

July 30, 2024

The Honorable Connie Chan, Chair
Budget and Finance Committee
Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Item [240728](#) - Business and Tax Regulations Code - Transfer Tax Reduction for Union Labor-Built and Union Pension Fund-Financed Housing

Dear Chair Chan,

I am writing in support of Item [240728](#) - Business and Tax Regulations Code - Transfer Tax Reduction for Union Labor-Built and Union Pension Fund-Financed Housing.

The AFL-CIO Housing Investment Trust is a \$6.6 billion mutual fund that invests union pension capital in high credit quality securities, to generate competitive fixed income returns for our investors. Our particular specialty is investing in debt for the construction of rental housing, including affordable and workforce housing. We require the use of 100% union labor for all developments whose construction we finance.

Since our launching in 1984, we have invested in 13 rental housing developments in San Francisco. These developments represent more than \$370 million in HIT capital, with a total development cost of \$729.2 million. Our financing has created 2,007 units of rental housing, 588 of them affordable or workforce housing, and generated 8.34 million union construction work hours. We estimate that wages paid thanks to these developments is \$819 million, with corresponding local and state tax revenue totaling \$84.4 million. Recent examples of developments whose construction we financed in San Francisco include Jazzie Collins Apartments, Ventana Residences, and San Cristina Apartments.

Item 240728 would create a significant incentive to our further investment in San Francisco. Particularly in the current economic environment, with commercial real estate development facing headwinds from higher interest rates, Item 240728 would make rental housing with substantial collateral benefits feasible. With its careful limits on which projects could avail themselves of the measure, Item 240728 ensures that San Francisco would reap substantial benefits from its enactment.

By providing an incentive to union pension fund investors to finance development, we believe that the City will see an increase in the supply of rental housing. Crucially, for a city still suffering from a housing affordability crisis, we also believe that the incentive will produce more affordable and workforce housing. At the same time, as an investor we make sure that the people who build those developments are skilled, are paid wages on which they can support a family, and both pay into a pension plan and receive retirement benefits. The pension plans that invest with us benefit from the competitive returns we provide, as well as the collateral benefits that our investments produce.

For these reasons, I encourage you to approve Item 240728. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ted Chandler". The signature is fluid and cursive, with the first name "Ted" and last name "Chandler" clearly distinguishable.

Ted Chandler
Senior Managing Director – Strategic Initiatives