In his State of the City Address, Mayor Lee set forth the goal of creating 30,000 new and rehabilitated homes for San Franciscans by 2020. He pledged at least one-third of those to be permanently affordable to low income families, and the majority of those within financial reach of working, middle income families. This meter counts housing projects as they are completed, so we can track our progress.
### 30K Housing Units by 2020

<table>
<thead>
<tr>
<th>15,000 Market Rate Units</th>
<th>15,000 Affordable to the Middle Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>1K Units &gt;150% AMI</td>
<td>4K Units 60-120% AMI</td>
</tr>
<tr>
<td>10K Units &lt;60% AMI</td>
<td></td>
</tr>
</tbody>
</table>

#### Recommendations

- **Process Improvements**
- **Policy & Legislative Changes**
  - Density Bonus
  - Inclusionary: Off-Site Amendments
  - Inclusionary: New Dial Option
  - Inclusionary: Acquisition/Rehab Option

- **Public Sites**
  - 100% Affordable Projects
  - Mixed Income Developments

- **New Funding Sources**
  - **Private Sector Capital**
    - Affordable Housing Site Acquisition
    - At-Risk Unit Acquisition/ Stabilization
    - Down Payment Assistance
  - **Additional Public Revenues**
    - Public Housing
    - New Affordable Housing Development
MONITORING OUR PROGRESS: REACHING THE 30K HOUSING GOAL
INTERMEDIATE TARGETS – PLANNING, DBI, & CONSTRUCTION

Web based reporting, updated semi-annually

City Planning  DBI  Active Construction
SAN FRANCISCO DENSITY BONUS PROGRAM UPDATE
OVERVIEW OF THE STATE LAW

MAX DEVELOPMENT POTENTIAL

Building Envelope

Zoning Parcel

Height Limit

Affordable Units

DENSITY BONUS - WITHIN ENVELOPE

+ INCENTIVES

DENSITY BONUS - HEIGHT

+ INCENTIVES

Bonus Height

Height Limit
POLICY GOALS / POTENTIAL WINS

- Incentivize greater levels of onsite affordable units
- Facilitate entitlement for 100% affordable projects
- Increase feasibility of underutilized sites
- Develop a ‘middle income’ program (without $$ subsidy)

PROGRAM GOALS

- Establish a program
- Communicate local preferences
- Define path for projects
Density Bonus Program Development Partners

**Form Analysis**
David Baker

**Financial Analysis**
Seifel Consulting

**Policy & Program**
SF Planning Dept.

**Stakeholder Outreach**
DCP, MOHCD, OEWD, SFHAC, CCHO, HWG
## Percent of Affordable Units Provided

<table>
<thead>
<tr>
<th>Density Bonus*</th>
<th>Very Low (50% AMI)</th>
<th>Low (80% AMI)</th>
<th>Moderate (120% AMI)</th>
<th>Middle (150% AMI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7% bonus</td>
<td></td>
<td></td>
<td>12% units</td>
<td>?</td>
</tr>
<tr>
<td>15% bonus</td>
<td></td>
<td></td>
<td>20% units</td>
<td>?</td>
</tr>
<tr>
<td>20% bonus</td>
<td>5% units</td>
<td>10% units</td>
<td>25% units</td>
<td>?</td>
</tr>
<tr>
<td>23% bonus</td>
<td>~7% units</td>
<td>12% units</td>
<td>28% units</td>
<td>?</td>
</tr>
<tr>
<td>30% bonus</td>
<td>9% units</td>
<td>~17% units</td>
<td>35% units</td>
<td>?</td>
</tr>
<tr>
<td>35% bonus</td>
<td>11% or more units</td>
<td>20% units</td>
<td>40% units</td>
<td>?</td>
</tr>
<tr>
<td><strong>SF Program?</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Per state law

Blue text – 12% inclusionary at various AMIs
<table>
<thead>
<tr>
<th>Incentive/Concession</th>
<th>Level of Affordability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open space requirements</td>
<td>Some Affordable</td>
</tr>
<tr>
<td>Unit exposure requirement</td>
<td>Some Affordable</td>
</tr>
<tr>
<td>Parking requirement</td>
<td>Some Affordable</td>
</tr>
<tr>
<td>Height</td>
<td>Higher Levels</td>
</tr>
<tr>
<td>Rear yard</td>
<td>Higher Levels</td>
</tr>
<tr>
<td>Process and Development Potential</td>
<td>100% Affordable Projects</td>
</tr>
</tbody>
</table>
INCLUSIONARY PROGRAM: OFF-SITE OPTION
# Off-Site Recipient Projects

<table>
<thead>
<tr>
<th>Building Name</th>
<th>Street No.</th>
<th>Street Name</th>
<th># BMR</th>
<th>Principal Project</th>
<th>Pricing – AMI Level</th>
<th>Completion Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bayshore</td>
<td>2428</td>
<td>Bayshore Blvd.</td>
<td>12</td>
<td>1635 California (6) and 680 Illinois (6)</td>
<td>100%</td>
<td>2006</td>
</tr>
<tr>
<td>Garfield Building</td>
<td>938-942</td>
<td>Market Street</td>
<td>13</td>
<td>690 Market St. (11 units)</td>
<td>100%</td>
<td>2007</td>
</tr>
<tr>
<td>Habitat Terrace</td>
<td>1</td>
<td>Capitol Avenue</td>
<td>17</td>
<td>800 Brotherhood Way (17 units)</td>
<td>90%</td>
<td>Pending</td>
</tr>
<tr>
<td>True Hope Square</td>
<td>950</td>
<td>Gilman Street</td>
<td>20</td>
<td>300 Spear Street (20 units)</td>
<td>100%</td>
<td>2007</td>
</tr>
<tr>
<td>1600 Market</td>
<td>1600</td>
<td>Market Street</td>
<td>23</td>
<td>1998 Market (23 units)</td>
<td>70%</td>
<td>2014</td>
</tr>
<tr>
<td>1400 Mission Street</td>
<td>1400</td>
<td>Mission Street</td>
<td>167</td>
<td>201 Folsom (164 units)</td>
<td>90%</td>
<td>Pending</td>
</tr>
<tr>
<td>888 7th Street</td>
<td>601</td>
<td>King Street</td>
<td>170</td>
<td>300 Spear Street (143 units from Spear and 27 from bldg's own on-site BMR)</td>
<td>100%</td>
<td>2008</td>
</tr>
<tr>
<td>Candlestick Heights</td>
<td>833-881</td>
<td>Jamestown Avenue</td>
<td>19</td>
<td>800 Brotherhood Way (19 units)</td>
<td>50%</td>
<td>2014</td>
</tr>
<tr>
<td>Galvin Apartments</td>
<td>785-787</td>
<td>Brannan Street</td>
<td>56</td>
<td>4th and Freelon (56 units)</td>
<td>50%</td>
<td>2006</td>
</tr>
<tr>
<td>125 Mason</td>
<td>125</td>
<td>Mason Street</td>
<td>81</td>
<td>301 Mission (Millennium Tower) (80 units)</td>
<td>60%</td>
<td>2008</td>
</tr>
</tbody>
</table>
## POTENTIAL INCLUSIONARY HOUSING PROGRAM
### OFF-SITE POLICY AMENDMENTS

<table>
<thead>
<tr>
<th>Off-site Program Aspect</th>
<th>Potential Updates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required Number of Units</td>
<td>Move to square footage requirement that equals 20% of 70% of the Principal Project’s residential square footage.</td>
</tr>
<tr>
<td>Unit Count and Mix</td>
<td>Base unit count on required square footage and apply minimum unit sizes for off-sites built by affordable housing developers.</td>
</tr>
<tr>
<td>Minimum Unit Sizes</td>
<td>Use TCAC sizes for projects built by nonprofit affordable housing developers, with minor deviations.</td>
</tr>
<tr>
<td>Development Subsidies</td>
<td>Lower percentage requirement for projects working with affordable housing developers from 25% to 20% of Principal Project.</td>
</tr>
<tr>
<td>Timing of Construction and Delivery of Off-site Units</td>
<td>Allow 1-2 years beyond Principal Project’s first Certificate of Occupancy, using a security tool to ensure completion of the off-site project.</td>
</tr>
<tr>
<td>Geographic Proximity Requirement</td>
<td>Allow the geography to extend ¼ mile beyond the allowed 1-mile radius with City approval and/or extend within the neighborhood, as defined by the Planning Department.</td>
</tr>
</tbody>
</table>

*Other Potential Amendment Areas:*
- Unit Standards / Pricing Level for Off-site Ownership / Parking / Transparency*
SAN FRANCISCO’S PUBLIC SITES PROGRAM
PUBLIC SITE DEVELOPMENT

Staff and Consultant Analysis

Community Meetings, Stakeholder Feedback

Solicitation for Developer Partner(s)

SITE PROGRAM & DESIGN

PARTNERSHIP

ENTITLEMENT

CONSTRUCTION
SAN FRANCISCO HOUSING CATALYST FUND
# MEETING 2020 GOALS: RESOURCE NEEDS

<table>
<thead>
<tr>
<th>SUBSTANTIAL RESOURCE GAP TO:</th>
<th>RESOURCE NEED</th>
<th>PROPOSED SOLUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significantly Scale Middle-Income Housing Production</td>
<td>Long-Term Mission Driven Capital: ~15 year, mezz level &lt;5% debt</td>
<td>➢ Strategic project-based approach vs. revolving fund</td>
</tr>
<tr>
<td></td>
<td></td>
<td>➢ Leverage density bonus, public sites, mixed-income model</td>
</tr>
<tr>
<td>Prime Affordable Production Pipeline for 2017 – 2020 and Beyond</td>
<td>Low Cost &amp; Nimble Land / Site Acquisition Funds: &lt;5-7 year, &lt;3-4% acq. finance</td>
<td>➢ Public-Private SF Housing Catalyst Fund for site acquisition</td>
</tr>
</tbody>
</table>

Mayor’s Working Group – October 2014
San Francisco Planning Department
Housing Catalyst Fund

Potential Structure

Fund Manager

Credit Committee

Top Loss / Credit Enhancement
- Philanthropic
- City and County of SF

Senior Debt
- Revolving Credit Facility
- Financial Institutions CRA
- Financial Institutions Other
- Corporate /Employer Mission Related Investments (MRI)
- Pension Funds…
- Other…

San Francisco Catalyst / Affordability Fund LLC
Manager/Member(s)

Underwriting / Originating Lenders

Borrowers

City of SF and State
Soft commitments of future funding

Mayor's Working Group – October 2014
San Francisco Planning Department
**NEXT STEPS:**

- **2014-15: Finalize Commitments**
  - Finalize City’s commitment to top loss layer
  - Secure lead philanthropic partner
  - Finalize structure & approach; Tee-up implementation of funding vehicle
    - Finalize feasibility, sizing, project types, and governance structure
    - Design and issue RFP for fund manager
    - Design capital stack and model potential Fund deal flow
    - Refine lending criteria and assess against potential pipeline
    - Refine investor pitch deck and materials and line up soft commitments of funding
- **2015: Launch Catalyst Fund**
- **2015-16: Begin Strategic Acquisitions**
  - Finalize commitments of revolving fund capital from financial institutions, employers, mission-driven investors, and begin lending for site acquisition
- **2020+: Ongoing Source of Acq Capital**
  - Revolve funding as units are produced and long-term takeout financing secured for projects

*Mayor’s Working Group – October 2014
San Francisco Planning Department*