SAN FRANCISCO HOUSING POLICY DISCUSSION, PART 1

Equity and Inclusivity & Long Range Planning
AGENDA

CHALLENGE 1: EQUITABLE AND INCLUSIVE CITY

THE SAN FRANCISCO HOUSING CONTEXT

HOUSING POLICY GOALS

DISCUSSION

NEXT HEARING: ONGOING POLICY WORK AND TOOLKIT

“We expect too much of new buildings, and too little of ourselves.”

- Jane Jacobs
Retaining families and people of all incomes and walks of life is our overriding issue. Housing prices and rents are now the highest of any major city in the country. We are experiencing displacement of low income residents to other parts of the Bay Area and beyond. If this continues will San Francisco be able to retain its soul?

Aggressive actions are needed to assure:

- Affordable housing in all neighborhoods.
- Access to parks and community places in every neighborhood.
- Equitable access to public transportation.
- Retention of living wage jobs for those without higher education.
- Enhanced job training and job readiness.
“Core” work program activities related to equity & inclusivity

Equitable and inclusive

Affordable housing policy implementation.

“PDR” protections.

Joint planning with San Francisco Unified School District (SFUSD).
THE DYNAMICS OF THE SF BAY AREA ECONOMY

Emergence as a global hub of technology and innovation

High job growth and housing demand, particularly for high income

Preference for core locations (millennials and baby boomers)

Displacement effects and erosion of affordable housing stock

Need for local solutions and regional policy/coordination
WHAT KIND OF CITY SHALL WE BECOME IN THE COMING DECADES?

The “Manhattan” of a growing metropolitan area?

OR

A diverse city within a polycentric region?
ROLE OF THE PLANNING COMMISSION

- Housing policy - framing city programs and setting goals
- Regulation - PDR, TSF, affordable BMRs, ADU policy
- Project approvals/conditions
- Monitoring and evaluation
WHO ARE WE AS A CITY?

**Geographical Center of Region**
Greatest job density with 14% of the jobs in the region
Transportation hub of the region

**Growing Population**
One of the fastest growing populations in Bay Area
Population is projected to increase by 20% by 2030

**Workers with Various Incomes**
Can the people that work in the city afford to live in the city?
What AMI do various workers make?

**Changing Demographics**
Age of our population is shifting
Some minority populations are leaving the city
The Priority Development Areas (PDA), shown in yellow, demonstrate where the region has planned for growth in jobs and housing.

San Francisco has planned for 413,370 households and 707,670 jobs by 2030.

Other counties in the region have planned for a combined total of 3.2 million and 4.2 million, respectively, by 2030.
WORKER INCOMES, 2012 - 2020 JOB OPENINGS

EXTREMELY LOW INCOME (UP TO 30% AMI)
$16,300 - $24,450
- Waitresses & Waiters
- Personal Care Aids

LOW INCOME (31% TO 80% AMI)
$24,451 - $65,200
- Retail Salesperson
- Construction Laborers
- Office Clerks, Gen.

MODERATE INCOME (81% TO 120% AMI)
$65,201 - $97,800
- Elementary School Teachers

MARKET-RATE (ABOVE 120% AMI)
$97,801 and above
- Police Officers
- Lawyers
- Registered Nurses
- Software Developers
- Retail Salesperson
- Office Clerks, Gen.
- Construction Laborers
SAN FRANCISCO RENT BURDEN: % OF HOUSEHOLDS OVERPAYING

- **Very Low Income (up to 50% AMI)**:
  - Small Households (1-2 persons): 76%
  - Larger Households (2-4 persons): 72%

- **Low Income (51% to 80% AMI)**:
  - Small Households (1-2 persons): 39%
  - Larger Households (2-4 persons): 48%

- **Moderate and Above (over 120% AMI)**:
  - Small Households (1-2 persons): 6%
  - Larger Households (2-4 persons): 9%
San Francisco Population, by Age, 2013 & 2030

CHANGING DEMOGRAPHICS - MILLENNIALS & SENIORS: OPPORTUNITY
CHANGING DEMOGRAPHICS: VULNERABILITIES

Changes in Race/Ethnicity

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<th>Race/Ethnicity</th>
<th>2000</th>
<th>2013</th>
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<tbody>
<tr>
<td>White</td>
<td>14%</td>
<td>15%</td>
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<tr>
<td>Black</td>
<td>50%</td>
<td>51%</td>
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<tr>
<td>Asian</td>
<td>26%</td>
<td>27%</td>
</tr>
<tr>
<td>Other Non-White</td>
<td>8%</td>
<td>6%</td>
</tr>
<tr>
<td>Hispanic Origin</td>
<td>16%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Rate of Change

- White: +2%
- Black: -23%
- Asian: +3%
- Other Non-White: -1%
- Hispanic Origin: +7%
WHO DO WE WANT TO BE?

EQUITABLE

DIVERSE

INCLUSIVE
Trends in San Francisco Housing Affordability Since 2010

Ted Egan, Ph.D.
Chief Economist, Office of Economic Analysis
April 3rd, 2015
Stagnant Supply and Rising Demand Have led San Francisco's Housing Prices to Rise 40% since 2011

Source: HUD, Census, BEA/Moody's, Zillow
Implication #1: More People Move Out – Income is a Factor

- From 2011-13, an average of 60,000 people a year moved out of San Francisco. 63% of them were members of low or very-low income households.
- On average, 12.3% of low/very-low income people with a job moved out each year, while only 5.8% of higher income employed people moved out.
- Adjusting for other demographic factors, income appears to be a significant contributor to whether an individual has moved out of San Francisco this decade.
Implication #2: Low Income Households Remaining in the City Spend Almost Half Their Income on Housing

- About 95,000 households in San Francisco's labor force make 80% of area median income or less.
- Although 75%-85% of the city's rental housing is subject to rent control, housing remains unaffordable.
- Low income households spend, on average, 46% of their income on housing. The HUD affordability target is 30%.
- The difference is over $6,000 per year per household, or nearly $600 million in total.
How Affordable Housing Helps Affordability

- Affordable housing provides a direct subsidy to households that get a new affordable unit. Generally, they are required to pay 30% of their income on housing (instead of 46%).
- *Secondly,* affordable housing creates an indirect price effect for *all* low-income households – more affordable housing means less competition at the low end of the private market.
- *However,* if market-rate supply does not keep up with demand from moderate and upper income households, they will drive up prices at the low end, eroding the price benefit to low income households.
- Given past trends on demand growth from moderate and upper income households, we can estimate the impact on affordability of any annual combination of affordable and market-rate production, shown on the next page.
- Past production has not reached the "breakeven line", but the 2015-22 Housing Element plans for a greater level of production. If we achieve that, affordability should start to improve.
Market Rate and Affordable Production: Impact on Low Income Housing Affordability

Annual Production Affordability "Break-Even" with Historic and Planned Affordable and Market-Rate Production

Any annual combination of market-rate and affordable production on this side of the line makes low-income affordability better.

Any point on this side makes it worse.

Source: Planning Department, Controller's Office calculations.
REFLECTION: WHAT CAN OR SHOULD OUR HOUSING BE?

This . . . Depends on Our Goals
POLICY FRAMEWORK: HOUSING ELEMENT

Adequate Sites
Conserve and Improve Existing Stock
Equal Housing Opportunities
Facilitate Permanently Affordable Housing
Remove Constraints to Housing Construction/Rehabilitation
Maintain the Unique & Diverse Character of SF Neighborhoods
Balance Housing Construction with Community Infrastructure
Prioritizing Sustainable Development
Preserving and Expanding the Supply of Good Quality Housing Units

Making Existing Housing Affordable and Available

Promoting Racial and Economic Diversity

Helping Households Build Wealth

Strengthening Families

Linking Housing With Essential Supportive Services

Promoting Balanced Metropolitan Growth
Understand our existing housing stock.
Create housing goals for the entire housing stock, as well as new housing.
Encourage flexibility in housing stock, through design and use.
Engage our regional partners.
DISCUSSION QUESTIONS

Data helps us understand the context – how can we grow our understanding of the existing housing stock?

Can we better accomplish goals if we take a regional perspective on planning for housing?

How could our housing goals interface with the Citywide work program?