

AFFORDABLE HOUSING: WHY IS IT SO HARD TO GET THIS RIGHT?

By Peter Stevens and Nancy Shanahan

The mantra today is that red tape is holding up development of housing and increasing our homelessness. The narrative you hear in the mainstream media is that if we remove all zoning and red tape, the market will meet the housing demand. We argue that the market has demonstrated a long track record of neglecting to build housing truly affordable to most of our population. Instead, reliance on the market has and will continue to make our affordability crisis worse.

Our own Senator Scott Wiener has taken the lead to enact a series of laws in the State Legislature that remove local zoning and prohibit locally elected officials to regulate land use in San Francisco. And recent City proposals supported by Mayor Breed will make it easier to demolish rent controlled apartments and reduce your ability to know what developments are being proposed in your neighborhood. Instead of community based intelligent growth, Sacramento and the City are doing their best to turn San Francisco into a Monopoly board, and we, the residents, are not invited to play.

The housing controversies and their impact on our neighborhood residents were discussed at the well-attended District 3 Town Hall organized by Telegraph Hill Dwellers (THD) in partnership with the Race and Equity in all Planning Coalition (REP) held on August 27, 2023 at the Italian Athletic Club.¹ Our panelists included Jeantelle Labertino from the REP, Peter Stevens from THD, and Jane Kim, former Supervisor and Executive Director of the Working Families Party, with an introduction by District 3 Supervisor Aaron Peskin. This article highlights some of the issues discussed.

The Myth of “Trickle Down”

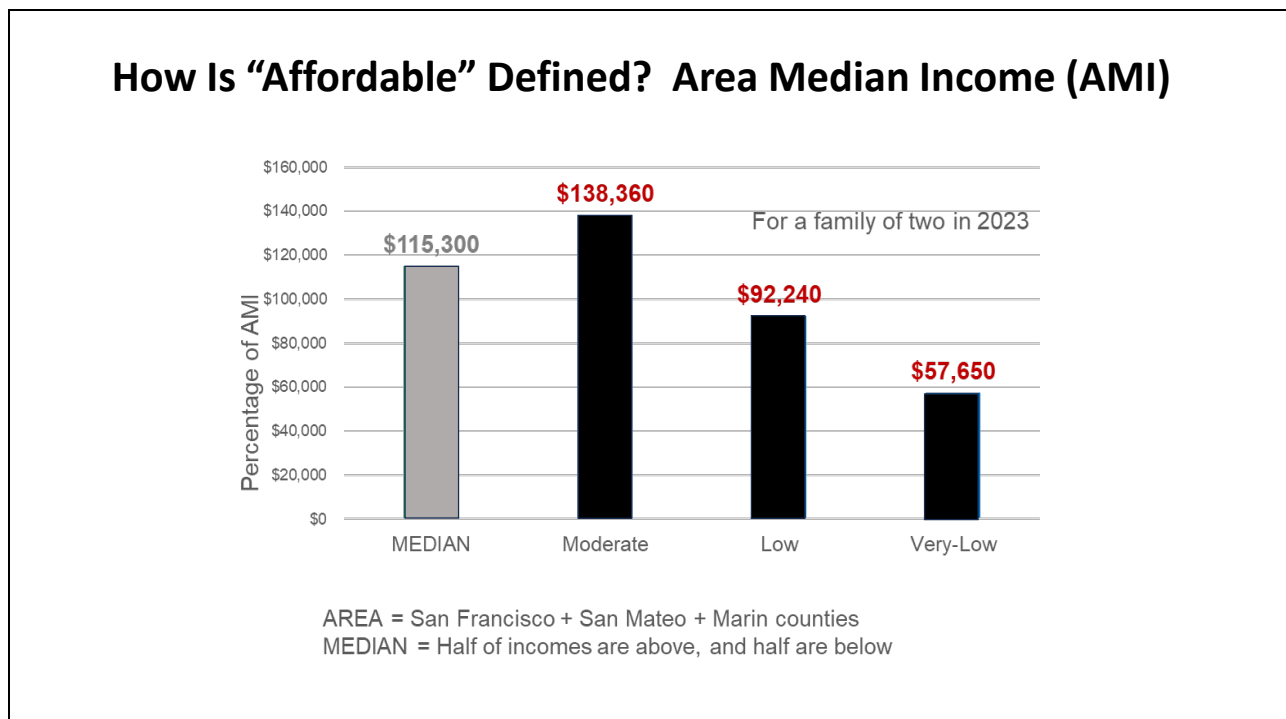
Trickle down believes that by removing all constraints we can build so much market rate housing that the older housing stock will free up for lower income people. This logic only holds up if profitability maintains. According to the SF Planning Pipeline Report Q1, we currently have 72,177 total new units in the pipeline, of which 15,406 are affordable. Over 50,000 of those units are fully approved to be built. It is not government red tape holding these back; they are already through the process. The market builds when it can turn a profit and in bust times, the private market stops investing, therefore stops building. The removal of all zoning and planning controls will instead create investment products and market bubbles that will serve as a justification for higher rents in an area, leading to the displacement of existing tenants and demolition of rent controlled housing.

¹ Co-sponsors of the District 3 Town Hall included Barbary Coast Neighborhood Association (BCNA), Lower Nob Hill Neighborhood Alliance (LNHNA), Next Village SF, North Beach Neighbors (NBN), Russian Hill Community Association (RHCA), Pacific Avenue Neighborhood Association (PANA), Rose Pak Democratic Club, Upper Chinatown Neighborhood Association, and the Working Families Party.

Fact vs. fiction: Is “Affordable Housing” really affordable?

Affordable housing to most of us means rent controlled units in older buildings in our neighborhood, but when it’s used in current State and City laws and ordinances it refers to the price of a housing unit in relation to the Area Median Income (AMI) based on an “Area” that includes San Francisco, San Mateo, and Marin Counties. As a result, “Affordable Housing” can refer to housing units for individuals making more than 100% AMI, meaning that they are “Affordable” only to people making over \$100,000 a year. See **Figure 1** for what it means for a family of two.

Figure 1. Affordable Table (AMI)



Source: SF Mayor’s Office of Housing and Community Development (MOHCD) from HUD’s 2023 Median Family Income for San Francisco.

Figure 2 shows the average yearly salaries for essential workers in San Francisco. None of these jobs pay enough to afford "Affordable" housing.

Figure 2. Average yearly salaries for essential workers in San Francisco

Wages for Workers Central to the City's Functioning	
Job	Approximate Average Yearly Wage
Hotel Housekeeper	\$ 32,000.00
Retail Sales Clerk	\$ 33,000.00
Childcare Provider	\$ 35,000.00
Day Laborer	\$ 35,114.00
Senior Line Cook	\$ 39,000.00
Uber Driver	\$ 46,702.00
City Clerk	\$ 61,000.00
Non-Profit Program Assistant	\$ 62,000.00
SFUSD K-12 Teacher (starting)	\$ 64,000.00
Transit Operator	\$ 66,000.00
Firefighter	\$ 80,000.00
Nurse, RN	\$ 85,000.00

Source: People Power Media compiled from salary.com, glassdoor.com, recruiter.com, and SFUSD.

State Housing Mandates

The State requires regions to meet certain permitting goals for market rate housing and affordable housing, called the Regional Housing Needs Assessment or RHNA, that are updated every 8 years. To comply the RHNA mandates, the City is required to amend the Housing Element of its General Plan. During the prior cycle from 2014–2022, San Francisco was required to build 28,869 additional housing units, 16,333 of which were required to be “affordable.” Relying on the market, San Francisco built only half of its mandated “affordable” units, while far exceeding its target to build market rate housing. **Figure 3** illustrates these outcomes.

Figure 3. 2014 to 2022 Housing Element Results

2014 - 2022 Housing Element Results

	Total Units	Market Rate (Above Mod)	Low to Mod
RHNA Goals	28,869	12,536	16,333
Actual Units Built	29,011	22,220	8,035
Excess (Deficit)	+142	+9,684	(8,298)

Source: People Power Media compiled from San Francisco Planning Department's 2022 San Francisco Housing Inventory.

To intensify the situation, Senator Wiener passed laws in 2017 that changed the way the RHNA was calculated for the Housing Element cycle that started this year. Instead of being required to build 28,869 new housing units, San Francisco is now required to build 82,000 more housing units between 2023 and 2031. 46,000 of these must be “affordable.” To meet the requirement to build the mandated 46,000 “affordable” units will require the City to find roughly \$19 billion of local money over the next eight years—and no one at the Mayor’s Office or the City Planning Department has any idea where that kind of money will come from.

These are mandates with no new State funding for affordable housing or requirement that the housing even be affordable. Not only is there no new money, but if the City fails to meet these production mandates, the State will disqualify the City from receiving existing State subsidies for affordable housing and transportation like Muni. At the same time, there are State provisions that would trigger what's called a "builder's remedy" which lets developers build whatever they want, wherever they want.

To make matters worse, the just-enacted SB-423, sponsored by Senator Weiner, specifically targets San Francisco by requiring a review of the City’s permitting every year between 2023 and 2031, instead of every 4 years. If we are out of compliance, the State will take away the City’s ability to regulate housing. Getting new housing permits approved will become ministerial, just by filling out a form, and developers will build market rate housing that perpetuates our affordable housing crisis.

City's Implementation of the Housing Element

Mayor Breed has proposed legislation that has no plan for affordable housing to be built and instead allows for market rate developments to be approved by planning staff without any public notice or Planning Commission hearings, threatens the demolition of rent controlled units, and eliminates our hard fought 40-foot height limit by upzoning a major swath of San Francisco without most people even being aware of it. These are just a few of the proposals in her legislation. It gets worse.

What does this mean for you? What can you do.

If you live in District 3, you know what it is like to live in a dense mixed-use environment. We have some of the highest density in the city, as well as a high percentage of rent controlled units. While we have our challenges, we can always be proud of this. We have been proponents of intelligent growth models in our neighborhoods, focused on preserving our community's housing needs, not investor greed.

In our work to protect our neighborhood, we have taken to heart the words of our District 3 Supervisor that "*in San Francisco, a small group of people can make a big difference.*" Unfortunately, elected officials like State Senator Wiener and Mayor Breed are listening instead to a small group of developers and pro-development YIMBYs hell bent on implementing citywide policies that remove our neighborhood voice and forever change neighborhoods like ours by mandating market-rate high-rise condos.

We need to use our collective voice to demand intelligent community driven growth, not unfettered speculation. No longer in San Francisco can we allow a small group of special interests to make such a big difference. Prioritize community need, not investor greed. The State and City must provide a real plan to build the 46,000 affordable units that they are mandating. To quote our supervisor again, we have no silver bullet, but we have silver buckshot. Across the country, and here in San Francisco, we know there is a menu of alternative ways to build truly affordable housing that works. Demand that voter approved Prop I funds are used by our community based affordable housing organizations to fund projects for extremely low-income individuals and households. Support our community land trusts and help them acquire existing affordable buildings. Explore public housing models like in Montgomery County, MD, that allow private money to develop affordable housing owned by the city or state. Protect and expand the number of rent controlled units we have. Let our elected officials know that we care about where we live and most important, we have serious policy solutions that we want to see implemented.

If you are interested in learning more about how to get involved and learn about proposed alternatives, please join us for a follow up town hall meeting scheduled for Sunday, November 12th at the Italian Athletic Club.