

City and County of
San Francisco



Board of Supervisors,
President

AARON PESKIN
市參事 佩斯金

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July 24, 2024

Ballot Simplification Committee
c/o Karlie O'Toole, Elections Division Manager
City Hall, Room 48
Via e-mail BSC.Clerk@sfgov.org

Dear Chair Packard and Members of the Ballot Simplification Committee,

Thank you for taking up the work to translate this measure to the electorate. As the Chief sponsor and author, I ask your consideration of some suggested changes to the Affordable Housing Opportunity Fund Digest to ensure it accurately conforms to the second draft version that was finally adopted by the Board of Supervisors and submitted to the voters on July 23, 2024. I think that these distinctions are important to clarify for voters to understand the impacts of the measure and the sources of funds to meet the specific need.

- **Clarity around state housing mandates** – As you were able to do at the last BSC session preceding the March election with the Affordable Housing Bond, I think clarifying the state requirements around building for the “Extremely Low Income (ELI)” population is a critical piece of this legislation’s purpose.
- **Rationale and Definition for “Project Based Subsidies”** - Exhaustive hearings at the Board of Supervisors and analysis by the Controller’s Office, Department of Disability and Aging Services (DAS), and the Mayor’s Office of Housing and Community Development (MOHCD) have identified concrete data points as to why affordable housing (under current state and local underwriting requirements) are not affordable to San Franciscans earning less than 30% of the Area Median Income (AMI), and this is a critical and fundamental piece of the legislation that voters need to understand.
- **Use of the term “set-aside”** – I believe that this conversation also came up in the context of this past March’s Proposition B. Set-asides are based on a portion of the property tax, like the Children’s Fund or Library Fund. The reason the Legislation does not use the term “set-aside” is because the intent of this Category 4 Special Fund with MOHCD is to appropriate funding from a variety of sources, preferencing those that have a nexus to affordable housing and rental subsidies purposes.

See: Section 1.(p) The City may fulfill its commitment to fund the expenditures this measure requires by appropriating funds from any number of sources, including but not limited to taxes collected under the Empty Homes Tax Ordinance (Business and Tax Regulations Code, Article 29A) and the Homelessness Gross Receipts Tax Ordinance (Business and Tax Regulations Code Article 28), or other similar special taxes, to the extent that the permissible

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expenditures in those special tax measures coincide with the expenditures this measure requires. Furthermore, any money in the Affordable Housing Opportunity Fund for Seniors, Families, and People with Disabilities at the end of each fiscal year will be held in reserve for future use. Nothing in this measure requires that revenues from any special tax measure be appropriated for the uses in this measure.

With these core points in mind, I have taken the liberty of red-lining suggested changes to the Ballot Digest below that I hope you will consider as a part of your work product today. My Chief of Staff, Sunny Angulo, will be available to answer further technical questions regarding the substance and intent of the legislation.

Thank you, as always, for your thoughtful work and deliberation. And welcome to your newest member!

Sincerely,

A handwritten signature in blue ink that reads "Aaron Peskin".

Aaron



Funding Rental Subsidies for Affordable Housing Developments Serving Low Income Seniors, Families, and Persons with Disabilities*

The Way It Is Now: ~~Low income households in San Francisco have income up to 80% of area median income ("AMI"). The City provides loans to build some affordable housing developments with rental units for low income households. But the City cannot use these loan programs to pay for rental subsidies to help finance those developments.~~ State law requires San Francisco to adequately plan to meet the housing needs of people at all income levels in the community, including extremely low-income ("ELI") households whose incomes are less than 30% of the Area Median Income ("AMI").

The City provides loans to acquire, build or rehabilitate affordable housing to meet the needs of low-income households, but these loan programs do not fully subsidize the difference between the cost to operate these units and the rents extremely low-income households can afford. As a result, most extremely low-income households do not qualify for the City's affordable housing.

~~Extremely low income households have income up to 35% of AMI. The City funds~~ has funded rental subsidies for some a limited number of affordable housing developments that make rental units available to extremely low-income seniors. But there is currently no permanent funding source or annual commitment to fund this program, and the City has found there is insufficient funding for hundreds of affordable housing units currently in the state-mandated development process for extremely low-income seniors, families, and people with disabilities. The City provides the funds directly to the project sponsor for the development to subsidize the difference between the amount extremely low income seniors can afford to pay for rent and the amount they would otherwise owe. The City provides other rental subsidies for households that formerly experienced homelessness. Some of the funding for these two subsidy programs comes from state or federal grants and other funding comes from the General Fund through the annual budget process. City law does not require the City to fund these subsidy programs.

The Mayor's Office of Housing and Community Development ("MOHCD"), which coordinates the City's affordable housing policies, administers these loan and rental subsidy programs.

The Proposal: Proposition ___ is a Charter amendment that would create an Affordable Housing Opportunity Fund for Seniors, Families and Persons with Disabilities ("Fund").

Under Proposition ___, each year the City would be required to ~~set aside monies from its General Fund to~~ contribute to the Fund, as follows:

- beginning in fiscal year 2026-27, the City would contribute at least \$8.25 million a year;

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- for every fiscal year after that, until fiscal year 2045-46, the measure would require the City to appropriate at least the amount appropriated the prior year, adjusted by up to 3% based on the City's revenues; and

- for any fiscal year the City's projected budget deficit is \$250 million or more, the City may reduce the amount it contributes to the Fund, provided that the City contributes at least \$4 million in Fiscal Year 2026-27 and at least \$8.25 million in each later year.

Under Proposition __, MOHCD would administer the Fund by disbursing money to the project sponsors of certain new and existing affordable housing developments in San Francisco to subsidize the rent of extremely low-income households consisting of seniors, families, or persons with disabilities with income ~~between 15% and~~ up to 35% of AMI. The funds would subsidize the difference between the amount these tenants can afford and the ~~amount they would otherwise owe~~ rents required to operate the housing. The Fund would sunset on December 31, 2046, unless the voters reauthorize it.

A "YES" Vote Means: If you vote "yes," you want to amend the Charter to ~~set aside from the General Fund~~ appropriate funds from a variety of potential sources until June 30, 2046 of at least \$8.25 million a year, with possible adjustments due to changes in the City's revenues and projected budget deficits, to pay for rental subsidies for affordable housing developments serving extremely low-income households of seniors, families and persons with disabilities.

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