



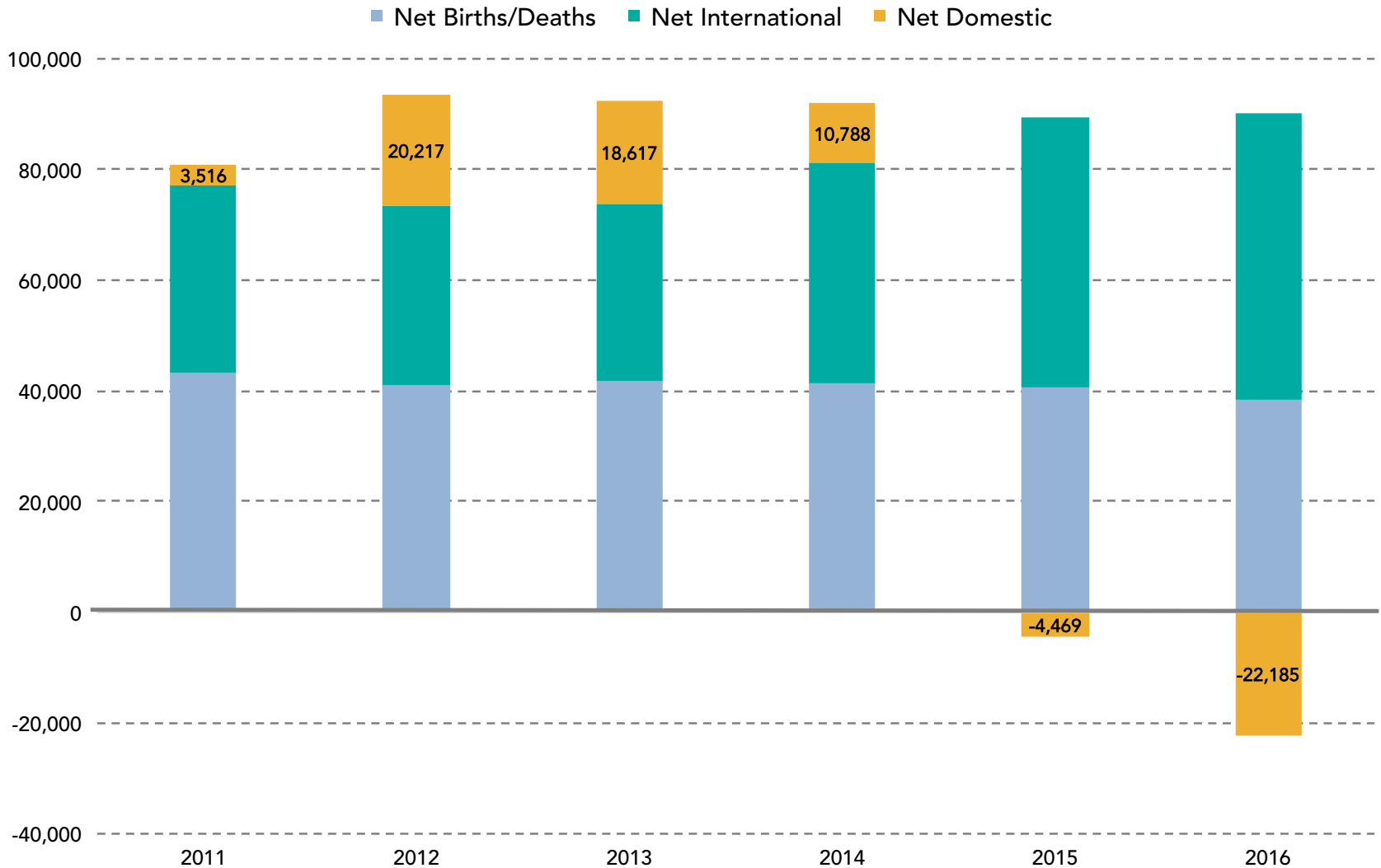
Local Policy Levers to Increase Housing Affordability

March 17, 2017



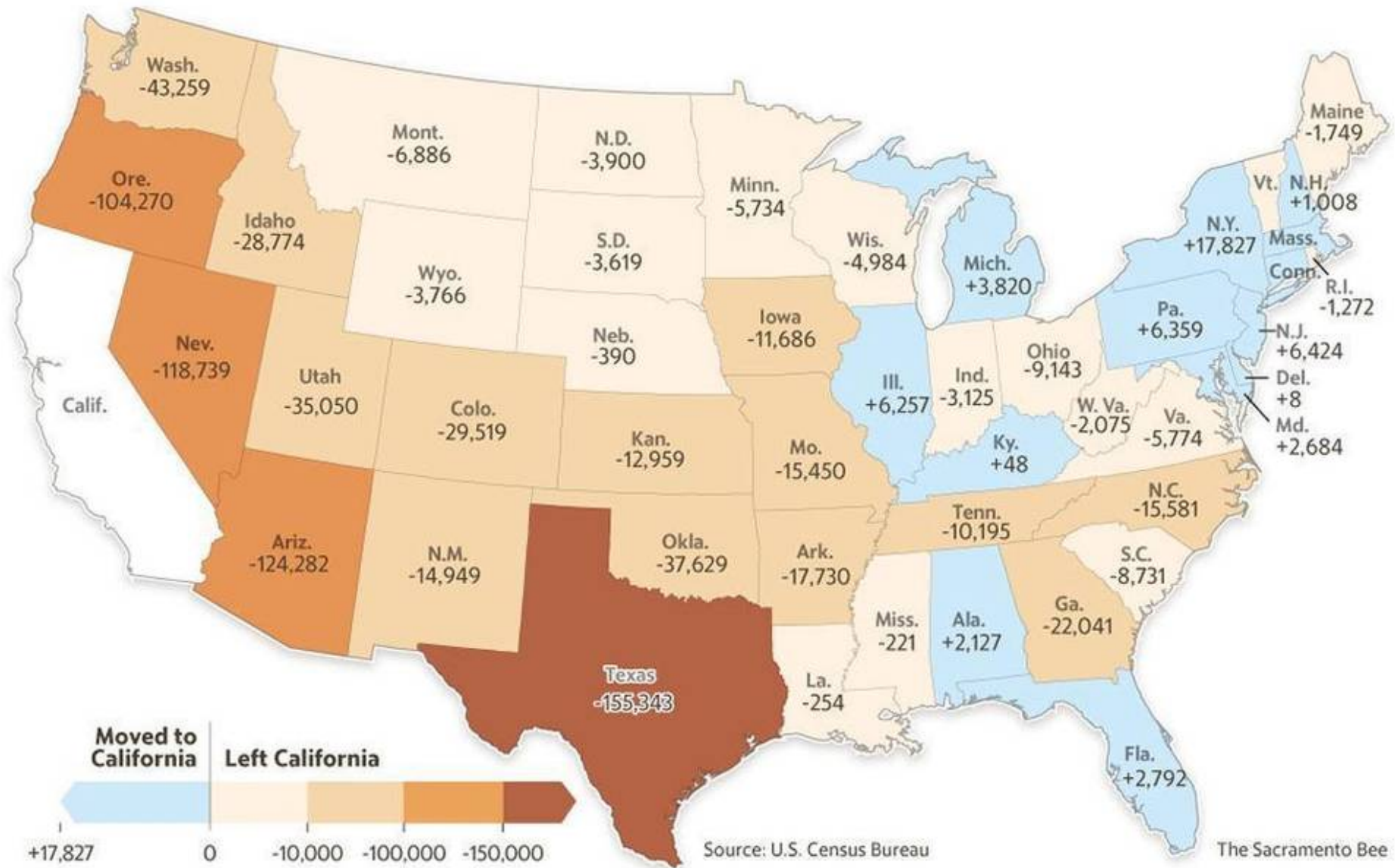
Bay Area net domestic migration turns negative, and grows...

Bay Area Population Change



Data Source: California Department of Finance, Demographic Research Unit
Analysis: Bay Area Council Economic Institute

Housing prices push low-income households out of California

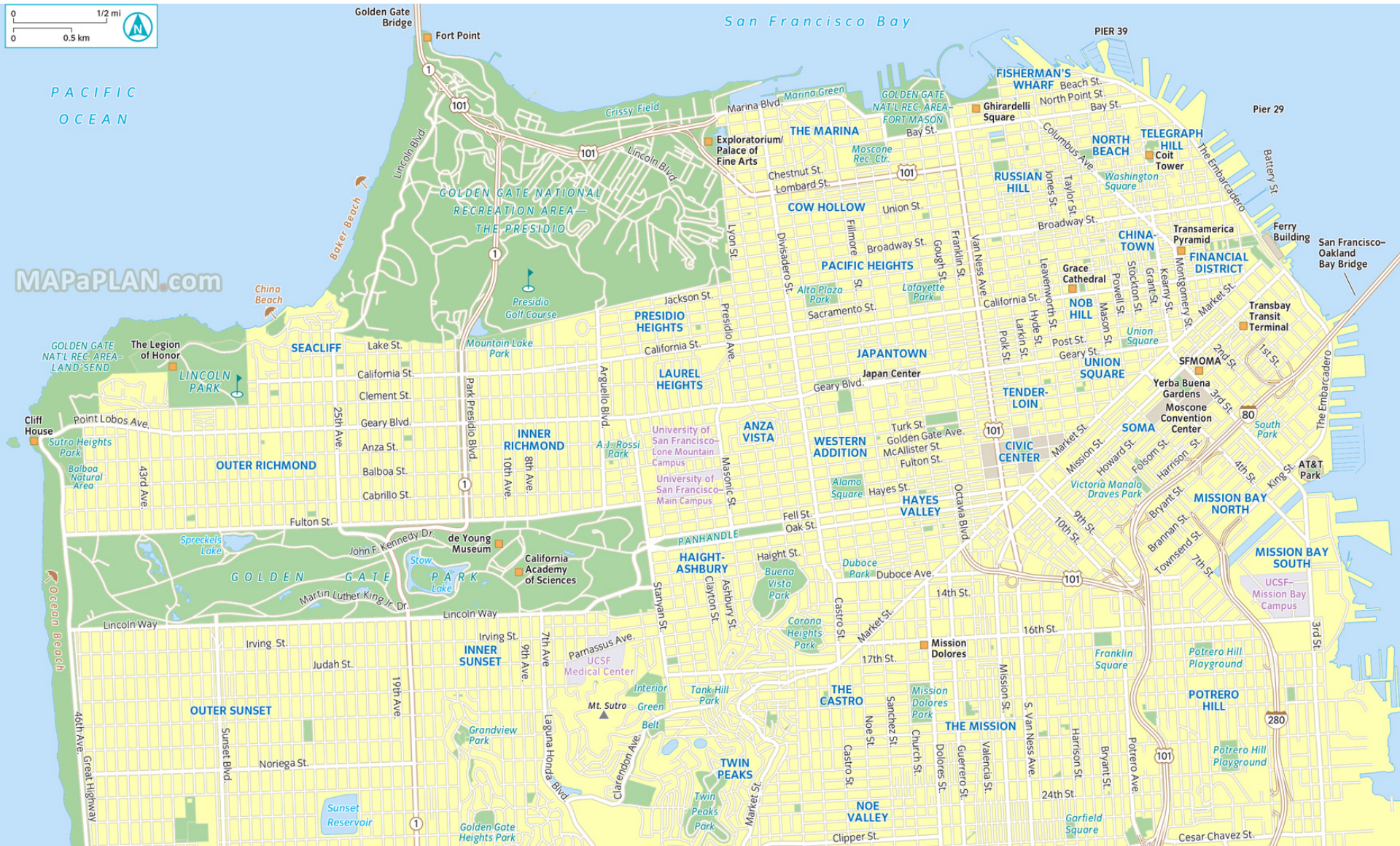


Analyzing the Affordability Impacts of San Francisco's Housing Policies



PACIFIC OCEAN

MAPaPLAN.com



Methodology: A Static Model for Comparing the Impact of Housing Policies over 20 Years

Housing Supply
Change



+

Access to
BMR Units



+

Income
Opportunities



=

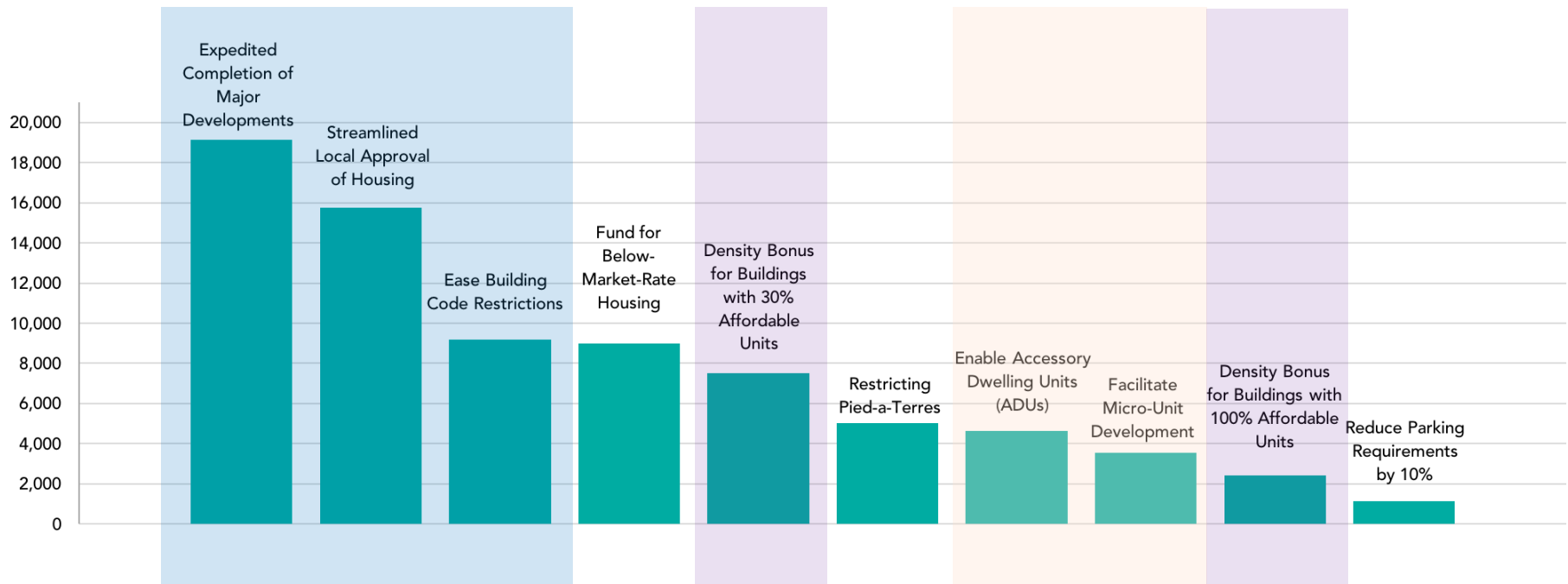
Change in # of
SF households
that can live
affordably



1. City data used to predict the market-rate housing supply change
2. Elasticity estimates allowed us to estimate average city-wide price changes
3. All beneficiaries of BMR housing assumed to otherwise be cost burdened
4. Randomly assigned price change across all households and income change across the number of households impacted

Highlights: Building new housing has the greatest benefit for affordability

1. Completing major projects, reducing approval times, and streamlining building codes have the biggest affordability impacts
2. Alternative unit designs facilitate new unit development and can have income-generating potential
3. Density bonuses work, but best with moderate affordability requirement



Lowlights: Policies intended to improve affordability have negative impacts

1. Benefits of inclusionary zoning outweighed by less market-rate development
2. Impact fees have value in funding needed social services, but their benefits must be weighed against a negative impact on home production
3. Banning homesharing returns some units back to the market, but the loss of host income results in a greater number of households losing affordability

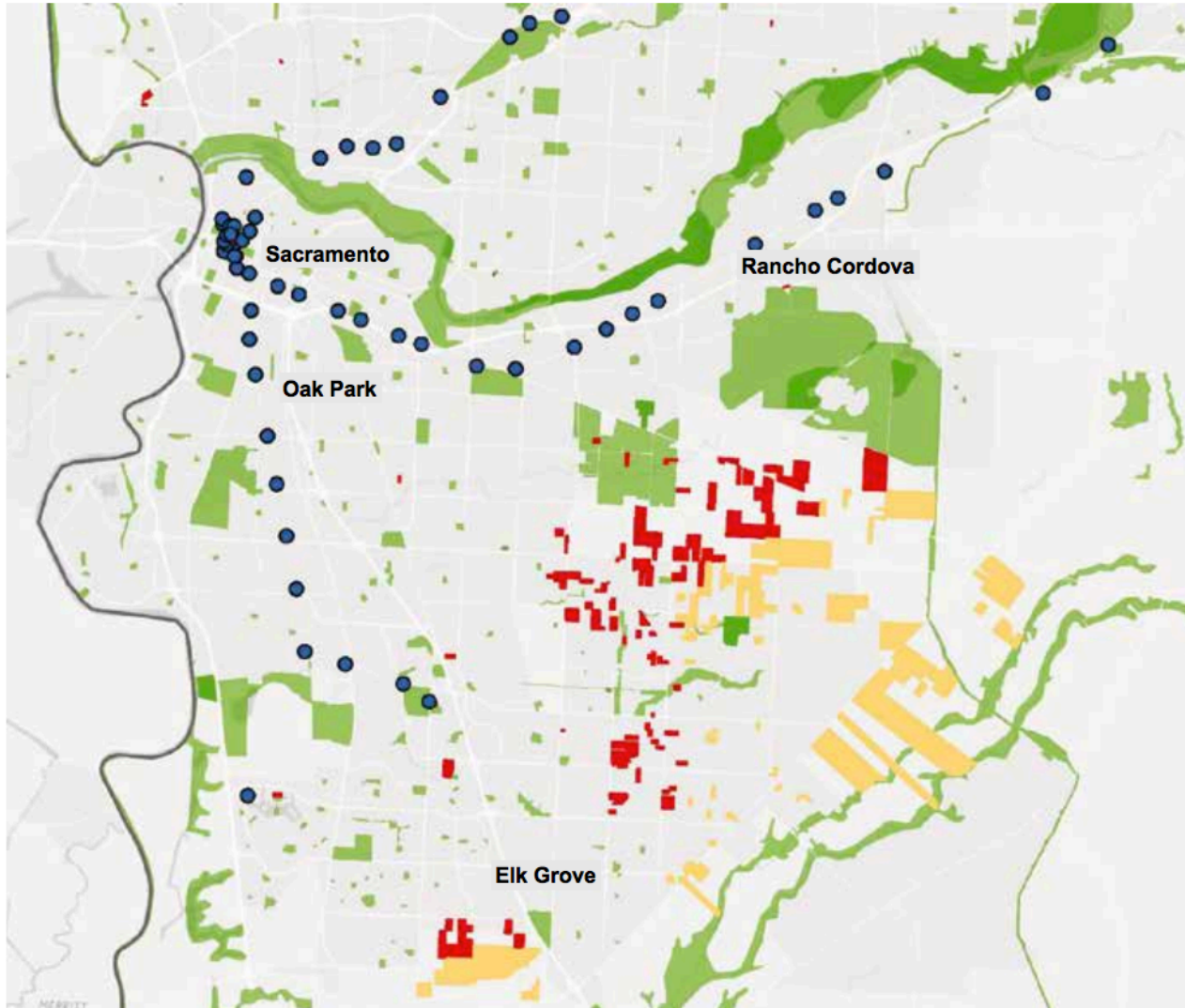


Key Takeaways

- 1. Policy does matter.**
- 2. Building all types of housing is still the best way to alleviate housing cost burdens.**
- 3. It is not just about increasing supply, the overall impact on affordability is key.**
 - The type of housing supply that a policy creates is critical
 - Income effects must be considered
 - Some policies intended to increase affordability have the opposite effect

City Takeaway #1: Identify underutilized land

- Target parcels <5 miles from transit
- Target parcels >5 miles from transit
- Preserved land
- Transit stops



Sacramento County has 61,000 potential single-family units clustered between Rancho Cordova and Elk Grove

Source: Sacramento County GIS Library; McKinsey Global Institute

City Takeaway #2: Facilitate alternative housing unit delivery



Accessory Dwelling Units

Zoning for "new" density

