

Overview of the City's Residential Inclusionary Affordable Housing Program

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What is Inclusionary Housing?

“Inclusionary Housing” requires developers of certain market rate residential developments to include in their developments or to construct off-site residential units made affordable to low and moderate income households (to pay an in-lieu fee to support affordable housing elsewhere).

Background

As specified in the Government Code (at Sections 65300, 65302(c), and 65583(c)), the City's General Plan must:

- “encourage the development of a variety of types of housing for all income levels, including multifamily rental housing”; and
- “[a]ssist in the development of adequate housing to meet the needs of low and moderate income households”.

The City's Residential Inclusionary Affordable Housing Program

- On March 25, 2002, the Board of Supervisors approved legislation to create the “Residential Inclusionary Affordable Housing Program.”
- Sections 315 through 315.9 of the City's Planning Code contain the rules and regulations governing the Program.
- The Program requires 10% to 17% of units in all projects with 10 units or more to be made affordable. The percentage depends on whether the developer chooses to build on-site or off-site and if special approval is required.

With respect to owned units, what is affordable?

- HUD sets affordability standards for the Program
- With respect to owned units, the initial purchase price must not exceed a price that is affordable to a household whose combined annual gross income for all members does not exceed **100% of the median income for the San Francisco's Primary Metropolitan Statistical Area (PMSA)**, as calculated by HUD.

San Francisco's PMSA includes San Francisco, San Mateo and Marin counties.

PMSA Income Definition	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
100% Median Income	\$66,500	\$76,000	\$85,500	\$95,000	\$102,600	\$110,200

With respect to rental units, what is affordable?

- With respect to rental units, annual rent including utilities must not exceed **30% of the gross annual income of a household earning 60% of median income for the PMSA.**

PMSA Income Definition	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
60% Median Income	\$39,900	\$45,600	\$51,300	\$57,000	\$61,560	\$66,120

PMSA Rent Definition	Studio	1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm	5 Bdrm
30% of 60% Median Income / 12 Months	\$998	\$1,140	\$1,283	\$1,425	\$1,539	\$1,653

On-site, Off-site, & In-Lieu Fee Requirements

On-site

- 10% of total if developed on-site; or
- 12% if developed on-site and if conditional use, planned unit development, or live/work project approval is required.

Off-site

- 15% of total if developed off-site; or
- 17% if developed off-site and if conditional use, planned unit development, or live/work project approval is required.

In-Lieu Fee

- Payment to the City Treasurer of an amount determined by the Mayor's Office of Housing (MOH).
- Deposited into "Citywide Affordable Housing Fund" to be used by MOH to increase the supply of affordable housing and pay for enforcement expenses.

Roles & Responsibilities

- Planning Department - Provides written notice to the developer of the affordable housing requirements. Notifies MOH of all housing projects subject to affordable housing requirements.
- Department of Building Inspection (DBI) - Ensures that payment of the in-lieu fee has been made (after developer presents the Treasurer's certification of fee payment). Ensures that on-site and off-site development requirements have been met.
- Mayor's Office of Housing (MOH) - Sets in-lieu fee amounts and transmits them to the Treasurer and Planning Department. Monitors developers' compliance with leasing/sale of affordable housing units after construction.
- Treasurer - Receives in-lieu payments and issues certification of fee payment. In the event the fee is not paid, it initiates proceedings to impose a lien against the development.

Monitoring & Reporting

Planning Commission – Reports to the Board of Supervisors (on annual basis) the results of the Program including but not limited to:

- the number, location and developer of housing projects which are subject to the requirements of the Program; and
- the number of market rate units and affordable on-site and off-site units, including the location of all affordable units.

Mayor's Office of Housing (MOH) - MOH must perform the following activities in 2002 (among others) and update them every 5 years thereafter:

- study the relationship between the production and cost of market rate housing and the availability and demand for affordable housing;
- determine median and average profit margins for developers of for-profit housing; and
- determine whether levels of affordability can be increased.