

EASTERN NEIGHBORHOODS AFFORDABLE HOUSING PROGRAMS UPDATE

Mayor's Office of Housing
August 30, 2007



AGENDA

1. Eastern Neighborhoods Housing Goals
2. Eastern Neighborhoods Housing Strategies
3. Next Steps

Eastern Neighborhoods Housing Program Redevelopment and Area Plans

Project Area	Total Units	Affordability	Affordable Housing Units	Funding for Affordable Housing
BAYVIEW PLAN	3,724	38%	1,398	\$100 million
MISSION BAY	6,000	28%	1,680	\$128 million
TRANSBAY	3,465	36%	1,238	\$ 108 million
HUNTERS POINT	1,500	32%	480	\$60-\$70 million
TREASURE ISLAND	6,000	30%	1,800	\$270 million
Total	20,689	33%	6,596	\$666-776 million

- All Plan Areas benefit from tax increment financing
- Board of Supervisor's Resolution calls for 64% affordable housing

Eastern Neighborhoods Affordable Housing Strategy

1. Areas market rate housing formerly permitted:
 - Baseline = standard inclusionary requirements 15% - 20%
 - Density increase in return for additional affordable housing
2. Areas market rate housing was restricted – UMUs.
 - Publicly-funded affordable housing
 - Mixed-income developments via land dedication
 - Privately-funded moderate-income developments

Affordable Housing Strategy

Areas Market Rate Housing Permitted

1. Baseline: 15% of total market-rate production (10,000 units)
 - 1,500 inclusionary units
2. Density Increase: zoning changes create new value which contributes to additional affordable housing
 - Increase percentage requirement – above baseline 15%/20%;
 - Charge affordable housing fee;
 - Provide options for additional affordability, e.g..
 - + 5% @80% AMI, or
 - +10% @100% AMI, or
 - +15% @ 120% AMI

Affordable Housing Strategy

Areas Market Rate Housing Restricted

1. Allow 100% affordable developments as-of-right
 - Publicly-funded rental and ownership housing
2. Provide incentives for mixed-income residential development.
 - Land dedication: developer donates portion of parcel to the City for affordable housing and builds market rate housing on remainder
 - 50% of sites over 20,000sf
3. Allow moderate-income housing developments
 - Privately-funded developments affordable to households @ 120%-150% AMI
 - 75% moderate income/25% market rate.

Publicly-Funded Affordable Housing Development

1. Strong nonprofit development system – scaleable
2. Current challenges are land availability and funding
3. Financing Gap Analysis
 - Board of Supervisors goal of 64% affordable of 10,000 - consistent w/RHNA
 - Funding Gap = \$1.146 billion
 - MOH annual capital funding = \$50 million
 - @ 30% dedicated to EN = \$150 million over 10 yrs
\$300 million over 20 yrs

Land Dedication Example

	Current Zoning	Rezoned
Site	1 acre	1 acre with 50% land dedication
Development Capacity	92 units	170 units
Affordable housing	14 units (15%)	85 units
Market-rate housing	78 units	85 units
Site Value	\$9.2 million	\$13 million

Land Dedication Example

1. Current challenges are land availability and funding
2. Land dedication provides for new land options
 - Land represents 30% to 50% of the City's subsidy
 - Affordable housing zones create potential for over 1,500 affordable housing units on dedicated land
3. Additional funding will be needed to develop these sites
 - \$75,000-\$125,000 per unit

Privately-Financed Moderate-Income Housing

1. Need

- Median priced home affordable at 190% to 210% of AMI
- Moderate-income production is worst among RHNA goals, 12% from '99 to '06

2. Low Cost by Design

- Smaller unit size, efficient production

3. Unit Mix

- Maximize number of moderate-income units, incentivize production

Eastern Neighborhoods Affordable Housing Next Steps

1. Stakeholders Meetings
2. Further Feasibility Analysis
3. Refine Specific Recommendations