

LEGISLATIVE DIGEST
(Second Draft, dated 6/5/2012)

[Affordable Housing Trust Fund and Housing Production Incentives]

A proposal to the qualified voters of the City and County of San Francisco to amend the Charter at an election to be held on November 6, 2012 by adding Section 16.110 to: 1) create a San Francisco Housing Trust Fund by setting aside general fund revenues beginning in Fiscal Year 2013-2014 and ending in Fiscal Year 2043-2044 to create, acquire and rehabilitate affordable housing and promote affordable home ownership programs in the City; and 2) lower and stabilize the impacts of affordable housing regulatory impositions on private residential projects; and to authorize the development of up to 30,000 units of affordable rental units in the City.

The Housing Trust Fund

Current law does not require the City to set aside money for affordable housing programs.

The proposal would amend the Charter to establish a Housing Trust Fund ("the Fund") to create, acquire and rehabilitate affordable housing and promote affordable home ownership programs in the City.

Beginning in Fiscal Year 2013-14, the City would contribute \$20 million to the Fund. For the next 11 years, the City would contribute an amount increasing by \$2.8 million a year, until the annual contribution reached \$50.8 million in Fiscal Year 2024-25. For the last 18 years, the City would contribute an amount based on the \$50.8 million, but adjusted for changes in the City's General Fund revenues over time.

Under the proposal, the City would use money from the Fund to create, acquire, and rehabilitate rental and ownership housing affordable to households earning up to 120 percent of the Area Median Income. The City would contribute at least \$15 million from the Fund to a program that provides loans for use as down payments on the purchase of a housing unit. The City would contribute at least \$15 million from the Fund to a program that provides funds to help people avoid losing a housing unit they already own or rent. The City could also use monies from the Fund to help pay for certain public facilities needed to accommodate increased residential density in the City's neighborhoods.

The City could issue revenue bonds and other types of debt secured by the Fund.

Lowering Current Affordable Housing Requirements

The City requires private residential developers to set aside some of their new housing units as affordable housing, or otherwise support the creation of new affordable housing. Developers generally may provide affordable units on- or off-site, or pay a fee. The City imposes these requirements through the Planning Code and other City project approvals.

With certain exceptions, the proposal would reduce by 20 percent the number of on-site units a developer would need to provide to meet the City's requirements. But the proposal would not reduce the requirement below the equivalent of 12 percent of the units, affordable at a specified income level.

Developers of on-site affordable units would be required to allow the City, if it chose, to buy the right to have an additional 8 percent of the units in a project set aside as affordable housing.

Capping Future Affordable Housing Requirements

With certain exceptions and subject to certain adjustments, the proposal would prohibit the City from adopting any new land use law or administrative regulation, or imposing any new permit condition, that would increase a developer's relative cost of meeting the City's affordable housing requirements.

Term

The amendment would expire automatically after 30 years. In addition, the Mayor could cancel the amendment at any time before January 1, 2013 after considering the City's financial situation.

Article 34 Authorization

The State Constitution provides, in part, that no low rent housing project shall be developed, constructed, or acquired with public money until the voters in the jurisdiction where the project will be located have approved the project.

The proposal would authorize private sponsors with financial assistance from any public body to develop, construct or acquire up to 30,000 dwelling units of low rent housing projects within the City to provide rental housing for persons and families of low and moderate income.