

[San Francisco Affordable Housing Fund and Public Accountability]

CHARTER AMENDMENT

PROPOSITION \_\_\_\_

Describing and setting forth a proposal to the qualified voters of the City and County of San Francisco to amend the Charter of the City and County of San Francisco by adding Section 16.127 to: establish a baseline appropriation and set aside the equivalent of the available annual tax of two and one-half cents (\$0.025) on each one hundred dollars (\$100) of assessed property tax valuation for the next fifteen (15) years to support affordable housing programs; require the Mayor's Office of Housing, in cooperation with the Department of Public Health and Department of Human Services, to prepare an affordable housing plan every three (3) years and an annual affordable housing budget; affirm City policy urging the Redevelopment Agency to use at least fifty percent (50%) of its tax increment funds for low and moderate income housing; and set an expiration date of July 1, 2024.

The Board of Supervisors hereby submits to the qualified voters of the City and County, at an election to be held on November 4, 2008, a proposal to amend the Charter of the City and County by adding Section 16.127 to read as follows:

Note: Additions are *single-underline italics Times New Roman*.  
Deletions are ~~*strikethrough italics Times New Roman*~~.

SEC. 16.127. SAN FRANCISCO AFFORDABLE HOUSING FUND.

(a) Establishment of Fund. The City and County of San Francisco ("City") hereby establishes the San Francisco Affordable Housing Fund ("the Fund") to be administered by the Mayor's Office of Housing or its successor ("MOH"). The City shall expend monies in the Fund, subject to the budgetary and fiscal provisions of the Charter, to increase City support for affordable housing as provided in this Section.

(b) Eligible Expenditures. The City may expend monies in the Fund for the predevelopment, acquisition (including land acquisition), construction, maintenance, and rehabilitation of housing affordable, and to so remain for at least ninety-nine (99) years or the life of the building, to 60% SFMI households, 30% SFMI households, and 80% SFMI households. The City may also expend monies in the Fund to prevent evictions and subsidize rent. Eligible expenditures specifically include, but are not limited to:

(i) Predevelopment, acquisition (including land acquisition), construction, maintenance, and rehabilitation of housing units, including properties with twenty (20) or fewer units, units for families with dependents, units for households that include persons who are senior, disabled, or HIV positive or living with AIDS, and units for persons who were recently homeless or are at risk of becoming homeless, including transitional age youth leaving systems of care such as the foster care and juvenile justice systems;

(ii) Programs to promote home ownership, including ownership cooperatives such as limited equity partnerships and community land trusts that allow all existing tenants the opportunity to purchase a unit or rent from the cooperative under a lifetime lease at existing rent, adjusted by an amount not to exceed the annual allowable rent increase under the San Francisco Rent Stabilization Ordinance, and assistance to first-time homebuyers who are part of households earning no more than an 80% SFMI household;

(iii) Housing program administrative costs and rent subsidies (such as operating subsidies for non-profits and/or assistance to prevent eviction) , and housing-related services such as tenant counseling, eviction prevention services, and legal services; and

(iv) Repairs of existing properties under the jurisdiction of the San Francisco Housing Authority, limited to urgent repairs of conditions that endanger residents' health and safety as determined by residents, in a petition signed by at least ten percent (10%) of the residents, in consultation with the Department of Building Inspection and the Department of Public Health. The City may disburse monies in the Fund by loans, grants or other types of payments.

For purposes of this Section:

(1) "80% SFMI household," "60% SFMI household," and "30% SFMI household" mean, respectively, a household that earns no more than eighty percent (80%), sixty percent (60%), and thirty percent (30%) of the median household income, adjusted for family size, in the City and County of San Francisco, as calculated by MOH using data from the United States Department of Housing and Urban Development or, if those data are unavailable, from other comparable, publicly available and credible data.

(2) "Affordable" means a residential dwelling, offered for rent at a monthly price, including utilities, that does not exceed thirty percent (30%) of household monthly gross income, or offered for sale at a price with a payment for all housing costs that is consistent with MOH's underwriting guidelines. MOH shall develop guidelines that require a minimum household size for dwellings with a certain number of bedrooms or square feet.

(c) Excluded Expenditures. The City may not expend any monies in the Fund:

(i) For units affordable only to households earning more than an 80% SFMI household; or

(ii) For construction of new housing under the jurisdiction of the San Francisco Housing Authority.

(d) Spending Priorities and Limitations:

(i) At least fifty percent (50%) of all new units built must be two (2) or more bedroom units;

(ii) At least ~~f~~Forty percent (40%) of all new units built must be affordable to households in the income range of 30% SFMI and below ~~and at least an additional forty percent (40%)~~ and sixty percent (60%) of all new units built must be affordable to households in the income range ~~above 30% SFMI but not in excess of eighty percent (80%)~~ 60% SFMI and below; and

(iii) At least seventy-five percent (75%) of the Annual Set-Aside (as defined below) shall be used for the predevelopment, acquisition (including land acquisition), construction, maintenance, and rehabilitation of housing units; and

~~(iii)~~(iv) All newly-constructed units must be constructed consistently with the principles of "Universal Design," must meet all current legal requirements for access by persons with disabilities, and at a minimum, must meet the access standard "adaptable." Multi-story buildings without elevators and live/work lofts do not meet these requirements.

(e) Annual Set-Aside for the Fund. The City shall set aside from the annual property tax levy, for a period of fifteen (15) years, starting with the fiscal year 2009-10, an amount equivalent to the available annual tax of two and one-half cents (\$0.025 ) for each one hundred dollars (\$100) of assessed valuation ("Annual Set-Aside").

The Controller shall set aside and maintain such an amount, together with any interest earned thereon, in the Fund. Revenues obtained from the Annual Set-Aside shall be in addition to, and not in place of, any General Fund monies appropriated to affordable housing pursuant to subsection (f).

(f) Baseline – Maintenance of Effort. The City shall use the Annual Set-Aside exclusively to increase the aggregate City appropriations and expenditures for the "eligible expenditures" described in subsection (b) above, subject to the limitations and requirements in subsections (c) and (d) above. To this end, in any of the fifteen (15) years during which the City must set aside funds under this Section, the City may not reduce the funding for affordable housing support, as described in subsection (b) above, and expenditures for shelters, drop-in centers, emergency housing (such as domestic violence centers), ~~and~~ transitional housing, and assistance to first-time homebuyers who are part of households earning no more than 100% of SFMI below the amount appropriated, including supplemental appropriations, for the fiscal year 2006-07 (the "Baseline"). The City shall not deposit the Baseline amounts in the Fund. Expenditures of the Baseline amounts are not subject to the spending exclusions.

priorities, and limitations in subsections (c) and (d), above. The City may not spend any of the Baseline amounts on construction of new public housing under the jurisdiction of the San Francisco Housing Authority except to increase the affordability and/or number of affordable rental or homeownership units in addition to the 1 for 1 replacement public housing units on Housing Authority sites. The Controller shall adjust the Baseline for each year after fiscal year 2006-07, based on calculations consistent from year to year, by the percentage increase or decrease in aggregate City discretionary revenues. In determining aggregate City and County discretionary revenues, the Controller shall include only revenues received by the City that are unrestricted and that the City may use at the option of the Mayor and the Board of Supervisors for any lawful City purpose. For purposes of this subsection, the Baseline amount and the discretionary revenues the Controller uses to adjust the Baseline shall not include: (1) funds granted to the City by private agencies or appropriated by other public agencies and received by the City; (2) expenditures mandated by state or federal law; (3) appropriations to or expenditures of the San Francisco Redevelopment Agency or the San Francisco Housing Authority; or (4) expenditures of set-aside funds from the Fund. The Controller shall correct errors in his/her estimate of discretionary revenues for a fiscal year by adjustment in the next year's estimate. Within one hundred eighty (180) days following the end of each fiscal year this Section is in effect, the Controller shall calculate and publish the actual amount of City appropriations for affordable housing.

At the end of each fiscal year, any monies from the Annual Set-Aside that remain uncommitted in the Fund shall be carried forward to the next fiscal year and shall be appropriated then or thereafter for the purposes specified in this Section. The Controller shall adjust the Controller's estimate of the Baseline, including any Baseline changes required from increases or decreases to aggregate City discretionary revenues after budget adoption, along with adjustments to the Annual Set-Aside for a fiscal year by credits or adjustments to be carried forward and added to the annual City appropriation for the next fiscal year which funds, subject

to the budgetary and fiscal limitations of this Charter, the City shall appropriate then or thereafter for the purposes specified in this Section.

(g) Budgeting and Planning; Administration.

(i) Affordable Housing Plan. No later than January 30, 2009 and at least every three (3) years afterwards MOH, in cooperation with the Department of Public Health ("DPH"), and the Department of Human Services ("DHS"), shall prepare a needs assessment and general plan for affordable housing that identifies priority populations and program expenditures for affordable housing.

(ii) Annual Budgeting. No later than January 30 of each year, MOH, in cooperation with DPH and DHS, shall prepare and present at a public hearing an affordable housing budget for the expenditure of the Annual Set-Aside and Baseline Amount during the upcoming fiscal year that is consistent with the affordable housing plan. ~~All members of the public will have the opportunity to attend the hearing and make comments.~~ The proposed budget shall project anticipated revenues from Set-Aside Funds and the Baseline Amount, propose eligible expenditures, and report previous fiscal year expenditures. No later than February 15 of each year, MOH shall submit the proposed budget to the Board of Supervisors for review and approval.

(iii) Board of Supervisors Review and Approval. The proposed affordable housing plan, annual updates to the plan, annual budget, and rules and procedures are subject to approval of the Board of Supervisors. No later than March 30 of each year, the Board shall hold a public hearing on the proposed annual budget and, no later than May 15 of each year, the Board shall approve an affordable housing budget. The Board may amend an affordable housing plan or budget by resolution at any time and may adopt procedural regulations not inconsistent with this Section.

(h) Rainy Day Reserve. The Controller shall not include Funds set aside based on property taxes under this Section in total General Fund revenues for the purpose of calculating the allocation to the Rainy Day Reserve under Charter Section 9.113.5(b).

(i) San Francisco Redevelopment Agency Plans. The City affirms the policy stated in Board of Supervisors Resolution No. 427-05 urging the Redevelopment Agency of the City and County of San Francisco (the "Agency") to establish a housing policy setting a clear intent to use over fifty (50%) of total tax increment funds allocated each year from all the redevelopment project areas for the provision of low and moderate income housing and to include a statement of such policy intent in all future redevelopment plans submitted to the Board of Supervisors for its approval.

(j) Expiration Date. This Section shall expire by operation of law on July 1, 2024 unless reauthorized by the voters and the City Attorney shall cause it to be deleted from future editions of the Charter published after that date.

APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney

By: \_\_\_\_\_  
MICHAEL SLATTERY  
Deputy City Attorney