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EXHIBIT A: Executive Summary

ADDRESSING SYSTEMIC BARRIERS IN SAN FRANCISCO'S WESTERN ADDITION

The proposed scope of work focuses on barriers in San Francisco's Fillmore/Western Addition, a centrally located neighborhood with a disproportionately large population of low-income residents who are primarily Black and other people of color. The neighborhood has a concentration of 28 HUD-subsidized affordable developments built in the late 1960s into the 1970s, including half of the city's limited equity cooperatives. This unique cluster of affordable housing is key to community stability in a neighborhood where housing costs have soared, and displacement and gentrification are pressing concerns. There are also opportunities to add diverse affordable housing and improve the physical and social infrastructure of the community.

The Fillmore/ Western Addition has not seen extensive community planning in decades though it is surrounded by recently completed area plans that have enabled more housing to be built and borders the rezoning currently underway in San Francisco's well-resourced areas to allow more diverse and affordable housing and reduce process barriers to housing in these areas of opportunity. Community planning and capacity building in the Fillmore/Western Addition will fill a major gap in housing planning and policy for the community and city as a whole.

As a high-cost city, San Francisco suffers from a severe shortage of housing affordable at low and moderate incomes. San Francisco has numerous efforts underway to remove barriers to housing production in concert with the implementation of Affirmatively Furthering Fair Housing policies and practices. The city is rezoning to allow more multifamily housing in well-resourced and higher opportunity neighborhoods, supporting new funding streams for affordable housing, reducing impact fees on new construction, streamlining permit approvals, and continuing to invest in the stabilization of residents and communities at risk of displacement.

Despite significant legislative, programmatic, and policy changes to remove barriers to housing production, the Western Addition exemplifies the challenges of persisting barriers, including:

- Distrust in government, rooted in generational scars left by redevelopment and urban renewal. In recent decades, city agencies have not been intentional in investing in sustained engagement and planning, and that has exacerbated this distrust.
 - Proposed solution and outcome: With HUD funding, the City will make a four-year commitment to ongoing engagement that is sensitive to past and ongoing harms. With a fulltime, dedicated Fillmore Community Liaison, collaborations with community groups, and support from consultants, this engagement will build support for new affordable housing production and identify strategies to stabilize existing housing.
- A lack of public agency capacity to provide staffing and resources to be proactive, rather than reactive, in long term planning for affordable housing, including identifying sites and developing strategies for acquisition and development.
 - Proposed solution and outcome: HUD grant funds will produce a strategy to produce affordable units in the neighborhood. Although targeted to the needs of the Western Addition, tools for production will provide pathways to development in other

neighborhoods as well. This work will identify affordable housing opportunity sites, site acquisition strategies, and development scenarios that will produce an affordable housing pipeline to take advantage of anticipated local and regional housing bond dollars.

- Insufficient support systems for housing developments funded through HUD legacy programs, particularly limited equity coops, that need technical assistance, organizational and management systems, and fiscal oversight to maintain operational effectiveness and to balance affordability with long term maintenance and capital improvement needs.
 - Proposed solution and outcome: HUD grant funding will conduct a landscape analysis of the HUD legacy projects to gather information on financial and ownership status, as well as resident profile. This is the first step in working with owners to explore recapitalization and infill opportunities. For coops, HUD funds will support owners with technical assistance for governance and financial planning, and conduct a capital needs assessment. For interested coops, this can also include support with identifying opportunities to restructure financing, maintain affordability, and increase unit count.
- Constrained capacity of CBOs and nonprofit affordable housing developers to meet our ambitious production and preservation goals
 - Proposed solution and outcome: In San Francisco, new affordable housing is constructed and managed by a robust ecosystem of nonprofit organizations. The city provides technical support and gap financing for new construction and acquisitions, but does not manage construction, rehab, or building operations. Therefore, bolstering the capacity of our nonprofit developers is paramount to meeting housing production goals. HUD funds will provide training and technical assistance to emerging developers, and provide seed funding for eight pilot site feasibility analysis with the intention of adding those properties to the affordable housing development pipeline.

San Francisco expects this grant to result in new sustained relationships between the City and community organization and residents; a roadmap for site acquisition and development scenarios for affordable housing; institutionalized practices that ensure that HUD legacy projects will remain affordable; and a cohort of emerging nonprofit developers equipped with the expertise to take on new projects and help San Francisco meet its affordable housing goals.

EXHIBIT B: Threshold Requirements

Threshold Requirements and Other Submission Requirements. Review and provide a narrative response, as necessary, to the Threshold Eligibility Requirements

San Francisco is a Pro Housing Priority Geography under HUD's criteria as it has an affordable housing need greater than the threshold calculation for both the Housing Affordability Factor, as a measure of insufficient affordable housing, and the Housing Problems Factor, including housing cost burdens.

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EXHIBIT C: Need

SAN FRANCISCO'S CURRENT AFFORDABLE HOUSING EFFORTS

San Francisco has numerous efforts underway to remove barriers to housing production in concert with the implementation of Affirmatively Furthering Fair Housing policies and practices. This includes rezoning to allow more multifamily housing in well-resourced, high opportunity areas,¹ supporting new funding streams for affordable housing, reducing impact fees on new construction, streamlining permit approvals, building more affordable housing in high resource areas, and continuing to invest in the stabilization of residents and communities at risk of displacement.

In the early 2000s, San Francisco focused on rezoning the eastern neighborhoods, areas of former industrial lands along the Bay and central neighborhoods where the 1989 Loma Prieta earthquake led to the removal of a significant stretch of freeway. Untouched by these efforts was the western city, where single family zoning remained in place, and the Western Addition.

In January 2023, San Francisco approved the 2022 Housing Element Update, which sets the policy goals for housing production, preservation, stabilization, and other housing-related issues for the next eight years. Centered on racial and social equity, the Housing Element recognizes the right to housing as a foundation for health and social and economic well-being. Policy goals focus on fostering racially and socially inclusive neighborhoods through equitable distribution of investment and growth, and on repairing the harms of racial and social discrimination. The Housing Element identifies policies to provide sufficient housing for existing residents and future generations for a city with diverse cultures, family structures, and abilities.

The Housing Element specifically identifies increasing housing opportunities for all income levels in the well-resourced western, central, and northern neighborhoods that are predominantly single-family or other low-density zoning, which have been omitted from prior planning efforts, and increasing affordable housing throughout the city.

The Housing Element includes more than 42 policy goals and 350+ implementing programs that are targeted at removing barriers to affordable housing production and preservation while stabilizing vulnerable communities and redressing harm from past government actions. The city is undertaking significant action currently to implement this plan and build on numerous existing efforts to expand housing production and preservation.

Reducing Process and Fees

- In February 2023, Mayor London Breed released the Housing For All Executive Directive, which focuses on three areas critical to Housing Element implementation: (i) establishing clear accountability and oversight structures, (ii) holding City departments responsible for specific actions in alignment with Housing Element goals and actions, and (iii) setting accelerated timelines for high-impact legislation that will streamline, rather than obstruct, housing construction.³

¹ See State of California Tax Credit Allocation Committee and Debt Limit Allocation Committee Opportunity map developed by the Othring and Belonging Institute of UC Berkeley [CTCAC Tax Credit Programs](#).

- On September 15, 2023, the Mayor signed the Housing Stimulus and Fee Reform Plan to accelerate approval and construction of new housing projects. The plan also reduces and defers development impact fees to encourage more activity.
- In May 2023, each of the 14 city agencies that deliver and permit housing authored a Housing Delivery Performance Assessment and Improvement Plan (HDP AIP).⁴ These plans describe agencies' current performance and outline process improvements to remove barriers for housing approvals and permits. The City's Office of Housing Delivery compiled a "One City Action Plan,"² building on each agency's assessment to identify how the city can more effectively facilitate housing production.
- San Francisco city agencies have been improving administrative processes to speed housing development since at least 2017 when then Mayor Ed Lee issued an executive directive on shortening and standardizing timelines review, approval, and permitting.
- San Francisco has also been implementing state laws designed to speed housing development such as State Senate Bill 35 (Wiener, 2017), which made significant changes in the local entitlement process to decrease the timeline and remove what had been substantial barriers for new affordable housing. Since its effective date, 25 affordable housing projects in San Francisco, with more than 3,400 units, have used SB 35 to expedite entitlement.

Rezoning for Housing

- The Expanding Housing Choice initiative will change San Francisco's zoning to allow new housing, increase housing affordability for low- and middle-income households, and advance racial and social equity in well-resourced areas where multifamily housing is severely restricted today. The rezoning, expected in summer 2024, will allow more multifamily housing in neighborhoods with greater access to economic opportunity, services, and infrastructure such as public transit, parks, and community facilities.
- San Francisco has completed numerous community plans in recent years that allow additional multifamily housing through zoning changes for more density and height and generate funding for community infrastructure and affordable housing. The most recent rezoning efforts include the Central SoMa plan of 2019 centered around a newly completed metro light rail line.
- Targeted rezonings in 2015 removed density restrictions to allow more multifamily housing on the transit and commercial corridors of Fillmore and Divisadero Streets in the Fillmore/Western Addition.
- State and local density bonus laws have allowed thousands of units in exchange for inclusion of permanent affordable housing. State density bonus law has been widely used by both mixed income and 100% affordable developments to add more units to projects. In addition, the local bonus program HOME SF, adopted in 2017, opened multifamily housing opportunities in density restricted areas in exchange for affordable units and has produced hundreds of units with over a thousand units in the pipeline.
- If signed by the Governor this fall, State Senate Bill 4 (Wiener) will allow by-right development of 100% affordable housing on land owned by religious and educational institutions.

² [One City Action Plan.062023.Final .pdf \(sf.gov\)](#)

- California law has made it possible to add ADUs on most residential parcels while San Francisco has made additional policy changes to allow ADUs in multifamily buildings, both new and existing. The city is now producing hundreds of ADUs annually. Recent California laws have also made it possible to add duplexes and fourplexes on single family zoned parcels while San Francisco has allowed fourplexes on single family parcels and six units on corner parcels.

Funding for Affordable Housing

- 2015 and 2019 voter-approved general obligation bonds have together provided nearly \$1 billion in funding for affordable housing production and preservation. An affordable housing general obligation bond will be on the March 2024 local ballot. If passed, \$300 million would be available for new construction, 100% affordable buildings, preservation of vulnerable affordable housing, and for first-time homebuyer programs.
- The recently created Bay Area Housing Finance Authority is pursuing a regional bond in 2024 that could generate significant funding for San Francisco and other Bay Area cities.
- In 2018, San Francisco voters approved an ongoing gross receipts tax on the businesses with the highest revenues in the City to fund homelessness and supportive housing. While gross receipts tax revenue fell during the pandemic, the tax measure is still generating tens of millions of dollars annually to address the homelessness crisis.
- San Francisco's elected officials have made multiple one-time budget allocations to fund affordable housing over the last decade. Looking ahead, these investments may be limited due to drops in local revenue as the city recovers economically from the pandemic, including reduced tourism and lower office occupancy from 2019 levels.
- The City is convening the Affordable Housing Leadership Council to expand affordable housing funding and financing tools with feedback from community-based organizations, philanthropy, and developers. The Council is convening from May 2023 to January 2024 and will publish recommendations in early 2024.
- The passage of State Senate Bill 593 (Weiner) will allow the Office of Community Investment and Infrastructure (OCII), the successor to San Francisco's former redevelopment agency, to use tax increment financing to help fund replacement housing for the 5,800 units of housing destroyed during urban renewal that have not been rebuilt. Many of these destroyed units were in the Fillmore/Western Addition.

Preservation Initiatives

- San Francisco has consistently partnered with federal, state, and nonprofit partners to preserve existing affordable housing including public housing. In collaboration with HUD and local nonprofit developers, in 2016 San Francisco launched one of the first and largest RAD conversion programs of any municipality in the country. This has rehabilitated and recapitalized more than 3,600 public housing units without displacement, leveraged almost \$1 billion in capital repairs and improvements, and transferred management to nonprofits.
- In addition, the city has been working to transform four multi-acre, dilapidated public

housing sites with hundreds of units each through the HOPESF program to replace all existing public housing units without displacement and add additional subsidized affordable and mixed income housing to create denser, safer, healthier and more vibrant communities. Almost one thousand units have been re-built, 450 are under construction, and thousands more will be added.

- The Small Sites Program invests in the acquisition and rehabilitation of multifamily rental properties with the intention of minimizing displacement of residents and creating permanent income restrict units. In November 2022, new program guidelines were published, which solidified the program as an essential tool for anti-displacement and preservation.⁵ To date, the program has preserved more than 700 units at risk of losing affordability to permanently affordable housing.
- The City of San Francisco has adopted various programs to support preservation and stabilization of existing rental housing. The Community Opportunity to Purchase Act (COPA) requires sellers of any rental housing to notify qualified entities and offers right of first refusal to preservation purchasers. The recently initiated Rental Inventory requires rental units to be registered with the city including information on units, tenancy, rents, and other relevant information. These programs complement existing programs regarding protection of 100% affordable housing, Single Room Occupancy (SRO) hotels, rent control covering most rental buildings, and just cause eviction rules.
- In summer 2022, the Mayor’s Office of Housing and Community Development (MOHCD) produced the report “Shared Equity Co-ops in San Francisco” to assess the challenges and opportunities for the 1,580 units of affordable housing in coops. The recommendations from this report are the basis for Task 2 in the scope of work for this grant proposal.
- MOHCD is partnering with nonprofit and philanthropic organizations to leverage funding for acquisitions of existing buildings with tenants at risk of displacement from rent controlled units.

Planning and Policy Development

- In 2019, the Planning Department in partnership with the Office of Economic and Workforce Development and the Mayor’s Office of Housing and Community Development produced the Supervisor District 5 Housing Opportunities Report covering the Fillmore/ Western Addition. The report presents key trends, findings and recommendations on housing preservation and production and will serve as an initial starting point for the Site Assessment and Feasibility Study.
- The Housing Affordability Strategies (2020) analyzed development feasibility and City policies, programs, and public investments to help residents, City staff, and policymakers determine how different policies and funding strategies can address affordability and community stability in San Francisco.
- The Community stabilization strategies (2019) was a multi-agency effort to assess the City’s existing portfolio of tools, unify fragmented efforts into one comprehensive inventory of community stabilization programs, and identify future priorities.
- Several community planning efforts have centered on racial and social equity, including Sunset Forward (2022), MAP 2020 (2017) and the Excelsior Action Plan (2019). These

plans identify barriers to housing production, affordable housing, and community stability.

The proposed PRO Housing project will help San Francisco fill gaps in implementation of the City's housing plan, increase affordable housing production and preservation, and improve AFFH outcomes. The proposal focuses addressing unique opportunities and challenges of Fillmore/Western Addition neighborhood, which underwent intense redevelopment in the 60s and 70s. Most tasks have co-benefits of supporting affordable housing production citywide.

SAN FRANCISCO'S NEED FOR MORE AFFORDABLE HOUSING

San Francisco is the only combined City and County in California and the second densest large city in the United States. Its 831,703 residents¹ face a long-standing housing affordability and homelessness crisis driven by lack of affordable, available housing. The majority of San Franciscans are renters and more than 85,000 (38%) are cost-burdened renters, including over 44,000¹ (20%) severely burdened renters. In addition, there are 39,000 cost burdened owners, including 19,000 owner households with severe cost burdens. Homeownership is out of reach for many due to a median home price well above \$1 million. The most recent point-in-time (PIT) count of homelessness for the city (2022) showed 7,754 people experiencing homelessness with 4,397 of these unsheltered³.

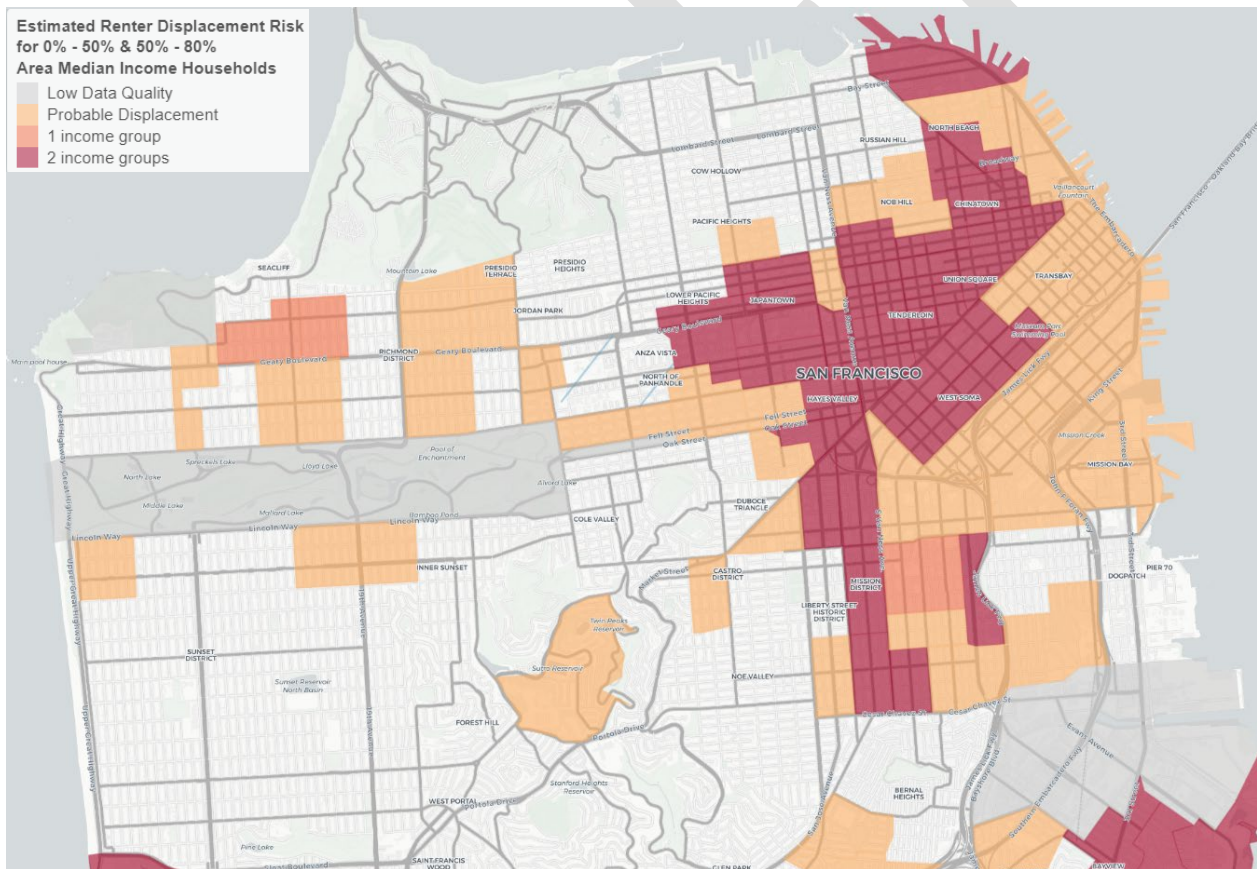
San Francisco's housing and homelessness challenges fall disproportionately on lower income households and communities of color. Most low-income renters in San Francisco are cost burdened and they make up the vast majority of renters with cost burdens. More than 40% of Black, Latino, and Native Hawaiian and Pacific Islander renters experience cost burdens compared to just over 20% for white renters in the city. Owner cost burden also primarily affects lower income owners though moderate- and middle-income owners struggle as well. Over 30% of Black, Latino, and Native Hawaiian and Pacific Islander owners experience cost burden, higher rates compared to other San Franciscans. People of color in San Francisco earn significantly less than white residents, contributing to inequality and housing precarity for communities of color. Black, American Indian, Native Hawaiian and Pacific Islanders, and Latino/a people are also over-represented among people experiencing homelessness in San Francisco. In fact, Black San Franciscans make up 38% of the homeless population but only 5% of the general population.

Housing cost burden, overcrowding, building code violations, and other housing problems are overwhelmingly concentrated in historically lower income communities of color in the eastern side of San Francisco, including the Fillmore/Western Addition. Incomes are lower, poverty rates are elevated, and health and educational indicators are worse in Fillmore/Western Addition and other lower income, communities of color than the city as a whole. These conditions have been caused, at least in part, by the history of redlining and other housing discrimination, urban renewal, and freeway development in San Francisco that disproportionately affected communities of color, particularly Black residents.

³ San Francisco Department of Homelessness and Supportive Housing Point in Time Count and Housing Inventory Webpage [PIT and HIC Counts \(sfgov.org\)](https://www.sfgov.org/housing-inventory)

Displacement risk and past displacement have been most acute in these east side neighborhoods as shown in the map below from the Urban Displacement Project at UC Berkeley. Fillmore/Western Addition is one of the neighborhoods most at risk of displacement according to the California Estimated Displacement Risk model based on various indicators of precarity. San Francisco has been losing thousands of low- and moderate-income residents for decades⁴ and lost thousands of Black residents due to a combination of economic changes, lack of affordable housing, and destruction and disinvestment in the Black community. The Fillmore/ Western Addition has lost thousands of Black residents over the last five decades, with the Black population declining in the area from 30,266 in 1970 to 7,223 in 2017.⁵ The area is among those at elevated risk of displacement but also sits next to higher income or gentrified neighborhoods to the north, south, and west, indicating unique vulnerability but also opportunities for improved stability and connection to opportunity.

Figure 1. Urban Displacement Project: California Estimated Displacement Risk Model



See: [California Estimated Displacement Risk Model – Urban Displacement](#)

San Francisco offers a range of tenant protections, including rent stabilization for properties built before 1980, just cause eviction protections, tenant and landlord education and mediation

⁴ 2022 Housing Element Needs Assessment and Assessment of Fair Housing [Appendix A - Housing Needs Assessment and Assessment of Fair Housing \(sfplanning.s3.amazonaws.com\)](#)

⁵ Census and ACS data prepared by the San Francisco Planning Department, in part using Social Explorer.

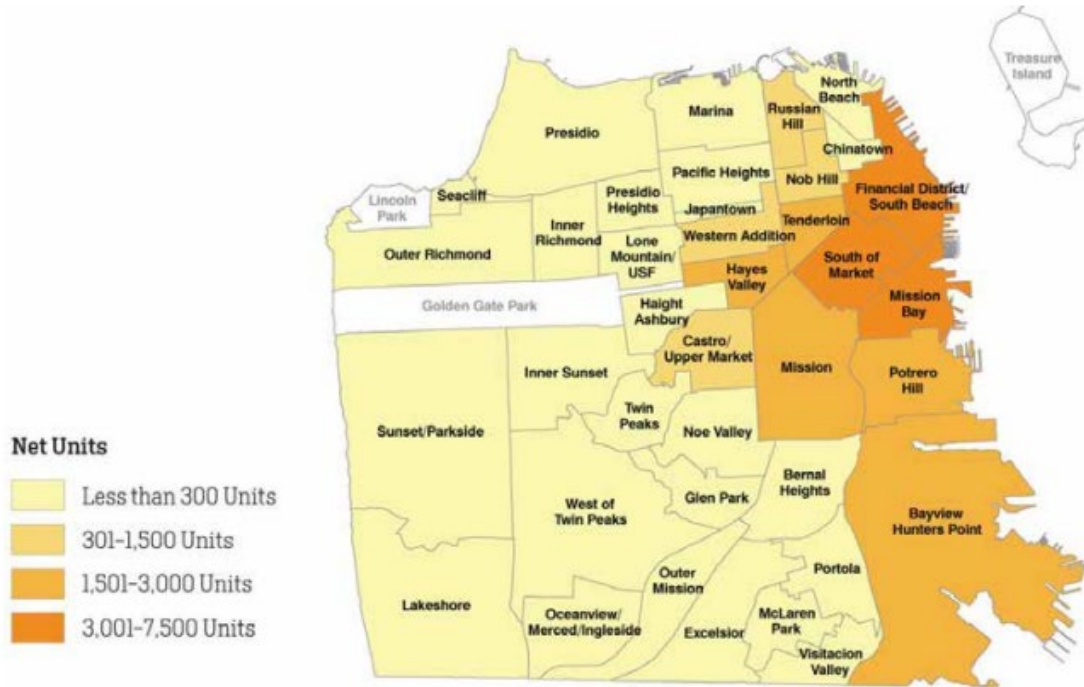
programs, and tenant eviction legal defense and assistance. San Francisco has also been investing in the ongoing maintenance and preservation of existing subsidized affordable housing, including the extensive rehabilitation, refinancing, and/or rebuilding of public housing. In the Fillmore/Western Addition, a concentration of 28 HUD-subsidized affordable developments built in the late 1960s and 1970s, including cooperatives, need capital investments, maintenance plans, and management support. This unique cluster of affordable housing is key to community stability in a neighborhood where housing costs have soared, and displacement and gentrification are a pressing concern. There are opportunities to add diverse affordable housing typologies and strengthen the physical and social infrastructure of the area.

In addition to preservation investments, housing production has increased over the last 15 years, including affordable housing production. Average annual housing production from 2017 to 2022 was nearly double the rates from 10 years prior. At the same time, however, San Francisco experienced an economic boom with 38% job growth from 2010 to 2019 while the housing stock grew by only 8%, leading to exacerbated affordability challenges, particularly for the lowest income residents. Housing production has been heavily concentrated in a few neighborhoods on the east side of the city, most of which were formerly commercial or light industrial. These neighborhoods are in or next to areas that are historically communities of color, many of which are still struggling to overcome histories of disinvestment, discrimination, and urban renewal, leading to tensions around new development. New housing was built in these neighborhoods in part because community plans adopted over the past 20+ years changed zoning to allow for multifamily housing that was not permitted in other residential areas, particularly well-resourced areas in the west, north, and center of the city.

Figure 2. New Housing Construction in San Francisco 2005-2022



Figure 3. San Francisco Housing Production 2005-2019 Was Concentrated in a Few Neighborhoods



With the recently adopted 2022 Housing Element update, San Francisco committed to increase zoning for new housing in the well-resourced areas and to making process changes to facilitate faster and more predictable timelines in housing development. These efforts are to accommodate the City’s ambitious goals of permitting 82,000 units by 2031 and affirmatively further fair housing by opening housing opportunities in well-resourced areas while stabilizing and strengthening lower income areas and communities of color.

FOCUSING ON THE FILLMORE/WESTERN ADDITION

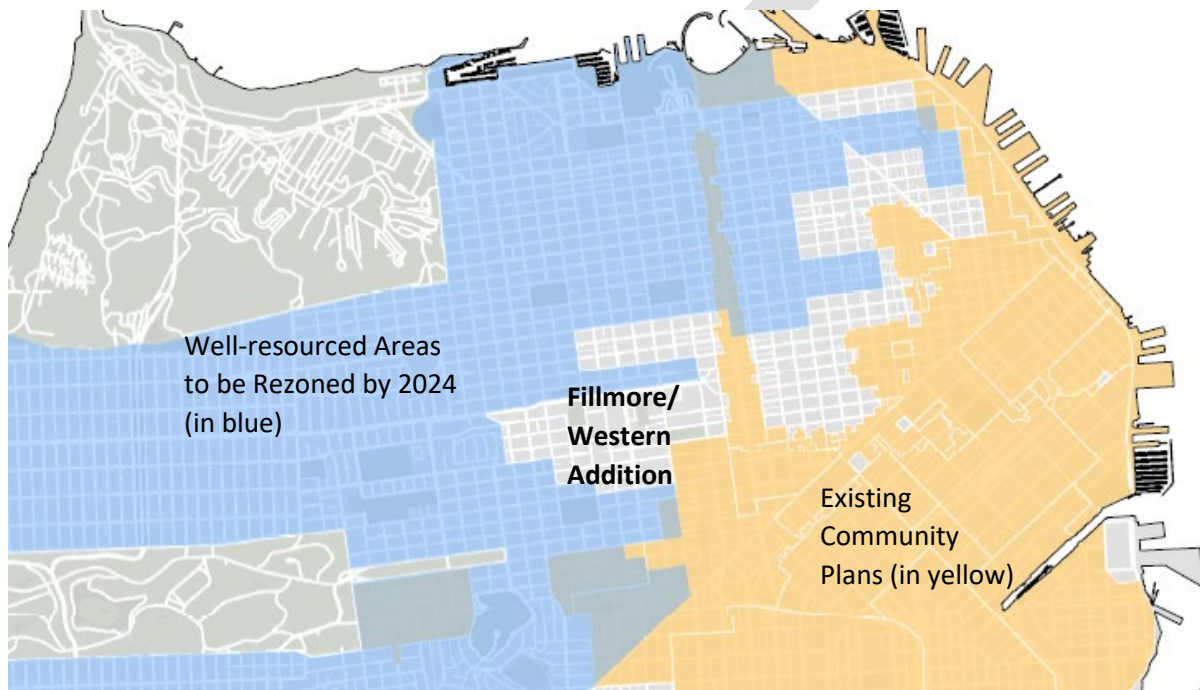
Neither the city nor federal HUD programs have made significant community planning or development investments in the Fillmore/Western Addition since the urban renewal ended more than four decades ago. To the east and south of the area, community plans have supported new affordable and market-rate housing production and community infrastructure. Currently, the city’s rezoning effort in well-resourced areas will allow thousands of new homes in historically exclusionary areas to the north and west of the Fillmore/Western Addition. In the last few years there have been major transit investments in and bordering the Fillmore/Western Addition, which have improved connections to, from, and within the area and that could support existing and new residents.

While zoning changes six years ago allowed more multifamily housing on the major transit and commercial corridors of Fillmore and Divisadero Streets, there has been little development and limited assessment of existing development opportunities or what incentives could enable affordable housing development in the area. The Fillmore/Western Addition’s unique preservation and production needs and opportunities are a microcosm of San Francisco’s needs

and opportunities and represent an important chance to fill a gap in planning to address the City's and neighborhood's needs while continuing to heal past harm and build toward a better future through intentional investment and planning which has been lacking since redevelopment.

Because the neighborhood is zoned for low- to mid-rise residential, is not included current rezoning efforts in single family, well-resourced areas (highlighted in blue on the map below) or other major recent community plans or neighborhood strategies.

Figure 4. The Fillmore/Western Addition is surrounded by recently completed community plans, a major rezoning currently underway, and a number of high-quality transit lines.



REMAINING BARRIERS THAT NEED TO BE ADDRESSED

Although San Francisco's significant recent efforts identified in section (i) to remove barriers through policy, programs, and funding, barriers remain for certain housing typologies. In addition, certain neighborhoods, like the Western Addition, need tailored investment. The neighborhood has a concentration of 28 HUD legacy projects, home to more than 2,500 low-income households.

In the Western Addition, existing barriers include:

- **Legacy of Urban Renewal and Distrust of Government:** Given the legacy of redevelopment in the project area, many residents are skeptical of broken promises and paternalistic planning efforts. The razing of the Fillmore neighborhood and displacement of thousands of Black residents and businesses without compensation or relocation assistance has left generational scars on the community. Acknowledging and redressing this harm and rebuilding trust is the foundation of all the work scoped in this proposal.

Due to disinvestment, government distrust, and low community capacity to provide services and resources, the community faces challenges navigating housing services and advocating for favorable land use and housing policies compared to wealthier households in high resourced neighborhoods.

- ***A reactive, rather than proactive, approach to affordable housing:*** The City has lacked the capacity to identify sites and develop long-term planning strategies for affordable housing acquisition and development. San Francisco has been very successful in producing affordable housing, with a robust pipeline of large development projects creating thousands of units. But managing the immediate pipeline has stymied efforts for long-term planning, and the City lacks a system for acquiring and holding properties.
- ***Lack of support structures for legacy HUD housing, especially Limited Equity Housing Co-operatives:*** The Fillmore/Western Addition has a high concentration of HUD legacy projects that were initiated under redevelopment. Many of these 28 projects are ageing and need significant capital improvements. Some are under stable management and have healthy operating reserves, but others lack stable oversight and management. The barriers to long-term financial sustainability and preservation of these affordable units are inadequate support for oversight, operations, and financial planning. Some are at risk of converting to market rate rents.

In particular, projects developed through legacy HUD programs create a unique challenge in San Francisco. City agencies have struggled to define their role in supporting operational capacity and capital improvements given limited levers for intervention through policy or financing. Co-ops form a community of majority low-income, BIPOC San Francisco residents. Government efforts to stabilize co-ops have, at best, been fragmented and inconsistent for decades.

- ***Limited CBO capacity to acquire, build, and operate affordable housing sites:*** In San Francisco, affordable housing production and preservation is managed by a robust ecosystem of nonprofit organizations. The city provides technical support and gap financing for new construction and acquisitions, but does not manage construction, rehab, or building operations. To meet the Housing Element's ambitious affordable housing goals, San Francisco needs to both substantially increase CBO capacity to acquire and manage preservation sites and their capacity to develop new affordable housing. Because preservation via acquisition is a relatively new affordable housing strategy for San Francisco that relies on smaller CBOs, bringing this to scale will require building their technical expertise of the real estate markets and their ability to project management renovations and maintenance at multiple sites simultaneously. Although nonprofit affordable housing developers in San Francisco have substantial experience in new construction, they will also need support to scale up at the pace needed to meet goals. We anticipate a local bond on the spring 2024 ballot for \$300M for affordable housing and a regional bond for affordable housing on the fall 2024 ballot for \$10B. HUD grant funds would help prepare the city to effectively expend these grant funds.

EXHIBIT D: Soundness of Approach

PROJECT VISION

The grant would facilitate the production of housing affordable to households with incomes below 100% AMI by undertaking four tasks that directly respond to the identified barriers.

Staffing Structure

To implement the following activities, the project team will include the following, which are described in more detail in the budget narrative.

- City staff from the Mayor's Office of Housing and Community Development, under the Preservation Division, will manage overall project implementation and the consultant contracts. In addition, the Emerging Developers Manager will support the work under task 4.
- City staff from the Planning Department's Division of Racial and Social Equity will oversee community engagement. The Fillmore Liaison, working in the Planning Department, will be the primary point of contact for all community engagement activities. This is a full-time, city position. In addition, a Community Engagement Fellow participating in a two-year program at the Planning Department will support community engagement.
- Community organizations, selected through a procurement process, will be included and are considered project partners. CBOs will support community engagement in task 1. Task 3 may direct funds directly to co-ops and other HUD buildings. In task 4 the grants would largely go to nonprofit developers for capacity building and finding potential
- Consultants, selected through a competitive process, will support all four project tasks.

ACTIVITIES

1. Community Engagement and Outreach

Given the harmful history of government involvement in housing policy in this neighborhood, as well as decades of disinvestment by City leaders and the Federal government, many community members lack confidence and trust in government. Therefore, long-term efforts to rebuild trust are paramount to the success of this proposal making community engagement the foundational task. It will be a consistent thread through all tasks, from start to completion. This model of engagement has been successfully used in San Francisco in other neighborhoods. It is distinct from other engagement models as it focuses on relationship building and partnerships and prioritizes and centers communities that have historically experienced a legacy of systemic exclusion.

This type of community engagement requires a sustained and intense commitment of staffing and resources. A full-time Fillmore Liaison at the Planning Department will be the City's project manager for community engagement (staff time is a local match). Through an open and competitive procurement process, the city will contract with a CBO(s) and/or consultant specialist experienced with BIPOC communities and familiar with the Fillmore/ Western

Addition neighborhood. This CBO/ consultant will work closely with community groups, church congregations, schools, and residents to connect with neighbors where they gather. In addition, this year, the Planning Department and the Mayor's Office of Housing and Community Development are hosting paid, full-time Community Engagement Fellows in a two-year program, in an effort to elevate awareness about community needs and build capacity for CBOs in housing and land use. A fellow from Booker T. Washington Community Center, representing the Fillmore/Western Addition, is participating in the program. This fellowship will improve the City's relationships in the community, build knowledge and cultural competency around neighborhood needs, and support the activities proposed.

Groups/Stakeholder Convenings

The consultant along with the City's Fillmore Liaison will convene regular stakeholder meetings to understand the community's housing needs, build capacity in the community to engage with public agencies, and build on existing efforts.

One such effort was launched in 2019 by the Office of Economic and Workforce Development (OEWD). They convened the Fillmore Merchants and Neighborhood Collaborative to focus merchants and community leaders around economic development initiatives. These convenings created partnerships within neighborhood groups, and defined strategic goals and priorities, which include "building a vibrant and thriving residential and business community in the Fillmore to create a refuge for Black families." In its strategic plan, the Collaborative seeks to build community awareness on housing advocacy issues and strengthen relationships with City agencies. The proposed activities in this grant proposal will build on the model the Collaborative initiated and fulfill this need of creating a space for community members to learn, advocate, and build relationships with the City on housing issues.

Community Collaboration

Community engagement is an umbrella, and the following are specific activities that will support the following tasks.

Task 2: City staff and the consultants will gather community feedback and interview affordable housing developers and community leaders to ensure that qualitative information is gathered to provide context on community history and priorities.

Task 3: In partnership with the Fillmore Liaison, a consultant will create a co-op engagement plan that describes a roadmap for city and non-profit relationship-building with coops, which will subsequently inform the approach to providing technical assistance and working with the co-ops. This work builds upon recent reports commissioned by MOHCD examining the many challenges co-op residents face.

Task 4: Relationships with local community-based nonprofits will support this task by building capacity for emerging non-profit developers.

Outreach and Education on Housing Opportunities for Displaced Residents

State and local redevelopment law has long provided a path to access affordable housing opportunities for residents displaced by urban renewal. Recent California state law has acknowledged the ongoing impact of historic discrimination in housing and planning by extending redevelopment era preferences for access to affordable housing to the descendants of

households displaced by urban renewal (in San Francisco this is the “Certificate of Preference” (COP)). We anticipate the passage of State Senate Bill 593 this fall, which would allow San Francisco’s redevelopment successor agency to finance certain affordable housing projects using the successor agency’s property tax revenue. This new financing mechanism can support the production of up to 5,842 over the coming decades, and the City wants to ensure that COP holders have access to these units.

Grant funds would support a sustained outreach effort to descendants of people displaced by urban renewal in San Francisco with a focus on the Fillmore/Western addition, which was the area most severely impacted by redevelopment. Outreach would build on recent efforts of the New Community Leadership Foundation (NCLF), a Fillmore/Western Addition CBO, and Lynx Insights and Investigations, Inc. (Lynx). In 2022-23, they located and confirmed current contact information for over 10,000 displaced people. Continuing this work, the consultant would partner with neighborhood CBOs, churches, and community members to undertake a sustained and expanded effort over four years to reach displaced residents and their descendants using community and family contacts in the Bay Area and beyond. This outreach would educate and support displaced residents and their descendants on the affordable housing opportunities available to them throughout San Francisco and provide information on the application processes. It would support community-based organization staff in outreach activities and development of informational materials, thereby building community capacity and connection within the Fillmore/Western-Addition neighborhoods. This would affirmatively further fair housing by helping displaced residents of San Francisco, who are disproportionately Black, to access affordable housing opportunities throughout the city, reversing legacies of housing discrimination and urban renewal and allowing residents to access job and cultural opportunities in city while contributing to their communities and the city’s cultural life.

Focus on Housing

Navigating through the City’s affordable housing resources can be complex and difficult. Integrated into workshops and working with community organizations, the City will augment its affordable housing education, policies, and programs, providing broader access and support. Community members who have ties to non-profit organizations and relationships with City agencies are more likely to access affordable housing resources. The Fillmore Liaison and the community representative will conduct outreach to community members who are seeking affordable housing resources. Education will include workshops on housing policies and programs, including the Certificate of Preference program (which gives priority to residents displaced by redevelopment), Homeownership, and wealth building.

Community Housing and Infrastructure Grants

As part of the stakeholder and community planning process, the community will identify housing, land use, and infrastructure priorities. Housing and infrastructure grants will be available to fund projects that supports HUD’s goals and objectives of advance pro housing goals and serve low- and moderate-income residents. Grant funds could be used to activate public facilities like streets, parks, and other neighborhood amenities.

Deliverables

Working with City staff, the CBO/ consultant will conduct quarterly stakeholder convenings and workshops and hold regular community meetings for two years and build an implementation or community plan driven by community input for the next three years. Key metrics include stakeholder attendance, workshops held, and new community members housed in affordable housing units.

2. Strategy for Affordable Housing Production

Staff will work with a consultant to conduct a citywide scan of potential affordable housing development opportunity sites and development of an infill development strategy for affordable housing for San Francisco, as called for in the city's housing plan. This work will research best practices in securing sites for affordable housing to inform San Francisco's approach, including leveraging public, nonprofit, and religious institution- owned land. This work will then delve deeper into the Fillmore/Western Addition, including identifying potential affordable housing and mixed income development sites, development scenarios, and funding strategies. As a community with extensive housing needs and little recent housing development, the Western Addition represents an opportunity to examine how policy and program changes can facilitate additional affordable housing development. While Task 2 will focus on the Western Addition, the products will be applicable Citywide.

Identify Affordable Housing Sites

Building on the recently adopted Housing Element, the City would develop an assessment of potential development sites suitable for 100% affordable multifamily developments and/or mixed-income developments. This task will define criteria for parcels that may have development potential (e.g., location, zoning, footprint, existing use, ownership type) This task will produce a map and dataset of parcels citywide as well as in the Fillmore/ Western addition area.

Site Acquisition and Infill Strategies

Acquiring and holding properties for the construction of new affordable housing is a valuable strategy when land values drop in an economic downturn. San Francisco faces several barriers to long-term strategic site acquisitions. City agencies are not currently structured to manage properties in the period between purchase and development. Interim use/activation is a separate economic development function that is not housed in MOHCD or another City agency. The city has worked addressed property management and interim use by making acquisition loans to CBOs so that they manage the sites, but that triggers property taxes for those CBOs (as tax exemption is contingent on occupancy, it is only applicable post-construction). Security and maintenance of vacant parcels can be costly and draws on funds allocated for production. The opportunity cost of holding parcels for development must also be weighed against funding affordable housing development projects or rehabilitation and acquisitions.

A site acquisition and infill strategy would provide a cost benefit analysis of the trade-offs of holding land and provide recommendations for potential structures for acquisition and infill development.

Development Scenarios

To complement the site assessment, consultants will work with local emerging developers to provide alternative development scenarios for a variety of residential typologies based on tax credit availability and economic market and ownership structures and opportunities. This task will consider construction types and products (e.g., modular, typical mid-rise affordable housing). In addition, this task will look at options for increasing density of existing larger HUD legacy 100% affordable developments based on their interest and financial needs. This task will produce recommendations for funding strategies based on the site assessment and financial analysis and examine opportunities to employ state legislation, including SB 423 (SB35) and other state and local laws that would allow streamlining or more production, SB 4 which would allow religious and educational institutions to build affordable housing on their land, and AB 1449: Multifamily projects located in urban infill exempt from CEQA.

Deliverables

Working with a consultant, the City will detail the opportunities and challenges of development scenarios, look at best practices and models for site acquisition and infill strategies, and develop recommendations that identify costs, benefits, and trade-offs of differing approaches to infill in the project area and throughout the city.

3. HUD Legacy Housing Supports

The Fillmore/Western Addition neighborhood has a concentration of 28 HUD legacy projects, home to more than 2,000 low-income households. This includes five limited equity co-ops with 818 units (more than half of all co-op units in San Francisco), all created under HUD redevelopment programs. Needs vary among these properties, but because they were HUD investments, the local government is disconnected, and as such, represents a barrier to ensuring that they remain affordable, safe, and livable.

3a. HUD legacy properties

HUD made significant investments in affordable housing in the Western Addition through loans, grants, subsidies, and other programs in the era of urban renewal. Today some of these properties are stable, others are reaching their end of their viable physical life span, and some are at risk of converting to market rate and losing affordability. For many, HUD support terminated, and these orphaned properties have little financial or technical support from the Federal, State, or local governments. To address this, grant funds will do the following.

Conduct a Landscape Analysis of HUD Legacy Projects

Because of the diverse financial and ownership structures of these properties—some are still tied to HUD, some are independent—the City lacks basic information about their operations. The first step is to work with owners to identify their needs, resident profiles, and financial standing. These profiles will include current zoning, infill capacity, and other context.

Support Property Owners and Residents In Exploring Options

Several church-owned HUD legacy properties have expressed interest in repositioning these properties to provide capital for renovations and/or expansions. Grant funds will look at options and alternatives that can lock in affordability for generations to come while positioning these properties for financial stability. This goal is to help match HUD legacy properties interested in potential development with the capacity building investments for developers described in Task 4. Other properties may be well suited for RAD conversion.

3b. Co-op assessment and strategies

The five limited equity co-ops in the Western Addition, with 818 units, are large properties in need of significant capital improvements. To support existing co-ops and address the issues of anemic co-op infrastructure, grant funds will focus on community engagement, governance, and a capital needs assessment.

Community Engagement

Under the umbrella of Task 1 and working closely with the City's Fillmore Liaison, a consultant will create a co-op engagement plan that describes a roadmap for city and nonprofit relationship-building with co-ops, which will subsequently inform the approach to providing technical assistance and working with the co-ops.

Cooperative Governance

A consultant would provide technical assistance to co-op boards to update bylaws and structure boards to ensure fiscal and operational best practices.

This includes building resident knowledge and understanding of the co-operative housing partnership, so that co-op shareholders operate towards the best interests of the co-op, rather than from the perspective of individual interests. This will build capacity in all co-op leaders, elected or not. This resident education component will include materials, workshops, and meetings.

Service Providers and Funders

For co-ops to maintain good health, they need service providers who understand their needs and have tailored solutions. This task will build a network of co-op service providers and funders, laying the foundation for sustainability. San Francisco's network is small and fragile, and too few organizations like management companies are familiar with co-op interventions. Similarly, for co-op units to be preserved, rehabilitation dollars need to be available for their maintenance needs. Some co-ops may be capable of refinancing and funding their maintenance on their own accord, however, several will require subsidies. This component will identify lead public agencies, a coalition of service and management providers, and financing structures.

Capital Needs Assessment

Included in this scope of work, a Capital Needs Assessments (CNAs) will determine the scale and scope of capital needs across the five co-ops in the project area. CNAs will diagnose issues and address potential risks in unit loss, future building costs, or maintenance and repairs.

Deliverables

For HUD legacy projects, this investment will produce a detailed audit of the status of these properties. With that information, public agencies can identify the appropriate supports for properties and proactively plan for future capital needs. For coops, HUD funds will support owners with technical assistance for governance and financial planning, and conduct a capital needs assessment. For interested coops, this can also include support with identifying opportunities to restructure financing, maintain affordability, and increase unit count.

4. Housing Developer Capacity

Report on Barriers to Small Site Acquisitions

To better understand the challenges of small sites acquisitions in the Western Addition and non-profit capacity in the neighborhood, a consultant will conduct an analysis examining what is preventing qualified nonprofits (QNP) from scaling up. San Francisco's Small Sites Program was created to acquire and rehab existing affordable units in buildings of six to 60 units with tenants at risk of displacement. To date this successful program has converted almost 700 units to permanently affordable. The program has been more successful in some neighborhoods more than others, and the barriers to citywide success are not well understood.

The pool of qualified non-profit developers is limited, and expertise is lacking in the field of real estate development among community members in the Western Addition neighborhood, especially in the Black community. There are currently about three nonprofit community organizations doing work in the neighborhood around development, yet their role focuses on community engagement. In order to meet the City's housing goals, the City must increase CBO capacity to acquire and manage sites and scale up development. Task four would build capacity and train emerging community developers on real estate development and fund pilot activities for potential acquisitions.

Training and Technical Assistance

With guidance and consultation from MOHCD's Emerging Developer Program Manager, emerging CBOs will receive training in real estate finance and transactions, permitting and renovation management. Trainings will build CBO capacity to provide asset/property management, including meeting ongoing building and tenant needs.

Technical assistance will be provided as needed to QNPs for: financial analysis, real estate transaction management, property/asset management; permitting and renovation management.

Site Feasibility Analysis

To increase production and build capacity in the Western Addition, the City is proposing to fund eight pilot site feasibility analyses (approx. \$50,000 each) for CBOs to assess site acquisitions for preservation or new development, including programing, site design, unit yield study, and

financial feasibility. City staff will manage the program and work with CBOs on identifying sites and preliminary site assessments.

Deliverables

In San Francisco, new affordable housing is constructed and managed by a robust ecosystem of nonprofit organizations. The city provides technical support and gap financing for new construction and acquisitions, but does not manage construction, rehab, or building operations. Therefore, bolstering the capacity of our nonprofit developers is paramount to meeting housing production goals. HUD funds will provide training and technical assistance to emerging developers and provide seed funding for eight pilot site feasibility analysis with the intention of adding those properties to the affordable housing development pipeline.

BUILDING ON PAST PROJECTS & LESSONS LEARNED

The proposed project activities in the Western Addition are modeled after other community-driven processes in San Francisco, including the Mission Action Plan 2020 (MAP 2020) and the Tenderloin's Community Action Plan (TCAP), where community priorities steer decision making and investments to address issues such as housing stability and affordability, street conditions, displacement, and business stabilization.

The Mission Action Plan 2020 was initiated by community advocates strategies to produce and preserve affordable housing, protect tenants from eviction, maintain the Mission's rich cultural diversity, and preserve local businesses serving low to moderate income households. City agencies participated in the process and as a result, the collaboration resulted in the production and preservation of over 1,000 units of affordable housing and Planning Code amendments to protect specific land uses and promote small neighborhood serving retail. The effort created the Calle 24 Cultural District on a neighborhood commercial corridor.

Another neighborhood-led process, administered by the San Francisco Planning Department, is the Tenderloin Community Action Plan (TCAP). In response to crisis on the streets in the neighborhood, the Action Plan efforts identifies neighborhood needs and articulates a collective community vision for the Tenderloin. In 2022, the community participated in an inaugural participatory budgeting process to fund \$4 million in community initiatives. Projects range from community safety to youth enrichment. These projects will be implemented from Summer 2023 to Spring 2025.

MAP2020 and TCAP are examples of planning processes driven by community input. When communities are invested in the process, they own the decisions and investments made in the community. Like the Western Addition, these communities in priority geographies as defined by the San Francisco Department of Public Health. These are neighborhoods with higher density of vulnerable populations, which include people of color, seniors, youth, people with disabilities, linguistically isolated households, and people living in poverty. Historically, these neighborhoods have been disenfranchised from land use and housing decisions. From these

engagement models, the City has learned that robust engagement fosters better relationships in the community, interagency coordination, and more meaningful outcomes for the community.

GEOGRAPHIC SCOPE

The Western Addition includes the Fillmore, Japantown, Alamo Square, Anza Vista, and North of the Panhandle, and Lower Pacific Heights. The area is 1.4 square miles. Task 1 will cover the broader Western Addition neighborhood, while Tasks 2 and 3 will focus in on the Fillmore District.

Figure 5. Map of Fillmore/Western Addition Neighborhood Boundaries

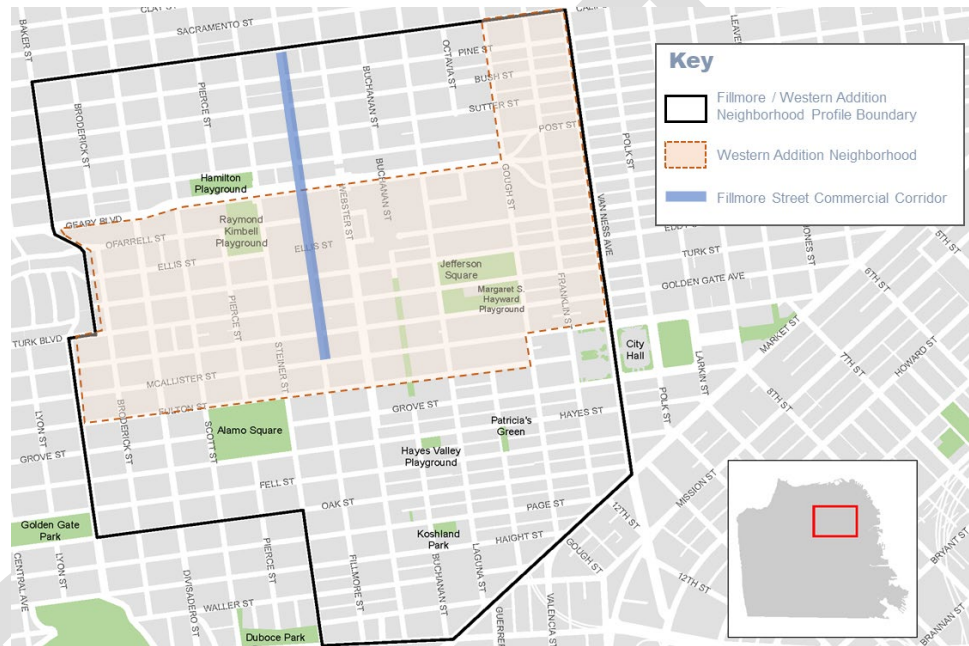
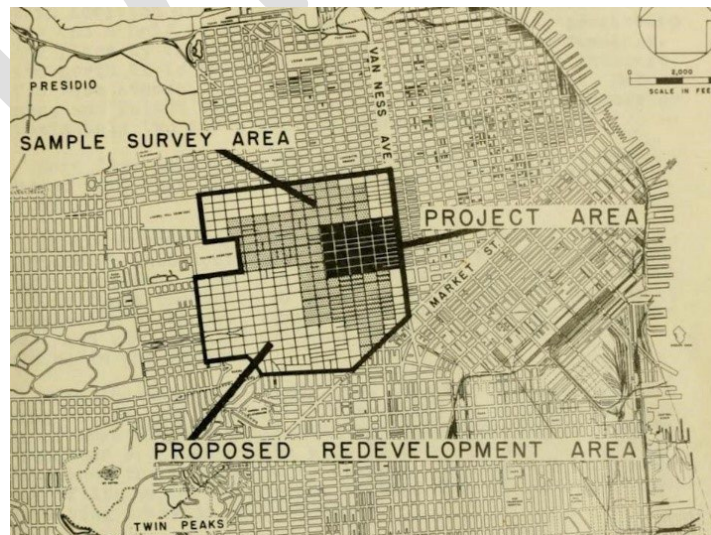


Figure 6. Map of the Proposed Redevelopment Area

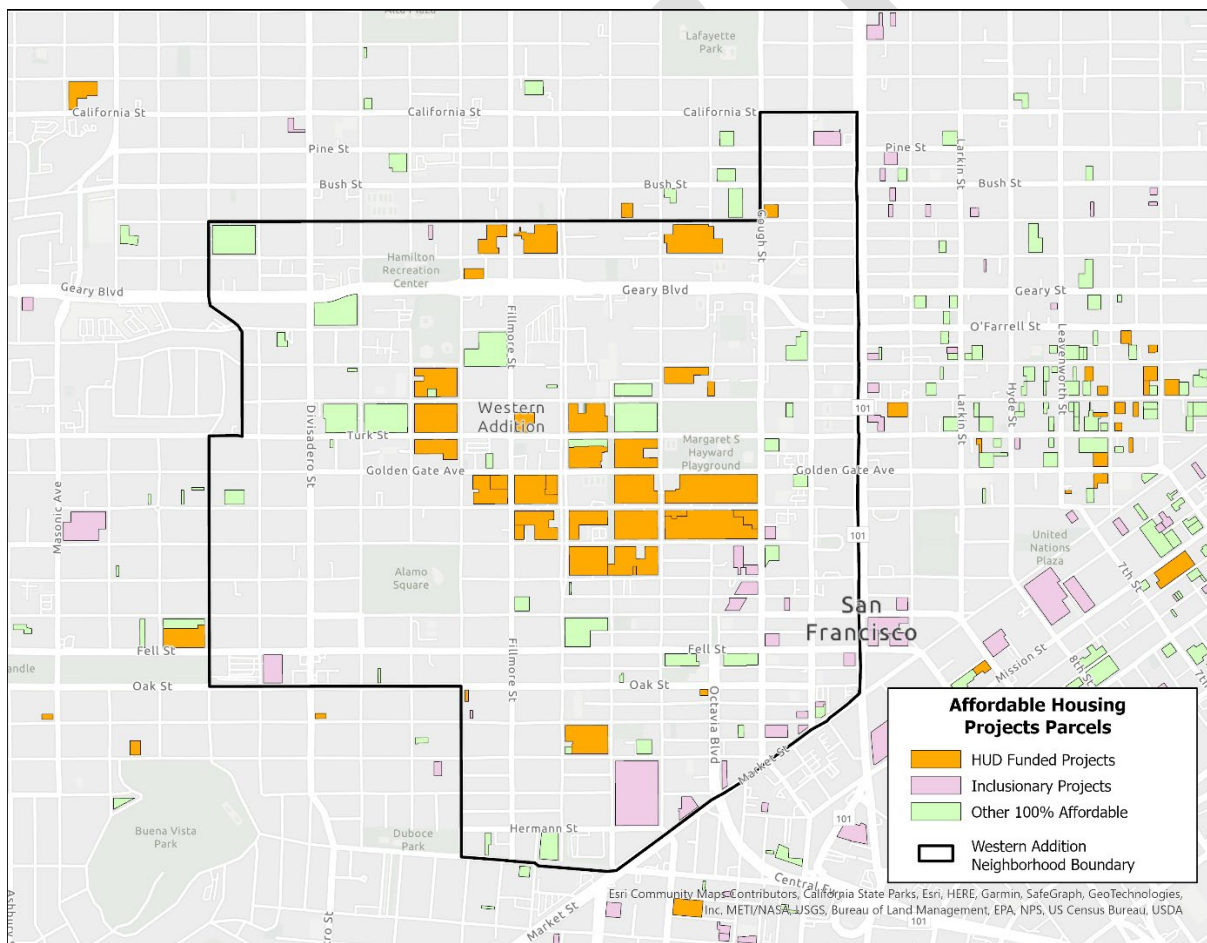


The Western Addition neighborhood was an area of significant redevelopment and displacement from the 1950s-70s. The neighborhood has significant needs and opportunities not addressed under current Housing Element implementation efforts.

WHY FILLMORE/WESTERN ADDITION

The Fillmore is a culturally rich African American neighborhood in San Francisco. After World War II, racially driven housing policies forced thousands of families to leave the neighborhood. The Pro Housing HUD grant would fund investments to facilitate housing production, infrastructure of existing cooperatives, and capacity building to support housing services for local nonprofits in a historically disinvested neighborhood.

Figure 7. Map of HUD-Funded Projects and Other Affordable Housing Projects



At its peak, the Fillmore District was home to 80% of the Black community in San Francisco, or 15% citywide. Today, the Black population is 5% of the City’s total population as a result of Redevelopment urban renewal policies and high housing costs. In the Western Addition, 15% of the neighborhood’s residents are Black. As mentioned in the Need section, the Fillmore/Western Addition is not included in the City’s rezoning efforts of well-resourced areas or other recent community plans.

Another community directly affected by redevelopment, north of the Fillmore community in the Western Addition neighborhood is Japantown. Located north of Geary Street between Fillmore and Octavia, and Pine Street to the north. The internment during World War II and the clearance of redevelopment in the neighborhood was especially painful for Japanese families and individuals. This subsection of Western Addition has since established a Neighborhood Commercial District and a Cultural Heritage and Economic Sustainability Strategy (CHESS) to promote economic development and preserve and enhance the historic and cultural uses.

ALIGNMENT WITH EXISTING PLANNING INITIATIVES, SERVICES, OTHER COMMUNITY ASSETS

Land Use and Housing

The Fillmore/Western Addition is a transit rich neighborhood located in the center of the City. This neighborhood has 21% of the City's permanently affordable housing units. Overall, 9% of the city's units are affordable. Density restrictions in this neighborhood were removed in 2015 to allow more multifamily housing along Fillmore and Divisadero Streets's commercial corridors. In 2019, the City published the District 5 Housing Opportunity's Report and in 2020, the Planning Department released the Housing Affordability Strategies Report. Both documents emphasized the need to produce and preserve more affordable housing while stabilizing existing residents. This grant proposal would address specific preservation needs and accelerate production by identifying potential sites, examining nonprofit gaps and uplifting nonprofits with training and a site acquisition pilot program.

Transportation

Seven public bus lines run through the Western Addition with connections to regional transportation. In 2016, the Western Addition Community-Based Transportation Plan was designed with community input to enhance transportation access in the neighborhood and garner more funding for transportation improvement projects. The community engagement for this planning process acknowledged entrenched distrust of City agencies and has resulted in more collaboration with SFMTA and community-based organizations.

More recently, the City upgraded transit infrastructure Geary Boulevard (the northern side of Western Addition) by adding a Bus Rapid Transit (BRT) lane and making pedestrian safety improvements. This process identified 41 near term safety improvements in high injury intersections, traffic signalizations for mid-term, and in the long-term, safe access to recreation.

Economic Development

There are two distinct sections of Fillmore Street, which runs north-south through the Western Addition. North of Geary Boulevard, the Fillmore Street commercial corridor has high-end retail and dining catering to affluent neighbors in Pacific Heights. South of Geary, Fillmore Street was historically the Harlem of the West—a vibrant cultural district with renowned music venues. Today there are several Black-owned businesses and a high vacancy rate.

To preserve and uplift Black businesses in the neighborhood, the city's Dreamkeeper Initiative and the Office of Economic and Workforce Development have been investing in workforce and economic development by providing seed funding to build a presence of Black entrepreneurs in the Fillmore. Other City efforts include securing tenants for the City-owned Fillmore Heritage Center, a hub for the Black community to celebrate the historic Fillmore Jazz Preservation District. These economic development initiatives align with the proposed actions as they directly support the stabilization of residents in the neighborhood and preserve the legacy of the Fillmore.

KEY STAKEHOLDERS

Community engagement is the foundation for the proposed work, as project success requires community input and support. Between 2020 and 2022, as part of the Housing Element process, the City engaged with several community-based organizations in the Western Addition, including the Booker T. Washington Community Center, Mo'Magic, and hosted listening sessions to discuss housing priorities. From these events, Black and African American community members expressed the need for programs and services that prioritize Black and African American people to reverse the structural and historical harms that have led to segregation and disinvestment in their communities.

Responding to this need, there are several community engagement and social equity initiatives that the City is leading in the Western Addition. City staff is engaging with faith-based organizations, community centers, and key community leaders on this proposal. In October 2023, the Planning Department will onboard a full-time community engagement position in the Fillmore/Western Addition to advance these activities and the community's priorities. This Fillmore Liaison between the City and the community, advocating on behalf of the Fillmore/Western Addition.

Task 1 is a community-driven activity, which creates a space for community members, such as the Fillmore Merchants Association and Collaborative, Booker T. Washington Community Center, Mo'Magic, Without Wall Ministries, and Fillmore Heritage Center to learn about land use and housing, and participate in the City's land use process by working with City agencies and providing feedback about their own community. This is the foundation of the scope and will be the conduit for other activities. Task 1 is comprised of convenings and regular community meetings led by a local community member with assistance from City staff.

For Task 2, community members will be interviewed to provide historical context for the site assessment. This is a significant component as it adds first-hand experiences to the research.

Task 3's foundation will be community engagement with the coop boards and residents. Key stakeholders in this activity are the Housing Cooperatives residents (i.e., Loren Miller Homes Cooperative, Martin Luther King-Marcus Garvey). The consultant will develop an engagement plan and attend co-op community meetings to build trust and understand the existing cooperative structure and dynamics.

For Task 4, through Planning's Fillmore Liaison and the Booker T. Washington Fellow, and community partners, identify emerging CBOs and Qualified Nonprofits who are interested in real estate development training.

Moreover, there will be regular engagement with the community through the Fillmore Liaison, Community Engagement Fellow, and Emerging Developer Program Manager. Each of the proposed activities rely on heavy community engagement as it is embedded in each of these activities.

ALIGNMENT WITH REQUIREMENTS TO AFFIRMATIVELY FURTHER FAIR HOUSING

The pro-housing planning proposal centered on the Fillmore/Western Addition will build on the City's efforts to reduce constraints to housing and affirmatively further fair housing in various ways, perhaps most significantly by bringing attention and resources to a neighborhood that experienced historic patterns of segregation and has received little investment in recent decades yet faces unique challenges and opportunities. Specifically, this proposal would:

- Support the production of additional housing, particularly affordable housing, in an area that has been left out of recent community planning and has seen little new housing construction. Through site identification and feasibility analysis, the project would encourage additional housing opportunities.
- Preserve and improve the quality of existing affordable housing, particularly HUD funded housing, including co-ops. This is essential to stabilizing the neighborhood, preserving an important affordable housing resource for residents and the city, and improving the quality of housing and quality of life for residents.
- Transform a once largely Black low-income neighborhood into an area of opportunity.
- Address infrastructure and other community needs for a more complete and connected community to encourage more social and economic opportunities within the community and connections to opportunities in nearby areas.
- Strengthen community-based organizations' capacity to develop and preserve housing and involvement in the planning process to create lasting impacts on the community and city through expanded affordable housing production and preservation. This will increase empowerment and capacity of organizations serving lower income communities of color.
- Engage with residents, including those displaced by redevelopment and decades of economic pressure, to help return people of color and people with low and moderate incomes to San Francisco so that they can participate in the economic and cultural life of the city. Many people who left San Francisco due to urban renewal and displacement have ended up in areas with less access to transit, jobs, and cultural and social infrastructure.
- Attention to affordable housing production and preservation and community planning are key elements to reduce displacement in a rapidly changing community by stabilizing

residents and housing, providing additional housing opportunities, increasing community capacity, and strengthening the infrastructure and vitality of the community.

BUDGET & TIMELINE

All grant funds would be applied to consultant costs, with city staff time provided as a local match. Consultants are selected through a competitive and transparent process. They must meet minimum qualifications and are selected by a review panel. The Mayor’s Office of Housing and Community Development (MOHCD) will issue the Requests for Proposals (RFPs) and manage the consultant contracts. Budget details are provided in the budget worksheet. The following table summarizes line items costs.

Task	Yr 1	Yr 2	Yr 3	Yr 4	Total Cost
1. Community engagement					
Engagement Plan	\$50,000				\$50,000
Community outreach process	\$60,000	\$120,000	\$120,000	\$120,000	\$420,000
Community Housing & Infrastructure Grants		\$300,000	\$300,000		\$600,000
Certificate of Preference and Displaced Resident Outreach and Education	\$50,000	\$125,000	\$125,000	\$125,000	\$425,000
Final report				\$45,000	\$45,000
2. Site assessment					
City Site analysis	\$70,000				\$70,000
City infill site strategies		\$100,000			\$100,000
Housing development feasibility		\$150,000	\$150,000		\$300,000
3. HUD legacy investments					
HUD legacy landscape analysis	\$70,000				\$70,000
HUD legacy recapitalization alternatives		\$200,000	\$200,000		\$400,000
Co-op TA	\$150,000	\$200,000	\$200,000	\$200,000	\$750,000
4. CBO developer capacity building					
Report on barriers to small site acquisitions	\$60,000				\$60,000
Technical assistance	\$100,000	\$100,000	\$100,000	\$100,000	\$400,000
8 Pilot site feasibility analyses		\$200,000	\$200,000		\$400,000
TOTAL	\$610,000	\$1,495,000	\$1,395,000	\$590,000	\$4,090,000

For Task 1, costs are based on the following assumptions.

- An engagement plan, developed by the consultant working closely with the staffing from the Planning Department and MOHCD, will take 250 hours over 3 months, at a cost of approximately \$200/hour. The total cost would not exceed \$50,000.
- The community outreach process will be sustained and ongoing. We anticipate 300 hours of consultant time in the first year and 600 in each following year, at a rate of \$200/hour.
- Community Housing and Infrastructure grants for CBOs will range from \$25,000-\$75,000 for the work described under Task 1.
- A final report, authored by the consultant, will detail community engagement strategies, synthesize input from the community, and provide recommendations for next steps. We anticipate 225 hours of consultant time at a rate of \$200/hour.

For Task 2, costs are based on the following assumptions.

- A site analysis will take up to 350 hours at a cost of \$200/hour, for a total of \$70,000. This will include data collection and mapping, as well as defining criteria for parcels that may have development potential (e.g., location, zoning, footprint, existing use). It will include identifying ownership structures and opportunities. This task will produce a map and dataset of parcels in the project area and a memo of findings.
- Land banking strategies will follow the site analysis. This will take up to 400 hours at a cost of \$200/hour, for a total of \$70,000. The product will be a report on land banking models, an assessment of costs, benefits and trade-offs of alternatives in San Francisco, and recommendations for next steps.
- Development feasibility scenario analysis will take up to 750 hours at a cost of \$200/hour (approximately 100 hours/month for 8 months). This will involve financial analyses of different housing typologies and will produce recommendations for funding strategies.

For Task 3, costs are based on the following assumptions.

- In the first year of the project, a landscape analysis of HUD legacy sites in the project area will take up to 350 hours at a cost of \$200/hour, for a total of \$70,000. This will collect property and resident information, zoning, land use, and deed controls, and financial information.
- Building on the landscape analysis, the grant will fund two years of engagement with self-selecting HUD legacy properties that want to explore recapitalization alternatives that can rehab existing units and include expansion plans to provide more units and/or community/commercial space. Based on experience, this is time intensive work to understand the opportunities and limitations of existing financing and land use controls, and work with owners and residents. Therefore, we are budgeting for 1,000 hours each year (approximately 80 hours/month).
- Given the complexities of the scope of work with co-ops and the need for sustained engagement to build trust with public agencies and the capacity of new systems, we are budgeting approximately 940 hours/month for 4 years.

For Task 4, costs are based on the following assumptions. Interviews with CBOs, and a memo of findings and recommendations. We are budgeting 300 hours at \$200/hour.

- Technical assistance for CBOs to build their capacity to produce, preserve, and manage affordable housing is budgeted at 500 hours/year for the four-year project period.
- \$50,000 in included for eight pilot projects to support CBOs in leading a feasibility analysis for site acquisition and development for new affordable units and/or building acquisition and rehab to preserve at-risk units.

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EXHIBIT E: Capacity

CAPACITY & STAFFING

The San Francisco Mayor's Office of Housing and Community Development (MOHCD) is the lead applicant and will be partnering with the Planning Department for this grant. MOHCD's mission is to support San Franciscans with affordable housing opportunities and essential services to build strong communities. The department is organized into four divisions: Housing, Community Development, Homeownership and Below Market Rate (HBMR) programs, and Fiscal/ Administrative. MOHCD is also the lead governmental partner for HOPE SF, the nation's first large-scale community development and reparations initiative aimed at creating inclusive, mixed-income, and thriving communities without the mass displacement of existing residents.

In Fiscal Year 22-23, MOHCD managed \$86 million in federal HUD dollars. Staff administers major Federal grant programs, including the U.S. Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) program and Housing Opportunities for Persons with AIDS (HOPWA) program, and Continuum of Care (CoC). The Finance and Administration division ensures that MOHCD has the financial, human, and technological resources necessary to manage San Francisco's affordable housing and community development investments and policies. The division works to ensure the department's financial obligations are paid swiftly and accurately, following appropriate procedures and internal controls. They also provide full-cycle accounting and finance support, including collections, disbursements, loan and grant accounting, and financial reporting.

Grant activities will be project managed by MOHCD staff in the Housing Division, under the Director of Preservation Programs. In addition, the Emerging Developer Program Manager, under the Director's Office, will support the implementation of Task 4. All staff time is a local in-kind match, as detailed in Exhibit F.

Grant funds will be used for consultant and CBO contracts. MOHCD issues up to 20 procurements annually, and will oversee the drafting, issuance, selection, and contracting process for project consultants.

The Planning Department, as a partner in this work, will provide programmatic staff time from the Racial and Social Equity Division. In particular, the Fillmore Liaison will play an active role in managing relationships and bringing community perspectives into the workplan.

Following a project launch, City staff will meet regularly to track project work.

EXHIBIT F: Leverage

As described under Exhibits D and E, all staff time from City agencies will be in-kind contribution to the project. This contribution of \$2.6M is 65% of the requested amount of \$4.09M. In addition, the proposed work will leverage current efforts under way throughout San Francisco.

Fillmore/ Western Addition in-kind staff contributions

- Emerging Developer Program Manager 0.25 FTE
- Fillmore Liaison (CDS 1) 0.80 FTE
- MOHCD and Planning Department Support 0.25 FTE

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EXHIBIT G: Long Term Effect

LONG TERM EFFECTS & OUTCOMES

Through this grant, we expect the following long-term effects and outcomes.

Task 1: Community Engagement

As we have seen with other efforts in San Francisco, when the public sector invests in community engagement in a holistic, meaningful ways, the outcome is sustained, collaborative relationships between the city and the community. Over the past decade, city agencies have been shifting their approach to engagement, away from light-touch community meetings to long-term, in-depth conversations with communities. The expected outcomes of Task 1 are new relationships between the City and community members, specifically:

- For residents of the Fillmore/Western Addition: Access and commitment from City agencies to support community planning, housing, and land use issues in the neighborhood.
- For emerging developers: An understanding of the how and when to engage communities in the development process and how to facilitate those conversations to both support existing neighbors and produce new housing.
- For established developers: An expanded pool of community partners who are willing and interested to build housing for the community.
- For City agencies: A deeper understanding of community needs, foremost for housing, but also amenities and infrastructure that define the community.

Task 2: Assessment of Affordable Housing Opportunities

Through this task, we will produce a comprehensive picture of potential affordable housing developments throughout San Francisco, with an emphasis on opportunities in the Fillmore/Western Addition. This task will also produce potential strategies for land banking and articulate the trade-offs of different approaches. This work will position San Francisco to take a more proactive, strategic approach to long-range planning for affordable housing. The outcomes will be well-informed plans, databases, and criteria to prioritize next steps for acquisition and development of affordable units.

Task 3: Supports for HUD Legacy Housing

The outcomes of this work will be to identify the HUD legacy projects in need of and/or interested in opportunities to restructure properties to both maintain affordability and increase density. This task will develop adaptive reuse strategies to stabilize HUD legacy projects, specific to the needs of individual properties. For limited equity co-ops, we expect that each property will be positioned to establish operational best practices for Board oversight and fiscal management.

Task 4: Housing Developer Capacity

The outcome of this task will be a cohort of nonprofit affordable housing developers with the capacity and expertise to produce, preserve, and manage more affordable housing units in San Francisco. Only through these nonprofit partners will the City be able to meet its goals.

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