

## Inclusionary Housing Requirements\*

Digest by the Ballot Simplification Committee

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**On:** Friday, March 4, 2016

**Members:** Packard, Fasick, Fraps, Jorgensen

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**Deadline to Request Reconsideration:** 11 a.m. on Thursday, March 3, 2016

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**The Way It Is Now:** The City's Charter generally requires private developers of new market-rate housing to provide affordable housing (sometimes called inclusionary housing). A private developer can meet this requirement in one of three ways:

- pay a fee based on the cost to build affordable housing units equal to approximately 20% of the total units being developed;
- make at least 12% of the on-site housing units affordable; or
- create new affordable units off-site, equal to approximately 20% of the total units.

A rental unit counts toward these requirements if it is affordable to households earning up to 55% of the area median income. A unit for sale counts toward these 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 through a ballot measure.

**The Proposal:** Proposition \_\_\_ would amend the Charter to:

- increase affordable housing requirements for private developers of new market-rate housing projects of 25 or more units until the Board of Supervisors passes an ordinance changing those requirements and
- authorize the Board of Supervisors to change affordable housing requirements by ordinance.

Until the Board of Supervisors passes an ordinance changing affordable 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 fewer than 25 dwellings, the project must:
  - 1) pay a fee based on the cost to build affordable housing units equal to approximately 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 project must:
  - 1) pay a fee based on the cost to build affordable housing units equal to 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-income households and 10% affordable to middle-income households; or

*\*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.*

- 3) create new affordable units off-site, equal to 33% of the project's units, with 20% of the units affordable to low-income households and 13% affordable to middle-income households.

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.

The chart below shows Area Median Income (AMI) for certain households in San Francisco:

<b><u>Income Definition</u></b>	1 person	2 Person	3 Person	4 Person
<b>55% OF MEDIAN</b>	\$39,250	\$44,850	\$50,450	\$56,050
<b>80% OF MEDIAN</b>	\$57,100	\$65,200	\$73,350	\$81,500
<b>100% OF MEDIAN</b>	\$71,350	\$81,500	\$91,700	\$101,900
<b>120% OF MEDIAN</b>	\$85,600	\$97,800	\$110,050	\$122,300

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

- increase affordable housing requirements for private developers of new market-rate housing projects of 25 or more units until the Board of Supervisors passes an ordinance changing those requirements and
- authorize the Board of Supervisors to change affordable housing requirements by ordinance.

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