

Affordable Housing Requirements for Market-Rate Development Projects*

Digest by the Ballot Simplification Committee

Status: Draft for Consideration

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Members: Packard, Anderson, Fasick, Fraps, Jorgensen

Word count: *(suggested 300-word limit)*

Deadline to Request Reconsideration: TBD

The Way It Is Now: The City generally requires developers of market-rate housing to provide affordable housing. A developer can meet this requirement in one of three ways:

- Pay an affordable housing fee. For development projects consisting of 10 or more units, the fee is equal to approximately 20% of the total units being developed. For development project consisting of 25 or more units, the fee is equal to approximately 33% of the total units being developed;
- Construct on-site affordable housing. For development projects consisting of 10 or more units but fewer than 25 units, 12% of all units on-site must be affordable. For development projects consisting of 25 or more units, 15% of all units on-site must be affordable to low-income households, and 10% of all units on-site must be affordable to low- or middle-income households; or
- Construct off-site affordable housing. For development projects consisting of 10 or more units but fewer than 25 units, the number of off-site affordable units must be 20% of the number of units in the principal project. For development projects consisting of 25 or more units, the number of off-site affordable units must be 33% of the number of units in the principal project, with 20% of the units affordable to low-income households, and 13% of all units on-site must be affordable to low- or middle-income households.

A rental unit counts as affordable to a "low income household" if it is affordable to households earning up to 55% of the area median income. A unit for sale is affordable to a "low income household" if it is affordable to households earning up to 80% of the area median income.

A rental unit counts as affordable to a "middle income household" if it is affordable to households earning up to 100% of the area median income. A unit for sale is affordable to a "middle income household" if it is affordable to households earning up to 120% of the area median income.

The City uses federal income standards to determine the maximum allowable rent levels for the affordable units. Generally, a household living in an affordable housing unit pays no more than 30 percent of its total income on rent. Currently, the monthly rent for a one-bedroom affordable housing unit is \$1,121, and the monthly rent for a two-bedroom affordable housing unit is \$1,261.

The Proposal: Proposition ___ would change one of the three ways developers can meet the affordable housing requirement by increasing the income eligibility limit for on-site rental units for all new and existing affordable housing units. Under Proposition ___, a rental unit would count toward the affordable housing requirement if it is affordable to households earning up to 110% of the area median income.

Proposition ___ would cap the rent for a unit of affordable on-site housing at 30 percent of the household's total income as long as that household earns 110% of area median income or less. Under this measure, a household could pay up to \$2,241 for a one-bedroom affordable rental unit and up to \$2,521 for a two-bedroom affordable rental unit, but could pay less depending on their 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.*

The chart below shows the area median income for some San Francisco households:

| Income Definition | 1 person | 2 Person | 3 Person | 4 Person |
|-------------------|----------|----------|-----------|-----------|
| 55% of median | \$39,250 | \$44,850 | \$50,450 | \$56,050 |
| 80% of median | \$57,100 | \$65,200 | \$73,350 | \$81,500 |
| 100% of median | \$71,350 | \$81,500 | \$91,700 | \$101,900 |
| 110% of median | \$78,500 | \$89,650 | \$100,850 | \$112,100 |
| 120% of median | \$85,600 | \$97,800 | \$110,050 | \$122,300 |

A "YES" Vote Means: If you vote "yes," you want increase the income eligibility limit for on-site rental units for all new and existing affordable housing units so that a rental unit would count toward the affordable housing requirement if it is affordable to households earning up to 110% of the area median income.

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