

**JAPANTOWN TASK FORCE**  
**AD HOC JAPAN CENTER MALLS TECHNICAL COMMITTEE**

**AGENDA**

Monday, April 12, 2021

**5:30 PM – VIA ZOOM MEETING**

**Committee Members Present:** Daryl Higashi, Grace Horikiri, Roy Ikeda, Sandy Mori, Glynis Nakahara, Joyce Oishi, Kenta Takamori, Lori Yamauchi

**Others Present:** Alice Kawahatsu, Andy Mo, Derek Tahara, Elena Nielsen, Emily Nichols, Jackie Funasaki, Jeremy Chan, Lucy Fisher, Max Nihei, Rosalyn Tonai, Satoe Haile, Steven Santa Maria, Benh Nakajo

**Staff Present:** Steve Nakajo, Lauren Nosaka, Brandon Quan, Susie Kagami, Nina Bazan-Sakamoto

**I. Call to Order**

**II. Informational presentation on San Francisco Affordable Housing (led by Daryl Higashi)**

**A. What does Affordable Housing mean?**

1. Affordable means a price a household could afford to pay for monthly rent or mortgage.
2. Housing is considered affordable if a household pays less than 30% of its gross income on housing costs. This standard is defined by the federal government
3. Affordable housing refers to housing that is funded or regulated by the government at rent prices below the market rate.

**B. How is Affordable Housing provided?**

1. Housing Vouchers
  - a) The U.S Department of Housing and Urban Development (HUD) provides rent subsidies through its Section 8 voucher program.
  - b) These vouchers are not usually enough to make up the gap because the market rate is extremely high.
2. Public Housing
  - a) Originally built with funding from HUD and operated/managed by the SF Public Housing Authority (SFHA).
  - b) Many of the sites fell into despair due to inadequate rental assistance and maintenance funding.
  - c) Under Mayor Ed Lee, SF convinced HUD to allow housing nonprofits and certain private developers to acquire these sites.
  - d) Most of these sites are now owned and managed by nonprofits/private developers with added onsite support services and facilities.
3. Subsidized, Income Restricted with Maximum Rents Housing (100% affordable rental housing)
  - a) Built by housing nonprofit and some private developers.
  - b) Eligible households usually range from 30% - 60% of annual median income.
  - c) Owners are prohibited from charging rents above a maximum limit determined by factors including household size, number of

bedrooms and income eligible threshold.

4. Inclusionary Housing
  - a) When a private developer builds his/her own housing, the city requires a certain amount to be set aside for affordable housing.
  - b) Developers have the option to provide affordable housing on site, in a separate project or pay a fee to fund another project that is building affordable housing.
  - c) As of 2020, new projects with more than 25 units must provide 20% of the units for homeownership or 22% for rentals.
  - d) Annual income ranges from 55%-110% AMI for rental and 80%-130% AMI for homeownership.
- C. Who is served by Affordable Housing?
  1. The federal government determines area median incomes (AMI) for metropolitan areas.
    - a) There are 4 different income categories.
      - (1) Extremely low income: 0-30% AMI
      - (2) Very low income: 30-50% AMI
      - (3) Low income: 50-80% AMI
      - (4) Moderate income: 80-120% AMI
  2. Affordable rental housing most often serves very low and extremely low-income households.
  3. The moderate-income households are the ones that qualify for SF's first-time homebuyer programs or inclusionary housing units set aside within a market rate homeownership project.
- D. How is affordable Housing Funded?
  1. Federal and State Housing Programs
    - a) Low-Income Housing Tax Credit(LIHTC) is a federal tax subsidy that gives investors roughly dollar-for-dollar credit on their tax liability in exchange for equity contributions to subsidize housing projects.
      - (1) Often the largest source of subsidy for affordable housing production and preservation programs.
    - b) Section 8(or Housing Choice Vouchers) is a federal rental assistance program that provides rental payments directly to landlords.
      - (1) Approximately 9,500 federal Housing Choice Vouchers are used by San Francisco households today.
    - c) Other federal sources such as HOME, Community Development Block Grants (CDBG), Housing Opportunities for People with AIDS (HOPWA), Emergency Solutions Grants (ESG), and the Affordable Housing Program (AHP)
      - (1) Federal funding has declined significantly in the last two decades
    - d) State of California Affordable Housing and Sustainable Communities (AHSC) is a competitive state grant program that promotes infill development and reduction of greenhouse gas emissions.
- E. City of San Francisco's Funding for Affordable Housing
  1. SF is heavily focused on the production and preservation of 100% affordable housing
  2. A few agencies oversee San Francisco's major revenue sources

- a) Voter-approved affordable housing bonds such as Seismic Safety Bond and 2015 Affordable Housing Bonds
  - b) Development impact fees, including in-lieu fees paid by market-rate housing developers
  - c) General Fund revenue invested per voter mandates and allocations by elected officials
  - d) State and Federal funds that the City receives, such as HOME funds.
3. Local bond measures have become a more common source of funding.
- a) Proposition A passed in both 2015 and 2019. However these are not permanent sources of revenue.
  - b) Proposition C passed in 2018, which authorizes a new tax on businesses. This will generate a new source of permanent funding for homelessness programs and housing.

F. SF Affordable Housing Strategies

- 1. Increase housing development potential. Goal is to develop 150,000 housing units with at least one third permanently affordable by 2050.
- 2. Streamline approvals for permitting and reduce construction costs
- 3. Expand and sustain funding to produce and preserve Affordable Housing
  - a) Annual average of \$517 million needed to create 1,000 affordable units and preserve 1,100 units.
  - b) Only \$200 million available annually so the gap will need to be made up from new bond measures, regional funding, and gross receipt taxes.
- 4. Protect vulnerable residents, stabilize and preserve existing affordable housing
  - a) Expand tenant services
  - b) Expand rental assistance programs

III. **Q&A portion** (questions asked by committee members and answered by Daryl Higashi)

- a. To what extent does the City try to require new developments to include facilities and services for families?

Response: For new affordable housing developments, the City requires such developments to partner with experienced service nonprofits to provide onsite referral services; and if the development is a large family development, the project may also offer such onsite services as child care and elderly services.

- b. How can these nonprofits partner with developers?

Response: For communities without an experienced housing nonprofit, it is strongly recommended that a local community group partner with an established housing developer (nonprofit or for profit). This type of arrangement is common in communities that are in need of new affordable housing and do not have real estate development capacity. This arrangement (accomplished through a formal development and partnership agreement) is especially important as the experienced developer has the capability to secure planning and building approvals, receive private and public funding, oversee project construction and have an effective marketing and leasing/sales process that addresses the immediate community needs. Mr. Higashi emphasized that creating a new community based housing nonprofit requires significant resources, including funding to cover administrative overhead and predevelopment funding for a new project.

- c. Can you set aside units for certain demographics? For example if a new residential

development is in a cultural district could you reserve units for households of that culture?

- i. If a certificate of preference (COP) program has been designated for a certain community, the COP will probably be incorporated in the marketing/leasing/sales requirements for a new project. There needs to be more research to better understand how COP plays a role for new development leasing/sales in SF. Mr. Higashi mentioned that the SF Planning Department new residential development guidelines require a developer to provide preference to those households within a half mile radius of the new development.

#### **IV. Next Meeting**

##### **NEXT MEETING**

Next Ad Hoc committee meeting will be held on May 10, 2021 via zoom.

**ADJOURN: 6:51PM**