



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller
Todd Rydstrom
Deputy Controller

Ms. Angela Calvillo
Clerk of the Board of Supervisors
1 Dr. Carlton B. Goodlett Place Room 244
San Francisco, CA 94102-4689

July 20, 2020

RE: File 200647 – Initiative ordinance authorizing the development of up to 10,000 affordable rental units in the City under Article 34 of the California constitution

Dear Ms. Calvillo,

Should the proposed ordinance be approved by the voters, in my opinion, its passage itself would have minimal impact on the cost of government. However, should City policymakers decide to proceed to create the government structure and staffing to fully utilize the authorization contained in ordinance, the cost would be significant.

Article 34 of the State Constitution provides that a low rent housing project(s) shall not be developed, constructed, or acquired by any public body without approval by voters in the jurisdiction the project will be located. In November 2012, San Francisco voters passed Proposition C, which created a Housing Trust Fund and authorized private sponsors with financial assistance from public bodies to develop, construct or acquire up to 30,000 dwelling units of low rent housing. The proposed ordinance seeks to provide Article 34 authorization for 10,000 units for the purpose of affordable housing, specifying that City government will have the authorization to own, develop, construct, acquire, or rehabilitate these units. The proposal further authorizes the City to take any actions necessary to implement the ordinance subject to applicable laws.

If approved by voters, city policymakers would next need to assess and decide which functions to be directly conducted by the City (e.g., housing development, property acquisition, construction, property and asset management). At the City's discretion, this would include identifying the expansion or modification of city agency structures, new processes, staffing, other costs, and providing the operational funding. Depending on the number of units pursued and required infrastructure this would comprise a large and significant addition to City operations and costs.

Sincerely,

Natasha Mihal

FOR Ben Rosenfield
Controller

Note: This analysis reflects our understanding of the proposal as of the date shown. At times further information is provided to us which may result in revisions being made to this analysis before the final Controller's statement appears in the Voter Information Pamphlet.