

Inclusionary Housing Requirements*

Digest by the Ballot Simplification Committee

Status: Draft for Consideration

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Members: Packard, Fasick, Fraps, Jorgensen

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Deadline to Request Reconsideration: TBD

The Way It Is Now: The City's Charter generally requires private developers of new market-rate housing to provide affordable housing – commonly referred to as "Inclusionary Housing" – in one of three ways:

- pay a fee to support low-income housing at a rate of 17% or 20% of the total units being developed;
- make at least 12% of their on-site housing units affordable; or
- create new affordable units off-site, equal to 17% to 20% of their project's units.

A rental unit counts toward these Inclusionary Housing requirements if it is affordable to households earning up to 55% of the area median income. A unit for sale counts toward these Inclusionary Housing requirements if it is affordable to households earning up to 90% of the area median income.

These requirements can be modified only by amending the Charter.

The Proposal: Proposition ____ would amend the Charter to delete the Inclusionary Housing requirements for private developers of new market-rate housing and authorize the City to create new Inclusionary Housing requirements by Board of Supervisors' ordinance. The new requirements could include:

- changing the fee developers must pay to support low-income housing;
- changing Inclusionary Housing requirements for on-site and off-site affordable units; and
- setting policies controlling conversion of rental units to ownership units.

Until the City passes an ordinance creating new Inclusionary Housing requirements for private developers of new market-rate housing, the following requirements would apply:

- for housing development projects of 10 or more dwellings but less than 25 dwellings, the project generally must: 1) pay an affordable housing fee at a rate of 17 or 20% of the total units being developed; 2) make at least 12% of on-site units affordable; or 3) create new affordable units off-site, equal to 20% of the project's units;
- for housing development projects of 25 or more dwellings, the development project must: 1) pay an affordable housing fee at a rate of 33% of the total units being developed; 2) make at least 25% of the on-site units affordable, with 15% of the units affordable to low and very-low income households and 10% affordable to middle income households; or 3) create new affordable units off-site, equal to 33% of the project's units, with 20% of the units affordable to low and very-low income households and 13% affordable to middle-income households.

During this interim period, a rental unit would count as "low income" if it is affordable to households earning up to 55% of the area median income. A unit for sale would count as "low income" if it is affordable to households earning up to 80% of the area median income. A rental unit would count as "middle income" if it is affordable to households earning up to 100% of the area median income. A unit for sale would count as "middle income" if it is affordable to households earning up to 120% of the area median income.

**Working title, for identification only. The Director of Elections determines the title of each local ballot measure; measure titles are not considered during Ballot Simplification Committee meetings.*

A "YES" Vote Means: If you vote "yes," you want to amend the Charter to:

- delete the Inclusionary Housing requirements for private developers of new market-rate housing and authorize the City to create new Inclusionary Housing requirements by Board of Supervisors' ordinance; and
- create higher interim Inclusionary Housing requirements for private residential developers until the City adopts new requirements.

A "NO" Vote Means: If you vote "no," you do not want to make these changes to the Charter.