



THE HOUSING CRISIS



**THE UNFETTERED MARKET
or
EQUITABLE DEVELOPMENT?**



An existing legal/regulatory framework that allows and encourages evictions, and a government spending/incentive model that does relatively little to protect low-income and communities of color from decimation, has resulted in the migration of an economically powerful new gentry into the urban core of San Francisco and other cities.

The Plan

WHITES LIVE IN CITIES.

THE CROWNING GLORY
OF CIVILIZATION.



MINORITIES MOVE
INTO CITIES.

HELLO

GOODBYE



WHITES FLEE CITIES
TO SUBURBS.

AH, THIS
IS BETTER.



WHITES MOVE INTO
SECOND-RING SUBURBS.

CITIES ARE
DEAD. THIS
IS BETTER,
STILL.



MINORITIES MOVE INTO
FIRST-RING SUBURBS.

THIS IS
BETTER.
I GUESS.



WHITES MOVE BACK
INTO CITIES.

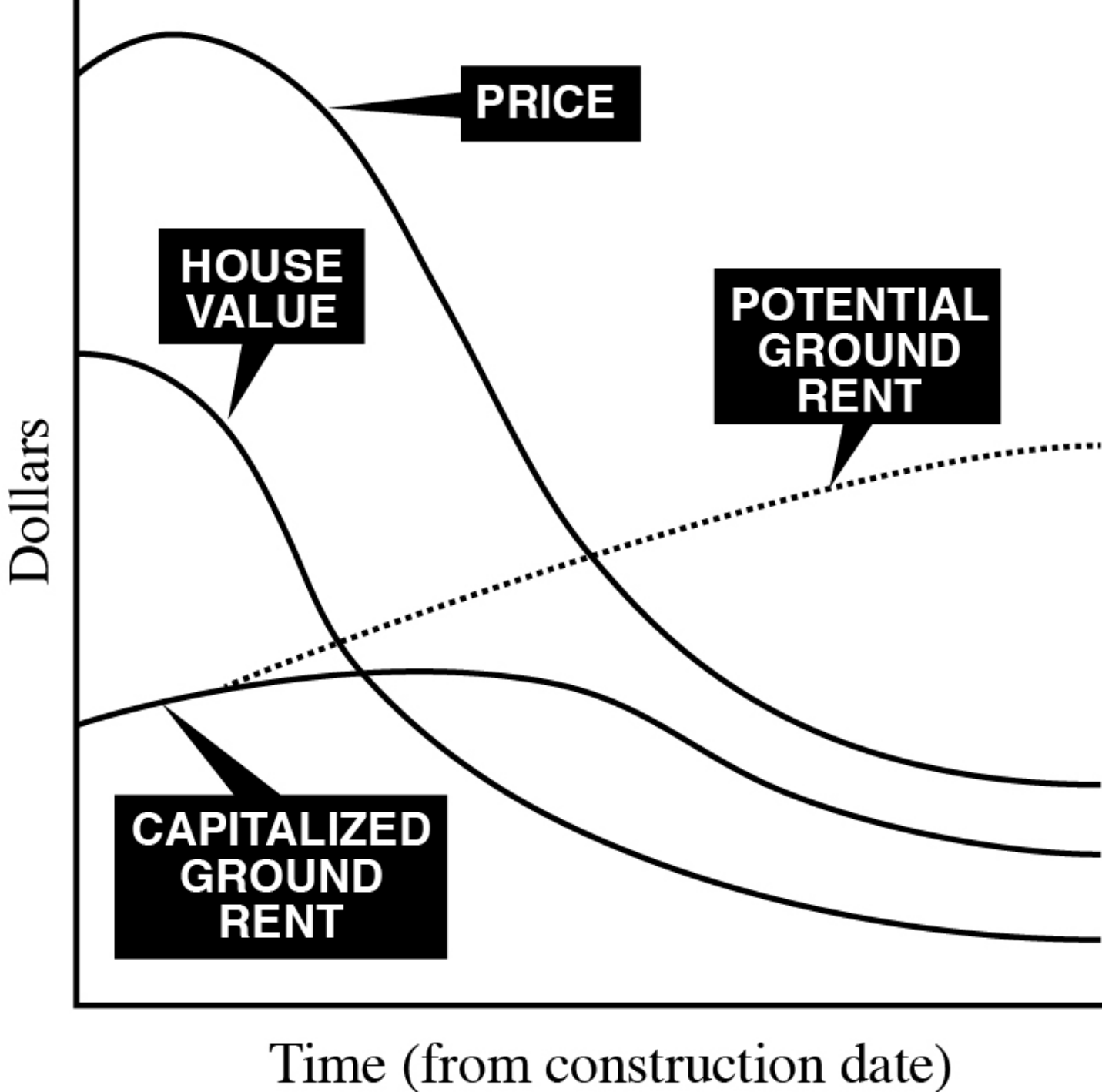
IT
WORKED.



THE VAST
WHITE RING
CONSPIRACY.

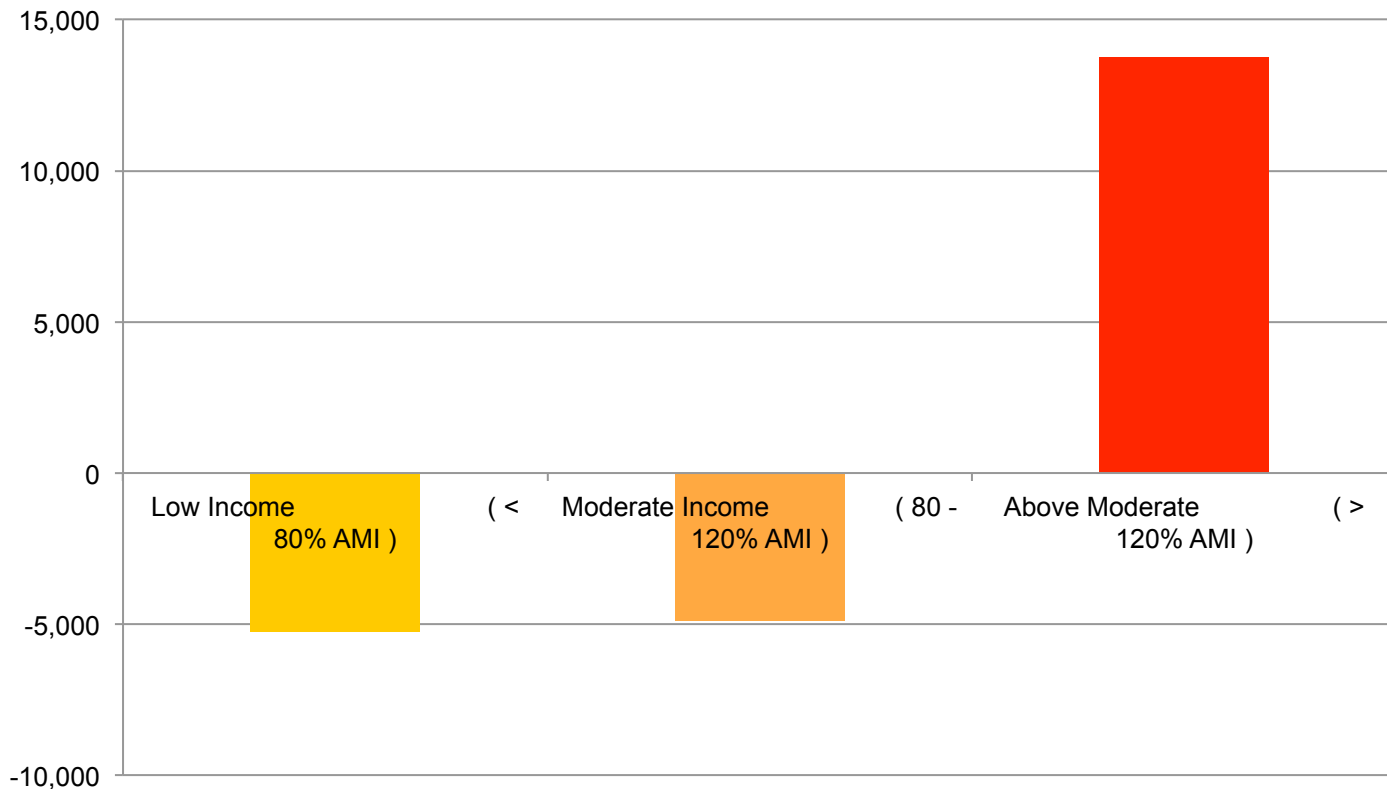
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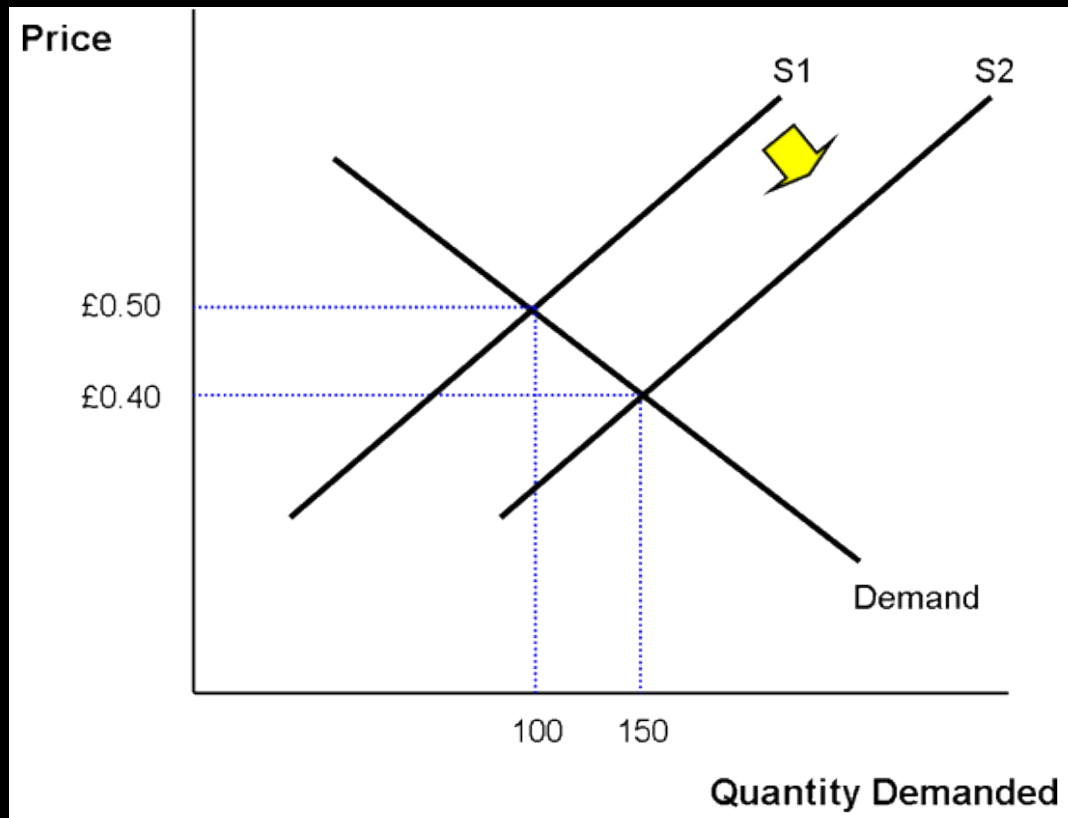


The devalorization cycle and the evolution of the rent gap. (Neil Smith)

2007-2014 Housing Element Goals



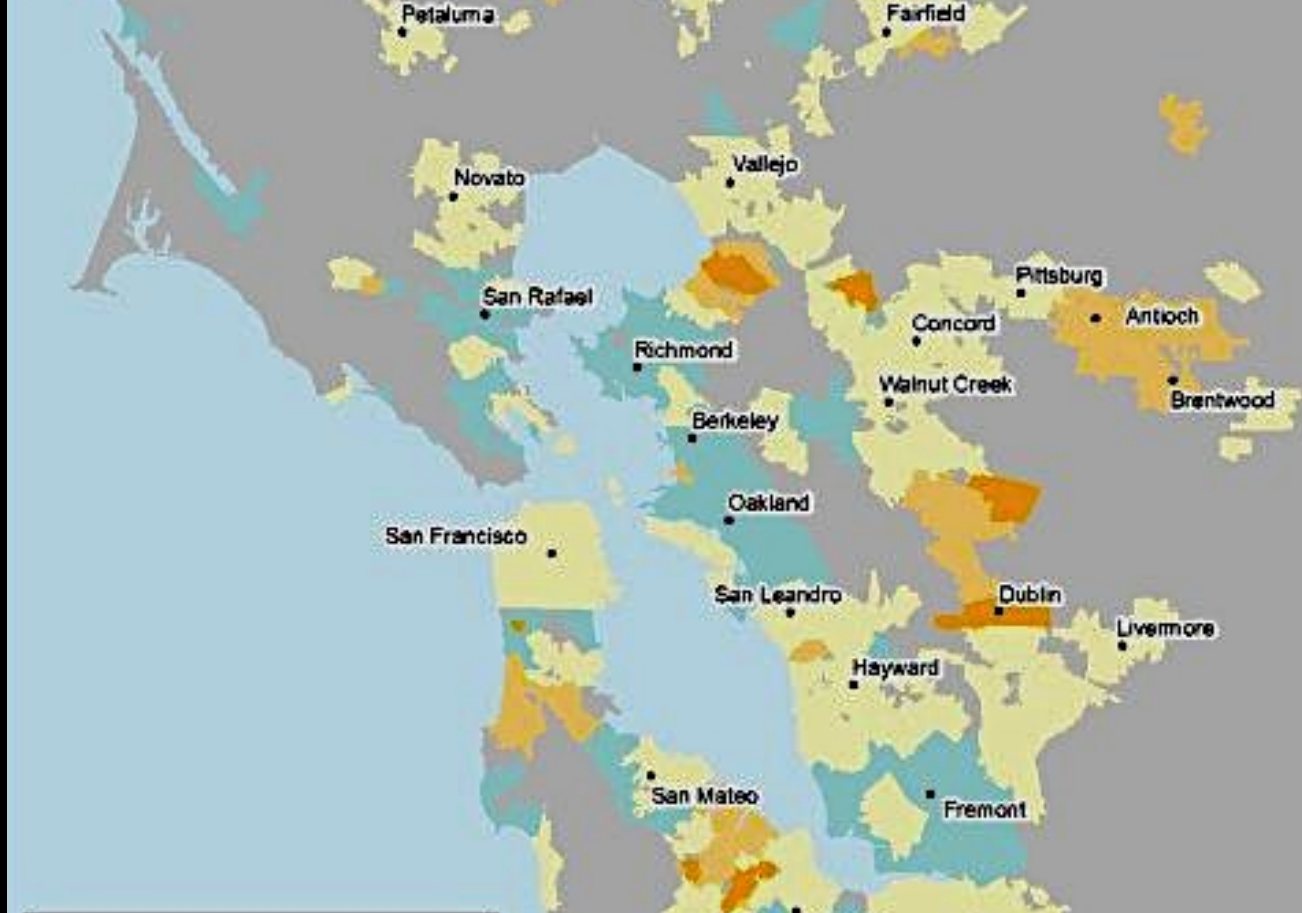
Based on local job growth, over the last seven years, we have already built or entitled **212%** of the need for “market-rate” housing, **28%** of need for moderate-income units, and **58%** of need for low-income units...



- Increasing Supply creates greater quantity and lower price
- The model may work for widgets...
- But does it work for housing, and does it work for housing in SF?

Supply-and-demand doesn't work

1. Supply is REGIONAL
2. Supply is CONSTRAINED by land
3. Demand is set by INCOME INEQUALITY
4. MONOPOLY situation means investors can control supply to keep prices artificially high



Supply-and-demand doesn't work

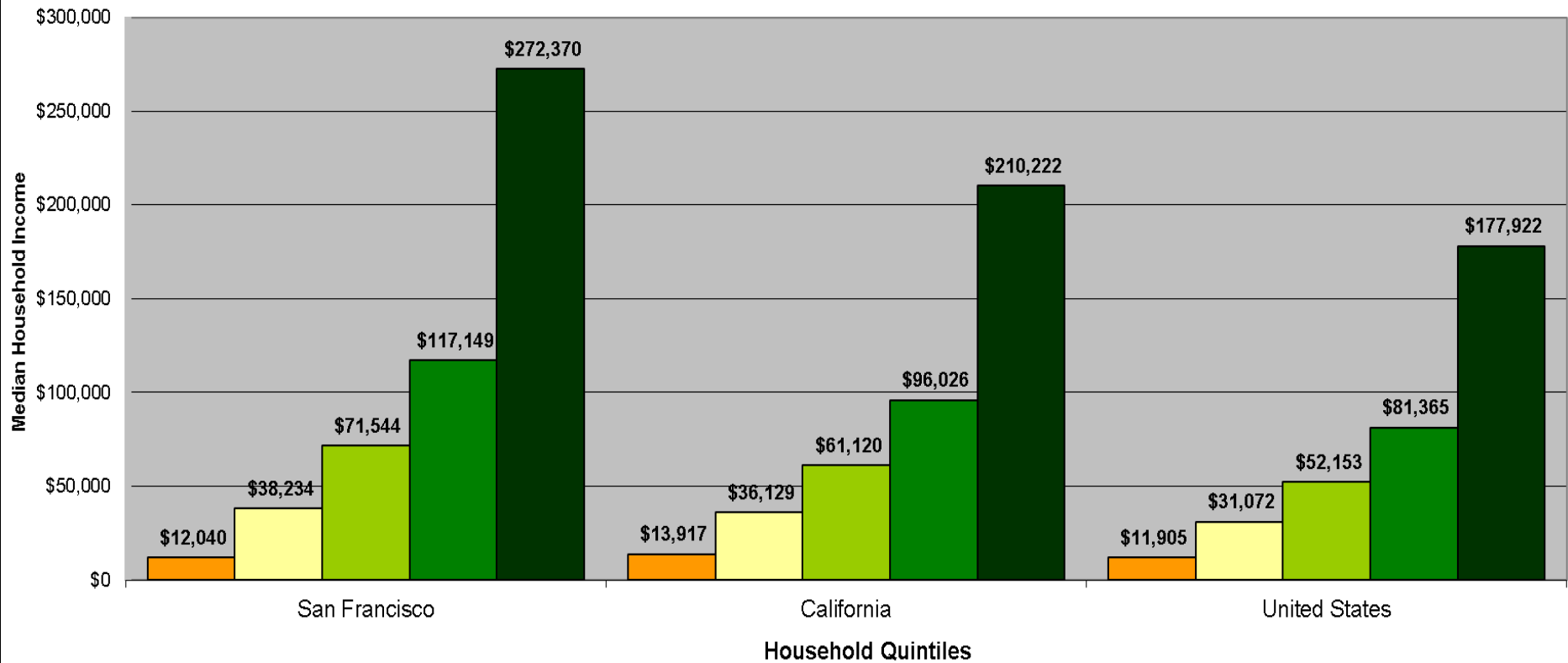
1. Supply of affordable housing is provided regionally, in the urban periphery, with externalized environmental and social costs



Supply-and-demand doesn't work

2. Supply is limited by SF's physical constraints – limited land, construction costs for tall buildings, and environmental costs

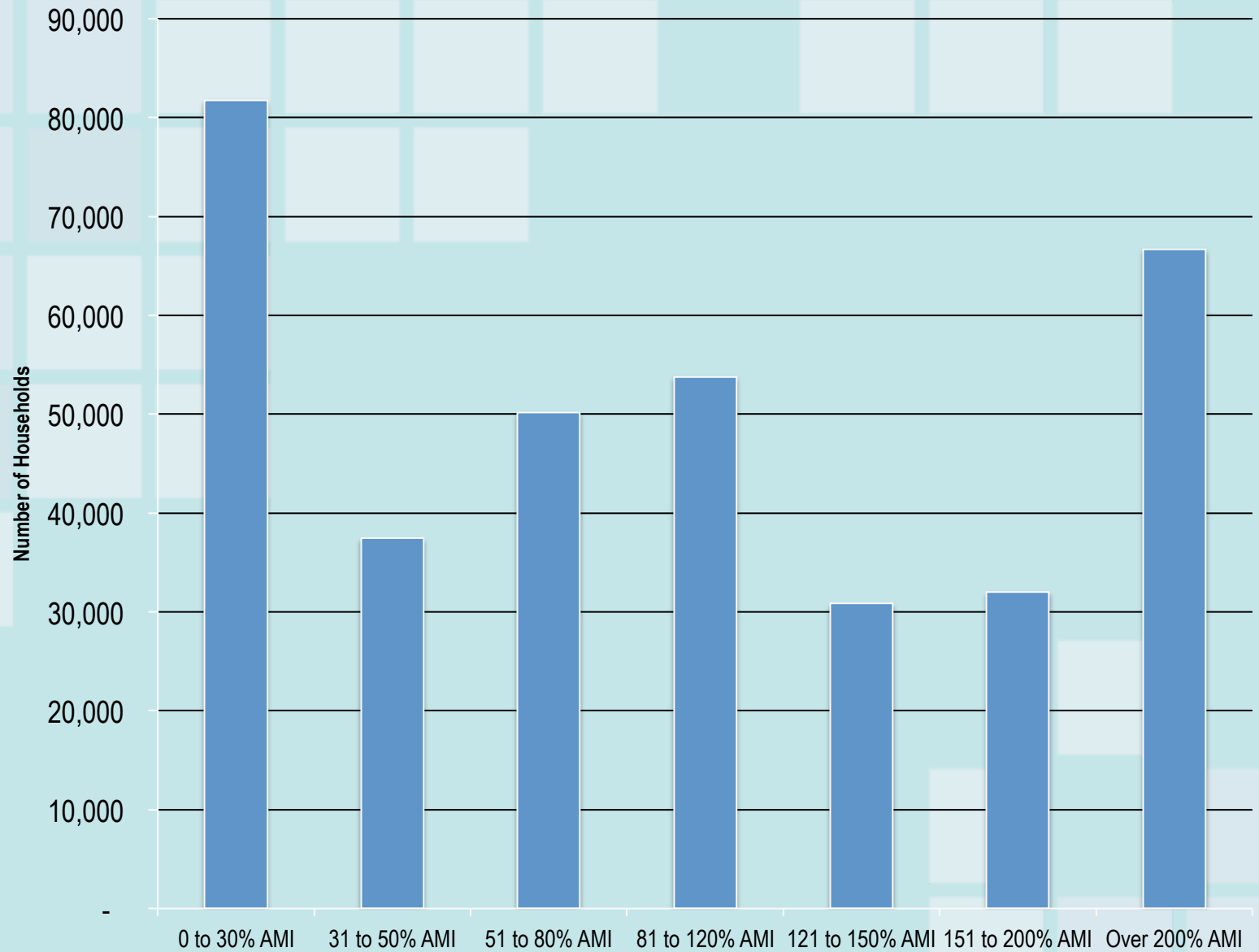
Distribution of Household Income by Quintile, 2006-2010



Supply-and-demand doesn't work

3. Demand is determined by SF's extreme income inequality and desirability for global cash investment

Number of San Francisco Households by Income Level (2011)



Source: 2007-11 five year sample/IPUMS, San Francisco Mayor's Office of Housing, Seifel Consulting Inc.

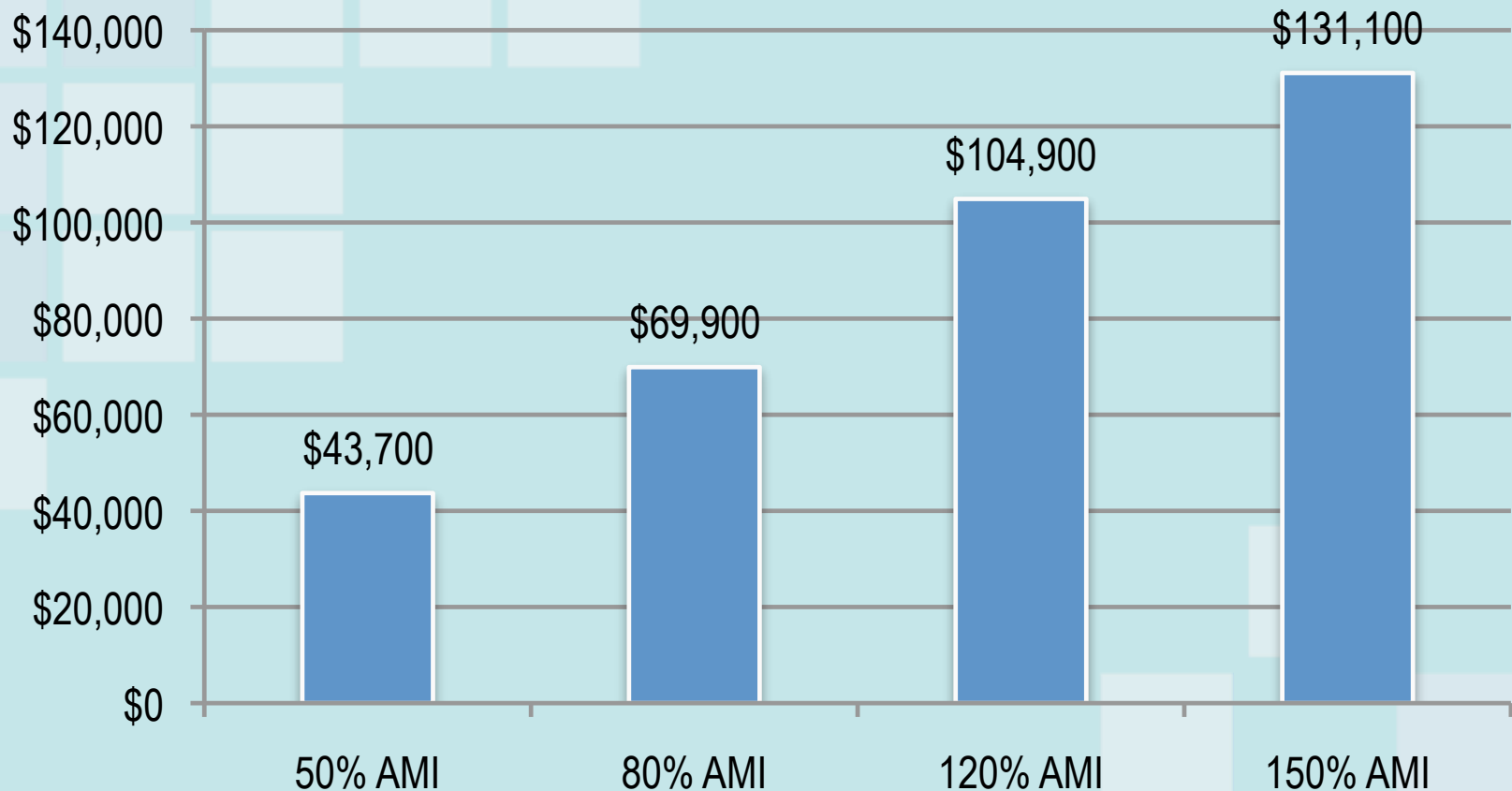
Income Category^{a,b}	1990	2000	2010^c	2011^d
Up to 50% AMI	27%	28%	30%	31%
50% AMI to 80% AMI	18%	17%	15%	15%
80% AMI to 120% AMI	21%	18%	17%	16%
120% AMI to 150% AMI	10%	10%	10%	9%
More than 150% AMI	24%	27%	28%	29%
Total	100%	100%	100%	100%

- a. Income categories are based on Maximum Income by Household Size published by HUD.
- b. This analysis includes 1 person to 9 person households based on SF MOHCD published income levels by household.
- c. 2010 number of households is based on income category distribution from 2007- 2011 five year estimates from IPUMS.
- d. 2011 data is based on 2007-11 five year estimates from IPUMS.

Source: San Francisco Mayor's Office of Housing, 1990 Census, 2000 Census, 2010 Census, 2005-09 five year estimates/IPUMS, 2007-11 five year sample/IPUMS, Seifel Consulting Inc.

3-Person Household Income Levels (2014)

As a point of reference, this graph shows 2014 income levels at 50%, 80%, 120%, and 150% AMI for a 3-person household that might live in a 2-bedroom unit in San Francisco.

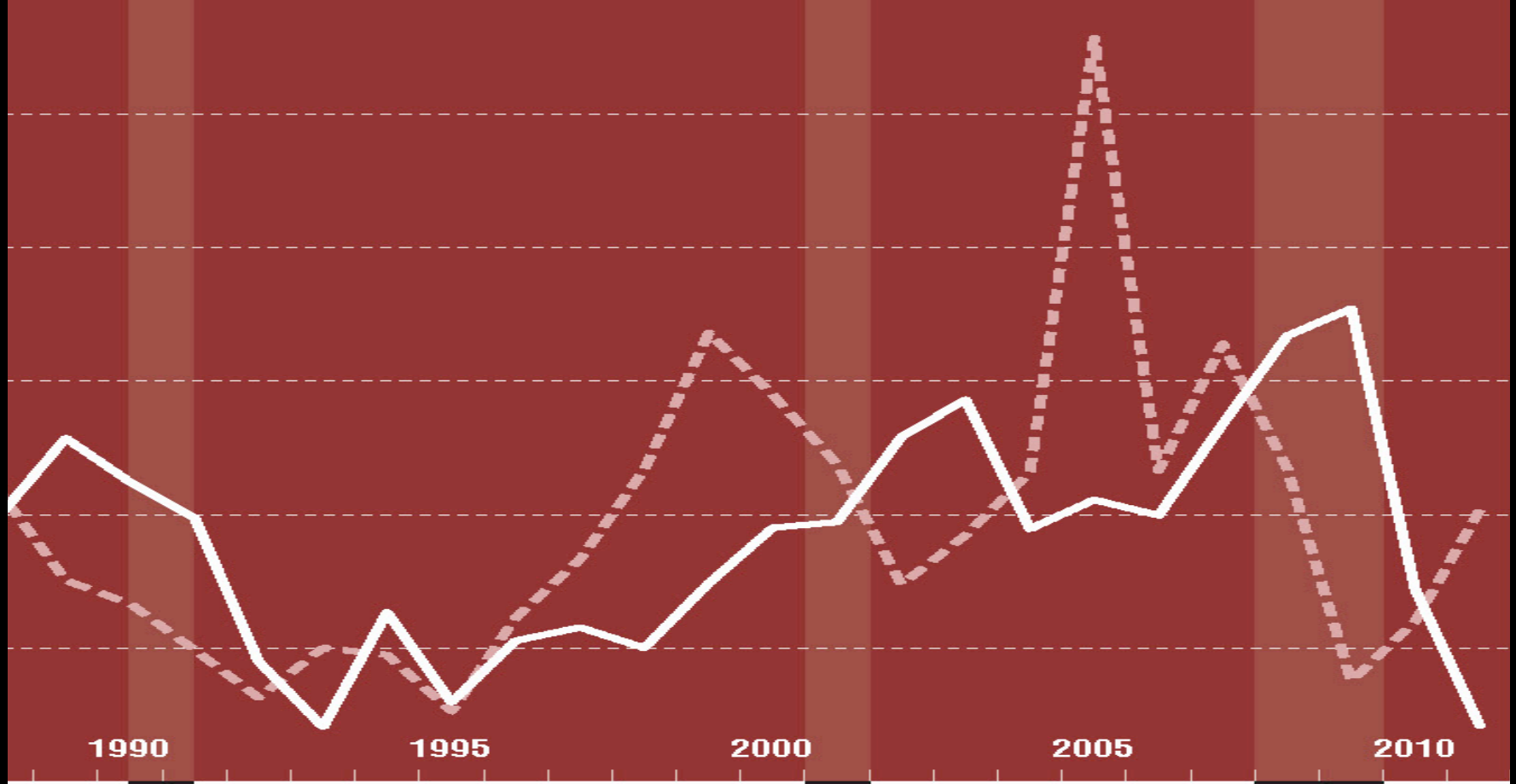


Which Occupations are Represented by San Francisco AMI?

AMI Category	Occupation	Income (One Worker)^a
10% AMI	Person Receiving Supplemental Security Income	\$7,000
20% AMI	Retired Worker Receiving Social Security	\$14,000
30% AMI	Dishwashers	\$22,000
40% AMI	Cashiers	\$27,000
50% AMI	Maids and Housekeeping Cleaners	\$34,000
60% AMI	Landscaping and Groundskeeping Crews	\$41,000
70% AMI	Construction Laborers	\$48,000
80% AMI	Postal Service Clerks	\$54,000
90% AMI	Elementary and Secondary School Teachers	\$61,000
100% AMI	Post Secondary Teachers	\$68,000
110% AMI	Police, Fire and Ambulance Dispatchers	\$75,000
120% AMI	Electricians	\$82,000
130% AMI	Accountants and Auditors	\$88,000
140% AMI	Electrical Engineers	\$95,000
150% AMI	Computer Programmers	\$102,000

a. Median annual income is rounded to the nearest \$1,000.

Source: San Francisco Mayor's Office of Housing, California EDD.



Supply-and-demand doesn't work

4. There does not exist a competitive market – supply is determined by external investment, which keeps prices artificially high

The Smallest Apartment For Rent in SF is 278 Square Feet
Friday, December 20, 2013, by [Mallory Farrugia](#)

97

Micro-units:

Now developer says of his original quote of “affordable by design” rents: “Those sound like pre-war prices;”
A few blocks away, a 278 s.f. unit rents for \$2,195/mo.



This week's micro-dwelling may not be the smallest one we've ever seen, but it is, sadly, the most expensive. Coming in at a mind-numbing **\$2,195/month**, this 278-square-foot SoMa abode tops the charts in price for a glorified prison cell of an apartment.



EXCLUSIVE ENCLAVES

GENTRIFIED BEDROOM CITY

EXCLUSIVE ENCLAVES

REGIONAL JOBS CENTER WITH NO HOUSING

CAR DRIVERS

LIGHT RAIL CONNECTIONS


PRIVATE BUS LINES

POCKETS OF SUBURBAN POVERTY

POCKETS OF SUBURBAN POVERTY

EXCLUSIVE ENCLAVES

POCKETS OF SUBURBAN POVERTY

An aerial photograph of a coastal region, likely the San Francisco Bay Area, showing the coastline, hills, and water. Ten circular callouts are overlaid on the map, each containing text describing urban characteristics. The callouts are arranged in a roughly circular pattern around the central bay area.

**DENSE,
MIXED-
INCOME,
MIXED-USE
CITIES**

**DENSE,
MIXED-
INCOME,
MIXED-USE
CITIES**

**DENSE,
MIXED-
INCOME,
MIXED-USE
CITIES**

**DIVERSE,
DENSE,
HUMAN-
SCALED
MIXED-USE
CITY**

**DENSE,
MIXED-
INCOME,
MIXED-USE
CITIES**

**DENSE,
MIXED-
INCOME,
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WHAT IS TO BE DONE?

- 1. Preservation and Acquisition**
- 2. Balanced Housing Production**
- 3. Land**
- 4. Financing**

Second, Balanced Housing Production:

1. As a first incremental step, require AT MINIMUM 33% of all housing be affordable to median income folks and below
2. This goal is achievable, and has been done in the past
3. Ultimately, the goal is to meet our City's own Housing Element goals, that assumes the market AT BEST meets the needs of 40% of the population...

First, preserve and take existing housing out of the speculative market:

1. PROTECT rent-controlled housing from speculation and removal for hotel and second home use
2. Create an ACQUISITION FUND to secure buildings as permanently affordable units under the control of tenants
3. Require that tenants and the city be offered a FIRST RIGHT TO BUY at fair market value, with time to organize and secure financing, when a building is put for sale

Third, secure land:

1. Reserve surplus PUBLIC SITES (including Central Subway site, Port Seawall lots, etc.) for affordable housing: 100% affordable for $\frac{1}{4}$ to 1 acre sites, minimum 50% affordable for large master planned areas (combination 80/20 and affordable set-aside parcels), such as Balboa Reservoir
2. Acquire enough PRIVATE SITES to meet 33% goal in every highly impacted neighborhood
3. Require higher INCLUSIONARY obligations in any upzoning

Fourth, funding:

1. Raise new REVENUE for land-acquisition, environmental remediation, and development, as a combination of public finance and development fees, including re-authorizing tax increment to rebuild 6,000 units destroyed in Urban Renewal
2. Assemble PRIVATE CAPITAL or pension fund investments into a fund to acquire buildings and sites for “median income” housing

2014-2020 AFFORDABLE HOUSING

[3,395] Net New Low-Income Units Recently Completed, Under Construction, or Estimated Completion by 2020



SAN FRANCISCO

MARINA
25 UNITS
Edward II - 25

CHINATOWN
188 UNITS
Broadway/Sansome (CCDC) - 74
Broadway/Front - 114

TENDERLOIN
155 UNITS
Vera Haile (Mercy) - 89
Eddy & Taylor (TNDC) - 66

TRANSBAY
758 UNITS
Rene Cazenave (CHP) - 120
Transbay 6 (Golub/Mercy) - 69
Transbay 1 - 116
Transbay 4 - 83
Transbay 7 (Mercy) - 85
Transbay 8 (Related/TNDC) - 176
Transbay 9 (BRIDGE/Avant) - 109

HAYES, FILLMORE
367 UNITS
55 Laguna Rehab - 39
55 Laguna (Mercy/Open House) - 69
Parcel O - 79
Parcel U - 35
Rosa Parks II (TNDC/Bethel) - 97
Booker T Washington (JSCo) - 48

SOMA
285 UNITS
474 Natoma (Bridge) - 59
Hugo (Mercy) - 66
1036 Mission & Sixth (TNDC) - 88
Howard & Fifth (TNDC) - 72

MISSION BAY
580 UNITS
1180 4th Street (Mercy) - 149
Mission Bay South 3E - 99
Mission Bay South 6E - 134
Mission Bay South 7W (CCDC) - 198

MISSION
247 UNITS
Casa Mission (MNC/Mercy) - 34
1950 Mission & 16th - 114
17th and Folsom - 59
1294 B Shotwell - 40

BAYVIEW
495 UNITS
Hunters View Phase2-3 New Units (JSCo) - 109
5800 Third, Carrol Ave. (MBS) - 120
1075 Le Conte / 6600 Third St (Mercy) - 72
New Jamestown (L&M) - 194

HP SHIPYARD
225 UNITS
Alice Griffith I-IV New Units (Lennar/MBS) - 113
Hunters Point Shipyard 49 - 60
Hunters Point Shipyard 54 (Hilltop) - 52

EXCELSIOR / OMI
157 UNITS
Balboa Upper Yard - 87
Phelan Loop (Mercy/BHNC) - 70



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