



SPUR

San Francisco | San Jose | Oakland

December 8, 2015

San Francisco Planning Commission
1650 Mission Street, Suite 400
San Francisco, CA 94103

RE: Inclusionary Affordable Housing Program (Case No. 2015-012722PCA)

Dear President Fong, Vice President Wu and Commissioners Antonini, Hillis, Johnson, Moore, Richards:

Thank you for the opportunity to comment on the proposed amendments to the Inclusionary Housing Program. SPUR has been working closely with city staff and other stakeholders over the last couple of years to improve the inclusionary program and create more affordable housing units through the “dial” option and other improvements to the program. Though we have some remaining concerns, we are largely supportive of this effort and urge you to move this forward in January.

Improvements to the Off-Site Alternative

The history of the program indicates how infrequently sponsors have chosen the off-site option in the past (20% of the time). More affordable units could be generated if the off-site program were used more often. SPUR supports many of the proposed changes, including making the off-site program easier to use for joint venture partnerships between market-rate and affordable developers.

We appreciate the increased flexibility on timing and the proposed terms for the letter of credit associated with allowing the market-rate development to move ahead prior to the completion of the affordable project while securing the city’s interests.

The “Dial” Alternative

We support the creation of the “dial” option in order to create more affordable units overall and serve moderate-income households through the inclusionary program. The proposal before you is in line with SPUR’s 2014 analysis which was intended to make each of the options (at 55% AMI, at 70% AMI, 90% AMI) roughly equivalent for the developer’s bottom line.

We have heard a concern that developers will all skew toward dialing up. While there are reasons to believe that some developers will find it more politically expedient to provide a larger number of units affordable to a higher-income population, we should not forget that they continue to have an economic incentive to restrict the fewest number of units in order to maximize potential

upside. My hope and belief is that there will be a mix of choices since each sponsor has a different financing situation and a different context to navigate.

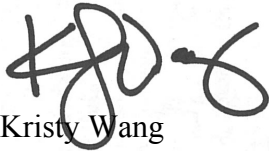
Small Sites Affordable Housing Alternative

We support the opportunity for sponsors of small market-rate projects to put their fee toward the Small Sites program.

Overall, these amendments to the inclusionary program have been considered carefully and we appreciate staff continuing to work on the details to make the program more effective. We believe that these amendments have the potential to increase the production of affordable inclusionary units and make them available to residents sooner. We have provided some additional technical questions and comments to staff and look forward to reviewing and commenting on the substitute legislation in January.

Please free to contact me at kwang@spur.org or 415-644-4884 if you have any questions. Thank you again for the opportunity to share our support of this thoughtful effort.

Best,



Kristy Wang
Community Planning Policy Director

cc: Diego Sanchez, Planning Department
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Jeff Buckley, Mayor's Office
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SPUR Board of Directors