

## Affordable Housing Requirements for Market-Rate Development Projects\*

Digest by the Ballot Simplification Committee

**Status:** Approved Digest  
**On:** Tuesday, July 26, 2016  
**Members:** Packard, Anderson, Fasick, Fraps, Jorgensen  
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**Deadline to Request Reconsideration:** 5 p.m. on Wednesday, July 27

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**The Way It Is Now:** The City generally requires developers of market-rate housing of 10 units or more to provide affordable housing. A developer can meet this requirement in one of three ways:

- Pay an affordable housing fee.
- Construct off-site affordable housing.
- Construct on-site affordable housing. Provide 12% of units affordable for low-income households. For development projects of 25 or more units, 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. 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 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.

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. 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.

*\*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	\$41,450	\$47,400	\$53,300	\$59,250
80% of median	\$60,300	\$68,900	\$77,550	\$86,150
100% of median	\$75,400	\$86,150	\$96,950	\$107,700
110% of median	\$82,950	\$94,750	\$106,650	\$118,450
120% of median	\$90,500	\$103,400	\$116,350	\$129,250

**A "YES" Vote Means:** If you vote "yes," you want to increase the income eligibility limit for on-site rental units for all new and existing affordable housing units to make them affordable for 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.