

# SPUR

**Ideas + Action for a Better City**  
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## **MIDDLE INCOME HOUSING**

**SPUR | WEDNESDAY, SEPTEMBER 2, 2015**

# CAPITAL TOOLS AVAILABLE TO SUPPORT AFFORDABILITY IN...

## NEW CONSTRUCTION

### DENSITY BONUS

*Decreases land cost per unit  
Potentially up to 35%/ 2 floor bonus*

### LOW INCOME HOUSING TAX CREDIT

*Low Cost Equity  
Only applicable for units <60% AMI*

### LOCAL SUBSIDY OR LOW COST MEZZANINE DEBT

*Public investment for each moderate or middle income unit provided  
No fed or state; only local dollars*

### CROSS-SUBSIDY FROM MARKET RATE UNITS

*Requires very high value - rents > \$5/SF  
or condo sales*

### LAND CONCESSION

*Public land or mission driven land owners can forgo max value,  
But even free land only partially covers gap*

# 2015 GENERAL OBLIGATION BOND

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***\$310 million debt sale to build affordable housing  
that will go before voters in November.***

## **PUBLIC HOUSING (\$80M)**

- Accelerate development at Sunnydale and Potrero, transforming public housing and adding new affordable + market rate units

## **LOW INCOME HOUSING (\$150M)**

- New construction/ quick release of NOFAs and RFPs
- Preservation by stabilizing affordable units at risk of conversion to market rate
- Focus on the Mission District

## **MIDDLE INCOME HOUSING (\$80M)**

- Expand the City's Down Payment Assistance Loan Program
- Expand the Teacher Next Door Program
- Fund new middle income rental units

# MIDDLE INCOME HOUSING

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- **Estimated \$20M towards Homeownership Programs**
  - Increase the cap on Down Payment Assistance loans, and expand the range of eligible households to up to 175% of median income.
  - Expand the Teacher Next Door grant program to help keep our teachers in SF neighborhoods
- **Estimated \$25M to Preserve Expiring Tax Credit Units**
  - Use public investment/assistance to negotiate with building owners
- **Estimated \$35M towards New Programs expanding moderate/middle income affordability**
  - Use local subsidy to finance the inclusion of moderate -income units into market-rate multi-family rental housing projects.
  - Partner with low-cost mezzanine loan product, lent through Accelerator Fund

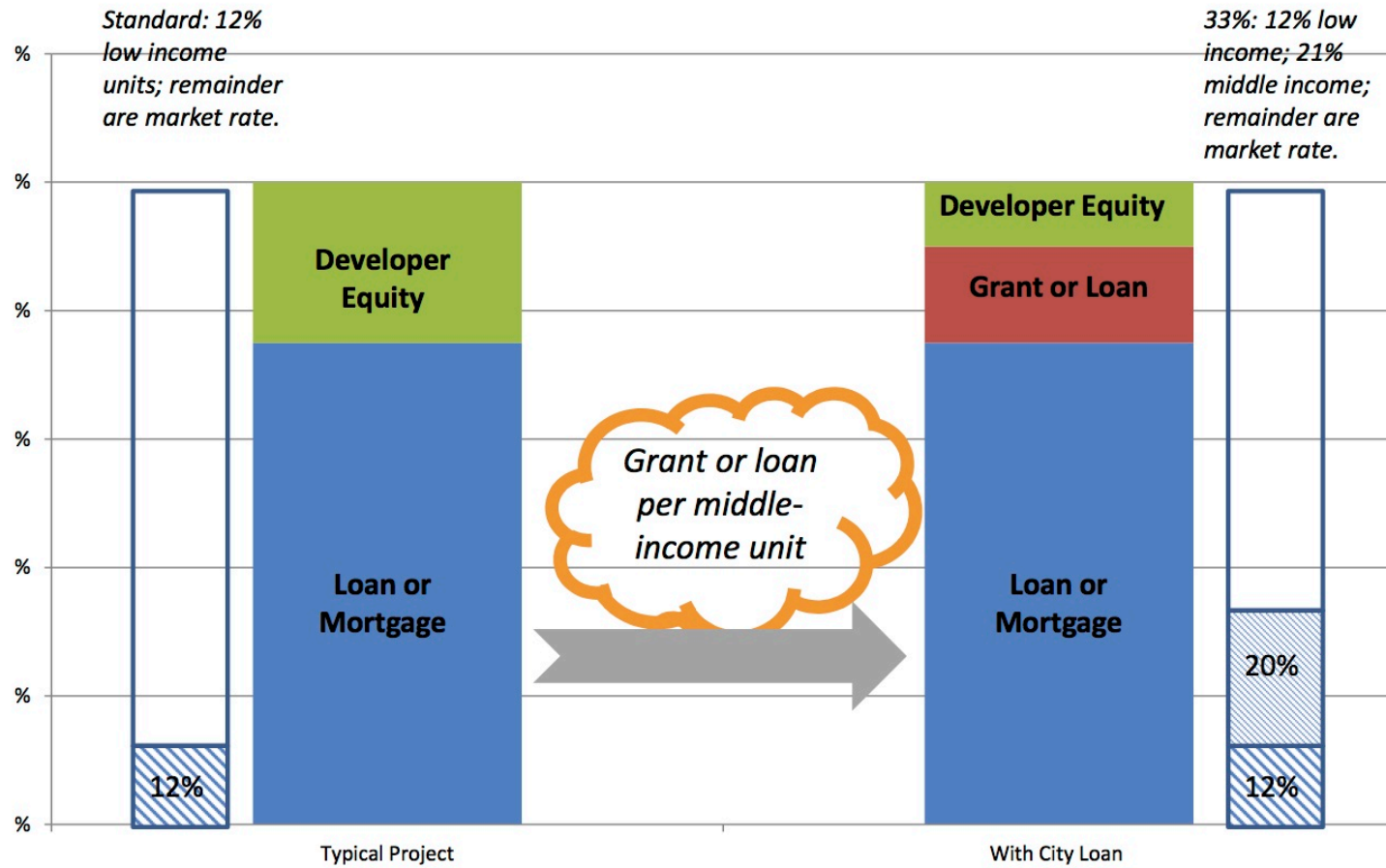
# MIDDLE INCOME RENTAL GAPS

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Household Size	100% AMI	Affordable Rent	120% AMI	Affordable Rent	150% AMI	Affordable Rent	2015 MARKET RENT (NON-RENT-CONTROLLED)*
1	71,350	1,784	85,600	2,140	107,050	2,676	2,695 (studio)
2	81,500	2,038	97,800	2,445	122,250	3,056	3,495 (1 BR)
3	91,700	2,293	110,050	2,751	137,550	3,439	4,750 (2 BR)
4	101,900	2,548	122,300	3,058	152,850	3,821	5,800 (3 BR)

\*Average available market-rate apartment rent, July 2015, *Zumper*

- **Typical middle income household = two working adults who are first responders, educators, engineers, etc**
- **Greatest need lies in middle income families with children. The larger the household, the larger the gap**



# MIDDLE INCOME HOUSING – POLICY TOOLS

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- **The Inclusionary “Dial”**

- Up to 90% of AMI for rental (16% requirement)
- Up to 120% AMI for ownership (15% requirement)

- **Small Sites Program**

- 64 units in 12 buildings to date.
- Deed-restricted at low and moderate levels (average of 80% AMI)

- **Accelerator Fund (off-balance sheet, but launched by City)**

- Low cost loan fund to buy land, construct affordable housing, or rehabilitate existing buildings
- Could also provide financing for projects that voluntarily commit to providing middle income units
- Possibility to partner with COIN tax credit



# AFFORDABLE HOUSING BONUS PROGRAM



## STATE PROGRAM MAXIMUM 35% BONUS



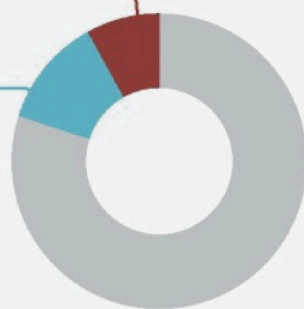
**13 OR 20 %** OF THE  
TOTAL PROJECT  
AFFORDABLE

### ADDITIONAL AFFORDABLE

**0 - 8%** various (50%,  
80% or 120% AMI)

### REQUIRED

inclusionary  
55% or 90%



MARKET  
RATE



## LOCAL PROGRAM DENSITY REGULATED BY FORM



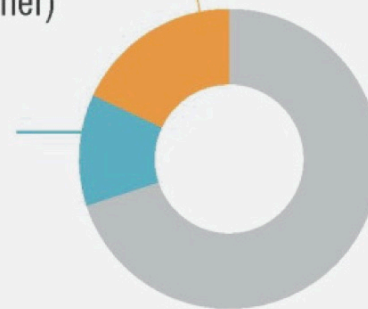
**30%** OF THE  
TOTAL PROJECT  
AFFORDABLE

### ADDITIONAL AFFORDABLE

**18%** Middle Income (120%  
rental or 140% owner)

### REQUIRED

**12%** inclusionary  
55% or 90%



MARKET  
RATE

# Community Reimagined

The Power of Intentional Neighboring

Braid Mission

San Francisco, California

September 2015

# Introduction



BRAID

# Who is the Middle Class

Source: US Dept of Commerce Report, Jan 2010

Income levels alone do not define the middle class. Many very high and very low income persons report themselves as middle class. Social scientists have explained this by defining “middle class” **as a combination of values, expectations, and aspirations, as well as income levels.** Middle class families and those aspiring to be part of the middle class want economic stability, a home and a secure retirement. They want to protect their children’s health and send them to college. They also want to own cars and take family vacations.

# Why the Middle Class Matters

- Political and Social Stability
- Constructive Change (schools and transit)
- Key Philanthropic Givers

# Happening Across the Country

- Fewer people in the middle
- Long-term trend obscured by women entering workforce
- Cities becoming centers for the very wealth and very poor; increasing economic class isolation
- Dissipation of the economic engine of advancement

# What We Should Focus On

- Maintain base of solidly middle class families in SF
- Support aspirational families in remaining in the city and moving up the economic ladder

Our work with foster youth has led us to a solution we think is broadly applicable...

# A Model Exists

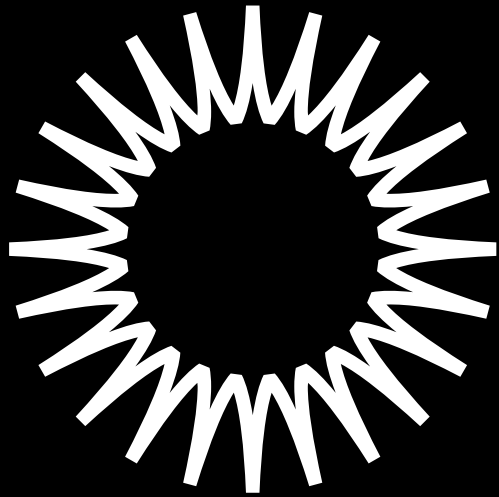




# Core components of intentional neighboring

Source: GENERATIONS OF HOPE DEVELOPMENT CORPORATION/A fuller response to vulnerability

- Foundational Values
  - 1. Power of relationships
  - 2. Reframing vulnerability
  - 3. Embracing diversity
  -
- Essential Design Patterns
  - 1. Key focus on vulnerability
  - 2. Three or more generations
  - 3. Engagement of older adults
  - 4. Architectural design facilitates relationships
  - 5. Transformational leadership



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