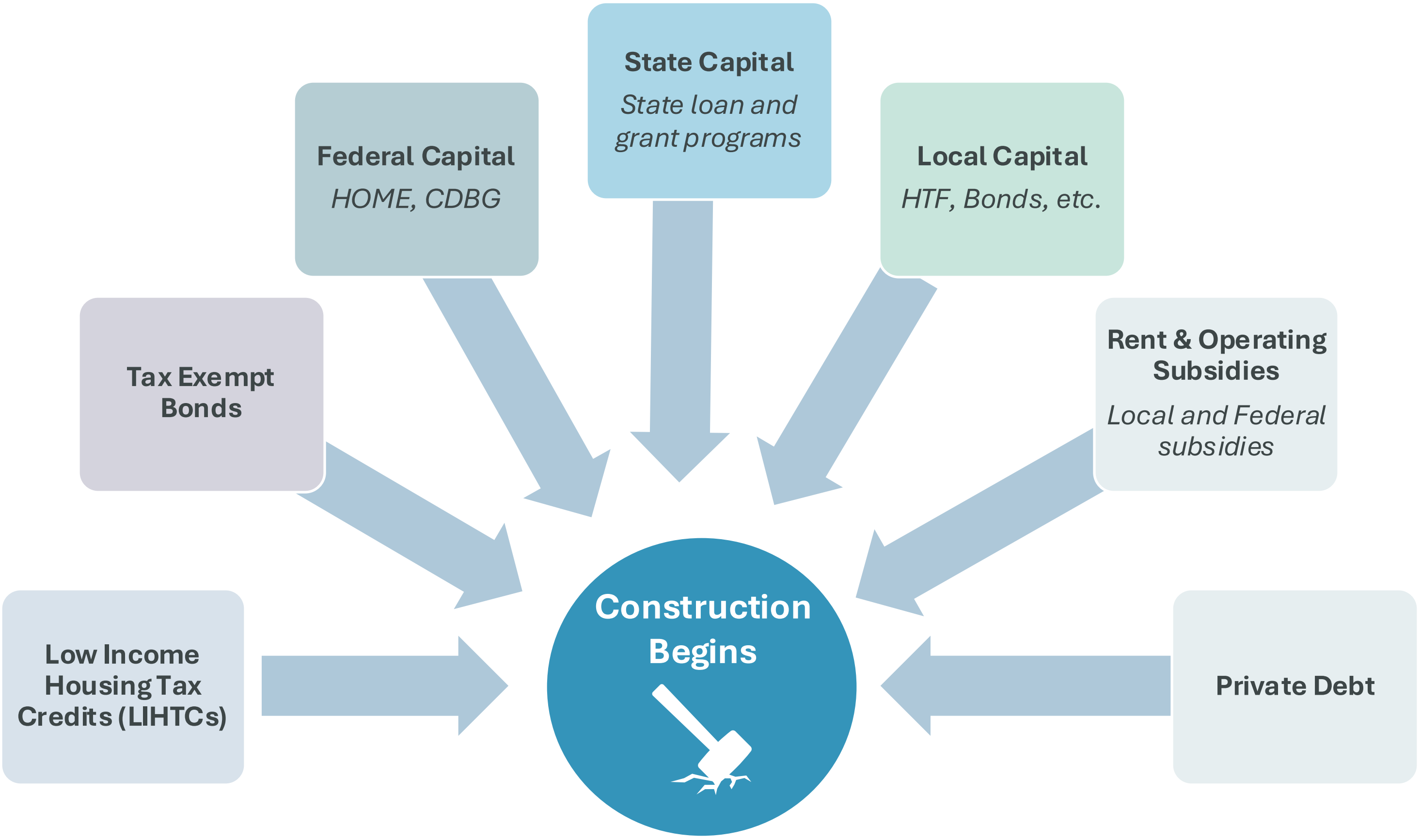
Housing Trust Fund Renewal and Expansion

Rules Committee

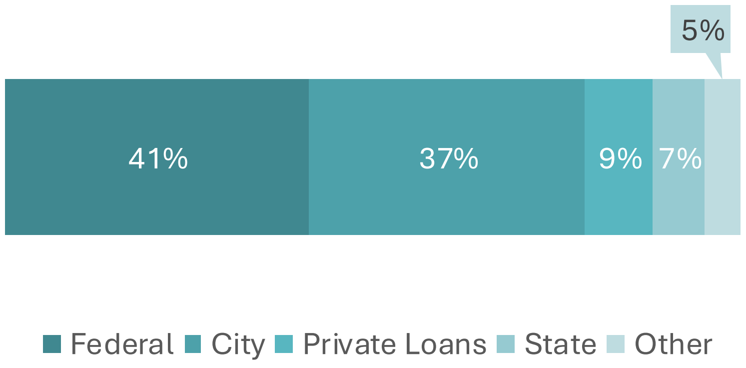
June 22, 2026

Affordable Housing Funding Stack

Assembling the funding portfolio for affordable housing is complex and dynamic



Typical Project Capital Stack



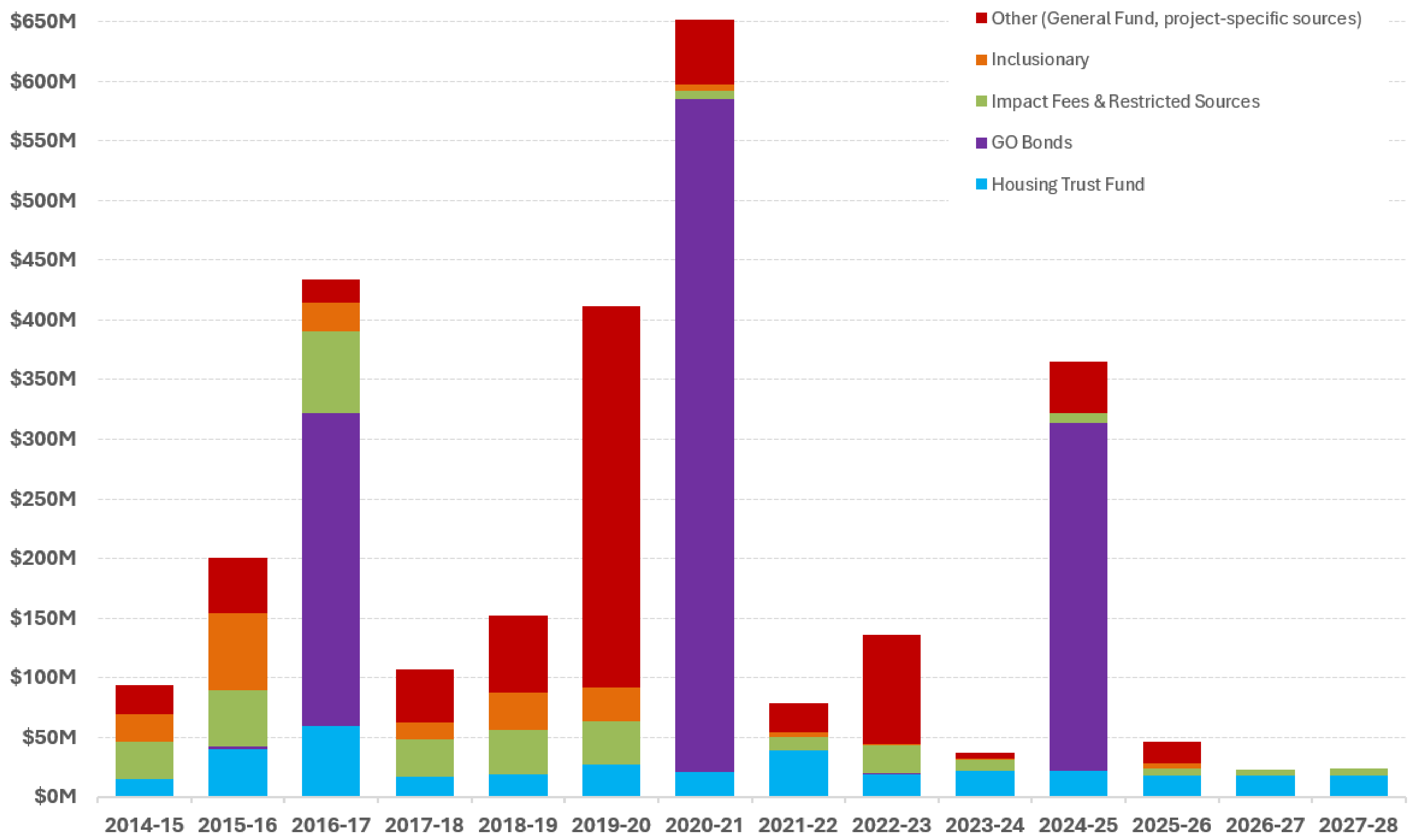
Local funds leverage federal and state funds

Local Funding Sources

Most sources are targeted and have specific constraints

Source	Restrictions
General Obligation (GO) Bonds	Voter-approved: measure language specifies eligible uses Can only be used for capital, not operations
Housing Trust Fund	**Generally flexible for construction, acquisition, and rehabilitation of affordable rental and ownership up to 120% AMI**
Certificate of Participation (COP) Bonds	Board of Supervisors approval needed Can only be used for capital, not operations
Area-Specific Impact Fees	e.g., *Eastern Neighborhoods, Market-Octavia, Van Ness Residential SUD* Funds can only be spent on eligible projects within the geographic area as specified
Citywide Fees	e.g., *Jobs-Housing Linkage, Inclusionary, Condo Conversion Fees* Eligible uses codified in the Charter via ordinance or ballot measure
Project-Specific Development Agreements	Funds can only be spent on projects within a specific range of the project, usually with AMI restrictions
Subsidy Programs	e.g., *Local Operating Subsidy Program, Affordable Housing Opportunity Fund* Restricted to specific populations and AMIs

Local Funding for Affordable Housing Construction

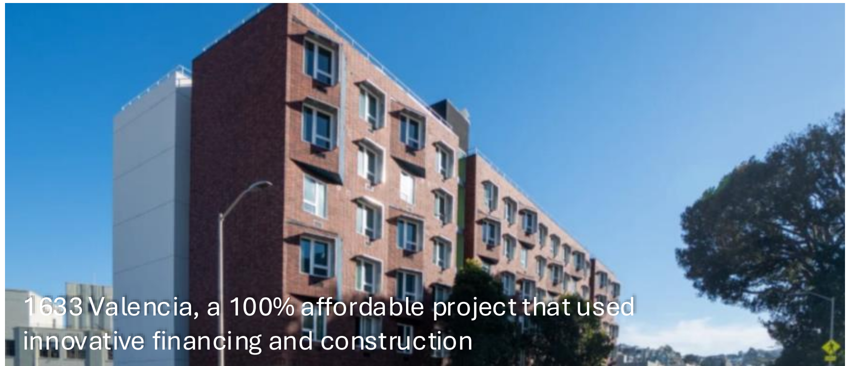


- Approaching a **fiscal cliff** in FY29
- **Fluctuating funding** creates uncertainty for production
- **Voter-approved bonds** have invested $1.2B in the past decade but **aren't recurring or reliable**
- **Housing Trust Fund** is the most stable funding source
- Local funds **leverage** other sources 1:2

New and Emerging Funding & Financing

Name	*Description*	*Timeline*
Affordable Housing Opportunity Fund	Charter amendment requiring annual appropriation of at least $8.25 million to fund project-based rental subsidies for seniors, families and persons with disabilities	Implemented; first NOFA issued February 2026
Expansion of Housing Trust Fund	Proposed charter amendment to more than double annually allocated amount	Nov. 2026 ballot
Statewide Affordable Housing Bond	$10 billion for existing programs placed on ballot via legislation	Nov. 2026 ballot
Regional Financing Agency & Affordable Funding Measure	Supported creation of Bay Area Housing Finance Authority in 2019; ballot measure pending	Nov. 2028 ballot

Mayor Lurie at Housing Trust Fund press conference


1633 Valencia, a 100% affordable project that used innovative financing and construction


Ongoing advocacy at the State Capitol for the affordable housing bond measure

Housing Trust Fund Uses

A flexible source for affordable housing

Create, Acquire, and Rehab Homes

New construction and related infrastructure

Land and building acquisition

Rehab to modernize for the next generation

Housing Stabilization Programs

Support to avoid foreclosure or eviction

Improvements to the safety, accessibility or efficiency of homes

Downpayment Loan Assistance

Support first-time homebuyers

Options for purchasing income-restricted or market-rate units

Layered with homeownership education programs

Photos: The Kelsey Civic Center

Housing Trust Fund Funding Formula

Current Housing Trust Fund

- Established in 2012, with a **current annual appropriation of $50.8M**
- Annual appropriation increases or decreases by the **percent change in General Fund discretionary revenue (ADR)**
- Housing Trust Fund set to **sunset in FY 2043**

Housing Trust Fund Funding Formula

Growing in tandem with the City's overall tax base

Expanded Housing Trust Fund

- Starting in FY 2029, annual appropriation would grow by the *higher of*:
  - The annual percent increase in ADR, or
  - An amount equal to 20% of the City's share of property tax revenue generated by **incremental annual growth in citywide Assessed Value**
- Once the annual **appropriation amount reaches $125M**, the annual appropriation would grow by the annual percent increase in ADR, up to 3%
- Housing Trust Fund would be **extended through FY 2058**

Housing Trust Fund Fiscal Guardrails

Growing affordable housing funding, responsibly

- **No change to FY 2027 or 2028** appropriations
- Starting in FY 2029, **gradually ramp up annual funding** based on growth in City's overall tax base
- **Cap the annual appropriation at $125M**, with annual escalation capped at 3% per year
- **Maintain a sunset** for the Housing Trust Fund (2058)
- The Board may **temporarily freeze** the annual contribution in years where the upcoming fiscal year deficit is more than $250M
- The Board may **temporarily reduce** the annual contribution by up to 10% in years where the City may tap the Rainy Day Reserve