



SAN FRANCISCO PLANNING DEPARTMENT

MEMO

Executive Summary Housing Balance Report HEARING DATE: OCTOBER 1, 2015

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Date: September 24, 2015

Project Name: **Housing Balance Report**

Case Number: n/a

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Recommendation: None – Informational Only

On April 21, 2015, the Board of Supervisors passed Ordinance No. 53-15 amending the Planning Code to include a new Section 103 requiring the Planning Department to monitor and report on the “housing balance” between new market rate housing and new affordable housing production. The ordinance required the first report be submitted by June 1, 2015 and subsequent reports are to be submitted September 1 and March 1 of each year.

One of the stated purposes of the Housing Balance is “to ensure that data on meeting affordable housing targets Citywide and within neighborhoods informs the approval process for new housing development.” The *Housing Balance Report* will track performance toward meeting the affordable housing goals set by Proposition K (33%) and the City’s Housing Element (57%).

The ordinance requires that the Housing Balance be provided using two calculations: a) “Cumulative Housing Balance” within a 10 year Housing Balance period and b) “Projected Housing Balance” which includes residential projects that have received approvals from the Planning Commission or Planning Department but have not yet received permits to commence construction.

The Citywide Cumulative Housing Balance for the 2005 Q3 to 2015 Q2 Housing Balance Period is 15%, although this varies by districts. Distribution of the Cumulative Housing Balance over the 11 Board of Supervisor Districts ranges from –189% (District 4) to 40% (District 5). This variation, especially with negative housing balances, is due to the larger number of units withdrawn from protection such as rent control relative to the number of total net new units and net affordable units built in specific districts.

The Projected Housing Balance Citywide is 11%. Three major development projects were

identified in the ordinance for exclusion in the projected housing balance calculations until site permits are obtained. These three projects – Hunters’ Point, Treasure Island and ParkMerced – add up to 23,700 net units, with over 5,170 affordable units; they would bring the projected housing balance to 20% if included in the calculations.

REQUIRED COMMISSION ACTION

Informational item. No action required.



SAN FRANCISCO PLANNING DEPARTMENT

MEMO

DATE: 4 September 2015
TO: Members, San Francisco Board of Supervisors
FROM: John Rahaim
Director of Planning
RE: **HOUSING BALANCE REPORT**

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SUMMARY

This report is submitted in compliance with the recently passed Ordinance No. 53-15 requiring the Planning Department to monitor and report on the housing balance between new market rate and new affordable housing production. The "Housing Balance" is defined as the proportion of all new affordable housing units to the total number of all new housing units for a 10-year "Housing Balance Period." This report is the second in the series and covers the ten-year period from July 2005 through June 2015.

One of the stated purposes of the Housing Balance is "to ensure that data on meeting affordable housing targets City-wide and within neighborhoods informs the approval process for new housing development." In November 2014, San Francisco's voters endorsed Proposition K, which set a goal of 33% of all new housing units to be affordable. Housing production targets in the City's Housing Element adopted in April 2015 includes 28,870 new units to be built between 2015 and 2022, 57% of which should be affordable. Twenty-eight percent (28%) of net new housing produced in this ten-year reporting period were affordable.

The ordinance requires that the Housing Balance be provided using two calculations: a) "Cumulative Housing Balance" consisting of net housing built within a 10 year Housing Balance period, acquisition and substantial rehabilitation of affordable units, projects that have received both approvals from the Planning Commission or Planning Department and site permits from the Department of Building Inspection, and units withdrawn from protected status; and b) "Projected Housing Balance" which includes residential projects that have received approvals from the Planning Commission or Planning Department but have not yet received permits to commence construction.

The Citywide Cumulative Housing Balance for the 2005 Q3 -2015 Q2 Housing Balance Period is 15%, although this varies by districts. Distribution of the Cumulative Housing Balance over the 11 Board of Supervisor Districts ranges from -189% (District 4) to 40% (District 5). This variation, especially with negative housing balances, is due to the larger number of units withdrawn from protection such as rent control relative to the number of total net new units and net affordable units built in specific districts.

The Projected Housing Balance Citywide is 11%. Three major development projects were identified in the ordinance for exclusion in the projected housing balance calculations until site permits are obtained. These three projects add up to 23,700 net units, with over 5,170 affordable units; would increase the projected housing balance to 20% if included in the calculations.

It should be noted that this second *Housing Balance Report* adjusted the calculations to conform to the ordinance's exact requirements. The Cumulative Housing Balance in the first *Housing Balance Report*, for example, included planned RAD public housing unit replacements that have yet to be completed. Removing these units from the calculation reduces the first Housing Balance from 21% to 14%.

BACKGROUND

On 21 April 2015, the Board of Supervisors passed Ordinance No. 53-15 amending the Planning Code to include a new Section 103 requiring the Planning Department to monitor and report on the Housing Balance between new market rate housing and new affordable housing production. The Housing Balance Report will be submitted bi-annually by March 1 and September 1 of each year and will also be published on a visible and accessible page on the Planning Department's website. Section 103 also requires an annual hearing at the Board of Supervisors on strategies for achieving and maintaining the required housing balance in accordance with the City's housing production goals. The ordinance also instructed the Planning Department to produce the first report by 1 June 2015.

The stated purposes for the Housing Balance Monitoring and Reporting are: a) to maintain a balance between new affordable and market rate housing Citywide and within neighborhoods; b) to make housing available for all income levels and housing need types; c) to preserve the mixed-income character of the City and its neighborhoods; d) to offset the withdrawal of existing housing units from rent stabilization and the loss of single-room occupancy hotel units; e) to ensure the availability of land and encourage the deployment of resources to provide sufficient housing affordable to households of very low, low, and moderate incomes; f) to ensure adequate housing for families, seniors and the disabled communities; g) to ensure that data on meeting affordable housing targets Citywide and within neighborhoods informs the approval process for new housing development; and h) to enable public participation in determining the appropriate mix of new housing approvals.

Specifically, the Housing Balance Report will track performance toward meeting the goals set by Proposition K and the City's Housing Element. On November 2014, San Francisco's voters endorsed Proposition K, which set a goal of 33% of all new housing units to be affordable. Housing production targets in the City's Housing Element adopted in April 2015 includes 28,870 new units built between 2015 and 2022, 57% of which should be affordable.

This report was prepared from information from previously published sources including the Planning Department’s annual *Housing Inventory* and quarterly *Pipeline Report* data, San Francisco Rent Board data, and the Mayor’s Office of Housing and Community Development’s *Weekly Dashboard*.

CUMULATIVE HOUSING BALANCE CALCULATION

Section 103 states that the Housing Balance “be expressed as a percentage, obtained by dividing the cumulative total of extremely low, very low, low, and moderate income affordable housing (all units 0-120% AMI) minus the lost protected units, by the total number of net new housing units with the Housing Balance Period.” “Protected units” include units that are subject to rent control under the City’s Residential Rent Stabilization and Arbitration Ordinance. Additional elements that figure into the Housing Balance include completed HOPE SF and RAD public housing replacement, substantially rehabilitated units, and single-room occupancy hotel units (SROs).

$$\begin{array}{r}
 \text{[Net New Affordable Housing +} \\
 \text{Completed Acquisitions \& Rehabs + Completed} \\
 \text{HOPE SF + RAD Public Housing Replacement +} \\
 \text{Entitled \& Permitted Affordable Units]} \\
 - \text{ [Units Removed from Protected Status]} \\
 \hline
 \text{[Net New Housing Built + Net Entitled \& Permitted Units]}
 \end{array}
 =
 \begin{array}{l}
 \text{CUMULATIVE} \\
 \text{HOUSING} \\
 \text{BALANCE}
 \end{array}$$

The “Housing Balance Period” is a ten-year period starting with the first quarter of 2005 through the last quarter of 2014. Subsequent housing balance reports will cover the 10 years preceding the most recent quarter. This report covers July 2005 (Q3) through June 2015 (Q2).

Table 1 below shows the Cumulative Housing Balance for 2005 Q3 – 2015 Q2 is 15% Citywide. Housing Balances for Board of Supervisor Districts range from -812% (District 4) to 40% (District 5). Districts 5, 6 and 10 have positive housing balances (40%, 25% and 20%). Negative balances in several districts – which range from -1% in District 9 to -189% in District 4 – resulted from the larger numbers of units removed from protected status relative to the net new affordable housing and net new housing units built. Net loss of affordable housing units in District 11 equaled the number of net new units built and total entitled and permitted units, resulting in a -100% housing balance.

Table 1
Cumulative Housing Balance Calculation

BoS Districts	Net New Affordable Housing Built	Completed Acquisitions & Rehabs	Units Removed from Protected Status	Entitled Affordable Units Permitted	Total Net New Units Built	Total Entitled Units	Housing Balance
BoS D1	278	-	(463)	4	393	92	-37.3%
BoS D2	50	24	(413)	40	365	603	-30.9%
BoS D3	350	72	(524)	15	1,382	109	-5.8%
BoS D4	30	-	(389)	1	106	83	-189.4%
BoS D5	631	430	(478)	217	1,264	733	40.1%
BoS D6	3,414	1,014	(216)	424	14,064	4,765	24.6%
BoS D7	118	-	(205)	-	358	240	-14.5%
BoS D8	407	-	(699)	170	1,041	625	-7.3%
BoS D9	269	319	(630)	26	1,179	296	-1.1%
BoS D10	717	-	(214)	418	2,325	2,309	19.9%
BoS D11	30	-	(297)	13	128	126	-100.0%
TOTALS	6,294	1,859	(4,528)	1,328	22,605	9,981	15.2%

CUMULATIVE HOUSING BALANCE ELEMENTS

Because the scope covered by the Housing Balance calculation is broad, each element – or group of elements – will be discussed separately. The body of this report will account for figures at the Board of Supervisor district level. The breakdown of each element using the Planning Department District geographies as required by Section 103 is provided separately in an Appendix. This is to ensure simple and uncluttered tables.

Affordable Housing and Net New Housing Production

Table 2 below shows housing production between 2005 Q3 and 2015 Q2. This ten-year period resulted in a net addition of 22,650 units to the City’s housing stock, including 6,250 affordable units. Over 14,060 (62%) of net new housing and over 3,400 (56%) of affordable housing built in the ten year reporting period were in District 6. District 10 follows with almost 2,370 (11%) net new units, including 670 (11%) affordable units.

The table below also shows that almost 30% of net new units built between 2005 Q3 and 2015 Q2 were affordable units. While District 1 saw modest gains in net new units built, most of these were affordable (71%); half of net new units in District 5 are affordable. District 10 shows a net loss of 37 units affordable to very low income households with the demolition of Hunters View

public housing units in preparation for HOPE VI replacement. The new HOPE VI units are counted as affordable units as they are built (90 units in this reporting period).

Table 2
New Housing Production by Affordability, 2005 Q3 - 2015 Q2

BoS District	Very Low	Low	Moderate	Total Affordable Units	Total Net Units	Affordable Units as % of Total Net Units
BoS District 1	184	2	92	278	393	70.7%
BoS District 2	-	-	50	50	365	13.7%
BoS District 3	267	15	68	350	1,382	25.3%
BoS District 4	-	-	30	30	106	28.3%
BoS District 5	422	77	132	631	1,264	49.9%
BoS District 6	2,220	674	520	3,414	14,064	24.3%
BoS District 7	70	26	22	118	358	33.0%
BoS District 8	260	32	115	407	1,041	39.1%
BoS District 9	138	40	91	269	1,179	22.8%
BoS District 10	(37)	344	410	717	2,325	30.8%
BoS District 11	-	10	20	30	128	23.4%
TOTAL	3,524	1,220	1,550	6,294	22,605	29.7%

Housing affordability categories listed in the table are consistent with annual reporting submitted to the State Department of Housing and Community Development in compliance with the State Housing Element law. Units affordable to Extremely Very Low Income (EVLI) households are included under the Very Low Income (VLI) category because certain projects that benefit homeless individuals and families – groups considered as EVLI – have income eligibility caps at the VLI level. The table below also does not include Middle Income Units as required by Section 103 because information on or tracking of non-deed restricted units affordable to households at this income level is difficult to obtain.

Acquisition and Rehabilitation of Existing Affordable Housing Units

Table 3 below lists the number of units that have been substantially rehabilitated and/or acquired to ensure permanent affordability between 2005 and 2014. These are mostly single-room occupancy hotel units that are affordable to very low-income households.

Table 3
Acquisitions and Rehabilitation of Affordable Housing, 2005-2014

BoS District	No. of Buildings	No. of Units
BoS District 2	1	24
BoS District 3	1	72
BoS District 5	4	430
BoS District 6	13	1,014
BoS District 9	2	319
TOTALS	21	1,859

Units Withdrawn From Protected Status

San Francisco’s Residential Rent Stabilization and Arbitration Ordinance preserves affordability of about 175,000 rental units by limiting annual rent increases. Landlords can, however, remove such units from the rental market through no-fault evictions including owner move-in, Ellis Act, condo conversion, or demolition. The Housing Balance calculation takes into account units withdrawn from rent stabilization as loss of affordable housing.

The table below shows the distribution of no-fault evictions between 2005 and 2014. Owner move-ins and Ellis Out evictions made up the majority of no fault evictions (41% and 34% respectively). Districts 8 (15%), 9 (13%) and 6 (12%) lead in the number of no-fault evictions.

Table 4
No-Fault Evictions, 2005 Q3 – 2015 Q2

BoS District	Demolition	Ellis Out	Owner Move-In	Condo Conversion	Other	Total No Fault
BoS District 1	25	121	285	1	31	463
BoS District 2	14	150	186	8	55	413
BoS District 3	11	293	119	6	95	524
BoS District 4	92	62	224	1	10	389
BoS District 5	22	147	226	16	67	478
BoS District 6	85	77	41	2	11	216
BoS District 7	25	40	132	2	6	205
BoS District 8	32	289	305	12	61	699
BoS District 9	76	224	271	4	55	630
BoS District 10	31	35	139	2	7	214
BoS District 11	86	42	160	-	9	297
TOTALS	499	1,480	2,088	54	407	4,528

Entitled and Permitted Units

The table below lists units that have received entitlements from the Planning Commission or the Planning Department. These pipeline projects have also received site permits from the Department of Building Inspection and most are under construction as of the second quarter of 2015. About half of these units are being built in District 6.

Table 5
Permitted Units, 2015 Q2

BoS District	Very Low Income	Low Income	Moderate	Total Affordable Units	Net New Units	Total Affordable Units as % of Net New Units
BoS District 1	-	-	4	4	92	4.3%
BoS District 2	-	-	40	40	603	6.6%
BoS District 3	-	-	15	15	109	13.8%
BoS District 4	-	-	1	1	83	1.2%
BoS District 5	98	91	28	217	733	29.6%
BoS District 6	67	154	203	424	4,765	8.9%
BoS District 7	-	-		-	240	0.0%
BoS District 8	110	60		170	625	27.2%
BoS District 9	-	-	26	26	296	8.8%
BoS District 10	120	259	39	418	2,309	18.1%
BoS District 11	-	4	9	13	126	10.3%
TOTALS	395	568	365	1,328	9,981	13.3%

PROJECTED HOUSING BALANCE

Table 6 below residential projects that have received entitlements from the Planning Commission or the Planning Department but have not yet received a site or building permit. Overall projected housing balance for this reporting period is 13%. This balance is expected to change as several major projects have yet to declare how their affordable housing requirements will be met. In addition, three entitled major development projects – Treasure Island, ParkMerced, and Hunters Point – are not included in the accounting as specified in the ordinance. These three projects will yield almost 25,400 net new units; 21% (or 5,425 units) would be affordable to low and moderate income households.

Table 6
Projected Housing Balance Calculation, 2015 Q2

BoS District	Very Low Income	Low Income	Moderate	Total Affordable Units	Net New Units	Total Affordable Units as % of Net New Units
BoS District 1	-	-	-	-	11	0.0%
BoS District 2	-	-	-	-	42	0.0%
BoS District 3		-	12	12	340	3.5%
BoS District 4	-	-	-	-	2	0.0%
BoS District 5	-	-	-	-	51	0.0%
BoS District 6	170	83	71	324	2,552	12.7%
BoS District 7	-	-	-	-	51	0.0%
BoS District 8	-	-	3	3	103	2.9%
BoS District 9	-	-	-	-	56	0.0%
BoS District 10	-	126	196	322	1,971	16.3%
BoS District 11	-	-	-	-	11	0.0%
TOTALS	170	209	282	661	5,190	12.7%

RAD Program

The San Francisco Housing Authority's Rental Assistance Demonstration (RAD) program will preserve at risk public and assisted housing projects. According to the Mayor's Office, Phase 1 with 15 projects and a total of 1,425 units is slated to start construction in December 2015. These projects, shown in the table below, are also not included in the Projected Housing Balance calculation. Once completed, however, these units will figure in the Cumulative Housing Balance calculation.

Table 7
RAD Affordable Units

BoS Districts	Projects	Units
BoS District 1	2	144
BoS District 2	1	113
BoS District 3	2	143
BoS District 5	3	263
BoS District 6	2	189
BoS District 7	1	110
BoS District 8	2	132
BoS District 9	1	118
BoS District 10	1	213
TOTALS	15	1,425

NEXT STEPS

This report complies with the requirement that the Planning Department publish and update the *Housing Balance Report* bi-annually on September 1 and March 1 of each year. The Department is currently working on making reports available online and accessible in a page dedicated to the Housing Balance Report on the Planning Department’s website as mandated by the ordinance.

An annual hearing on the Housing Balance before the Board of Supervisors will be scheduled by April 1 of each year. The Mayor’s Office of Housing and Community Development, the Mayor’s Office of Economic and Workforce Development, the Rent Stabilization Board, the Department of Building Inspection, and the City Economist will present strategies for achieving and maintaining a housing balance consistent with the City’s housing goals at this annual meeting. Should the cumulative housing balance fall below 33%, MOHCD will determine the amount of funding needed to bring the City into the required minimum 33%.

APPENDIX

CUMULATIVE HOUSING BALANCE REPORT TABLES BY PLANNING DISTRICTS

Table 1
Cumulative Housing Balance Calculation, 2005 Q3 – 2015 Q2

Planning Districts	New Affordable Housing Built	Acquisitions & Rehabs Completed	Units Removed from Protected Status	Total Entitled Affordable Units Permitted	Total Net New Units Built	Total Entitled Permitted Units	Housing Balance
1 Richmond	286	-	(580)	87	532	192	-28.6%
2 Marina	31	24	(232)	-	116	143	-68.3%
3 Northeast	329	72	(534)	15	1,056	92	-10.3%
4 Downtown	1,619	745	(124)	219	5,134	1,232	38.6%
5 Western Addition	516	362	(247)	168	1,023	1,005	39.4%
6 Buena Vista	145	-	(298)	176	564	596	2.0%
7 Central	85	-	(438)	-	361	46	-86.7%
8 Mission	637	319	(619)	37	1,707	353	18.2%
9 South of Market	2,044	337	(129)	365	10,458	5,212	16.7%
10 South Bayshore	383	-	(54)	236	841	508	41.9%
11 Bernal Heights	17	-	(201)	-	113	31	-127.8%
12 South Central	38		(305)	20	180	202	-64.7%
13 Ingleside	110		-176	4	325	248	-10.8%
14 Inner Sunset	24		-202	-	93	39	-134.8%
15 Outer Sunset	30		-389	1	102	82	-194.6%
Totals	6,294	1,859	(4,528)	1,328	22,605	9,981	15.2%

Table 2
New Housing Production by Affordability, 2005 Q3 – 2015 Q2

Planning Districts	Very Low	Low	Moderate	Total Affordable Units	Total Net Units	Affordable Units as % of Total Net Units
1 Richmond	184	2	100	286	532	53.8%
2 Marina	-	-	31	31	116	26.7%
3 Northeast	267	11	51	329	1,056	31.2%
4 Downtown	1,154	331	134	1,619	5,134	31.5%
5 Western Addition	367	77	72	516	1,023	50.4%
6 Buena Vista	55	14	76	145	564	25.7%
7 Central		18	67	85	361	23.5%
8 Mission	474	40	123	637	1,707	37.3%
9 South of Market	990	404	650	2,044	10,458	19.5%
10 South Bayshore	(37)	287	133	383	841	45.5%
11 Bernal Heights	-	-	17	17	113	15.0%
12 South Central	-	10	28	38	180	21.1%
13 Ingleside	70	26	14	110	325	33.8%
14 Inner Sunset	-	-	24	24	93	25.8%
15 Outer Sunset	-	-	30	30	102	29.4%
Totals	3,524	1,220	1,550	6,294	22,605	27.8%

Table 3
Acquisitions and Rehabilitation of Affordable Housing, 2005-2014

Planning District	No. of Buildings	No. of Units
2 Marina	1	24
3 Northeast	1	72
4 Downtown	6	745
5 Western Addition	3	362
8 Mission	2	319
9 South of Market	7	295
Treasure Island	1	42
TOTALS	21	1,859

Table 4
No-Fault Evictions, 2005 Q3 – 2015 Q2

Planning District	Demolition	Ellis Out	Owner Move-In	Condo Conversion	Other	Total No-Fault
1 Richmond	32	193	321	2	32	580
2 Marina	4	61	121	4	42	232
3 Northeast	12	296	130	9	87	534
4 Downtown	69	26	9	-	20	124
5 Western Addition	11	78	118	8	32	247
6 Buena Vista	11	110	122	4	51	298
7 Central	23	160	212	9	34	438
8 Mission	44	289	237	2	47	619
9 South of Market	17	37	65	2	8	129
10 South Bayshore	11	8	32	1	2	54
11 Bernal Heights	30	51	96	4	20	201
12 South Central	89	34	173	-	9	305
13 Ingleside	41	18	111	-	6	176
14 Inner Sunset	13	57	117	8	7	202
15 Outer Sunset	92	62	224	1	10	389
Totals	499	1,480	2,088	54	407	4,528

Table 5
Permitted Units, 2015 Q2

Planning District	Very Low Income	Low Income	Moderate	Total Affordable Units	Net New Units	Total Affordable Units as % of Net New Units
1 Richmond	-	83	4	87	192	45.3%
2 Marina	-	-	-	-	143	0.0%
3 Northeast	-	-	15	15	92	16.3%
4 Downtown	-	37	182	219	1,232	17.8%
5 Western Addition	98	8	62	168	1,005	16.7%
6 Buena Vista	110	60	6	176	596	29.5%
7 Central	-	-	-	-	46	0.0%
8 Mission	-	22	15	37	353	10.5%
9 South of Market	67	261	37	365	5,212	7.0%
10 South Bayshore	120	93	23	236	508	46.5%
11 Bernal Heights	-	-	-	-	31	0.0%
12 South Central	-	-	20	20	202	9.9%
13 Ingleside	-	4	-	4	248	1.6%
14 Inner Sunset	-	-	-	-	39	0.0%
15 Outer Sunset	-	-	1	1	82	1.2%
Totals	395	568	365	1,328	9,981	13.3%

Table 6
Projected Housing Balance Calculation, 2015 Q2

Planning District	Very Low Income	Low Income	Moderate	Total Affordable Units	Net New Units	Total Affordable Units as % of Net New Units
1 Richmond	-	-	-	-	12	0.0%
2 Marina	-	-	-	-	38	0.0%
3 Northeast	-	-	12	12	314	3.8%
4 Downtown	170	83	-	253	1,183	21.4%
5 Western Addition	-	-	-	-	4	0.0%
6 Buena Vista	-	-	3	3	135	2.2%
7 Central	-	-	-	-	8	0.0%
8 Mission	-	-	-	-	57	0.0%
9 South of Market	-	-	81	81	1,671	4.8%
10 South Bayshore	-	126	186	312	1,691	18.5%
11 Bernal Heights	-	-	-	-	7	0.0%
12 South Central	-	-	-	-	16	0.0%
13 Ingleside	-	-	-	-	14	0.0%
14 Inner Sunset	-	-	-	-	38	0.0%
15 Outer Sunset	-	-	-	-	2	0.0%
Totals	170	209	282	661	5,190	12.7%

Table 7
RAD Affordable Units

Planning District	No. of Units	as % of Total
1 Richmond	144	10.1%
3 Northeast	143	10.0%
4 Downtown	189	13.3%
5 Western Addition	376	26.4%
6 Buena Vista	132	9.3%
10 South Bayshore	213	14.9%
11 Bernal Heights	118	8.3%
14 Inner Sunset	110	7.7%
TOTALS	1,425	100.0%