

August 3, 2022

Chair Packard and Members of the Ballot Simplification Committee  
San Francisco City Hall  
1 Dr. Carlton B. Goodlett Place, Room 48  
San Francisco, CA 94102  
Via email:

RE: City Approval of Affordable Housing

Dear Chair Packard and Members of the Ballot Simplification Committee,

Thank you for drafting the digest for “City Approval of Affordable Housing.” The work of the committee is critical for presenting language that is accessible and understandable to San Francisco voters. In support of your work, we respectfully submit the following suggestions to the draft language of this digest for this measure.

This measure may appear to voters to be similar to the “Affordable Housing Production Act,” therefore ballot language that clearly distinguishes the two measures will prevent voter confusion. The digest language as currently drafted does not make clear to voters that the “City Approval of Affordable Housing” would redefine the definition of “affordable housing”. We recommend amending the digest to distinguish it from the competing measure, and to make it clear to voters what the real life impacts would be if this definition of “affordable housing” were changed in the manner proposed. We have also attached a redline of the draft digest.

**1. Include language to clarify the measure proposes changing the City’s affordability standard**

The “City Approval of Affordable Housing” makes significant changes to the inclusionary definition of affordable housing. The current definition for affordable housing includes a range of incomes up to a maximum for households earning up to 120% of area median income (AMI); the City Approval of Affordable Housing proposes raising the affordability standard to 140% of AMI.

This is significant because according to the Mayor’s Office of Housing and Community Development (MOHCD), the affordable rent for a 2-bedroom apartment for households at 140% of AMI is \$4,365 per month, while the average market rent for a 2-bedroom apartment in San Francisco is \$4,195 per month (per the latest data on Zumper). Generally when people think of “affordable housing” there is an equivalency to “below market rate”, but this new definition of “affordable housing” as 140% of AMI no longer guarantees to voters that the housing developed would be “below market rate”. It is essential, therefore, that voters are able to understand the choice before them – that by raising the target income levels to 140% AMI, the impact that has on the actual price of the unit. We recommend delineating this proposed change in the digest in “The Proposal:”

2. Multi-family housing with 10 or more residential units and that provides at least 15% more on-site of the number of on-site minimum affordable housing units required by City law to households earning no more than 140% of area median income. For example, if a project has 100 residential units intended for rental, the project would need to include 22 affordable units on-site; under the measure, it would need to provide 3 additional affordable housing units on-site, which is 15% of the 22 on-site affordable units for a total of 25 affordable units.

**2. Include a chart to describe Area Median Income**

As average voters may not be familiar with Area Median Income (AMI) or how it is used to determine income levels when applying for affordable housing, we recommend including a table of San Francisco’s AMI to inform voters what the percentages mean and demonstrate that a rental unit would be “affordable housing” if it is priced for households earning up to 140% of AMI.

The chart below shows AMI for certain households in San Francisco:

Income Definition	1 Person	2 Person	3 Person	4 Person
80% of Median	\$77,600	\$88,700	\$99,750	\$110,850
100% of Median	\$97,000	\$110,850	\$124,700	\$138,550
120% of Median	\$116,400	\$133,000	\$149,650	\$166,250
140% of Median	\$135,950	\$155,200	\$174,600	\$193,950

Presenting a chart like this would be in keeping with the past practices of the Ballot Simplification Committee; previous San Francisco voter digests have included AMI charts when the definition of affordability or affordable housing has been adjusted by charter amendment.

**2. Include language to clarify what types of housing units this measure applies to**

The “City Approval of Affordable Housing” does not clearly describe what types of units would fall under this new standard of housing or the costs that would be charged for these units. We recommend providing that information so voters may see in real terms what the measure means by its new definition of “affordable housing”. In the “City Approval of Affordable Housing” measure, Affordable Housing is defined as having a maximum affordable purchase price or affordable rent set at 140% AMI.

The chart below shows maximum gross monthly rent by unit type for various household income levels in San Francisco, published by the Mayor’s Office of Housing and Community Development:

Income Definition	Studio	1 Bedroom	2 Bedroom	3 Bedroom
80% of Median	\$1,940	\$2,218	\$2,494	\$2,771
100% of Median	\$2,425	\$2,771	\$3,118	\$3,464
120% of Median	\$2,910	\$3,325	\$3,741	\$4,156
140% of Median	\$3,395	\$3,880	\$4,365	\$4,849

### 3. Timeframe for developers to begin construction

This measure provides developers with a long duration of time before they have to begin constructing affordable housing, as developers of mixed-use inclusionary housing have 36 months within receiving their permit to break ground.

Proposition \_\_\_ would exempt these affordable housing developments from any discretionary approvals by City boards, commissions, and officials, if those developments comply with the Planning Code. The City would have five to eight months to approve these developments, depending on the number of units. Contractors who build projects of two or more residential units or more that provides on-site affordable housing under this measure must begin construction of the development within 36 months of building or site permit issuance, or the permit will expire. Exceptions are allowed that would extend the timeline for the start of construction.

### 4. Further define removal of Board approval and oversight

By removing Board oversight of Charter Section 9.118, the Board of Supervisors would no longer have Charter authority to have oversight of leases for residential housing on City land. We would suggest adding in clarifying language to the draft digest under “**The Way it Is Now:**”

Typically, for the development of multi-family housing projects where 100% of the residential units will be affordable, the City provides land or financing, which requires the Board of Supervisors’ to exercise their budget and finance authority under the Charter to approve public financing and leases for the use of public land approval under the Charter.

In the section “**The Proposal:**” we recommend adding in further clarifying language around the Board of Supervisors’ oversight of public land and public finances:

The Board of Supervisors approval would not no longer have Charter authority to approve or have oversight of leases on public land or public financing for these affordable housing developments.

To incorporate all of the above recommended changes to the definition of affordable housing and we suggest the section “**A ‘YES’ Vote Means:**” reads as follows:

**A "YES" Vote Means:** If you vote "yes," you want to raise the current 120% area median income for affordable housing standard to 140% area median income, eliminate Board of Supervisors' Charter authority to approve financing and leases for affordable housing, and expedite approvals for affordable housing projects that provide (1) multi-family housing where all of the units are for households with income up to 140% of area median income, (2) additional on-site affordable units are 15% of more on-site affordable housing units than the minimum required by City law, for projects with 10 or more total units or (3) 100% of the residential units for households with at least one San Francisco Unified School District or City College employee and where up to one-fifth of the residential units are affordable to households with income up to 160% of area median income.

We appreciate the Ballot Simplification Committee considering these points, and the Committee's efforts to make sure the language in the ballot handbook on this measure can be crafted to minimize any ambiguity and voter confusion.

Sincerely,

Race & Equity in all Planning Coalition, San Francisco (REP-SF)

Attachment: Proposed Edits for “City Approval of Affordable Housing”

*ATTACHMENT: PROPOSED EDITS FOR CITY APPROVAL OF AFFORDABLE HOUSING*

**Affordable Housing – Initiative Petition \***

**Digest** by the Ballot Simplification Committee

**Status:** Draft for Consideration

**On:** Wednesday August 3, 2022

**Members:** Packard, Anderson, Merrill, Patterson

**Deadline to Request Reconsideration:** TBD

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**The Way It Is Now:** Development of new housing must comply with the City's Planning Code and Building Code. Also, under City law, to approve or deny the development of new housing, various City boards, commissions, and officials generally must make discretionary decisions, giving them the authority to use their own judgment. These City boards, commissions, and officials may include:

- the Planning Commission and the Planning Department;
- the Board of Appeals;
- the Historic Preservation Commission;
- the Arts Commission; and
- the Board of Supervisors.

For a new housing development that is subject to the City's discretionary decisions, State law generally requires the project to be evaluated for impacts on the environment. The City must complete that environmental review before any of its boards, commissions, or officials may consider whether to approve the development. The environmental review may take from several months up to several years to complete.

Affordable housing generally means housing that has restrictions on rent or sales price so that an occupant spends about 30% of household income on housing. Affordable housing may have other restrictions, such as maximum household income for people to be eligible to live there.

San Francisco's Inclusionary Housing Program requires new residential projects of 10 or more units to pay an Affordable Housing Fee, or meet the inclusionary requirement by providing a percentage of the units as below market rate units at a price that is affordable to low or middle income households, either "on-site" within the project, or "off-site" at another location in the City. The required percentage for on-site units for new projects City-wide currently ranges from about 14.5%-23.5% depending on the size of the project and whether the units are for rent or for sale. For certain new development projects with affordable housing, State law limits the City's discretion to approve or deny them.

The City must approve, without discretionary review, housing developments that comply with the City's Planning Code and that make at least 50% of the units affordable to households earning no more than 80% of the area median income (AMI). State law exempts projects that meet these criteria from environmental review.

Typically, for the development of multi-family housing projects where 100% of the residential units will be affordable, the City provides land or financing, which requires the Board of Supervisors' exercise their budget and finance authority for approval under the Charter.

The City generally requires contractors who work on City construction projects to pay prevailing wages to its employees. Prevailing wages reflect the wages generally available in the local workforce and are set by the Board of Supervisors.

**The Proposal:** Proposition \_\_\_ would change City laws to expedite approval of three types of affordable housing:

1. Multi-family housing where 100% of the residential units are affordable, for households with income up to 140% of AMI. The average household income of all residential units can be no more than 120% of AMI.
2. Multi-family housing with 10 or more residential units and that provides at least 15% more-on-site of the number of on-site minimum affordable housing units required by City law to households earning no more than 140% of area median income. For example, if a project has 100 residential units intended for rental, the project would need to include 22 affordable units on-site; under the measure, it would need to provide 3 additional affordable housing units on-site, which is 15% of the 22 on-site affordable units for a total of 25 affordable units.
3. Multi-family housing, or a development that includes housing and other commercial uses, where 100% of the residential units are for households that include at least one San Francisco Unified School District or City College employee, and where up to one-fifth of the residential units are affordable to households with income up to 160% of AMI, and the remaining units affordable to households with incomes between 30% of AMI and 140% of AMI.

Proposition \_\_\_ would exempt these affordable housing developments from any discretionary approvals by City boards, commissions, and officials, if those developments comply with the Planning Code. The City would have five to eight months to approve these developments, depending on the number of units. Contractors who build projects of two or more residential units or more that provides on-site affordable housing under this measure must begin construction of the development within 36 months of building or site permit issuance, or the permit will expire.

The Board of Supervisors approval would not no longer have Charter authority to approve or have oversight of leases on public land or public financing for these affordable housing developments.

By eliminating City discretionary approvals for these types of housing projects, the proposed measure would also allow these developments to proceed without environmental review under State law, as is the case with affordable housing developments that State law exempts from the City's discretionary decisions.

Under Proposition \_\_\_\_, the City could, through an ordinance, apply these expedited approvals to additional types of housing projects.

These projects would remain subject to the City's review under the Planning Code and Building Code.

Contractors who build projects under this measure must pay their employees prevailing wages. Contractors who build projects with 40 or more units must also provide healthcare benefits and offer apprenticeship opportunities.'

**A "YES" Vote Means:** If you vote "yes," you want to raise the current 120% area median income for affordable housing standard to 140% area median income, eliminate Board of Supervisors' Charter authority to approve financing and leases for affordable housing, and expedite approvals for affordable housing projects that provide (1) multi-family housing where all of the units are for households with income up to 140% of area median income, (2) additional on-site affordable units are 15% ~~of more on-site affordable housing units than~~ the minimum required by City law, for projects with 10 or more total units or (3) 100% of the residential units for households with at least one San Francisco Unified School District or City College employee and where up to one-fifth of the residential units are affordable to households with income up to 160% of area median income.

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