

Briefing Book

State of the Housing Market Update 2014

San Francisco Mayor's Office of Housing and Community Development



August 2014

Seifel
CONSULTING INC.

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I. Project Background

The San Francisco Mayor's Office of Housing and Community Development (MOHCD) retained Seifel Consulting to update its prior (2012) analysis of demographic and market trends in order to:

- Better understand the current state of the housing market in San Francisco
- Understand the impacts of housing and jobs on San Francisco households, with an emphasis on 50-150% AMI households
- Identify the housing affordability gap for San Francisco households
- Explore housing needs and common perceptions of barriers to all income groups, especially 50-150% AMI households

This study will inform potential changes to existing housing policy and/or inform new programs and policies for the City.

This briefing book has been prepared to summarize the key findings from Seifel's work effort during the Spring and Summer 2014.

II. Household Income Background and Trends

This section presents background information on households and household income, establishing a foundation for the remainder of the briefing book. The data presented in this section is drawn primarily from the US Census and from IPUMS data from the American Community Survey (ACS).

Topics in this section include:

- How is a Household Defined?
- What is Area Median Income (AMI)?
- San Francisco Household Income Distribution
- Household Income Trends Over Time
- Percentage of 50-150% AMI Households
- Household Income by Zip Code

Please refer to the Technical Appendix for additional information on the data sources used in the analysis.



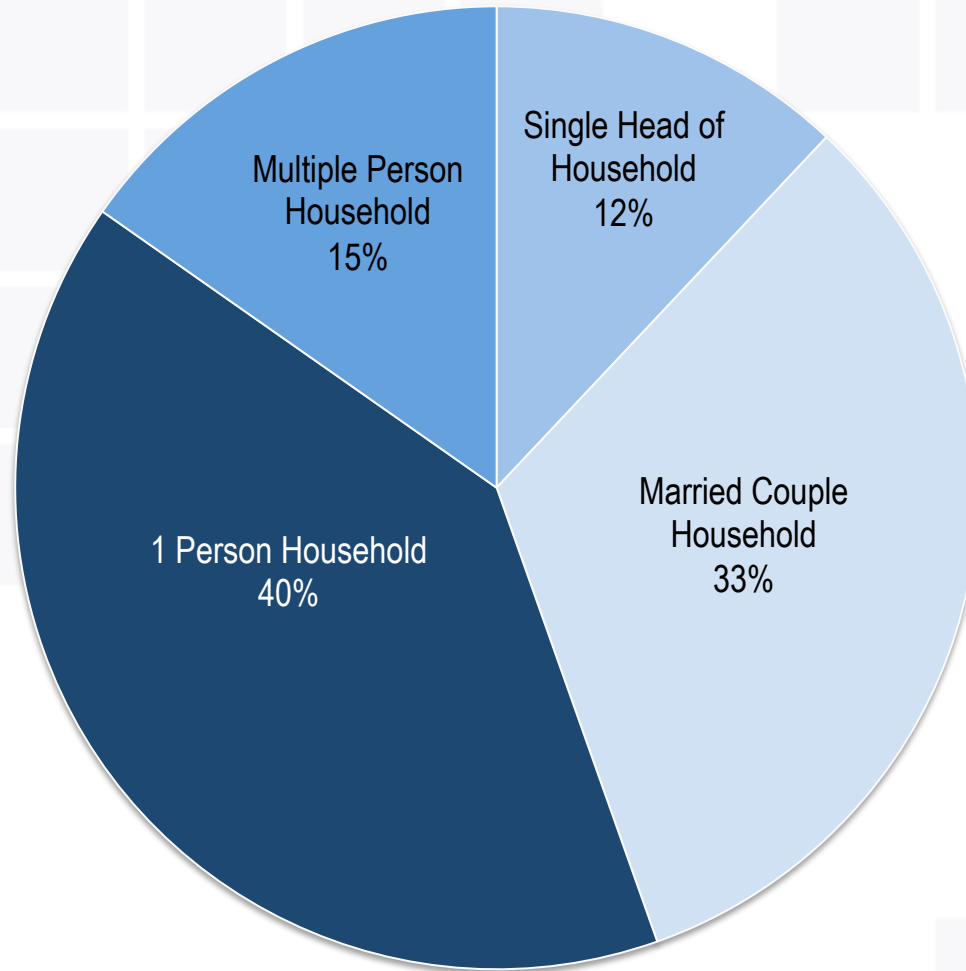
How is a Household Defined?

A household includes all of the people who occupy a housing unit as their usual place of residence.

Not all households are families. A household may consist of one person living alone or a group of unrelated people that live together.



Profile of San Francisco Households (2011)



Single individuals (40%) are the most prevalent type of household in San Francisco, followed by married couple households (33%).

According to recent US Census and ACS data, about 16% of San Francisco households have children under 18 years of age and about 64% of households are renters.

What is Area Median Income (AMI)?

Area Median Income (AMI) is the midpoint in the household income range for a given area. Typically, AMI is reported for 4-person households and then adjusted to reflect household size. The typical household size in San Francisco ranges from 2–3 persons (about 2.3 persons/household).

Federal, state and local housing programs typically target income level categories by AMI. MOHCD publishes annual AMI categories and household size for San Francisco.

This briefing book uses the following income categories:

- 0-50% AMI = Extremely Low*/Very Low Income
- **50-80% AMI = Low Income**
- **80-120% AMI = Moderate Income**
- **120-150% AMI = Middle Income**
- Above 150% AMI



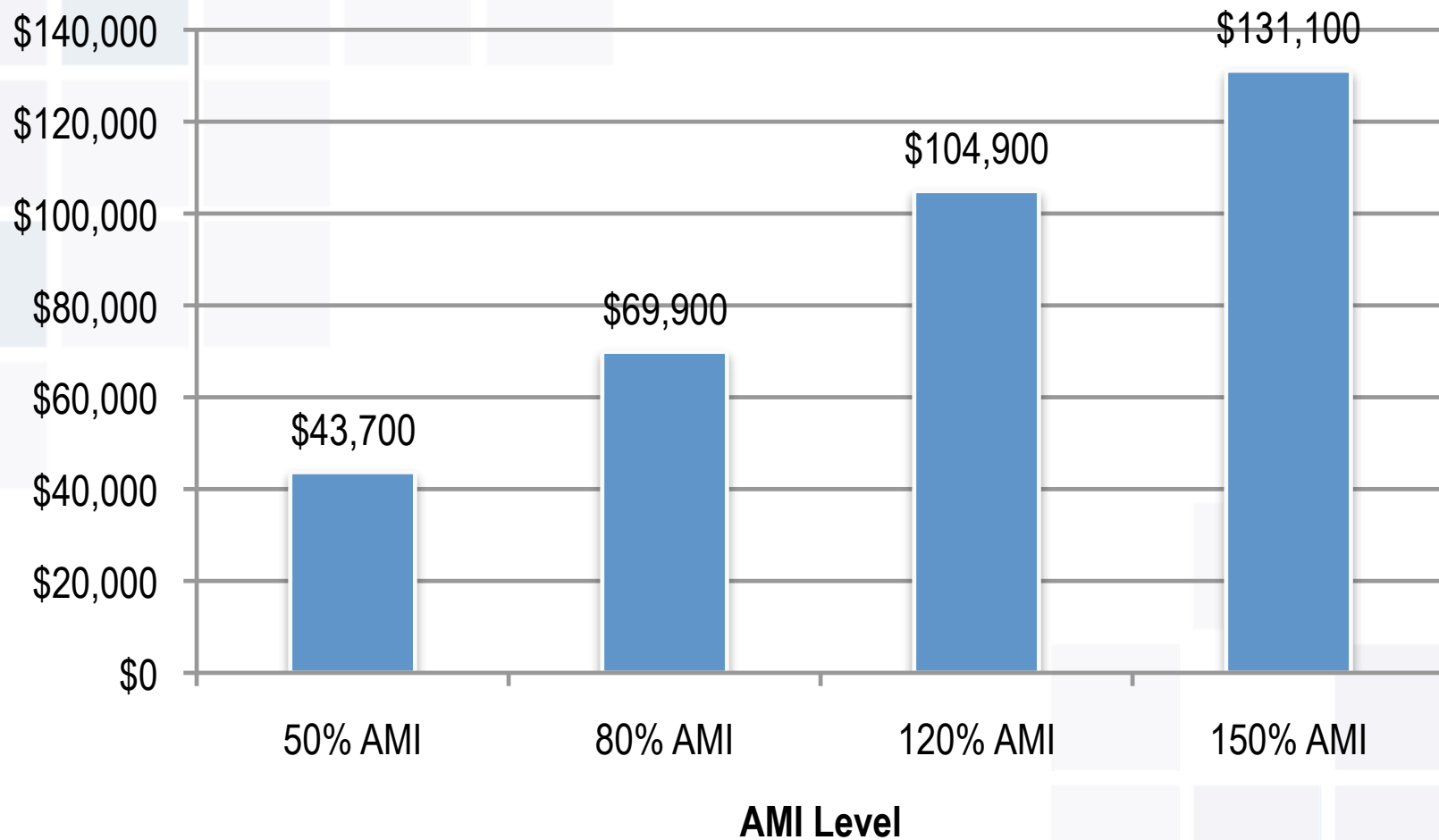
We focus on 50%-150% AMI households for two reasons:

- At the local, state and federal level, there are only a few programs that help households with incomes above 60% AMI.
- Most households with incomes above 150% AMI can afford market rents, and therefore have housing options in the private marketplace.

**State and federal programs often define Extremely Low Income as 0-30% AMI.*

3-Person Household Income Levels (2014)

As a point of reference, this graph shows 2014 income levels at 50%, 80%, 120%, and 150% AMI for a 3-person household that might live in a 2-bedroom unit in San Francisco.



Which Occupations are Represented by San Francisco AMI?

AMI Category	Occupation	Income (One Worker) ^a
10% AMI	Person Receiving Supplemental Security Income	\$7,000
20% AMI	Retired Worker Receiving Social Security	\$14,000
30% AMI	Dishwashers	\$22,000
40% AMI	Cashiers	\$27,000
50% AMI	Maids and Housekeeping Cleaners	\$34,000
60% AMI	Landscaping and Groundskeeping Crews	\$41,000
70% AMI	Construction Laborers	\$48,000
80% AMI	Postal Service Clerks	\$54,000
90% AMI	Elementary and Secondary School Teachers	\$61,000
100% AMI	Post Secondary Teachers	\$68,000
110% AMI	Police, Fire and Ambulance Dispatchers	\$75,000
120% AMI	Electricians	\$82,000
130% AMI	Accountants and Auditors	\$88,000
140% AMI	Electrical Engineers	\$95,000
150% AMI	Computer Programmers	\$102,000

a. Median annual income is rounded to the nearest \$1,000.

Source: San Francisco Mayor's Office of Housing, California EDD.

San Francisco Household Income Distribution

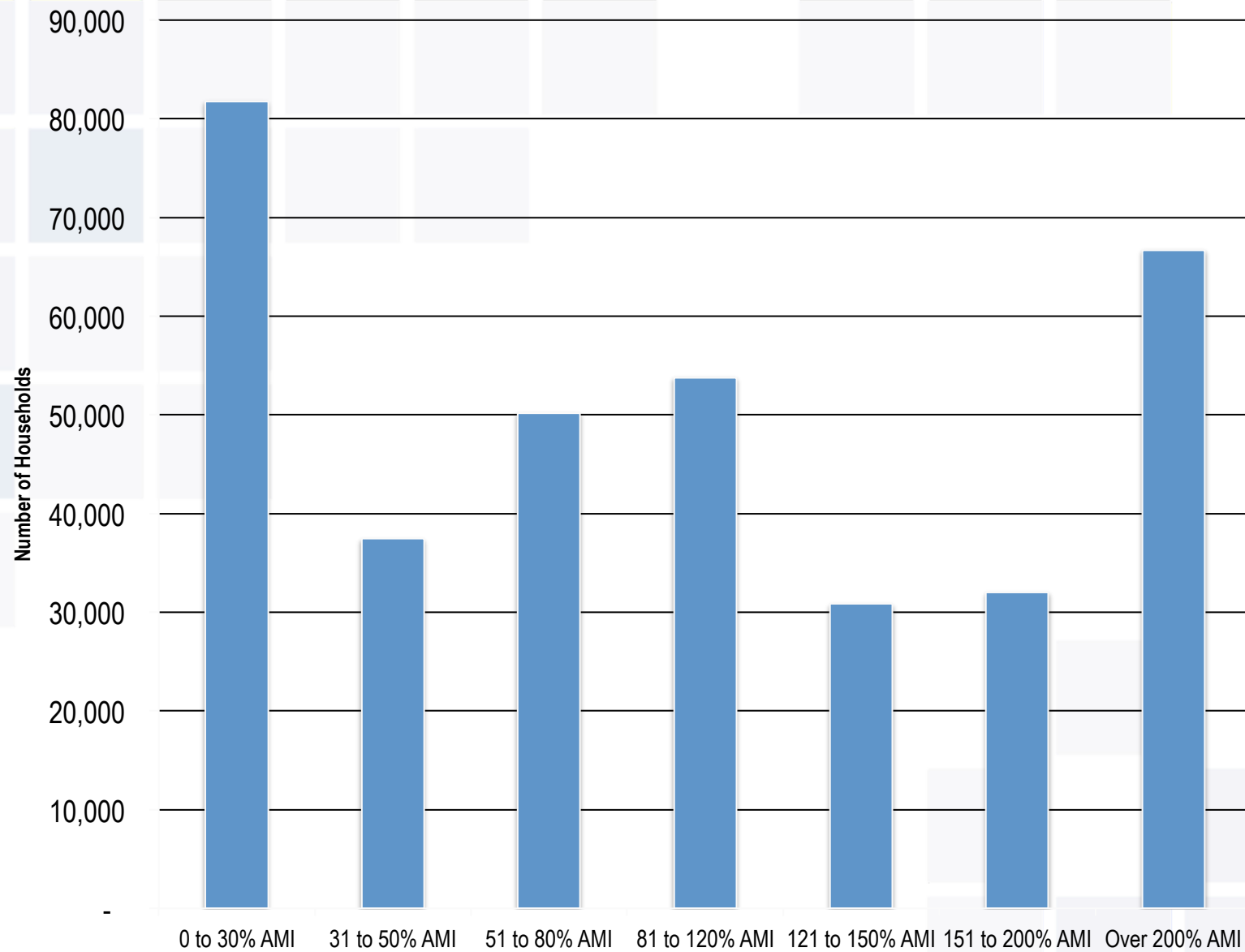
The graph on the following page illustrates the distribution of household income within the City by income category, based on MOHCD-published AMI limits by household size and the 2007-11 five-year sample ACS data, which is the most recent census data available.

The distribution shows how many households fall within each of the income categories. Federal, state and local housing programs, including City programs, use income categories that group household incomes into broader categories by percentage of AMI.

These income categories are discussed in this section and used throughout this briefing book. Additional information on the household income categories and income limits by household size are included in the Technical Appendix.



Number of San Francisco Households by Income Level (2011)



Source: 2007-11 five year sample/IPUMS, San Francisco Mayor's Office of Housing, Seifel Consulting Inc.

Household Income Trends Over Time (1990-2011)

Between 1990 and 2011, the percentage of 50-150% AMI households has decreased, while those in the very low income (up to 50% AMI) and highest income levels (more than 150% AMI) have increased.

Income Category ^{a,b}	1990	2000	2010 ^c	2011 ^d
Up to 50% AMI	27%	28%	30%	31%
50% AMI to 80% AMI	18%	17%	15%	15%
80% AMI to 120% AMI	21%	18%	17%	16%
120% AMI to 150% AMI	10%	10%	10%	9%
More than 150% AMI	24%	27%	28%	29%
Total	100%	100%	100%	100%

a. Income categories are based on Maximum Income by Household Size published by HUD.

b. This analysis includes 1 person to 9 person households based on SF MOHCD published income levels by household.

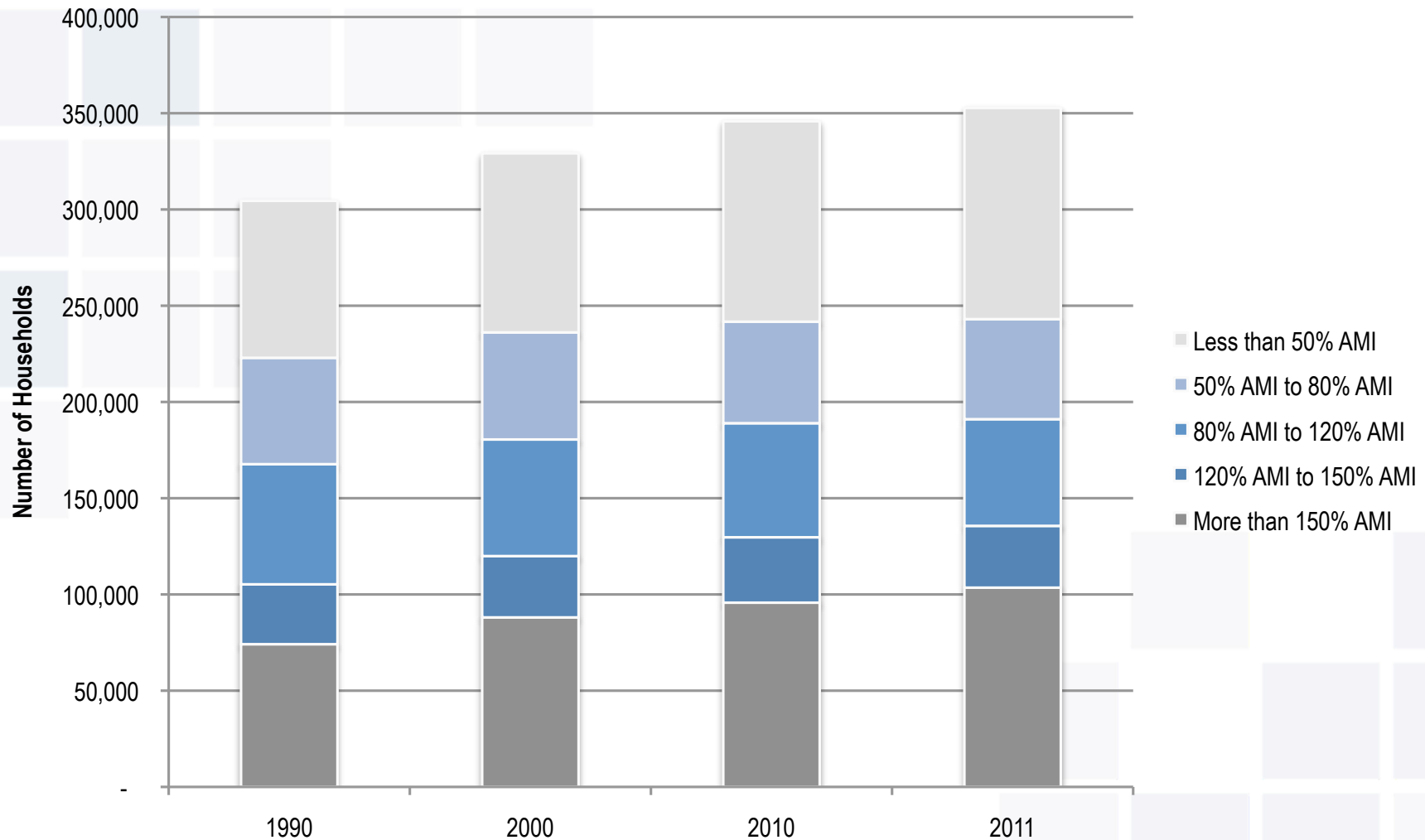
c. 2010 number of households is based on income category distribution from 2007- 2011 five year estimates from IPUMS.

d. 2011 data is based on 2007-11 five year estimates from IPUMS.

Source: San Francisco Mayor's Office of Housing, 1990 Census, 2000 Census, 2010 Census, 2005-09 five year estimates/IPUMS, 2007-11 five year sample/IPUMS, Seifel Consulting Inc.

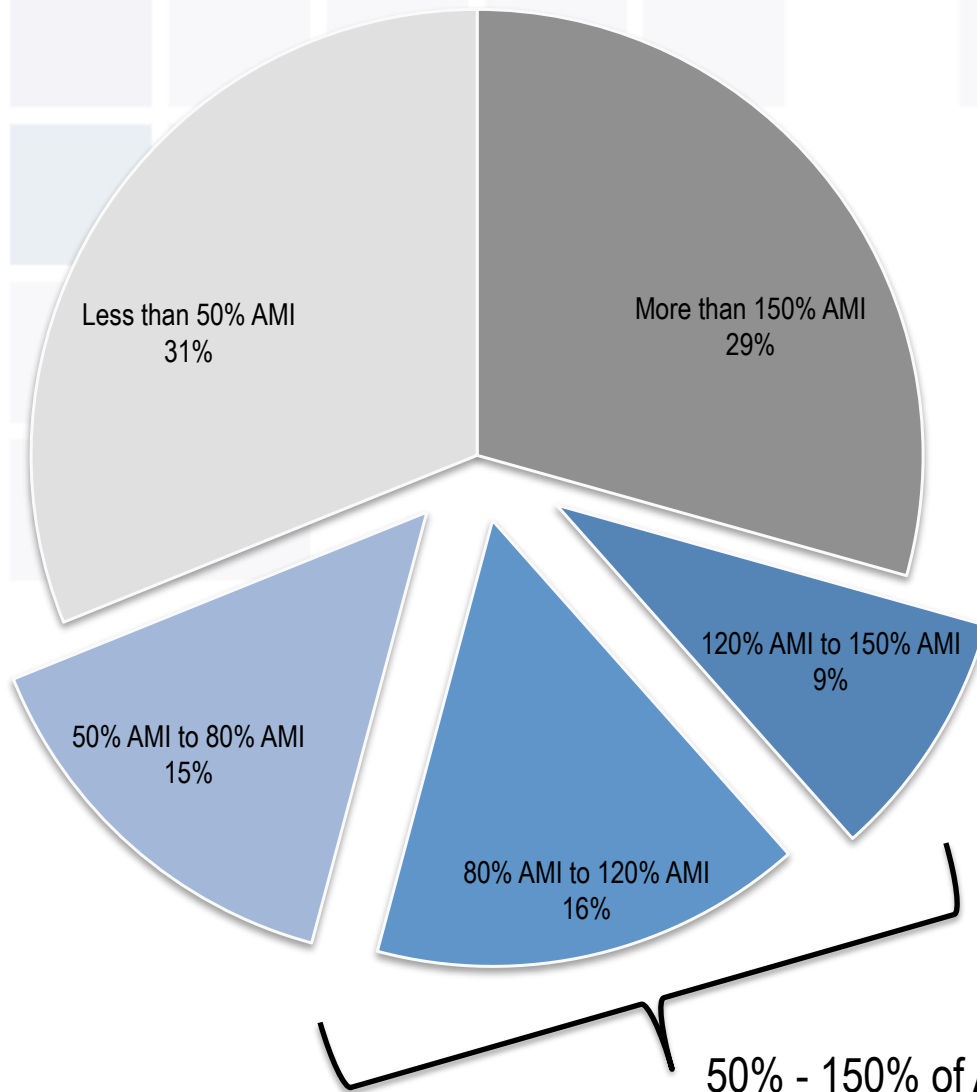
Middle Income Household Income Trends Over Time (1990-2011)

This graph represents the total number of households by income category since 1990, showing that the number of 50-150% AMI households has decreased from about 49% to 40% of all households.



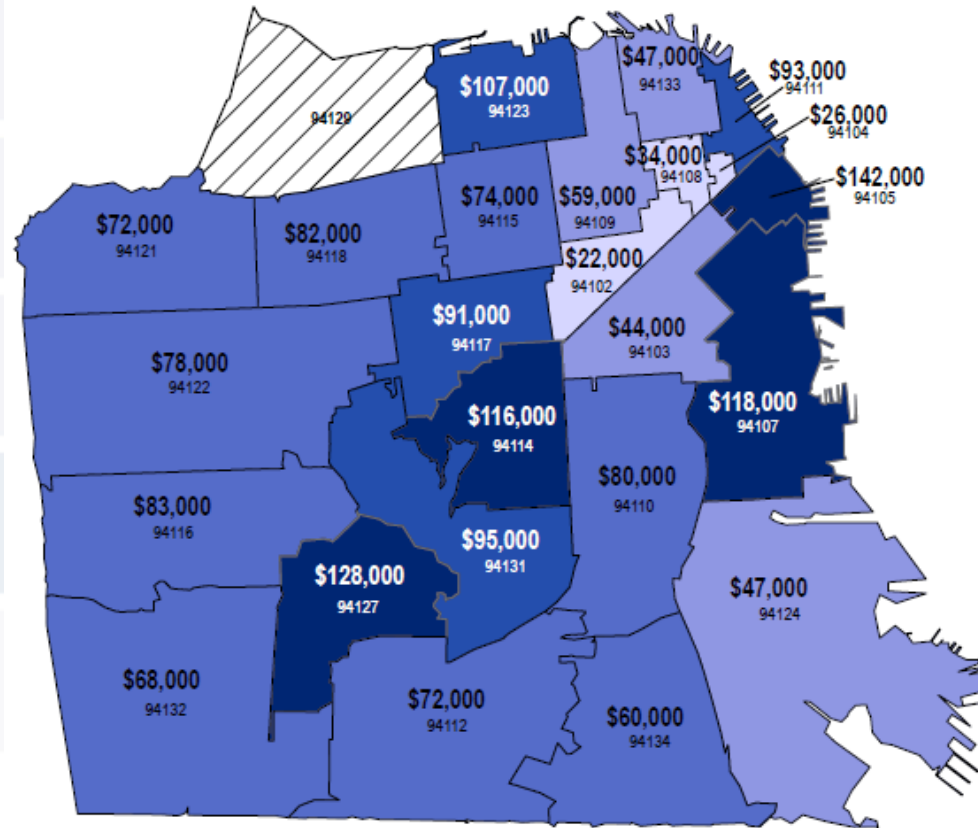
Source: San Francisco Mayor's Office of Housing, 1990 Census, 2000 Census, 2010 Census, 2005-09 five year sample/IPUMS, 2007-11 five year sample/IPUMS, Seifel Consulting Inc.

Percentage of 50% - 150% of AMI Households (2011)



About 40% of San Francisco households currently earn between 50% and 150% AMI.

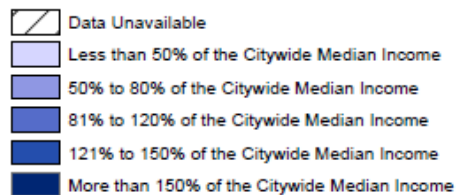
Household Income by Zip Code (2012)



Citywide Median Household Income (ACS 2012): \$74,000

Median household income rounded to nearest \$1,000.
Source: 2012 American Community Survey.

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- Median household income differs across the City, ranging from about \$22,000 (in 94102) to \$142,000 (in 94105)
- Shading ranges
 Light blue = lowest median income level
 Dark blue = highest median income level
- The City's median household income has increased about 3%, from \$72,000 in 2010 to \$74,000 in 2012

Household and Income Findings

- Single individuals are the most prevalent household type in San Francisco (40%), followed by married couple households (33%). The typical household size in San Francisco ranges from two to three persons.
- Incomes for households with incomes between 50-150% of AMI range from about \$44,000 to \$131,000 for a 3-person household, which is the typical household size for a 2-bedroom unit.
- Currently, 50-150% of AMI households comprise about 40% of San Francisco households. In the past two decades, the percentage of 50-150% of AMI households has slowly decreased while the proportion of very low income households (up to 50% AMI) and upper income households (above 150% AMI) has increased.
- Household median income also differs by neighborhood, ranging from about \$22,000 (in zip code 94102) to \$142,000 (in zip code 94105).



III. Rental Housing Market Trends

This section presents information on current and historic rental and housing market trends and identifies where housing is available to households at various income levels.

- Housing Cost Burden by Income Group
- Different Measures for Affordable and Market Rents
- Affordability Gaps for Different Rents
- Market Rate Rent Trends Over Time
- Market Rate Rents by Zip Code



Photo Credit: Bruce Damonte

Housing Cost Burden by Income Group (2011)

- According to HUD, a household is “cost burdened” if they pay more than 30% of their total income on housing costs.
- 30% is a common standard used for the amount that a family can spend and still have enough money left to meet their other obligations, such as food and health care costs.
- “Severely cost burdened” is defined as households paying more than 50% of income on housing costs.



Housing Cost Burden For Renters by Income (2011)

- Deed-restricted affordable housing typically serves renters at 0-60% AMI.
- Households at 40-60% AMI are substantially more rent-burdened on average than households earning 60-80% AMI, 80-100% AMI, and 100-120% AMI.

Income Category	Average Rental Costs as Percent of Income
40% AMI to 60% AMI	44%
60% AMI to 80% AMI	33%
80% AMI to 100% AMI	30%
100% AMI to 120% AMI	25%

- a. Renter analysis only includes renters that have lived in their residences for less than one year - those less likely to benefit from rent control.
- b. Income Categories are based on Maximum Income by Household Size for 2011 published by the San Francisco Mayor's Office of Housing. Analysis includes 1 person through 9 person households. Income definitions for larger households were not available.

Source: San Francisco Mayor's Office of Housing, 2007-11 five year estimates/IPUMS, Seifel Consulting Inc.

Different Measures for Affordable and Market Rents

This analysis utilizes several measures for affordable and market rate rents.

- *Affordable Rent*

Based on MOHCD-published rents that equal the maximum affordable monthly rent (at 30% of household income), including tenant paid utilities. (For housing program purposes, the tenant share of utilities is deducted to determine the amount a household can afford to pay in “contract rent.”)

- *Fair Market Rent*

Published by HUD, these rents are used to determine payment standards for federal housing programs. They are gross rent estimates that include the contract rent plus the cost of all tenant-paid utilities.

- *Household Reported Contract Rents*

Based on self-reported contract rents provided by households surveyed by the US Census and ACS.

- *Market Rent for Institutional Grade Properties*

Based on published data for rents in institutional grade apartment properties, which would attract institutional private investment, and typically have at least 50 units.

MOHCD Affordable Rents by Household Income Levels (2014)

	Affordable Rent ^a			
	50% AMI	80% AMI	120% AMI	150% AMI
Studio	\$850	\$1,359	\$2,039	\$2,549
1-Bedroom	\$971	\$1,554	\$2,331	\$2,914
2-Bedroom	\$1,093	\$1,748	\$2,623	\$3,278
3-Bedroom	\$1,214	\$1,943	\$2,913	\$3,641

- a. Affordable rent is based on San Francisco Mayor's Office of Housing published rents and equals maximum monthly rent for each unit type and includes the cost of utilities.

Source: San Francisco Mayor's Office of Housing, Seifel Consulting Inc.

HUD Fair Market Rent Compared to Market Rent (2014 Q1)

- HUD Fair Market Rents are used to determine payment standard amounts for HUD housing programs. They are gross rent estimates for a broad range of properties and include the cost of rent plus the cost of all tenant-paid utilities.
- Market rent is based on institutional grade apartment properties in San Francisco, which tend to be newer properties with a higher level of amenities than all rental units citywide.
- Average market rent for institutional properties is \$3,576 citywide, or about 69% higher than HUD Fair Market Rent.

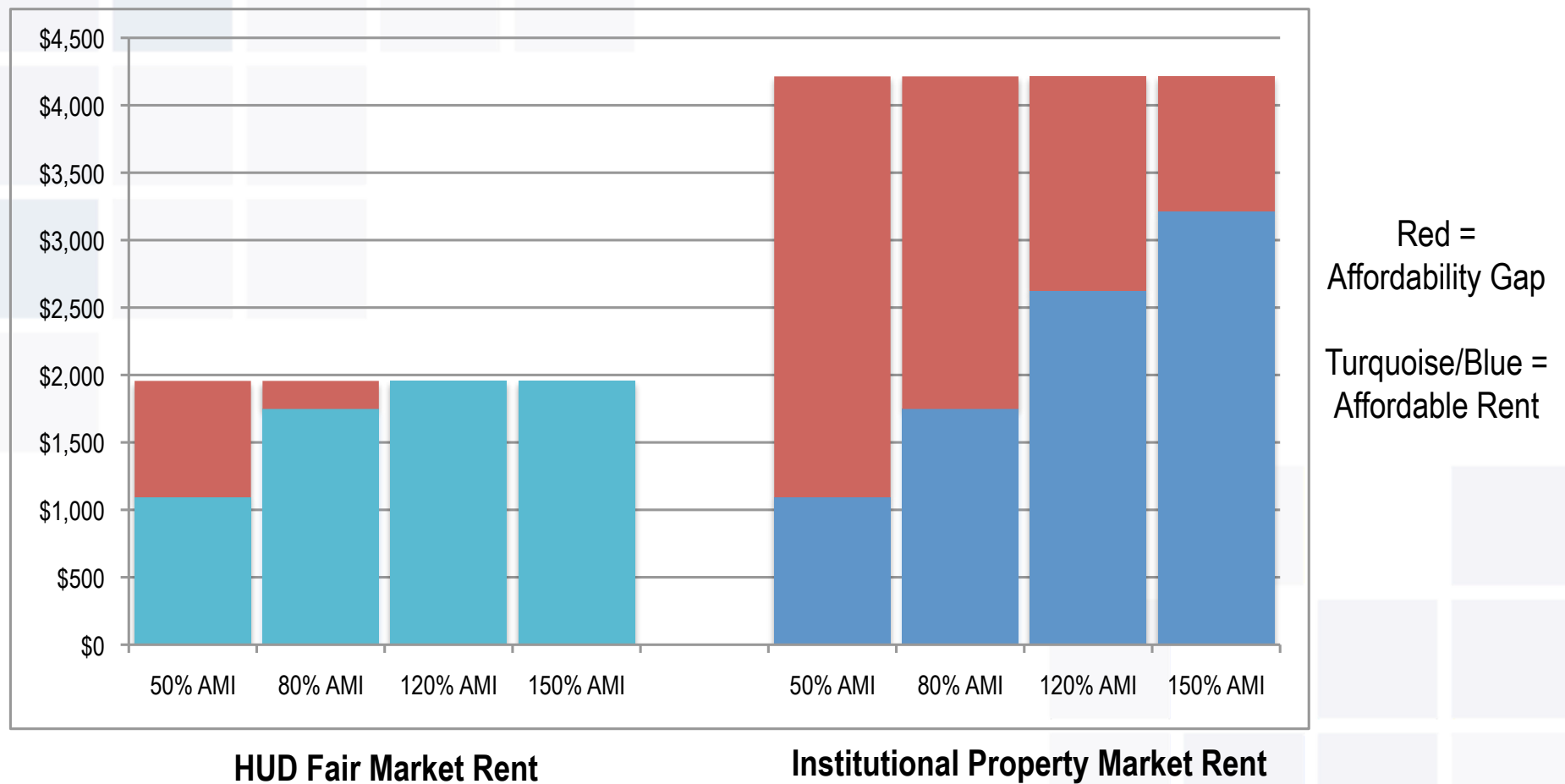
Number of Bedrooms	HUD Fair Market Rent	Market Rent Institutional Properties
Studio	\$1,191	\$2,341
1-Bedroom	\$1,551	\$2,934
2-Bedroom	\$1,956	\$4,214
3-Bedroom	\$2,657	\$4,018
Average (2014)	\$2,113	\$3,056
Average (2011)	\$1,802	\$2,647

Source: HUD Fair Market Rents, RealFacts.

Affordability Gaps for Different Rents

Comparison of Market Rents and Affordability Gap by AMI for 2-Bedroom (2014 Q1)

- An affordability gap exists at all levels of 50-150% AMI households for Institutional Properties. Rent at an Institutional Property is currently affordable to households earning \$167,000 (or 190% AMI).



HUD Fair Market Rent Compared to Affordable Rent Levels (2014)

- HUD Fair Market Rent is unaffordable to households in the 30% and 50% AMI categories and to large households in the 80% AMI category.
- Some households in the 80% AMI category and some households at 120% AMI or greater are able to afford HUD Fair Market Rents.

Number of Bedrooms	HUD Fair Market Rent	50% AMI		80% AMI		120% AMI		150% AMI	
		Affordable Rent	Affordability Gap	Affordable Rent ^a	Affordability Gap	Affordable Rent	Affordability Gap	Affordable Rent	Affordability Gap
Studio	\$1,191	\$850	(\$341)	\$1,359	no gap	\$2,039	no gap	\$2,549	no gap
1-Bedroom	\$1,551	\$971	(\$580)	\$1,554	no gap	\$2,331	no gap	\$2,914	no gap
2-Bedroom	\$1,956	\$1,093	(\$863)	\$1,748	(\$208)	\$2,623	no gap	\$3,278	no gap
3-Bedroom	\$2,657	\$1,214	(\$1,443)	\$1,943	(\$714)	\$2,913	no gap	\$3,641	no gap
4-Bedroom	\$3,212	\$1,311	(\$1,901)	\$2,098	(\$1,114)	\$3,145	(\$67)	\$3,933	no gap
Average (2014)	\$2,113		(\$1,026)		(\$679)				
Average (2011)	\$1,802		(\$746)		\$168				

a. Affordable rent is based on San Francisco Mayor's Office of Housing published rents and equals maximum monthly rent for each unit type and includes the cost of utilities.

b. Affordability gap equals affordable rent minus HUD fair market rent.

Source: San Francisco Mayor's Office of Housing, HUD published Fair Market Rents for San Francisco, Seifel Consulting Inc.

Institutional Property Market Rent Compared to MOHCH Affordable Rent Levels, 2014

- Institutional grade residential properties that have at least 50 units and typically attract private investment.
- Market rents are not affordable regardless of unit size and affordability level (with the exception of studio units at 150% AMI).
- Since 2011, these gaps have increased significantly for all income levels.

Number of Bedrooms	Market Rent	50% AMI		80% AMI		120% AMI		150% AMI	
		Affordable Rent ^a	Affordability Gap ^b	Affordable Rent ^a	Affordability Gap ^b	Affordable Rent ^a	Affordability Gap ^b	Affordable Rent ^a	Affordability Gap ^b
Studio	\$2,341	\$815	(\$1,526)	\$1,324	(\$1,017)	\$2,004	(\$337)	\$2,514	\$173
1-Bedroom	\$2,934	\$924	(\$2,010)	\$1,507	(\$1,427)	\$2,284	(\$650)	\$2,867	(\$67)
2-Bedroom	\$4,214	\$1,031	(\$3,183)	\$1,686	(\$2,528)	\$2,561	(\$1,653)	\$3,216	(\$998)
3-Bedroom	\$4,018	\$1,131	(\$2,887)	\$1,860	(\$2,158)	\$2,830	(\$1,188)	\$3,558	(\$460)
Average (2014) ^c	\$3,056		(\$2,402)		(\$1,783)		(\$957)		(\$338)
Average (2011)	\$2,647		(\$1,640)		(\$1,007)		(\$162)		\$472

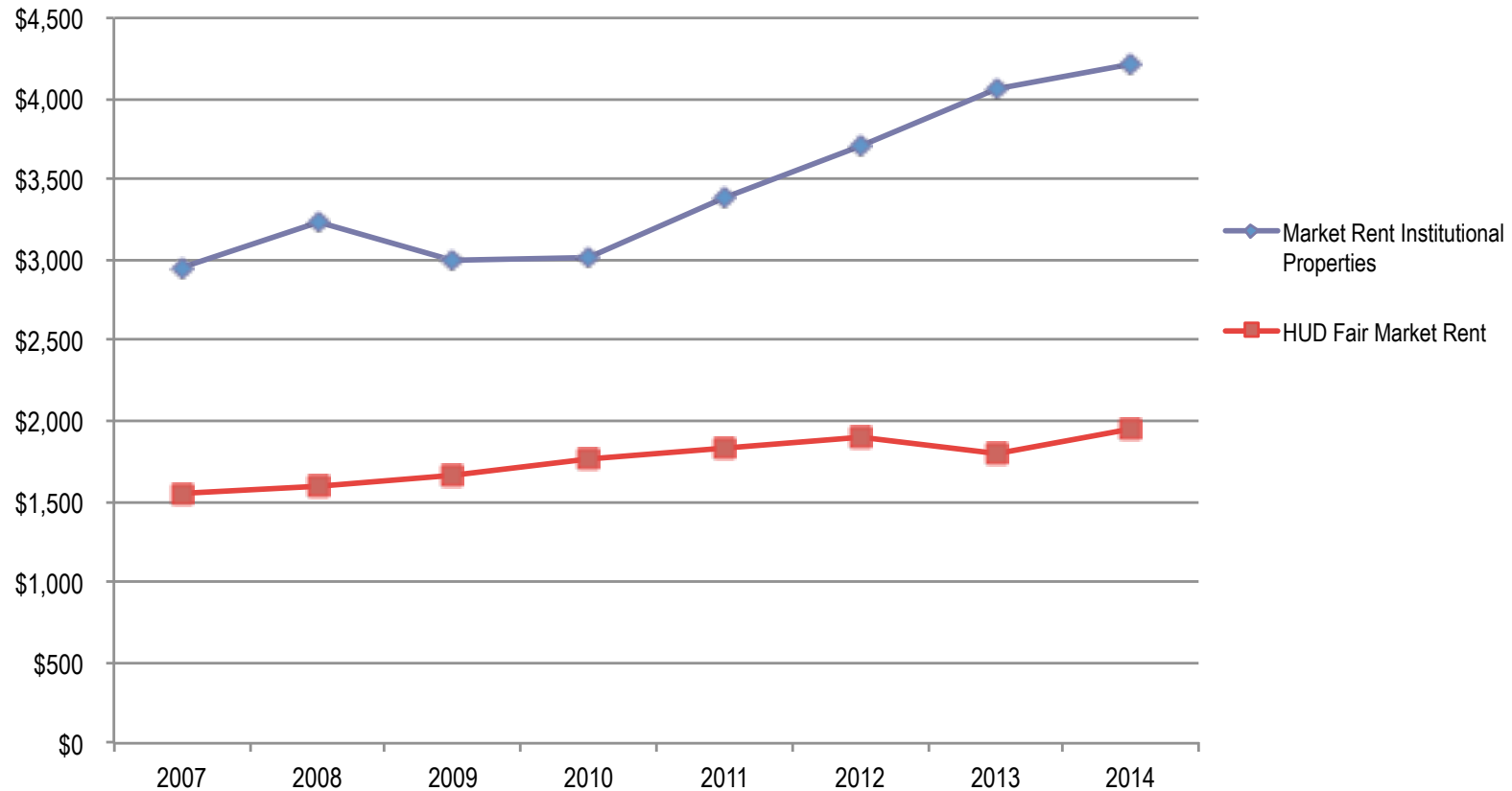
a. Affordable rent is based on San Francisco Mayor's Office of Housing published rents and equals maximum monthly rent for each unit type and excludes the cost of utilities.

b. Affordability gap equals affordable rent minus market rent.

c. Average (2014) is based on RealFacts' published overall weighted market average.

Source: San Francisco Mayor's Office of Housing, HUD published Fair Market Rents for San Francisco, Seifel Consulting Inc.

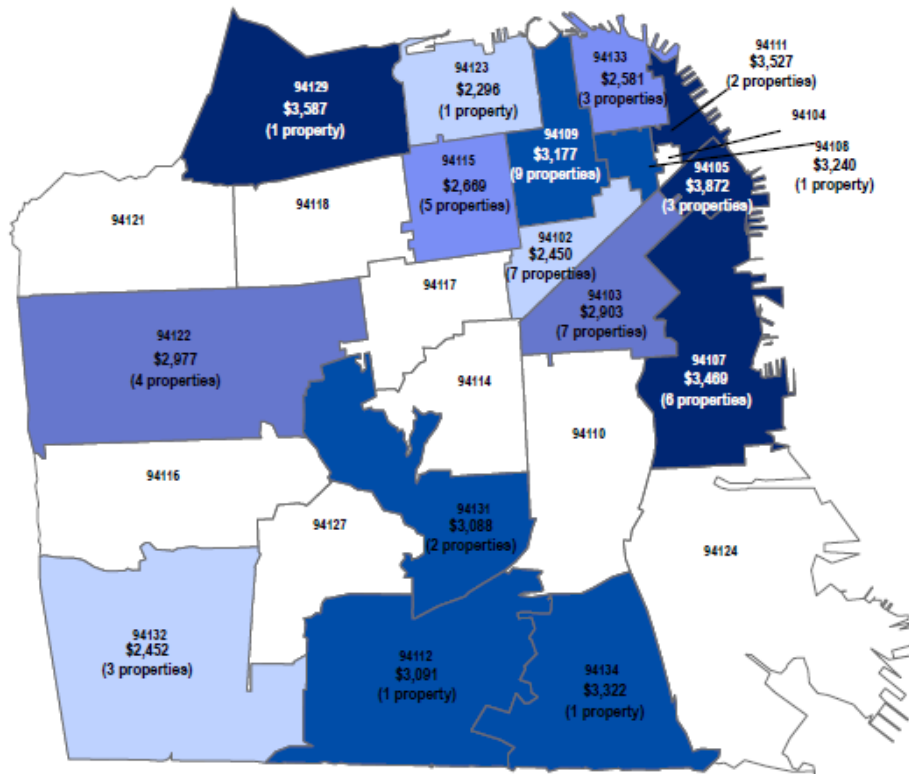
Market Rate Rent Trends Over Time (2006-2014)



Note: Market rent for institutional properties is based on a 2 bedroom 2 bathroom unit.

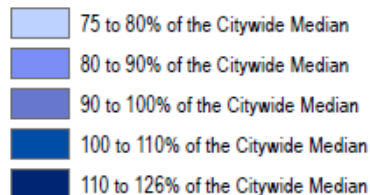
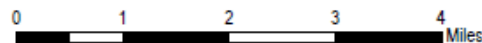
Source: HUD Fair Market Rents, RealFacts.

Market Rents for Institutional Grade Residential Properties by Zip Code (2014)



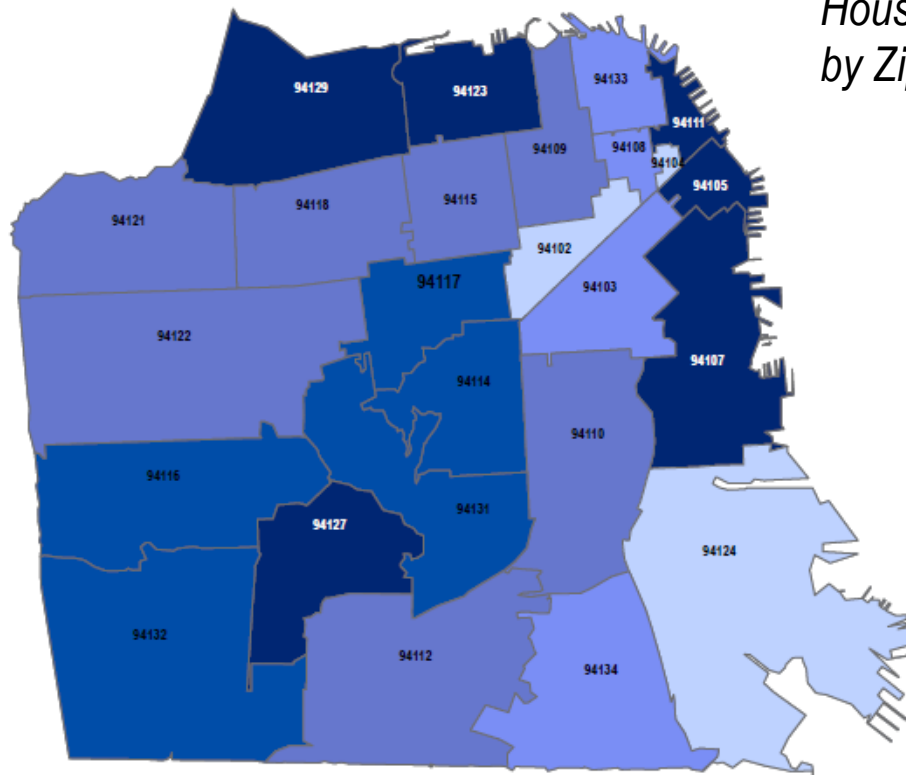
Citywide Median Rent: \$3,088

Based on median rent for institutional investment grade residential properties.
Source: Real Facts, Seifel Consulting Inc.



- Median market rents for institutional properties range from about \$2,300 to \$3,900 across the City.
- Shading ranges
 - Light blue = lowest median rent
 - Dark blue = highest median rent
- Real Facts surveys market rents at institutional grade properties, which are apartments with at least 50 units that would attract institutional investment.
 - Institutional grade properties are located within a subset of Zip Codes and include a small proportion of rent controlled units.
 - No institutional grade properties are located in Zip Codes without shading (White).

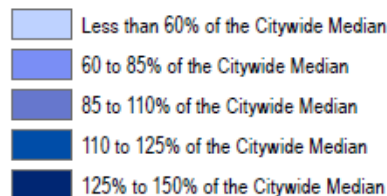
Market Rate Rents by Zip Code



Citywide Reported Median Contract Rent: \$1,389

Based on median contract rent. ACS does not track median rent above \$2,000. Median contract rent includes rent control units.
Source: 2008-12 5 year ACS, Seifel Consulting Inc.

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Household Reported Median Contract Rent by Zip Code (2012)

- Based on 2012 ACS data, households report that contract rents in the southern and western neighborhoods are lower than the citywide median, while the eastern neighborhoods are most expensive.
- Shading ranges
Light blue = lowest median contract rent
Dark blue = highest median contract rent
- The citywide median contract rent is \$1,389, based on ACS data that does not indicate median rents over \$2,000.
- Contract rents are reported for both rent controlled and non-rent controlled units.

Rental Housing Market Findings

- About two-thirds of San Francisco's households are renters.
- Current market rents are unaffordable to many households in San Francisco, and the rapid increase in rents over the past two years has made it even more difficult for many 50-150% of AMI households to find housing, particularly those earning 100% AMI and below.
- Rental affordability gaps have increased since 2011, and the affordability gaps are significantly higher for newer, institutional grade properties as compared to older properties.
- Rents in the southern and western neighborhoods tend to be lower, while rents in the eastern neighborhoods tend to be higher.
- HUD Fair Market Rents in San Francisco have increased 3% since 2011, while market rents for institutional grade properties citywide have increased 28% since 2011.

IV. Ownership Housing Market Trends

This section presents information on current and historic ownership and housing market trends and identifies where housing is available to households at various income levels.

- Housing Cost Burden For Homeowners
- Affordable Sales Prices
- Affordability Gap by Income Level
- Regional Home Price Trends
- Median Sales Price by Zip Code
- Ownership Housing Market Affordability Trends



Housing Cost Burden For Homeowners (By Income, 2011)

- Below Market Rate (BMR) homes in San Francisco, including price-restricted condos under the Inclusionary Housing Program, are typically owned by households earning up to 100% AMI.
- On average, households at 80-100% AMI are substantially more cost-burdened by market rate ownership than their peers with household incomes at 100-120% AMI and 120-150% AMI.

Income Category	Average Owner Costs as Percent of Income
80% AMI to 100% AMI	41%
100% AMI to 120% AMI	35%
120% AMI to 150% AMI	32%

- a. Analysis only accounts for owner-occupied households with a mortgage - those who do not yet own their home free and clear.
- b. Income Categories are based on Maximum Income by Household Size for 2011 published by the San Francisco Mayor's Office of Housing.
Analysis includes 1 person through 9 person households.
Income definitions for larger households were not available.

Source: San Francisco Mayor's Office of Housing, 2007-11 five year estimates/IPUMS, Seifel Consulting Inc.

Affordable Sales Prices (2-Bedroom Home, July 2014)

Income Levels	2 Bedroom Home	Condominium
150% AMI	\$564,000	\$528,000
120% AMI	\$443,000	\$407,000
80% AMI	\$282,000	\$246,000
<i>Home Sales Price^a</i>	\$950,000	\$981,000

a. Sales price is for a 2-bedroom home or condominium from Zillow home value index, July 2014.

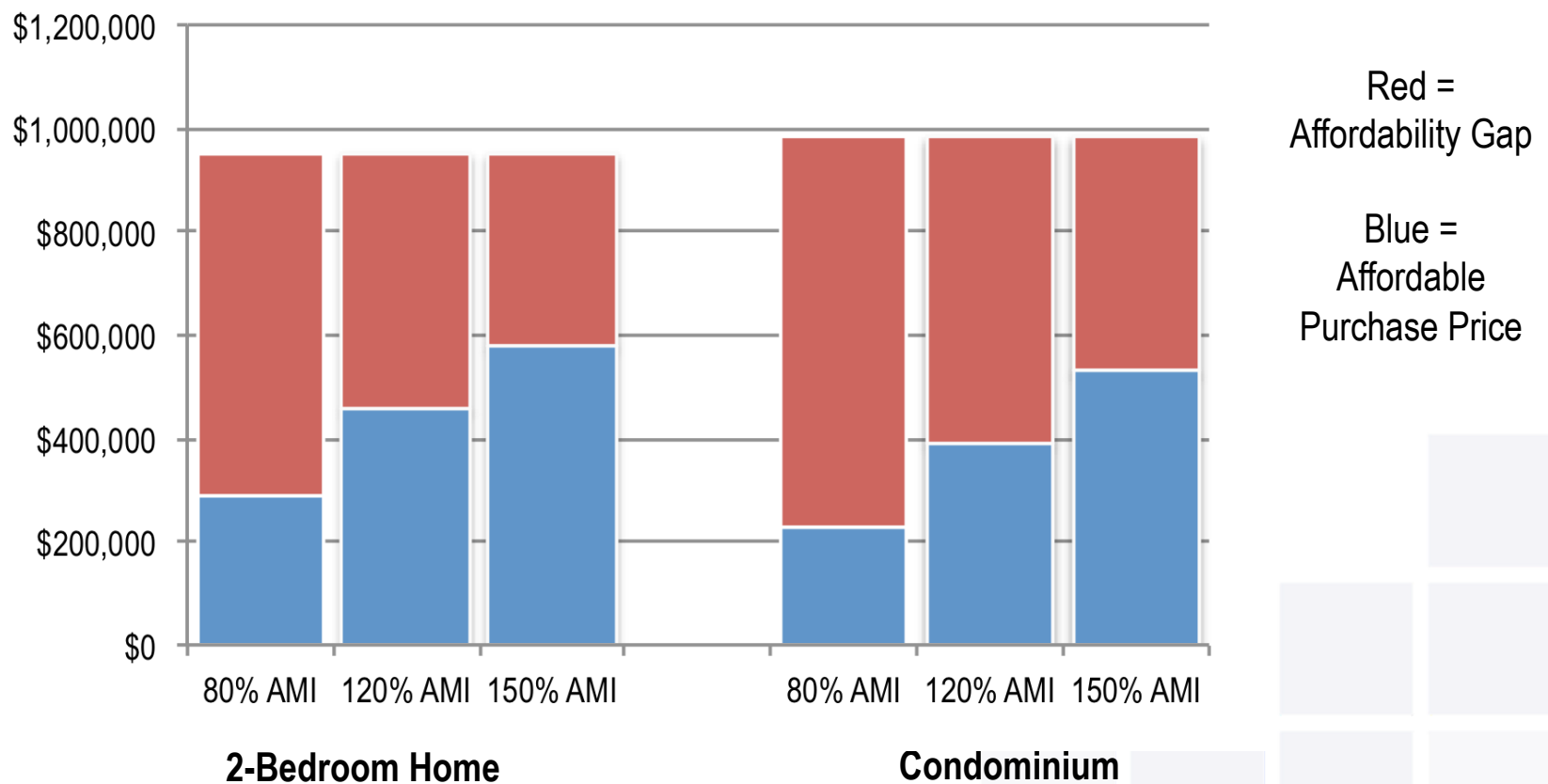
Source: San Francisco Mayor's Office of Housing, Zillow, Seifel Consulting Inc.

The affordable sales price assumes 33% of income for a 3 person household is spent on housing, a 10% down payment and 90% financing. The affordable home price includes utilities, real estate taxes, insurance, and \$1,200 annual allowance for homeowner maintenance (HOA) costs. The affordable condominium price is lower because annual HOA costs are assumed at \$5,520.

Affordability Gap by Income Level

Sales Prices Compared to Affordable Homes by AMI Income Level (July 2014)

- Affordability gaps exist for 80% AMI, 120% AMI, and 150% AMI households for both 2-bedroom and condominium homes. Typical homes are affordable to households earning \$215,000 (~245% AMI) while condominiums are affordable to households earning \$230,000 (~260% AMI).



Affordability Gap by Income Level

Sales Prices: Price Trends for a 2-Bedroom Home for a 3-Person Household

- San Francisco sales prices for 2-bedroom homes have increased about \$280,000 since 2011 (according to Zillow), while affordable sales prices have only increased about \$25,000 on average, primarily because home prices increased at a faster rate than incomes.

Income Levels ^b	2011		2013		2014		Change in Affordability Gap & Sales Price Since 2011
	Affordable Sales Price ^c	Affordability Gap ^d	Affordable Sales Price ^c	Affordability Gap ^d	Affordable Sales Price ^c	Affordability Gap ^d	
150% AMI	\$556,000	(\$112,000)	\$581,000	(\$247,000)	\$564,000	(\$386,000)	(\$274,000)
120% AMI	\$437,000	(\$231,000)	\$456,000	(\$372,000)	\$443,000	(\$507,000)	(\$276,000)
80% AMI	\$278,000	(\$390,000)	\$291,000	(\$537,000)	\$282,000	(\$668,000)	(\$278,000)
Home Sales Price^e	\$668,000		\$828,000		\$950,000		\$282,000

a. Affordable sales prices and home sales prices are rounded to nearest \$1,000.

b. Income categories are based on Maximum Income by Household Size published by HUD.

c. Affordable sales price calculation assumes 33 percent of income is spent on housing, a 10 percent downpayment and 90 percent financing and includes HOA, utilities, real estate tax, and insurance and a \$1,200 annual allowance for average homeowner association (HOA) costs. The affordability condominium price is lower because annual HOA costs are assumed at \$5,520 for a 2 Bedroom unit.

d. Affordability gap equals affordable sales price minus home sales price for 2-bedroom unit.

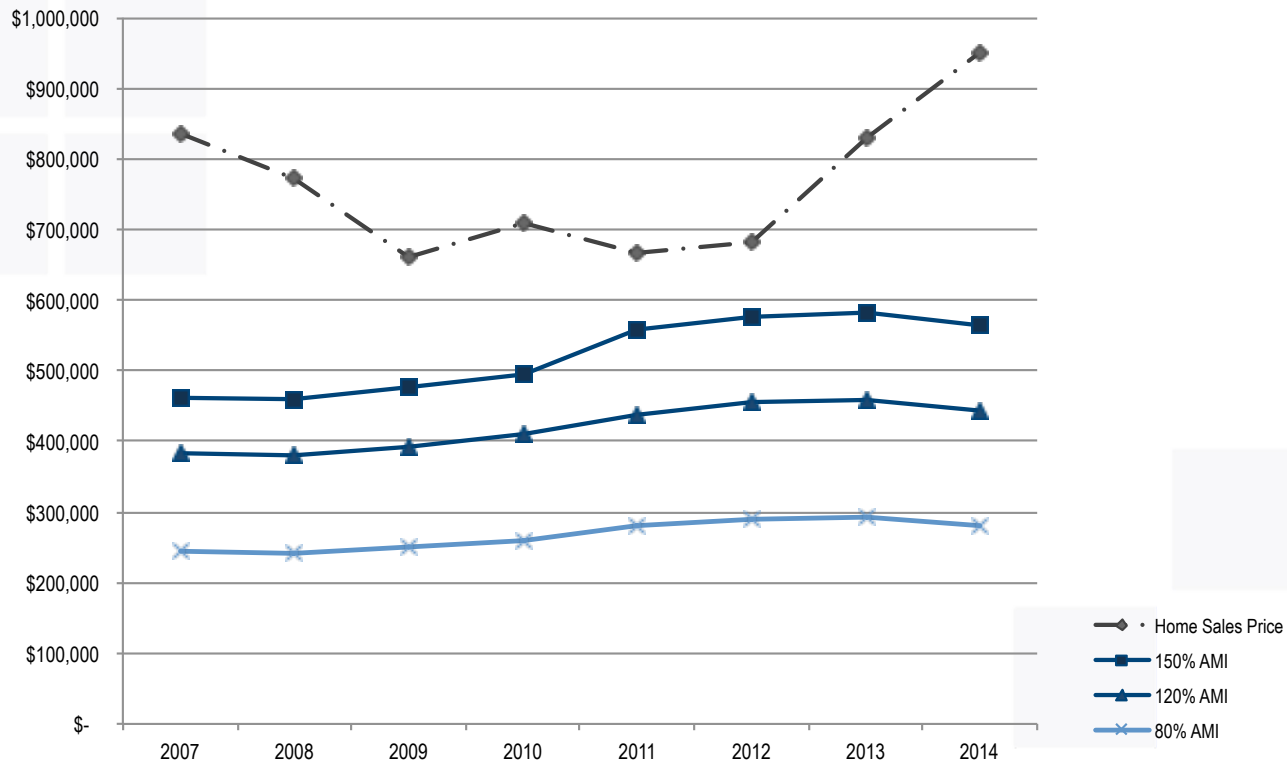
e. Home sales price is for a 2-bedroom single family or condominium from Zillow for July of each year.

Source: San Francisco Mayor's Office of Housing, Federal Reserve Bank, San Francisco County Assessor's Office, California HCD, Zillow, Seifel Consulting Inc.

Affordability Gap by Income Level (continued)

Sales Prices: 2-Bedroom Home Compared to Affordable Sales Price (2007 to 2014)

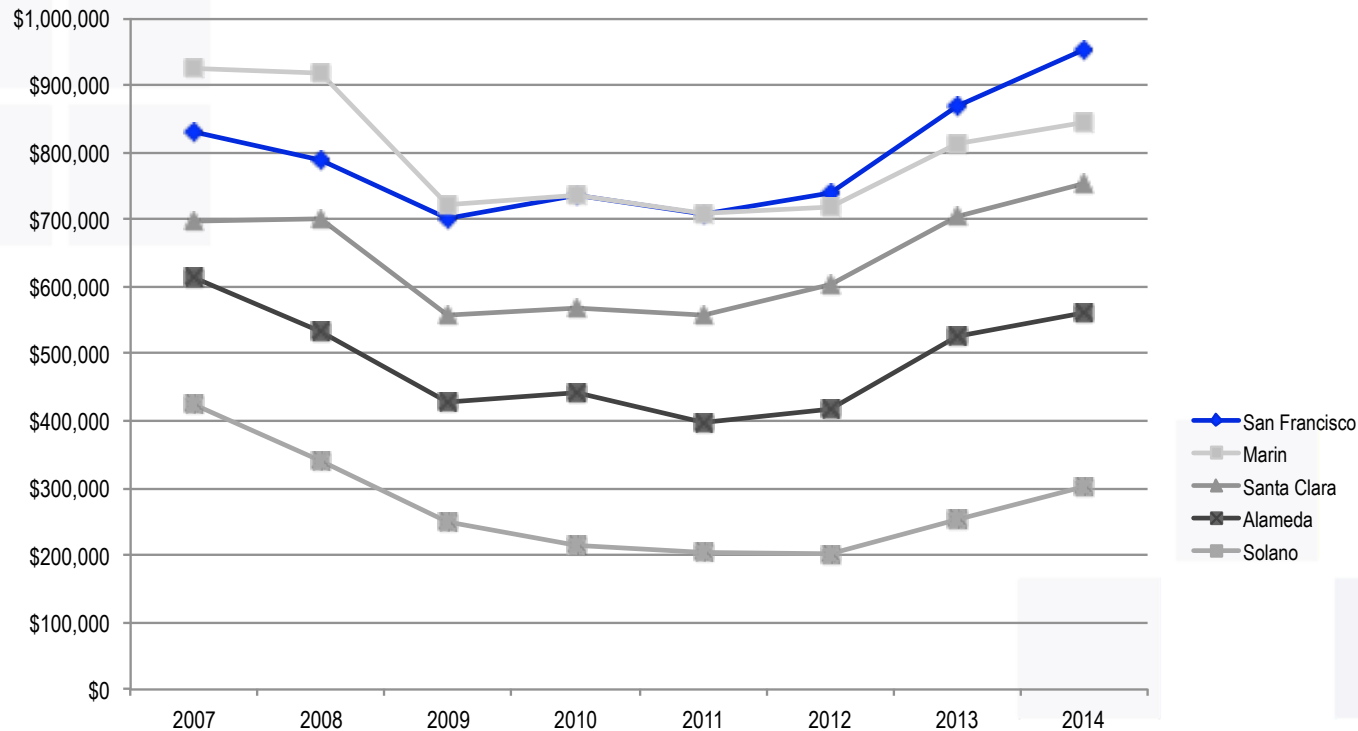
- As the housing market has recovered in San Francisco, home prices have increased beyond 2007 levels, and the affordability gap has increased for each income category, ranging from about \$300,000 for a household at 150% AMI to almost \$600,000 for a household at 80% AMI.



Source: San Francisco Mayor's Office of Housing, Federal Reserve Bank, San Francisco County Assessor's Office, California HCD, Zillow, Seifel Consulting Inc.

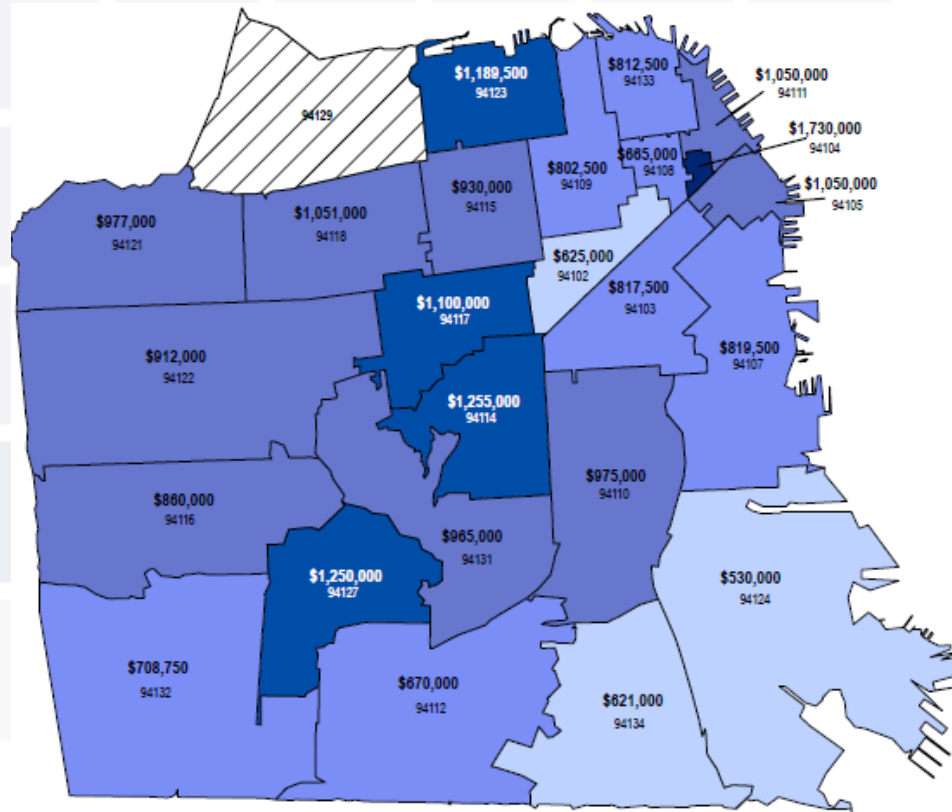
Regional Home Price Trends (2007-2014)

- Throughout the Bay Area, sales prices for homes declined between 2007 and 2009 due to the recession and were largely stagnant until 2012. In 2013, sales prices increased substantially and began to reach or exceed 2007 levels. Home prices in the summer of 2014 have continued to rise.
- San Francisco currently has the most expensive median home sales price in the region.



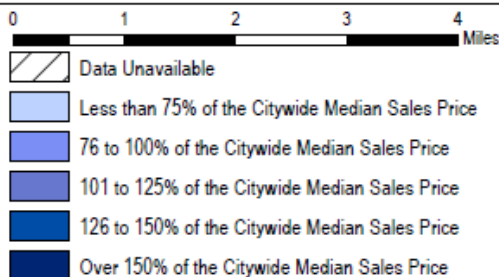
Note: Data points are based on median sale price data for all home sales, including single family homes and condominiums.
Source: Zillow.

Median Sales Price by Zip Code (1-, 2-, and 3-Bedroom Units, 2013)



Citywide Median Sales Price: \$850,000

Sales records are based on 1,2 and 3 bedroom condominium and single family house sales from January 1, 2013 to December 31, 2013. Records with sales amounts less than \$75,000 were excluded from the analysis. The dataset included 3,303 sales. Source: Dataquick, Seifel Consulting Inc.



- According to Dataquick, the median sales price in San Francisco for 1-, 2-, and 3-bedroom units was \$850,000 in 2013 (slightly lower than average sales price reported by Zillow for 2-bedroom homes).
- Median sales prices ranged from \$530,000 to \$1,730,000 across the City.
 - Shading ranges from light blue for lowest sales prices to dark blue for highest sales prices within each Zip Code.
 - Thus, the affordability gap for homeownership varies across the City, being highest in the areas with the darkest blue.

Ownership Housing Findings

- About one-third of San Francisco's households are homeowners.
- As the Bay Area housing market recovered, home prices have increased beyond 2007 levels, and San Francisco is currently the most expensive place to buy housing in the Bay Area.
- Buying a home is unaffordable to most households living in San Francisco.
- According to Zillow, the typical home price for a 2-bedroom home in San Francisco has increased to \$950,000 as of July 2014. At this price level, only households earning \$215,000 (~245% AMI) or above could afford this home, based on typical affordability standards.
- A substantial affordability gap exists for all 50-150% AMI households that wish to purchase a typically priced home or condominium in San Francisco.
- Housing affordability varies across and within neighborhoods, with home prices in the southern neighborhoods typically being most affordable.
- As many condominiums are newer and located in the eastern areas of San Francisco, the median sales price for condominiums can be higher than homes, depending on what is selling in the marketplace.

V. Overall Findings

Household and Income

- Single individuals are the most prevalent household type in San Francisco (40%), followed by married couple households (33%). The typical household size in San Francisco ranges from two to three persons.
- Incomes for households with incomes between 50-150% of AMI range from about \$44,000 to \$131,000 for a 3-person household, the typical household size for a 2-bedroom unit.
- Currently, 50-150% of AMI households comprise approximately 40% of San Francisco households.
- Over the last two decades, the percentage of 50-150% AMI households has slowly decreased while households earning less than 50% AMI and more than 150% of AMI have increased.
- Household median income differs from neighborhood to neighborhood, ranging from about \$22,000 (in zip code 94102) to \$142,000 (in zip code 94105).

Overall Findings (continued)

Rental Housing

- About two-thirds of San Francisco's households are renters.
- Current market rents are unaffordable to many San Francisco households. The rapid increase in rents over the past two years has made it even more difficult for many 50-150% of AMI households to find housing, particularly those earning 100% AMI and below.
- Rental prices in the southern and western neighborhoods tend to be lower, while eastern neighborhoods tend to be more expensive.
- Since 2011, HUD Fair Market Rents in San Francisco have increased about 3%, while Market rents for institutional grade properties citywide have increased 28%.
- Rental affordability gaps have increased since 2011, and the affordability gaps are significantly higher for institutional grade properties as compared to HUD Fair Market Rent.

Overall Findings (continued)

Ownership Housing

- About one-third of San Francisco's households are homeowners.
- As the Bay Area housing market recovered, home prices have increased beyond 2007 levels, and San Francisco is currently the most expensive place to buy housing in the Bay Area.
- In the past two years, home prices in San Francisco have increased by about 31%, or approximately \$200,000, widening the affordability gap for homebuyers.
- According to Zillow, the typical price for a 2-bedroom home in San Francisco has increased to \$950,000 as of July 2014. At this price level, only households earning \$215,000 (~245% AMI) or above could afford this home, based on typical affordability standards.
- Housing affordability varies across and within neighborhoods, with home prices in the southern neighborhoods being most affordable.
- Most households living in San Francisco cannot afford to buy a new home unless they have significant equity in their current homes.
- A substantial affordability gap exists for all 50-150% AMI households that wish to purchase a typically priced home or condominium in San Francisco.

VI. Technical Appendix

This section presents background information methodology, data sources, and definitions.

Topics in this section include:

- Methodology
- ACS and IPUMS Data
- What is Area Median Income?
- AMI Definitions

Methodology

Seifel gathered data from several sources to investigate historical and current income, household types, and rental and ownership housing markets. This analysis integrates published data at the state and local level to describe trends for the City's households, with particular attention to middle income households.

The analysis builds on the data presented in the 2011 housing study and includes updated data from the following sources:

- 1990, 2000 and 2010 United States Bicentennial Census (Census)
- 2002 through 2012 American Community Survey (ACS)
- Integrated Public Use Microdata Series (IPUMS)
- United States Department of HUD (HUD)
- California Department of Employment Development Department (EDD)
- DataQuick
- Zillow
- RealFacts

Methodology (continued)

Due to the lag associated with compiling data, the years for the most recent data varies from 2011 to 2014.

- IPUMS estimates are based on 2011 data.
- ACS information is based on 2012 data.
- HUD Fair Market Rents are based on 2014 data and historical information for the San Francisco HMFA (San Francisco, San Mateo and Marin counties).
- Rents for Institutional Grade properties is based on 2014 RealFacts market data.
- Home sales data from Dataquick are based on 2013 transactions, in order to have an entire year of consistent data.
- Home sales prices from Zillow is based on 2014 data.

ACS and IPUMS Data

- The ACS is an ongoing survey that provides demographic data every year and samples about 1 in 40 addresses every year. Based on these survey responses, estimates are made for larger geographic populations.
 - ACS data in this analysis is shown at the zip code level.
- PUMS data includes population and housing unit records with individual response information from the ACS and Census. This dataset allows data analysis for cross-tabulated variables that otherwise are not provided by the ACS or Census.
 - For confidentiality purposes, the only geographic areas available in PUMS records are those for regions, states and Public Use Microdata Areas or “PUMAs” which represent 100,000 person geographies.
 - PUMS data in this analysis is shown at the Citywide level.
- Since the ACS and PUMS data rely upon survey data, they are subject to margins of error based on survey sample size and may not be exact data representations, although valuable in showing trends and relative differences among geographies.

What is Area Median Income (AMI)?

Area = A particular geographical area (e.g. San Francisco)

Median = Middle point – half of the population is below the median while the other half is above

Income = Total income of the entire household

AMI is set each year by the US Department of Housing and Urban Development (HUD).

San Francisco uses these annually published income limits for its various housing programs.

Income from all persons in a household make up the household's AMI. Based on the 2012 ACS, the typical San Francisco household has approximately 2.3 persons per household.

Household income levels are defined as a percentage of AMI, from 0% to 150% AMI based on household:

0-50% AMI = Extremely Low*/Very Low Income

50-80% AMI = Low Income

80-120% AMI = Moderate Income

120-150% AMI = Middle Income

*State and federal programs often define extremely low income as 0-30% AMI.

Household Median Income Definitions

The most recent Census and ACS data concerning median household income and household size for San Francisco is from 2012. The 2012 ACS median income for San Francisco of \$74,000 reflects San Francisco's smaller average household size (2.3 persons per household) as compared to surrounding Bay Area counties.

The San Francisco Mayor's Office of Housing and Community Development (MOHCD) publishes a customized schedule for City housing programs (SF MOHCD AMI) that reflects area median income (AMI) data published by HUD for the San Francisco HUD Metro Fair Market Rent (FMR) Area. For more information refer to: <http://www.huduser.org/portal/datasets/il.html>

The State of California Housing and Community Development Department (HCD) annually publishes area median income (HCD AMI), which relies on a different HUD data set. For more information refer to: <http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html>

Both the SF MOHCD AMI and HCD AMI for San Francisco reflect income levels by household size for a geographic area that includes San Francisco, San Mateo and Marin counties. As San Mateo and Marin counties tend to have higher household income levels on average than San Francisco, both AMI schedules tend to overstate incomes for households in San Francisco.

A 2-bedroom unit is typically assumed to have a household size of 3 persons. In 2014, the SF MOHCD AMI for a 3 person household is \$87,400 while the HCD AMI is \$92,700.

MOHCD Published Income Levels for IPUMS, 2011

2011
MAXIMUM INCOME BY HOUSEHOLD SIZE
derived from the
Unadjusted Area Median Income (AMI)
for HUD Metro Fair Market Rent Area (HMFA) that contains San Francisco

Income Definition	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person	9 Person
20% OF MEDIAN	\$14,200	\$16,250	\$18,300	\$20,300	\$21,950	\$23,550	\$25,200	\$26,800	\$27,650
25% OF MEDIAN	\$17,800	\$20,350	\$22,850	\$25,400	\$27,450	\$29,450	\$31,500	\$33,550	\$34,550
30% OF MEDIAN	\$21,350	\$24,400	\$27,450	\$30,500	\$32,950	\$35,350	\$37,800	\$40,250	\$41,450
40% OF MEDIAN	\$28,450	\$32,500	\$36,600	\$40,650	\$43,900	\$47,150	\$50,400	\$53,650	\$55,300
50% OF MEDIAN	\$35,550	\$40,650	\$45,750	\$50,800	\$54,900	\$58,950	\$63,000	\$67,050	\$69,100
55% OF MEDIAN	\$39,100	\$44,700	\$50,300	\$55,900	\$60,350	\$64,800	\$69,300	\$73,750	\$76,000
60% OF MEDIAN	\$42,650	\$48,800	\$54,850	\$60,950	\$65,850	\$70,700	\$75,600	\$80,450	\$82,900
70% OF MEDIAN	\$49,750	\$56,900	\$64,000	\$71,100	\$76,850	\$82,500	\$88,200	\$93,850	\$96,750
72% OF MEDIAN	\$51,200	\$58,550	\$65,850	\$73,150	\$79,000	\$84,850	\$90,700	\$96,550	\$99,500
75% OF MEDIAN	\$53,350	\$61,000	\$68,600	\$76,200	\$82,300	\$88,400	\$94,500	\$100,600	\$103,650
80% OF MEDIAN	\$56,900	\$65,050	\$73,150	\$81,300	\$87,800	\$94,300	\$100,800	\$107,300	\$110,550
90% OF MEDIAN	\$64,000	\$73,150	\$82,300	\$91,450	\$98,800	\$106,050	\$113,400	\$120,700	\$124,400
100% OF MEDIAN	\$71,100	\$81,300	\$91,450	\$101,600	\$109,750	\$117,850	\$126,000	\$134,100	\$138,200
110% OF MEDIAN	\$78,200	\$89,450	\$100,600	\$111,750	\$120,750	\$129,650	\$138,600	\$147,500	\$152,000
120% OF MEDIAN	\$85,300	\$97,550	\$109,750	\$121,900	\$131,700	\$141,400	\$151,200	\$160,900	\$165,850
135% OF MEDIAN	\$96,000	\$109,750	\$123,450	\$137,150	\$148,150	\$159,100	\$170,100	\$181,050	\$186,550
140% OF MEDIAN	\$99,550	\$113,800	\$128,050	\$142,250	\$153,650	\$165,000	\$176,400	\$187,750	\$193,500
150% OF MEDIAN	\$106,650	\$121,950	\$137,200	\$152,400	\$164,650	\$176,800	\$189,000	\$201,150	\$207,300

San Francisco Mayor's Office of Housing

Notes:

1. Source: U.S. Dept. of Housing and Urban Development, published May 31, 2011
2. Figures derived by SF MOH from HUD's 2010 Median Family Income for a 4 person HouseHold for San Francisco ("HMFA"), unadjusted for high housing costs, and are rounded to the nearest \$50.
3. Additional information on HUD's defined income limits can be found at: <http://www.huduser.org/portal/datasets/il.html>
4. For developments created under the San Francisco Inclusionary Housing Program, this data should be used only for projects that received their first site or building permit before September 9, 2006.

Effective Date: 6/6/2011

MOHCD Published Income Levels, 2014

2014
MAXIMUM INCOME BY HOUSEHOLD SIZE
derived from the
Unadjusted Area Median Income (AMI)
for HUD Metro Fair Market Rent Area (HMFA) that contains San Francisco

Income Definition	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person	9 Person
20% OF MEDIAN	\$13,600	\$15,550	\$17,500	\$19,400	\$20,950	\$22,550	\$24,100	\$25,650	\$26,400
25% OF MEDIAN	\$17,000	\$19,450	\$21,850	\$24,300	\$26,200	\$28,150	\$30,100	\$32,050	\$33,000
30% OF MEDIAN	\$20,400	\$23,300	\$26,200	\$29,150	\$31,450	\$33,800	\$36,100	\$38,450	\$39,600
40% OF MEDIAN	\$27,200	\$31,100	\$34,950	\$38,850	\$41,950	\$45,050	\$48,150	\$51,250	\$52,800
50% OF MEDIAN	\$34,000	\$38,850	\$43,700	\$48,550	\$52,450	\$56,350	\$60,200	\$64,100	\$66,050
55% OF MEDIAN	\$37,350	\$42,750	\$48,050	\$53,400	\$57,650	\$61,950	\$66,200	\$70,500	\$72,650
60% OF MEDIAN	\$40,750	\$46,600	\$52,450	\$58,250	\$62,900	\$67,600	\$72,250	\$76,900	\$79,250
70% OF MEDIAN	\$47,550	\$54,400	\$61,200	\$67,950	\$73,400	\$78,850	\$84,300	\$89,700	\$92,450
72% OF MEDIAN	\$48,900	\$55,950	\$62,950	\$69,900	\$75,500	\$81,100	\$86,700	\$92,250	\$95,100
75% OF MEDIAN	\$50,950	\$58,300	\$65,550	\$72,850	\$78,650	\$84,500	\$90,300	\$96,100	\$99,050
80% OF MEDIAN	\$54,350	\$62,150	\$69,900	\$77,700	\$83,900	\$90,100	\$96,300	\$102,500	\$105,650
90% OF MEDIAN	\$61,150	\$69,950	\$78,650	\$87,400	\$94,350	\$101,400	\$108,350	\$115,350	\$118,850
100% OF MEDIAN	\$67,950	\$77,700	\$87,400	\$97,100	\$104,850	\$112,650	\$120,400	\$128,150	\$132,050
110% OF MEDIAN	\$74,750	\$85,450	\$96,150	\$106,800	\$115,350	\$123,900	\$132,450	\$140,950	\$145,250
120% OF MEDIAN	\$81,550	\$93,250	\$104,900	\$116,500	\$125,800	\$135,200	\$144,500	\$153,800	\$158,450
135% OF MEDIAN	\$91,750	\$104,900	\$118,000	\$131,100	\$141,550	\$152,100	\$162,550	\$173,000	\$178,250
140% OF MEDIAN	\$95,150	\$108,800	\$122,350	\$135,950	\$146,800	\$157,700	\$168,550	\$179,400	\$184,850
150% OF MEDIAN	\$101,950	\$116,550	\$131,100	\$145,650	\$157,300	\$169,000	\$180,600	\$192,250	\$198,100
200% OF MEDIAN	\$135,900	\$155,400	\$174,800	\$194,200	\$209,700	\$225,300	\$240,800	\$256,300	\$264,100

San Francisco Mayor's Office of Housing and Community Development

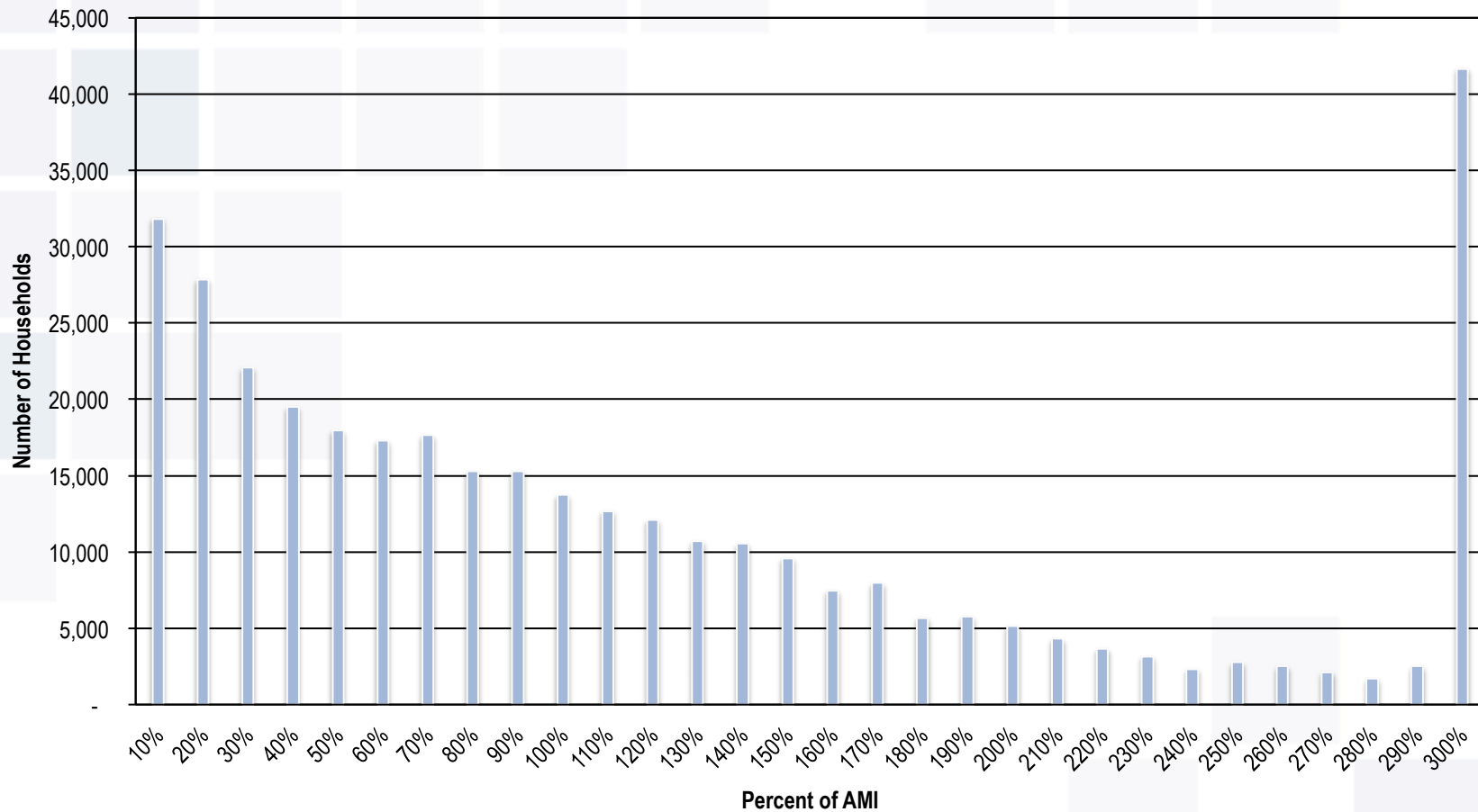
Notes:

1. Source: U.S. Dept. of Housing and Urban Development, published December 18, 2013.
2. Figures derived by SF MOH from HUD's 2012 Median Family Income for a 4 person HouseHold for San Francisco ("HMFA"), unadjusted for high housing costs, and are rounded to the nearest \$50.
3. Additional information on HUD's defined income limits can be found at: <http://www.huduser.org/portal/datasets/rl.html>

Household Income Trends

The following graphs presents background information on households and household income. Income data is drawn primarily from the Census and 2012 ACS, which provides income data for 2007-2011, the most current data available at the time of analysis.

San Francisco Household Income Distribution, 2011

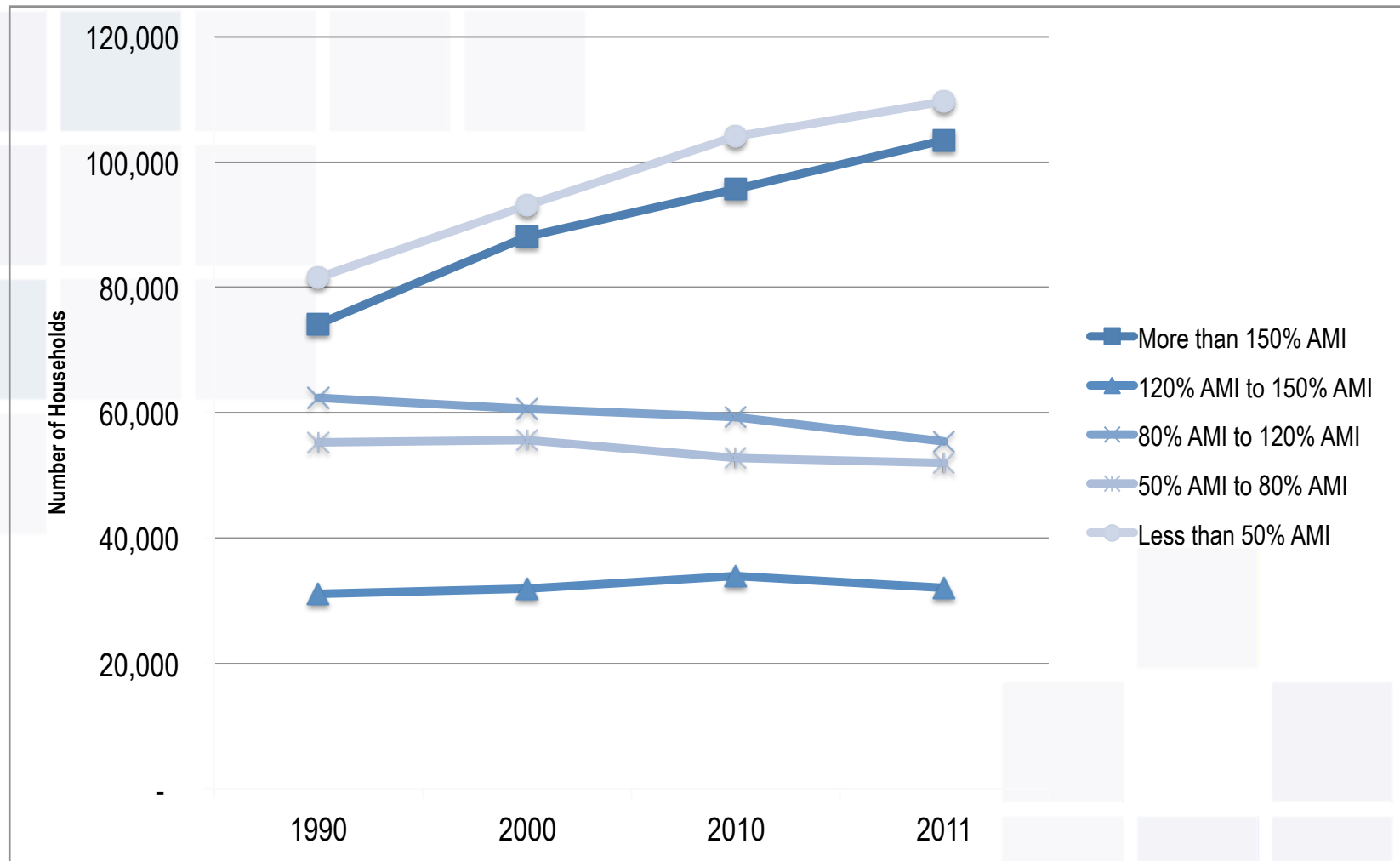


Note: Analysis includes 1 through 9 person households based on SF MOHCD published income levels by household size based on HUD income levels.

Source: 2007-11 five year sample/IPUMS, San Francisco Mayor's Office of Housing, Seifel Consulting Inc.

Household Income Trends Over Time, 1990 - 2011

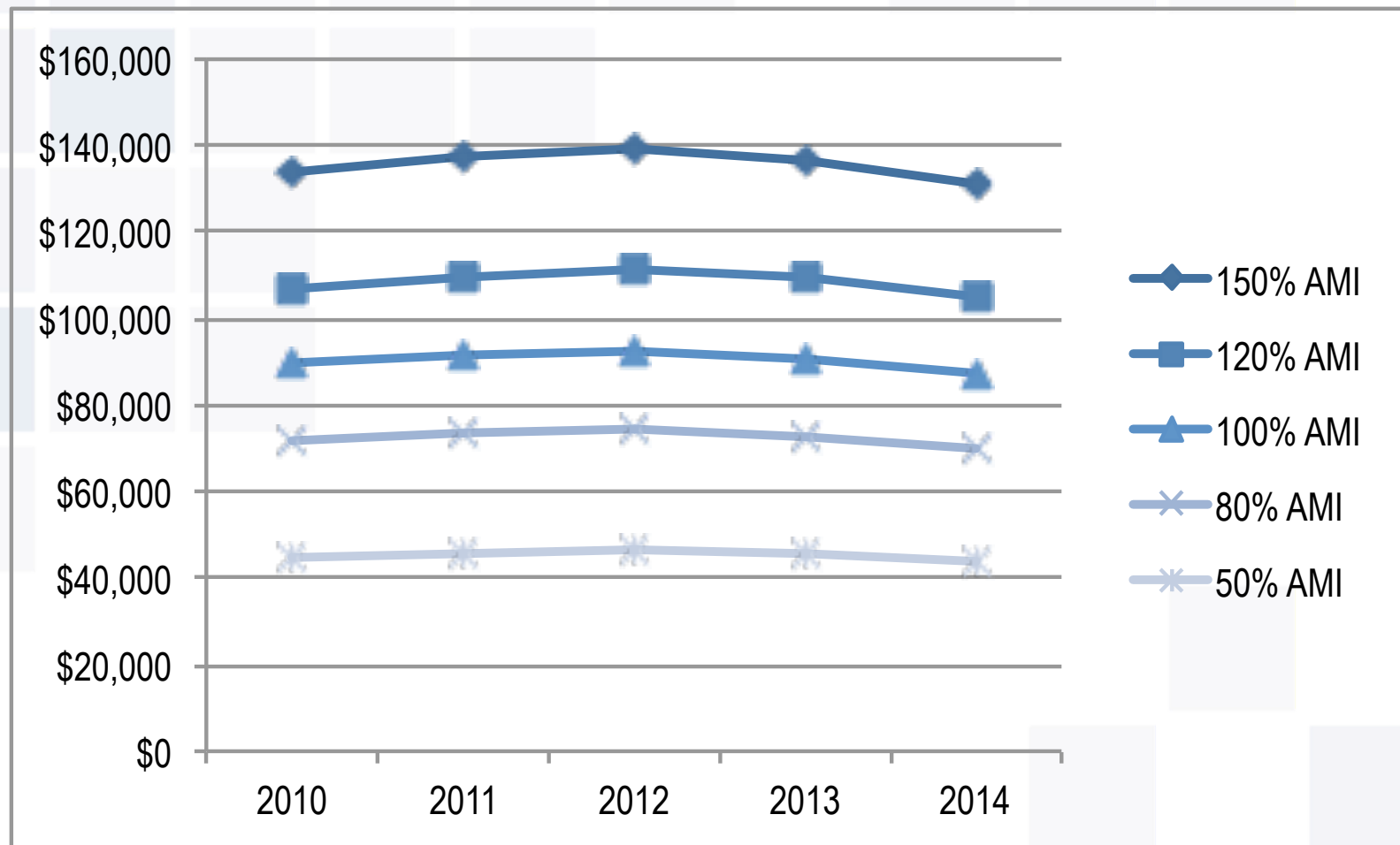
This graph shows the changes in the number of households by income category since 1990, which shows an overall decrease in **50-150% AMI households** since 1990.



Source: San Francisco Mayor's Office of Housing, 1990 Census, 2000 Census, 2010 Census, 2005-09 five year sample/IPUMS, 2007-11 five year sample/IPUMS, Seifel Consulting Inc.

San Francisco AMI by Income Levels Over Time, 2010 - 2014

This graph shows incomes by AMI levels as published by MOHCD, which are based on HUD data.



Source: San Francisco Mayor's Office of Housing.

Rents for Institutional Grade Residential Properties by Zip Code (2014 Q1)

Zip Code	All Buildings			Post 1979 ^a		
	Buildings	Units	Weighted Average Rent ^b	Buildings	Units	Weighted Average Rent
94102	7	1,205	\$ 2,610	4	530	\$ 3,231
94103	7	1,789	\$ 2,850	6	1,629	\$ 2,717
94105	3	1,132	\$ 3,706	3	1,132	\$ 3,706
94107	6	2,604	\$ 3,564	6	2,604	\$ 3,564
94108	1	204	\$ 3,240			
94109	9	1,250	\$ 3,130	3	695	\$ 2,612
94111	2	1,317	\$ 3,315	1	63	\$ 3,761
94112	1	173	\$ 3,091	1	173	\$ 3,091
94115	5	2,158	\$ 2,869	3	1,574	\$ 3,165
94122	4	581	\$ 3,893			
94123	1	241	\$ 2,296			
94129	1	161	\$ 3,587	1	161	\$ 3,587
94130	1	623	\$ 2,391			
94131	2	253	\$ 3,163			
94132	3	4,639	\$ 2,813			
94133	3	730	\$ 2,593	1	72	\$ 3,368
94134	1	110	\$ 3,322	1	110	\$ 3,322
94158	2	385	\$ 3,509	2	385	\$ 3,509
Total	59	19,555	\$ 3,056	32	9,128	\$ 3,277

a. Post 1979 reflects buildings that based on year built are not subject to San Francisco's rent control.

b. Weighted by units in each building.

Source: Real Facts, Seifel Consulting Inc.

Median Sales Prices 1-, 2- and 3-Bedroom Sales by Zip Code, 2013

Zip Code	Median Sales Price	Number of Sales
94102	\$905,500	75
94103	\$800,500	117
94104	\$1,399,000	11
94105	\$751,000	164
94107	\$750,000	314
94108	\$1,399,000	15
94109	\$750,000	170
94110	\$750,000	228
94111	\$1,380,000	23
94112	\$750,000	272
94114	\$787,500	144
94115	\$850,000	102
94116	\$750,000	203
94117	\$856,000	96
94118	\$893,000	79
94121	\$800,500	118
94122	\$751,000	167
94123	\$880,000	75
94124	\$751,000	166
94127	\$856,000	94
94131	\$755,000	163
94132	\$857,000	91
94133	\$1,152,500	24
94134	\$801,000	116
Citywide	\$850,000	3,357

Historical Home Price and Rental Data

Zillow

- Zillow Home Value Index (ZHVI) is a time series data set that tracks the monthly median home value in a particular geography. In general, each ZHVI time series begins in April 1996. Zillow generates the ZHVI median index value (Zestimates) based on proprietary statistical and machine learning models.
- Zillow also publishes median sales price for a particular geography, which is based on the median price for homes that have sold in this area.
- The data reported for 2-bedroom Home Values and Condominium Values are based on ZHVI estimates for these types of properties within San Francisco.
- Zillow updates the way it reports data from time to time. For consistency, historical data on home price trends prior to 2012 was not updated from the 2012 Briefing Book.

Data Quick and Real Facts

- DataQuick reports home sales prices data based on sales transactions by assessor parcel as reported in County Assessor Data.
- Real Facts conducts regular surveys of apartment properties and reports the results of its research for apartment properties by zip code.