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Controller

Monique Zmuda
Deputy Controller

2012 JUL 10 PM 4:50

BY AK

July 11, 2012

Ms. Angela Calvillo
Clerk of the Board of Supervisors
1 Dr. Carlton B. Goodlett Place Room 244
San Francisco, CA 94102-4689

RE: File 120554 – Charter Amendment specifying funding for affordable housing

Dear Ms. Calvillo,

Should the proposed charter amendment be approved by the voters, in my opinion, it would affect the cost of government for a thirty year period beginning in fiscal year (FY) 2013-2014 in that it would set aside funds for affordable housing which are currently available for any public purpose. To the extent that funds are shifted to fund this requirement, other City spending would have to be reduced or new revenues identified.

The proposed charter amendment establishes a baseline funding requirement of \$20 million from the General Fund in FY 2013-14. During the ten following years, the fund grows by \$2.8 million each year until reaching \$50.8 million in FY 2024-2025. In subsequent years, this base would then increase or decrease in proportion to overall General Fund discretionary revenues growth or decline. These costs are likely to be partially offset by savings resulting from the retirement of housing-related bonds issued by the City's former Redevelopment Agency. Absent this measure, these savings could be appropriated to any public purpose.

The proposed San Francisco Housing Trust Fund will be used to create or support affordable housing opportunities for those who meet qualifications specified in the measure. These uses include the purchase of land in the city for construction of affordable housing and down payment assistance to qualified households. A portion of proceeds in the fund may also be used for public realm infrastructure investments, including streetscape improvements. Further, the charter amendment specifies that projects that are subject to the City inclusionary housing ordinance will have affordable housing obligations reduced by 20 percent, and prohibits future increases above this requirement.

Sincerely,


Ben Rosenfield
Controller

Note: This analysis reflects our understanding of the proposal as of the date shown. At times further information is provided to us which may result in revisions being made to this analysis before the final Controller's statement appears in the Voter Information Pamphlet.



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Supervisor Jane Kim, Chair
Rules Committee
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 9410

Dear Rules Committee Members,

The San Francisco Planning and Urban Research Association (SPUR) would like to express our strong support for the Affordable Housing Trust Fund and Housing Production Incentive Program. We believe this measure will support the production of housing at all income levels by doing the following:

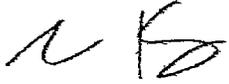
1. **Creating a housing trust fund for affordable housing for the next 30 years.** This trust fund will grow from an appropriation of \$20 million in the first year to appropriations of \$50 million annually by FY 2025-2026. The housing trust fund will be used to create, acquire and rehabilitate housing for low and moderate-income households.
2. **Creating incentives to support the production of market rate and below-market rate housing.** Under the City's existing inclusionary housing requirement, project sponsors may chose to provide below market rate housing on-site, off-site or pay an in-lieu fee. This measure will reduce the on-site inclusionary housing cost burden by 20%, thereby encouraging project sponsors to meet their below-market rate obligation by providing BMR units on-site and will stimulate the production of new market rate housing.

In addition, the measure also caps future inclusionary and affordable housing requirements in areas not receiving an upzoning. For new area plans and new special use districts receiving significant upzonings, the cap would not apply. The cap would also not apply to projects in redevelopment areas and those with development agreements. In this way the Charter Amendment stabilizes the fee burden for market rate projects, while enabling the City to recapture value created through future significant upzonings.

This Charter Amendment before you is the result of an in-depth dialogue between multiple parties with diverse perspectives on housing issues. We urge you to support the Charter Amendment when it comes before you tomorrow.

Should you have any questions, please do not hesitate to contact me at 415-644-4292.

Sincerely,

A handwritten signature in black ink, appearing to be 'SK' or similar initials, written in a cursive style.

Sarah Karlinsky
Deputy Director