most under-resourced, the city will create an equitable environment for all San Franciscans. This service includes:

- Anchoring and advancing the return of families of color\(^{59}\)
- Supporting vulnerable populations\(^{60}\)
- Expanding housing, resources, and economic opportunities for low-, moderate-, and middle-income families
- Supporting health, cultural, and economic vitality grounded in community resources

Goal to Increase Funding

During this urgent recovery period, it is essential that City agencies evaluate their budgets and determine if there is money that can be reallocated or if there are new resources recently approved by voters that could support all housing recovery strategies. For example, with Proposition I, passed in November 2020, voters have improved an increase on transfer taxes on property sales or long-term leases worth more than $10 million dollars. Prop I will provide the city with approximately $100 million per year that could be used for various pressing needs including housing.

While the team recognizes the seriousness of the city’s financial hardships, we seek to “grow the pie” for all efforts rather than be forced to choose one vitally needed strategy over another. This means growing the city’s housing stock and financial resources while addressing the need for more investment to meet the needs of vulnerable groups highlighted in this memo.

Additionally, the incoming Biden-Harris administration, during transition, has identified housing as one of the four primary areas of incoming focus, providing details around plans to undo past and current discriminatory practices,

\(^{59}\) Prioritizing Black communities, American Indian communities, and communities of color.

\(^{60}\) As defined in the Planning Department Community Stabilization Initiative: vulnerable populations refer to categories of people who are at higher risk of displacement after eviction due to individual and institutional barriers to acquiring market-rate housing. The vulnerable populations included in this report are not an exhaustive list of all categories of people at higher risk but are based on self-identified data in the qualifying documents for inclusion in the Small Sites Program. The categories are Senior (65+ years of age), Disabled, and Families with children, Black/African American, Latinx/Hispanic, Asian, and Pacific Islander. These categories were identified because these groups of people experience disproportionate hardship after eviction (Desmond & Tolbert Kimbro, 2015; Desmond, 2013, 2012).
significantly increase funding of affordable housing, and invest in low-income communities. As this may mean the expansion of resource opportunities, the recovery team will stay aware of, guide, and coordinate among the City’s housing agencies to maintain a focus on the efforts identified here.

**Project Aims**
Projects are designed to:
- Enact immediate measures to ease housing access and production, already under stress from an affordability crisis.
- Prioritize stabilization, housing affordability, and innovative wealth-building opportunities for families of color, vulnerable populations, and low-, moderate-, and middle-income families.
- Implement housing stabilization measures in priority geographies
- Prioritize subsidized and supportive housing
- Support construction of small multi-family buildings
- Streamline the housing entitlement process
- Grow Public-Non-Profit-Philanthropy partnerships

**Measuring Progress**
In order to ensure we are meeting the economic recovery and cultural vitality goals, the recovery team will be prioritizing staffing and the City’s resources, drafting immediate and short-medium term legislation, implementing projects, and developing partnerships with the non-profit and private sectors. As articulated in the Recovery Strategies Framework memo of November 25, 2020, to select proposals for advancement, the recovery team will measure how proposals serve the below three equity goals:

**Category 1 - Serve and invest in Low-Resourced neighborhoods**

Through the lens of Greenlining its priority geographies, the Recovery Strategies team seeks to repair the dispossession at the root of housing inequity in San Francisco. It will first do this by recognizing the historic intentional blockage of Black families from wealth-building, the taking of land from the American Indian populations, and the layered structural inequities that prevented people of color from obtaining housing since colonization. The Recovery Strategies team further recognizes that dispossession has had catastrophic and generational impacts to financial opportunity, health, education, access to social services, and City resources and infrastructure, such as education, civic institutions, and open space. In response, it seeks mechanisms to transfer agency to the people dispossessed by forming structural roles that formalize self-determination, leadership building, and official recognition to concentrate power and longevity. It will seek solutions that rebuild recognition, and prioritization of educational and infrastructural services to these communities that have been historically under-resourced. And finally, if desired by the community, actions that support invitation and belonging that fosters community growth, creativity, and internal diversity.

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61 Serve and Invest in Low-Resourced Neighborhoods Through the lens of Greenlining its priority geographies, the Recovery Strategies team seeks to repair the dispossession at the root of housing inequity in San Francisco. It will first do this by recognizing the historic intentional blockage of Black families from wealth-building, the taking of land from the American Indian populations, and the layered structural inequities that prevented people of color from obtaining housing since colonization. The Recovery Strategies team further recognizes that dispossession has had catastrophic and generational impacts to financial opportunity, health, education, access to social services, and City resources and infrastructure, such as education, civic institutions, and open space. In response, it seeks mechanisms to transfer agency to the people dispossessed by forming structural roles that formalize self-determination, leadership building, and official recognition to concentrate power and longevity. It will seek solutions that rebuild recognition, and prioritization of educational and infrastructural services to these communities that have been historically under-resourced. And finally, if desired by the community, actions that support invitation and belonging that fosters community growth, creativity, and internal diversity.
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Recovery Strategies

**Category 2 - Open up High-Resourced Neighborhoods** as defined by the TCAC/HCD High Opportunities Map. See Map 3.

**Category 3 – Supports an identified equity goal for each neighborhood** as defined by the Department’s dynamic resources map of public investment and other services, to be created as part of *Effort 1 Repair through Planning* listed below. This infrastructure will be foundational for all recovery topics.

Within these three categories, there are three types of outcomes that will be tracked and graded:
- **Grade A - Delivery**: Providing City capital or physical assets
- **Grade B - Facilitation**: Providing counseling, access to non-City funding, or project staffing
- **Grade C - Regulation**: Enabling private efforts, programs, or projects

Open up High-Resourced Neighborhoods

Beyond structural racism in financial and criminal justice systems, our zoning history has segregated higher income neighborhoods, leading to racial disparities. Many San Francisco neighborhoods have significantly higher than regional average non-Hispanic white populations and continue to offer the best outcomes for life expectancy, educational attainment, home ownership value, and household income. Neighborhoods that have predominantly white populations are also the ones with the greatest barriers to entry because of their limited housing type diversity, availability, and high cost. Housing opportunities for communities of color in high-resourced neighborhoods will truly address the diversity that all San Franciscans pursue, it will improve life expectancy, wealth access and services for people of color, and will contribute to diversify cultural resources in these neighborhoods.

Define Equity Baseline for all Neighborhoods

While recognizing that neighborhoods at either end of the economic spectrum play a significant role in their populations’ wealth and health outcomes, all neighborhoods must meet baseline access to high-quality resources that reduce the burdens on caregiving households, especially those with vulnerable populations, including children or seniors. The health and well-being of many San Franciscans depends on the unpaid or low-wage labor of women, especially women of color. A recovery towards a just city needs to focus on access and proximity to high-quality education, childcare, food, healthcare, digital infrastructure, social services, and civic institutions across all neighborhoods to appropriately support communities of color and low-income communities in their day-to-day experience of life, their health, their personal or professional goals, their self-determination, their lifetime earnings, and their unique contributions to the paid workforce.
**Effort 1: Repair through neighborhood planning**

The Planning Department will develop and propose equity goals by neighborhood to advance outcomes in all neighborhoods through investments that will serve unique community needs. The intention of this process is to enhance the outcomes of residents in new housing, so that it better suits the history and needs of each neighborhood, but also to encourage the construction of housing by making the process more transparent and predictable.

The Department will first create a dynamic map of public investment and other services based on existing and developed data to assess the details of what defines low resourced areas (Areas of Vulnerability – DPH), high resourced areas (High Opportunity zones), and all other areas. The selection of monitored investments and resources will be determined by the Community Facilities assessment as part of the Southeast Framework, the state criteria for high opportunity areas, and through individual conversations with leadership in priority geographies to especially support vitality in Cultural Districts. The map will acknowledge that proximity does not
Equate access and will qualify each identified resource to recognize the more accurate role it does or does not play in the lives of nearby residents. This will be maintained as new investments come online to update to accurate conditions.

Next, the team will use the map and data to reveal deficits and define equity goals by neighborhood, prioritize next investments, and recommend development participation options. These recommendations may expand the opportunities for public benefits, for example, directing off-site options or land banking towards high-resource areas in lieu of current distance allowances for below market rate housing. This is meant to make neighborhood needs transparent, allow for flexibility for development to meet goals, and articulate project’s responsiveness to be evaluated as part of the approval process.

Finally, the team will develop process improvements to incentivize the use of equity goals in development process by prioritizing development agreement projects and proposing administrative review for other development projects that meet or exceed the equity goals. This includes updating the Department’s previous response to the Mayor's Executive Directive to re-assess project priority based on equity goals and housing production. Note that this dynamic map will be foundational for supporting many efforts proposed in the Recovery Strategies, in particular, the forthcoming Neighborhood Life topic.

### Category Repair through Planning

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Create equity goals by neighborhood to guide development expected to provide public benefits and streamline development process</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Needs</td>
<td>Safe and supportive housing, Tenant protections and homeowner support, Healthy living conditions and public health, Homeownership and housing security, Economic development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lead Agency</td>
<td>Planning Department with OEWD</td>
<td></td>
<td></td>
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<tr>
<td>Next steps</td>
<td>Develop citywide dynamic map of public investment and other services, to be further described under the forthcoming Neighborhood Life informational, anticipated in March.</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

### Metrics Key

1. Serve and invest in Low-Resourced neighborhoods
2. Open up High-Resourced Neighborhoods
3. Supports an identified equity goal in any neighborhood

### Effort 2: Support Health and Housing Operations

The City’s response to the pandemic requires unique health and housing coordination due to the changing conditions for those unhoused and the evolving understanding of how the virus is transmitted, including the recent identification of even more contagious mutation of COVID-19. Given the diversity of people, needs, and family configurations as well as the resources and environmental conditions, Public Health and HSH may need to shift resources as recovery moves forward, integrate new public health protocols, and expand coordination and communication to other key implementation agencies, including Public Works and SFMTA.

The recovery team has identified the need for additional coordination support and structure to make processes more flexible, communicate effectively, and encourage creativity in our approaches. The recommendation is to deploy planning staff on a short-term DSW assignment to strategize with key officials from HSH and Public Health filling the gaps to strengthen existing communication and administrative needs.
Memo to Planning Commission  
Case No. [Record Number]CWP  
Recovery Strategies  

<table>
<thead>
<tr>
<th>Category</th>
<th>Support Health and Housing Operations</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal</td>
<td>Provide Planning Department staff to tactically convene, strategize, and support Public Health engagement with HSH, Public Works, and SFMTA for three to six months resulting in safer protocols, health service delivery, and emergency housing measures, especially for vulnerable populations, essential workers, and over-crowded households.</td>
<td>A</td>
<td>B</td>
<td></td>
</tr>
<tr>
<td>Needs</td>
<td>Safe and supportive housing, healthy living conditions and public health</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agency Lead</td>
<td>Planning, supporting Public Health and Department of Homelessness and Supportive Housing</td>
<td></td>
<td></td>
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<tr>
<td>Next steps</td>
<td>Identify Planning staff, prepare a strategy for coordination.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Metrics Key | 1 Serve and invest in Low-Resourced neighborhoods  
2 Open up High-Resourced Neighborhoods  
3 Supports an identified equity goal in any neighborhood | A Delivery  
B Facilitation  
C Regulation |

**Effort 3: Put Housing First**

Housing First includes providing temporary and permanent supportive housing for unhoused residents. The Housing Recovery Strategies effort addresses the needs of those experiencing homelessness and anticipates the needs of people who may have unstable housing when eviction and foreclosure moratoriums are lifted.

The Mayor’s Homelessness Recovery Plan will spend more than $500 million to acquire or build at least 1,500 more long-term permanent supportive housing units on top of the 8,000-plus permanent supportive housing units that are master leased, long-term by the City and operated by contracted non-profit partners. This Homelessness Recovery Plan is the Department of Homelessness and Supportive Housing’s (HSH) recovery response blueprint. While comprehensive on many fronts, the Plan doesn’t include a pathway for the existing over 2,500 SIP hotel guest who were formerly unhoused. MOHCD and HSH are working together to meet the needs of these SIP individuals and ensure they have stable, safe housing.

Additional housing recovery opportunities that could provide secure housing include:

- There are numerous strategies in place to address this, yet there is still an opportunity to develop a coordinated, interagency effort or a proactive plan.
- Embed a DPH public health official into each Department to provide strategic and well-informed guidance for various City agencies whose service is directly impacted by SIP and the pandemic.
- Consider an interagency approach that investigates COVID-related public health data on the SIP hotel room guests and Safe Sleeping Sites to inform the decision to adjust occupancy and use based on health impacts.
- Adjust the resources to meet the needs of the most vulnerable residents. For the unhoused, there is a need for the following: more transitional housing, more temporary shelter, more supportive housing.
- Prioritize the purchase of buildings to provide permanent supportive housing for unhoused residents, building on the Project Homekey successes.
- Advocate for increased federal funding, such as Community Development Block Grant (CDBG) funds which could be used for eviction prevention services (see Effort 5 for proposal to advocate for increased federal funding).

Memo to Planning Commission  
Case No. [Record Number]CWP

Hearing Date: January 14, 2021

Recovery Strategies

<table>
<thead>
<tr>
<th>Category</th>
<th>Housing First</th>
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</thead>
<tbody>
<tr>
<td>Proposal</td>
<td>Mayor’s Homelessness Recovery Plan Implementation Support</td>
</tr>
<tr>
<td>Needs</td>
<td>Safe and supportive housing, Tenant protections and homeowner support, Healthy living conditions and public health</td>
</tr>
<tr>
<td>Agency Lead</td>
<td>HSH</td>
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<tr>
<th>Next Steps</th>
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<tbody>
<tr>
<td>Maintain planning staff liaison with HSH to provide quick action for when next opportunities arrive; Provide Planning staff as an ambassador to HSH who is familiar with HSH projects in the Planning field or has in-depth knowledge of Planning’s efforts related to homelessness and supportive housing to assess sites and problem-solve as needed</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Metrics Key</th>
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</thead>
<tbody>
<tr>
<td>1 Serve and invest in Low-Resourced neighborhoods</td>
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<tr>
<td>2 Open up High-Resourced Neighborhoods</td>
</tr>
<tr>
<td>3 Supports an identified equity goal in any neighborhood</td>
</tr>
</tbody>
</table>

**Effort 4: Increase Eviction Prevention**

MOHCD is working with community-based organizations, other City agencies, and other key stakeholders to implement, broaden, and extend eviction prevention measures to support the City’s vulnerable renters. There is an opportunity to further broaden and strengthen policies that protect people from eviction. Current strategies such as emergency rental assistance for non-payment of rent could stabilize COVID-19 pandemic impacted renters and help them to get back on their feet. Tenant Right to Counsel, San Francisco’s eviction defense system, could be increased 50% to meet baseline demand (increase of about $5 million for a total of $15 million annually).

Keeping people in their homes is critical. It is important to consider that most financially impacted people will need time to regain their footing and stabilize their finances. Rental assistance could be needed for at least 18 months beyond when the eviction moratorium ends. Given this, there is an opportunity to build the capacity of community-based organizations to support vulnerable residents, such as seniors, Black, American Indian, and people of color, and low-income residents, as the economy rebuilds. To adequately meet the needs of the City’s renters, MOHCD is involved in the development of a large-scale rent relief strategy by way of rental subsidy.

Additional supporting strategies include relocation and Right of Return, the Annual Rental Unit Inventory, new legislation for supportive housing tenants to receive rent reduction, and Supervisor Preston’s relief for small property owners. San Francisco’s Right of Return Ordinance, which went into effect January 19, 2020, provides former HOPE SF residents with the right to return to their community. On December 1, 2020, Board of Supervisors unanimously passed the Housing Inventory ordinance which requires owners of residential dwelling units to report certain information to the Rent Board to be included in the City’s new Rental Registry. Supervisor Haney introduced legislation on December 15, 2020 that will help supportive housing tenants who are currently spending more than 30% of income on rent reduce this amount to 30% by October 1, 2023. While there is not currently funding to support some of these ordinances,

66 Office of Mayor London Breed. *News Release: Mayor London Breed Celebrates San Francisco’s Right to Return Ordinance.* February 26, 2020. Online: https://sfmayor.org/article/mayor-london-breed-celebrates-san-franciscos-right-return-ordinance#text=This%20legislation%20ensures%20that%20families%20can%20revitalize%20their%20communities.%E2%80%9D&text=That%20Right%20to%20Return%20legislation%20will%20require%20owners%20of%20residential%20dwellings%20report%20certain%20information%20to%20the%20Rent%20Board%20to%20be%20included%20in%20the%20City%27s%20new%20Rental%20Registry.%E2%80%9D


these will greatly supportive stabilizing vulnerable renters moving forward. Under Supervisor Preston’s legislation, the City would pay up to 65% of unpaid back rent to small property owners.69

In order to fully meet the needs of vulnerable residents, the City would need additional financial and staff resources. CDBG funds could be used for eviction prevention services (see Effort 5 for proposal to advocate for increased federal funding).

<table>
<thead>
<tr>
<th>Category</th>
<th>Eviction Prevention</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposals</td>
<td>Fully fund Tenant right to counsel</td>
<td>A</td>
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<tr>
<td></td>
<td>Strengthen rental subsidies for impacted by COVID-related challenges</td>
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<td></td>
<td>Support Rental Registry implementation</td>
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<td></td>
<td>Explore Eviction Enforcement process to avoid wrongful evictions</td>
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<td>C</td>
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<tr>
<td>Needs</td>
<td>Tenant protections and homeowner support</td>
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<tr>
<td>Agency Lead</td>
<td>MOHCD, Rent Board, Planning support</td>
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<tr>
<td>Next Steps</td>
<td>Continue advocacy for COVID relief funding and measures.</td>
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<tr>
<td></td>
<td>MOHCD and Planning staff to explore support for rental registry (under the SF Rent Board) and enforcement processes, including lessons learned and technology systems from SF Office of Short-Term Rentals.</td>
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</tr>
<tr>
<td>Metrics Key</td>
<td>1 Serve and invest in Low-Resourced neighborhoods</td>
<td>A</td>
<td></td>
<td></td>
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<td></td>
<td>2 Open up High-Resourced Neighborhoods</td>
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<td>B</td>
<td></td>
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<tr>
<td></td>
<td>3 Supports an identified equity goal in any neighborhood</td>
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<td>C</td>
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</tbody>
</table>

**Effort 5: Advance Supportive and Subsidized Housing Pipeline including Funding**

Supportive and subsidized housing provides shelter to the city’s most vulnerable residents. The recovery team is seeking a long-term sustainable funding stream for subsidized and supportive housing that is not reliant on specific market-rate project development, understanding that connecting funding sources, their pace and requirements, to delivering housing units is a complex and sensitive process.

Additionally, the recovery team is prioritizing:

- Increased funding for the small sites acquisition program in priority geographies with communities of color and for vulnerable populations.
- Affordable housing sites in high opportunity neighborhoods to provide more competitive projects for state funding and diversify housing choice (supported under Effort 9).
- Resourcing low resource communities so that they become increasingly competitive for State affordable housing funding (supported under Effort 1).
- Down payment assistance for households affected by urban renewal.
- Large site or development agreement projects secure affordable housing sites through land dedication in low density areas.
- Advocate for increased federal funding for affordable and supportive housing included expanded private activity bond capacity, increased LIHTC and other capital funding including HOME and CDBG and Section 202

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69 Kukura, Joe. Supervisors Vote to Pay Up to 65% of Unpaid Back Rent to Landlords. October 28, 2020. Online: 
for the elderly, increased funding for emergency and ongoing rental assistance through Section 8, and increased funding for people experiencing homelessness.

The Housing Recovery Strategies will continue to prioritize additional stabilization measures, enable entitled housing projects to complete construction, efficiently process current applications, develop further streamlining, and stimulate on-going housing production. Affordable housing projects remain a top priority for processing. Keeping housing in production remains a significant priority for the City, given the housing crisis well before the pandemic, with extreme displacement and affordability challenges most disproportionately impacting Black, American Indian, and people of color.

While many community leaders and organizations in priority geographies and cultural districts have recently sought to increase affordable housing within these neighborhoods to help stabilize existing residents vulnerable to eviction and displacement, changes to the state funding allocation process makes applications for sites outside of high opportunity areas unlikely to secure awards. In addition, data from the Othering and Belonging Institute also shows that affordable housing in neighborhoods with high segregation of Black and Latinx populations has lower outcomes in life expectancy, overall health, economic mobility, educational attainment, and lifetime earnings.

The recovery team supports the goals of these neighborhoods to anchor members of their community through the increase of affordable housing by pursuing two efforts: first, finding consistent funding that does not rely on the existing state rules, second developing a Greenlining program to invest and serve in low-resource environments to eliminate negative outcomes. Addressed directly in the upcoming Neighborhood Life topic, the Greenlining program will record the resource conditions of all neighborhoods in the city, clarify deficits that diminish vitality and result in these outcomes, and actively plan to undo this historic inequity through resource allocation specific to each neighborhood. Greenlining is intended not only to change the outcome for existing residents, by to invite the return of those who have been dispossessed, left the city out of choice or need, and nurture each community’s uniqueness, sustainability, and longevity.

**Major Funding Sources for Affordable and Supportive Housing and Housing Services**

San Francisco voters and elected has recently expanded local funding for affordable housing.

- **Gross receipts tax revenue established by C passed in 2018** that is estimated to raise around $300 million annually to combat homelessness, including housing and services. The tax applies to business in San Francisco with more than $50 million in gross receipts. The California Supreme Court has upheld the validity of the measure after an initial legal challenge. A key decision will be how to allocate the funding within the parameters defined by Proposition C, which establishes a committee to guide this process.

- **Property tax revenue tools** have provided most local affordable housing funding including:
  - affordable housing bonds passed in 2015 and 2019,
  - funding most of the Housing Trust Fund established in 2012,
  - funding affordable housing developed by the Office of Community Infrastructure and Investment (OCII) through tax increment financing commitments of the former Redevelopment Agency,
  - funding ERAF dollars returned to the city by the state that have been used for affordable housing.

Property tax revenue is also the largest single contributor to the City’s General Fund. As the City’s budget stabilizes and property tax revenue grows (new development being the primary driver), policy makers can consider additional allocations of property tax revenue and/or general fund for affordable housing and services and consider putting future affordable housing bonds before voters as current bonds are used up.

- **As described above, Federal funding is crucial to building and preserving affordable housing and assisting the lowest income renters. San Francisco can continue to work with other cities and states and the new administration to secure additional housing resources.**

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70 [https://belonging.berkeley.edu/most-segregated-and-integrated-cities-sf-bay-area](https://belonging.berkeley.edu/most-segregated-and-integrated-cities-sf-bay-area)
Additional Potential Funding Sources and Tools

- Proposition I passed in November 2020, which will raise new revenue earned from real estate transfer tax can provide relief funding for COVID-19 recovery. MOHCD is working with Mayor London Breed, City agencies, and key stakeholders to determine an implementation plan for Proposition I funds.
- Other cities, such as Vancouver, tax second homes or homes that are not used as primary residences the majority of the year. Such a tax can encourage return of vacant or unused homes to the market and can generate revenue for affordable housing.
- Cities and states, including New York, have used property tax abatements to subsidize affordable housing production within mixed income developments. Currently the State of California limits the use of the welfare property tax exemption to units affordable to low-income households and owned and/or managed by nonprofits. San Francisco could explore the use of a local property tax rebate on the portion of property tax revenue the city receives as a tool to support more affordable housing in market rate developments or ADU by homeowners. A local tax rebate would not affect property tax revenue for other taxing entities including the School District, Police, Fire, or property tax sent to the state.
- San Francisco can also support regional and state housing efforts including a potential regional housing bond in coming years.

<table>
<thead>
<tr>
<th>Category</th>
<th>Subsidized and Supportive Housing Pipeline and Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal</td>
<td>Support Department Efforts such as Consolidated Plan and Homelessness Strategy implementation</td>
</tr>
<tr>
<td>Needs</td>
<td>Safe and supportive housing, Tenant protections and homeowner support, Healthy living conditions and public health, Homeownership and housing security, Economic development</td>
</tr>
<tr>
<td>Agency Lead</td>
<td>MOHCD</td>
</tr>
<tr>
<td>Next Steps</td>
<td>Convene interagency recovery team to establish ways for Planning to support MOHCD and how to pursue specific proposals, as described above, not already in existing efforts.</td>
</tr>
</tbody>
</table>
| Metrics Key               | 1 Serve and invest in Low-Resourced neighborhoods  
2 Open up High-Resourced Neighborhoods  
3 Supports an identified equity goal in any neighborhood                                                              |

Effort 6: Cultural District and Community Strategy Priority

The Cultural District program’s purpose is to celebrate and strengthen the unique cultural identities of San Francisco’s neighborhoods; to preserve and promote diverse communities’ cultural assets and to ensure that residents and institutions thrive; and, to formalize partnerships between the City and communities. A cultural district is a geographic area or location within San Francisco that embodies a unique cultural heritage. The initiative calls on City Departments to collaborate and partner with community groups to establish a clear strategic plan to fulfill each District’s vision and goals, resulting in a Cultural History, Housing and Economic Sustainability Strategies (CHHESS) Report. Extensive community engagement, district-specific data will inform each District’s CHHESS Report so that it can serve as a ‘roadmap’ to stabilize vulnerable communities facing, or at risk of, displacement or gentrification. Housing access and stability is an essential and integrated part of the overall health of each of these communities.

Similarly, community strategies can take the form of neighborhood vision, strategic and/or action plans that are tailored to the needs of a specific community. The Department is working with several community-based organizations and leaders to develop and implement strategies in priority communities: Mission Action Plan 2020, Sustainable Chinatown, Excelsior & Outer Mission Neighborhood Strategy, and, more recently, the Tenderloin. As part of the Community Equity Division’s work program, this list may be expanding in the coming year. These community-based plans were a collaborative effort between City agencies and community members. While tailored to the community,
most community strategies seek to prevent displacement of Black, American Indian, and communities of color and low-income people.

Each cultural group is identified with a geography in their designating ordinance. All these geographies are located within DPH’s Vulnerability Map 2016. Current cultural districts include the American Indian Cultural District (in the Mission), Japantown Cultural District, Calle 24 Latino Cultural District (in the Mission), SoMa Pilipinas – Filipino Cultural District, Compton’s Transgender Cultural District (in the Tenderloin), Leather and LGBTQ Cultural District (in SOMA), African American Arts and Cultural District (in the Bayview), and Castro LGBTQ Cultural District.71

The Cultural Districts are currently in various stages of organizational development, and five of them are actively preparing their required Cultural History, Housing and Economic Sustainability Strategy (CHHESS) reports. Per program requirements, these reports must address the housing needs of their communities as well as the current socioeconomic conditions impacted by the pandemic. It is anticipated that recovery strategies will, therefore, be incorporated into each District’s report, potentially including housing recovery strategies. Additionally, the Cultural Districts’ recent grant application goals align with the Economic Recovery Task Force (ERTF) themes supporting local economic stimulus, job connections, safe reopening, meeting basic needs of the vulnerable, building stronger neighborhoods, preserving operations and lessening regulatory burdens.

Specific Planning Department staff will be assigned to monitor the recovery work and assess and track the prioritization of the stabilization of vulnerable communities facing, or at risk of, displacement or gentrification. In the near term, MOHCD recently (October 2020) awarded $265,000 for each of the eight cultural districts to support community building and stabilization. While none of this one-time funding was directed at housing investment, approximately $400,000 will be going directly to meet the basic needs of District residents, cultural community members, and cultural district small businesses. Food access and a mental health guide will be created for the Filipino community, two COVID Task Forces will be created, and a broad set of community members will be impacted by place keeping efforts. In the longer term, strategies such as promoting culturally competent affordable housing with preferences for formerly displaced residents and their descendants or community acquisition and management of affordable housing units are being advanced in the draft CHHESS reports underway.72 These cultural district and community strategy planning efforts will result in community-led, people-focused strategies that holistically support the social, financial, and physical infrastructure required to sustain these diverse communities.

<table>
<thead>
<tr>
<th>Category</th>
<th>Cultural District Priority</th>
<th>1</th>
<th>2</th>
<th>3</th>
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</thead>
<tbody>
<tr>
<td>Proposal</td>
<td>Emphasize Cultural District and Community Strategy Priority in all other projects</td>
<td>B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Needs</td>
<td>Displacement mitigation including tenant protections and homeowner support, Healthy living conditions and public health, Economic development, historic preservation</td>
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<tr>
<td>Lead Agency</td>
<td>Planning Department, supporting the MOHCD program</td>
<td></td>
<td></td>
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<tr>
<td>Next steps</td>
<td>Assign specific Planning Department staff to review project proposals, re-evaluate at key milestones and provide feedback, support communicating recovery efforts to community leadership</td>
<td></td>
<td></td>
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<tr>
<td>Metrics Key</td>
<td>1 Serve and invest in Low-Resourced neighborhoods</td>
<td>A</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>2 Open up High-Resourced Neighborhoods</td>
<td>B</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>3 Supports an identified equity goal in any neighborhood</td>
<td>C</td>
<td></td>
<td></td>
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</tbody>
</table>

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72 The SoMa Pilipinas and Japantown cultural districts are currently drafting their CHHESS reports and have included housing strategies such as those cited above. Final drafts of the two CHHESS reports could be ready for public review and Board of Supervisors approval by late Winter 2021.
Effort 7: Advance Housing Pipeline

While public resources, programs, and planning can support a coordinated response to the crisis conditions, the city also relies on private industry to continue to produce housing, not only to supply units during a historic dearth, but to maintain the job ecosystem it supports, including construction, administrative, and professional workers. Keeping this labor force is essential to the overall health of the economy right now but also to maintaining the labor market to enable housing to be built over the coming decades. It also recognizes that keeping families housed in San Francisco supports both racial and social equity and climate crisis goals found in other efforts, such as the Climate Action Plan.73

The Planning Department will continue to review internal staffing assignments and streamlining to further focus our resources on subsidized and supportive housing as well as market-rate projects that attain maximum density or provide a higher quantity of units. The Department will continue to review and assess additional recommendations for reducing process and incentivizing the additional production of housing, especially at the small, multi-family scale. Some examples include:

- Reduce minimum lots sizes, to add housing at a similar scale in lower-density neighborhoods
- Increase allowable unit density at corner lots, to encourage homeowners to turn their existing structures into small, multi-family projects
- Reduce requirements for projects that expand to meet existing density requirements, typically these would support small, multi-family (4-20 unit) and mid-rise (20-100 unit) developments
- Allow lot consolidation in Neighborhood Commercial Districts for 100% affordable housing projects without Conditional Use Authorizations (CUs)
- Facilitate adaptive re-use projects by reducing regulatory barriers
- Reduce regulatory or density limitations for senior housing and group housing that support special needs, caregiving, supportive models.

<table>
<thead>
<tr>
<th>Category</th>
<th>Housing Pipeline Advancement</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal</td>
<td>Prioritize staffing on affordable housing, multifamily housing that meets or exceeds density, and housing projects over 25 units. Implement regulatory changes under existing Housing Element EIR that increase production of small, multi-family projects.</td>
<td></td>
<td>C</td>
<td></td>
</tr>
</tbody>
</table>

| Needs                   | Homeownership and housing security, Economic development                                      |   |   |   |
| Lead Agency             | Planning Department                                                                          |   |   |   |
| Next steps              | Enact staffing changes through internal coordination. Maintain evolving list of code or zoning proposals that would enable production of small, multi-family housing. |   |   |   |
| Metrics Key             | 1 Serve and invest in Low-Resourced neighborhoods 2 Open up High-Resourced Neighborhoods 3 Supports an identified equity goal in any neighborhood | A | B | C |

73 Climate Action Plan - The Climate Action Plan (CAP) update process will put equity, racial justice, resilience, and a just economy at the core of climate action solutions. The effort will engage work and partnerships between city agencies, community members, local businesses, and technical experts. Critical updates will reflect the change in the City’s emission reduction goals; show how the CAP will integrate with Hazards and Climate Resilience efforts; highlight our commitment to equity and engagement; focus on accountability, implementation, and monitoring; clarify/update Department roles and responsibilities; signal our interest in exploring consumption-based emissions; and update key findings and definitions.
**Effort 8: Land Equity Fund**

The recovery strategy team proposes to galvanize community equity leadership, non-profit and philanthropic institutions, and the real estate industry to increase home and property ownership for communities of color, specifically the Black, Latinx, and American Indian households. This includes understanding the local forces and structures that diminish opportunities, addressing community-specific financial challenges, advocating the usage of alternative credit scoring models, advocating for strengthened federal loan programs that support these families, and building sustainable funding sources.

The recovery team proposes developing a Land Equity Fund that could be used to land bank affordable housing sites in high opportunity neighborhoods, provide down-payment assistance to new owners in all neighborhoods, preserve historic housing assets for priority geographies, and offer resilience resources in case of future economic downturn. This fund could also be identified to help start or maintain Black-, Latinx-, and American Indian-owned development or property management enterprises. The source of this funding will be determined by the fund advisory process, which will examine public and private partnerships.

<table>
<thead>
<tr>
<th>Category</th>
<th>Land Equity Fund</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal</td>
<td>Create a Land Equity Fund to support ownership for Black, Latinx, and American Indian households.</td>
<td>B</td>
<td>B</td>
<td>B</td>
</tr>
<tr>
<td>Needs</td>
<td>Homeownership and housing security, Economic development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lead Agency</td>
<td>Planning Department with OEWD</td>
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<tr>
<td>Next steps</td>
<td>The Planning Department will secure a consultant to lead the advisory and exploratory process.</td>
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<tr>
<td>Metrics Key</td>
<td>1 Serve and invest in Low-Resourced neighborhoods</td>
<td>A</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>2 Open up High-Resourced Neighborhoods</td>
<td>B</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>3 Supports an identified equity goal in any neighborhood</td>
<td>C</td>
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</table>

**Effort 9: High Opportunity Neighborhoods Planning**

To support the development of small, multi-family housing and racial and social equity, the Planning Department will explore community and area planning that can increase opportunities for subsidized and financially attainable housing for low-, moderate- and middle-income families in high opportunity, low density neighborhoods. Working with neighborhoods, the Department will propose zoning changes to arrive in timing with the 2022 Update to the Housing Element and its Environmental Impact Report. Some subtopics to explore:

- Change NCDs to NCTs to open housing for access to services including transit
- Facilitate scatter-sites for affordable housing, using land dedication sites
- Administrative permitting for projects that meet equity and density thresholds

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**Notes:**

1. Housing Element 2022 – The Housing Element is San Francisco’s housing plan for the next 8 years (2022-2030) and the first one that will center on racial and social equity. It will include policies and programs that express our collective vision and values for the future of housing in San Francisco. It will define our priorities for housing solutions guiding decisions and resource allocation for creating housing and providing housing services. The Housing Element will reflect the following community values: minimum displacement; neighborhoods resilient to climate and health crises; more housing for all, in all neighborhoods; and racial and social diversity.
- Expanding to RH-4 zoning or other ways to reduce density restrictions

<table>
<thead>
<tr>
<th>Category</th>
<th>High Opportunity Neighborhoods Planning</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal</td>
<td>Enable small, multi-family housing and affordable housing in high opportunity neighborhoods with zoning changes under the Housing Element Update 2022 EIR</td>
<td></td>
<td></td>
<td>C</td>
</tr>
<tr>
<td>Needs</td>
<td>Safe and supportive housing, Healthy living conditions and public health, Homeownership and housing security, Economic development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lead Agency</td>
<td>Planning Department</td>
<td></td>
<td></td>
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<tr>
<td>Next steps</td>
<td>Defining community planning process for high opportunity neighborhoods</td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>Define ways to encourage site acquisition and funding for affordable housing in high opportunity areas</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Metrics Key</td>
<td>1 Serve and invest in Low-Resourced neighborhoods</td>
<td>A</td>
<td>Delivery</td>
<td></td>
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<td></td>
<td>2 Open up High-Resourced Neighborhoods</td>
<td>B</td>
<td>Facilitation</td>
<td></td>
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<td></td>
<td>3 Supports an identified equity goal in any neighborhood</td>
<td>C</td>
<td>Regulation</td>
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Attachment B

News Releases
The latest news and announcements from Mayor London N. Breed

MAYOR LONDON BREED ANNOUNCES PLAN TO FUND HOMELESSNESS RECOVERY PLAN
PRIORITYING HOUSING EXPANSION

Tuesday, July 21, 2020

With planned investments in upcoming two-year budget and continued delivery of funded projects and programs, the City will make 6,000 additional placements available for people experiencing homelessness over the next two years—including the largest two-year expansion of new PSH

San Francisco, CA — Mayor London N. Breed announced a plan to support investments in housing and shelter as part of a broader Homelessness Recovery Plan that will help the City create more housing and shelter for homeless residents as San Francisco endures and eventually emerges from the COVID-19 pandemic.

Through the Homelessness Recovery Plan, the City will expand capacity in the Homelessness Response System and will make 6,000 placements available for people experiencing homelessness through Coordinated Entry, including 4,500 placements in Permanent Supportive Housing. This includes acquiring or leasing 1,500 new units of Permanent Supportive Housing in the next two years, the largest one-time expansion in the City in 20 years.

The Homelessness Recovery Plan will include placements so that the City can ensure homeless residents who have been moved into Shelter in Place hotels during the COVID-19 pandemic are not returned to the streets. These exits include new and existing Permanent Supportive Housing, maintaining safe sleeping sites, and reactivating some spaces in the shelter system at a safe capacity with COVID-19 modifications in place. By the close of 2022, the City plans to complete its historic expansion of Permanent Supportive Housing.

“Throughout this pandemic, San Francisco has provided emergency housing and shelter for thousands of unhoused people, and we are continuing to work to help those living on our streets each and every day,” said Mayor Breed. “But we have also continued our long-term planning to provide housing and shelter for thousands of people for years to come. Even in the midst of this historic budget crisis, we can still do our part to move forward solutions, while still advocating for more support from the federal and state government. We know housing is the solution to homelessness, and by expanding access to housing, we can help people get more stable and also create more opportunities to help people off our streets and into our system of care.”

This system expansion is dependent on the passage of two measures on the November ballot—the Business Tax Reform measure and the Health and Recovery General Obligation Bond, in addition to activating further state and local
funding sources. The Health and Recovery Bond received unanimous support from the Board at its first vote on Tuesday, July 14th.

The Mayor’s Homelessness Recovery Plan is based on proven approaches such as Rapid Rehousing, Prevention and Problem Solving, and Permanent Supportive Housing. Permanent Supportive Housing is the City’s most effective intervention for ending chronic homelessness for people with long histories of homelessness and complex health care needs. San Francisco currently has approximately 8,000 units of PSH which house approximately 10,000 people every night.

“This Plan is nothing short of a game changer. San Francisco leads in the most Permanent Supportive Housing per capita of any community in the country and with the Mayor’s leadership, will have the largest one-time expansion of housing in twenty years,” said Abigail Stewart-Kahn, Interim Director of the Department of Homelessness and Supportive Housing. “It is critical that we provide more housing, shelter, prevention and diversion for those experiencing homelessness to realize our goal of not exiting anyone who came inside during this crisis to the street while preventing thousands more from becoming homeless during this crisis.”

As part of the City’s COVID-19 response, the City has opened more than 20 hotels with 2,527 rooms for vulnerable residents to isolate, quarantine and shelter in place, as well as 120 RVs and additional safe sleeping villages and sites. In the short-term, the City will continue to move approximately 1,000 more people currently experiencing homelessness off the streets and into alternative housing sites, including Shelter in Place hotel rooms, shelter, and safe sleeping sites.

**Homelessness Recovery Plan**

The City’s Homelessness Recovery Plan is as follows:

- Beginning this year, the City will move Coordinated Entry Housing-Referral Status individuals, some currently in Shelter in Place Hotels, into Permanent Supportive Housing (PSH) units.
- In Fiscal Year (FY) 2020-21, the City plans to purchase and lease 1,000 new Permanent Supportive Housing (PSH) units and add an additional 500 PSH units in FY 2021-2022.
- In partnership with Tipping Point Community, 200 of the newly leased units will be made available through a flexible housing subsidy pool, which matches people experiencing homelessness with private market apartments and provides support services and rental subsidies to keep them housed. Tipping Point and other philanthropic partners are also hard at work raising additional funds to support this Recovery Plan.
- The City will be looking at a variety of possible sites for acquisition to identify buildings that meet the needs of future tenants and that are financially feasible for the City. By 2022, the City will have completed the largest one-time expansion of PSH in the last 20 years, with 1,500 new units on-line.
- In addition to the new units, each year, the City will place approximately 1,500 individuals in PSH each year, identifying and optimizing a pipeline of units completing construction and maximizing turnover within the City’s current PSH portfolio.
- Additionally, the City plans to reactivate its adult shelter system up to approximately 1,000 beds, reopening more placements for people experiencing homelessness. This increase will maintain necessary spacing between residents and will include robust safety measures including daily health screening, social distancing,
enhanced cleaning, testing, and other preventative measures. Due to the pandemic, the City's adult congregate shelter system will remain at 50% total capacity to protect the safety of clients and staff.

- In fall 2020, the City plans to open a new first-of-its-kind Transitional Age Youth Navigation Center at 888 Post, providing beds for young people ages 18-24.

- In January 2021, the City expects to open a new adult SAFE Navigation Center at 1925 Evans Street to serve the Bayview community.

- Additionally, the City plans to continue the operation of 120 RVs to maintain this expanded emergency shelter.

- In addition to expanded exits to homelessness, the City will invest further in homelessness prevention as the City anticipates that people experiencing the crisis of homelessness may increase as the economic impacts of the COVID-19 pandemic evolve.

- Finally, assuming the COVID-19 pandemic has subsided, capacity in the adult shelter system will return to pre-COVID levels, reopening approximately 1,000 placements in previously existing shelter locations.