

A study of off-site affordable housing

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routing the money through MOHCD and have signed a development agreement with the city, which trumps the ordinance, as it were. To us, this looks much like any other project we do, with MOHCD loaning the money to us.” The city loan to TNDC is 3% with payment deferred for 55 years, a typical formula for low-income housing, Falk says.

A parking lot and two small commercial buildings at Fifth and Howard comprise the other property TNDC plans to develop with the help of inclusionary support, again, it hopes, with Tishman Speyer. Purchased in 2009, it would include 200 family apartments plus 100 moderate-income units, Falk says, if TNDC can strike a deal similar to the one with Forest City for the Eddy-Taylor Apartments.

“We’re hoping to reach an agreement with Tishman in relation to its Creamery project,” he said.

The Creamery coffee shop and Iron Cactus Mexican restaurant, a block from the Caltrain station at 655 Fourth St., are on land where Tishman plans to build two condo towers.

If successful, that will give TNDC three inclusionary-funded projects under its belt. Are inclusionary options an effective tool to raise money for affordable housing? Falk hedges.

“That’s a big question, and the short answer is yes,” he says. “There’s a debate going on whether improvement (of inclusionary requirements) is possible and beneficial.”

Mayor Lee and Supervisors Mark Farrell and Katy Tang introduced legislation Sept. 15 that would change the inclusionary regulations to make it easier — and more lucrative — for developers to build off-site.

Cohen, one of the mayor’s 40-member

work group that helped put together the changes proposed in 2014, says that, as income disparity in the city increases, housing development “skews just to the top end.”

Part of the proposal is a swap for developers — they can charge more for rentals or condos off-site if they’ll build more units — that puts the inclusionary program “squarely in the low- and moderate-income housing range,” Cohen says.

He dismisses the notion that inclusionary fees or other options mitigate the negative effect of market-rate development on affordable housing.

“Imagine digging two shovels of dirt from a hole and then putting just one shovel full back in. Extrapolate again and again — that is the challenge of thinking that affordable housing somehow relies upon market-rate housing development fees.”

The proposed changes, he adds, stretch “the layer more widely in recognition of the growing need of people left out of any access to ‘the market.’”

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The lottery for the 167 condos at 1400 Mission drew 355 applicants and winners were notified Aug. 10. A 631-square-foot studio — more than twice the size of a Tenderloin SRO — will cost \$225,000. One-bedrooms are priced at \$269,000, two-bedroom \$303,000, and a 1,415-square-foot three-bedroom for \$328,000.

Buyers’ household income caps run from \$71,350 for one person to \$110,050 for five.

Rentals go to the middle class. They range from \$2,664 for a studio to \$3,780 for three bedrooms. There was a lottery for those units, too, Sept. 24. The rentals, monitored by MOH, fall into the city’s Middle Income Rental Program — for individuals and families who earn up to

Inclusionary Determination for 1400 Mission

Lumina	1400 Mission	x	Fee	=	Inclusionary credit
16 studios	4 studios		\$171,558*		\$ 686,232
200 1-bedrooms	52 1-bedrooms		\$236,545		\$12,300,340
373 2-bedrooms	94 2-bedrooms		\$326,086		\$30,652,084
67 3-bedrooms	17 3-bedrooms		\$372,956		\$ 6,340,252
					\$49,978,908

*2013 fee. The fee, which is the difference between the cost of building affordable units and affordable sales prices — called the affordability gap.

Fee source: San Francisco Mayor’s Office of Housing

\$139,050 for a three-person household.

This is “affordable” housing in a city where the average rent for a one-bedroom in May was \$3,213 per month. That’s \$38,556 a year for a roof over your head. Teachers’ salaries in S.F. start at \$46,000, program coordinators at nonprofits take home about \$45,000 and nongovernment social workers average \$54,000.

Most nontech professionals can’t afford that. An average salary and benefits for tech workers in 2014 was \$156,000.

The proposed improvements to inclusionary regulations may get more units built, but won’t solve the underlying housing problem in a city that vies to be the most expensive in the world. ■

— Jonathan Newman contributed to this story

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October 5 – November 3

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