



COUNCIL OF COMMUNITY HOUSING ORGANIZATIONS

The voice of San Francisco's affordable housing movement

July 27, 2016

Ballot Simplification Committee—Request for Reconsideration, c/o Barbara Carr,
Department of Elections, City Hall, Room 48

Affordable Housing Requirements for Market-Rate Development Projects

Proposed revisions shown in ***bold red italic text***

Recommended Digest with amendments:

The Way It Is Now: The City generally requires developers of market-rate housing of 10 units or more to provide affordable housing ***through its “inclusionary” housing policy.***

~~A developer can meet this requirement in one of three ways:~~

- ~~• Pay an affordable housing fee.~~
- ~~• Construct off-site affordable housing.~~

One way a developer can meet this requirement is to construct on-site affordable housing. ***The developer must*** provide 12% of units affordable for low-income households. For development projects of 25 or more units, ***the developer must*** provide 15% of units affordable for low-income households and an additional 10% of units affordable for low- or middle-income households.

An on-site rental unit counts as affordable for a “low-income household” if it is affordable for households earning up to 55% of the area median income.

An on-site rental unit counts as affordable for a “middle-income household” if it is affordable for households earning up to 100% of the area median income.

The City uses federal income standards to determine the maximum allowable rent levels for the affordable units. ***These rents are set at a level equivalent to 30 percent of the income of households at the applicable area median income*** The rent is updated each year. Currently, the monthly rent for an on-site one-bedroom affordable housing unit is \$1,185 and for a two-bedroom, \$1,333.

The Proposal: Proposition ____ would change the requirements for developers who build affordable on-site housing. It would increase the income eligibility limit for on-site rental

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The Council of Community Housing Organizations (CCHO) is a coalition of 23 community-based housing developers, service providers and tenant advocates. We fight for funding and policies that shape urban development and empower low-income and working-class communities. The work of our member organizations has resulted in nearly 30,000 units of affordable housing, as well as thousands of construction and permanent jobs for city residents.

units for all new and existing affordable housing units. Under Proposition ____, any rental unit counting toward the affordable housing requirement must be offered to households earning up to 110% of the area median income. ***Developers would no longer be required to dedicate 12-15% of the units affordable to low-income households, and instead. The new increased income eligibility at 110% of area median income would also apply retroactively to all existing affordable housing units that are currently dedicated for low-income households.***

Proposition ____ ~~would increase the gross income a household could have to be eligible for affordable housing from 55% to 110% of area median income. It~~ would also set the rent for a unit at 30% of the household's gross income as long as that household earns up to 110% of area median income. Under this measure, a household could pay up to \$2,369 for a one-bedroom affordable rental unit and up to \$2,666 for a two-bedroom affordable rental unit, but could pay less depending on income. ***The rent paid will further increase as the household's income increases. This proposal applies retroactively to rental units built under the inclusionary housing program.***

The rental price for each unit would be calculated annually based on the household income.

[chart okay]

A "YES" Vote Means: If you vote "yes," you want to increase the income eligibility limit for on-site rental units for all new ***affordable housing units*** and ***all*** existing ***low-income*** affordable housing units to make them ***affordable available*** for households earning up to 110% of the area median income, ***and you want to eliminate the current requirement of 12-15% set aside for low-income households and 10% set aside for middle-income households.***

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

The reasons for the recommendations:

Amendment 1: Adding "***through its "inclusionary" housing policy***" in the first paragraph clarifies that the referenced City requirement on developers to provide affordable housing is specifically through the "Inclusionary Affordable Housing Requirements" which are articulate in Planning Code Section 415.

Amendment 2: Deleting explanations of other options for developers that are not relevant to the ballot measure and instead focusing on the "***One way a developer can meet this requirement is to...***", as is relevant to on-site affordable housing, will help to simplify the Digest.

Amendment 3: Adding the words "***The developer must***" clarifies that these requirements are on developers and not provisions by the City itself.

Amendment 4: Adding the sentence. “*These rents are set at a level equivalent to 30 percent of the income of households at the applicable area median income*” clarifies that it is already current policy of the City to set rents for affordable housing units based on this 30% of income standard.

Amendment 5: Adding to “The Proposal” the sentence, “*Developers would no longer be required to dedicate 12-15% of the units affordable to low-income households, and instead*” makes clear a central aspect of the measure, which is to eliminate the current City requirement to reserve a minimum number of units for low-income households. This is not otherwise explained in the The Proposal portion of the Digest.

Amendment 6: Adding the stand-alone sentence under The Proposal section that says, “*The new increased income eligibility at 110% of area median income would also apply retroactively to all existing affordable housing units that are currently dedicated for low-income households.*” is important to make clear another central aspect of the measure, which is to change the income eligibility for existing low-income (in other words at 55% of area median income) Inclusionary housing units so they are made offered to households at 110% of the area median income.

Amendment 7; Deleting the sentence in the second paragraph of The Proposal that says, “~~would increase the gross income a household could have to be eligible for affordable housing from 55% to 110% of area median income. It~~” takes out what seems to be redundant with what is already explained in the first paragraph.

Amendment 8: Adding the sentence “*The rent paid will further increase as the household's income increases.*” clarifies that the measure ties rents to 30% of a household's income with annual adjustments as a household's income may increase. The current City policy has inflation-adjusted rent changes but does not increase rents as household income increases.

Amendment 9: Adding to the statement of A Yes Vote Means with this language, “*and you want to eliminate the current requirement of 12-15% set aside for low-income households and 10% set aside for middle-income households.*” makes clear to the voter that this is a central change to current City policy proposed by the measure.

Amendment 10: The word revision to “*available*” rather than “affordable” clarifies the text of the measure, which says that “units shall be made available to households whose total household income does not exceed 110% of area median income...”