

Affordable Housing – Board of Supervisors *

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

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 Board of Supervisors' discretionary 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.

**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 Proposal: Proposition ____ would change City laws to expedite approval of three types of affordable housing, subject to the Charter requirement for Board of Supervisors' discretionary approvals where the City provides land or financing:

1. Multi-family housing where 100% of the residential units are affordable, for households with income up to 120% of AMI. The average income for all the units in the building can be no more than 80% of AMI.
2. Multi-family housing with 10 or more residential units and that provides on-site affordable units required by City law, plus additional affordable housing units equal to 8% of the total number of units in the entire project. 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 eight additional affordable units on-site, which is 8% of the 100 total units for a total of 30 affordable units. At least 30% of the additional affordable units must be two-bedroom units and at least 20% must be three-bedroom 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 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. But these projects may still require the Board of Supervisors' approval under the Charter if the City must enter into a contract that has a term of more than 10 years, requires the City to spend at least \$10 million or leases City property for at least 10 years. Under the measure, the City would have six months to approve these developments, in addition to the time required for any Board of Supervisors' approvals.

By eliminating City discretionary approvals for some of these types of housing projects, the proposed measure would also allow those 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.

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 for educators or projects of 25 units or more that provide additional affordable housing units must also use a skilled and trained workforce that includes a certain percentage of workers who have graduated from apprenticeship programs.

A "YES" Vote Means: If you vote "yes," you want to expedite approvals for affordable housing projects that provide (1) multi-family housing where all of the units are for households with income up to 120% of area median income, (2) additional on-site affordable units equal to 8% of the total number of units in the entire project, for projects with 10 or more total units or (3) 100% of the units for households with at least one San Francisco Unified School District or City College employee and where one-fifth of the units are affordable to households with income up to 160% of area median income, but you want any of those projects that use City land or City financing to continue to require Board of Supervisors' discretionary approval under the Charter.

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