

[San Francisco Affordable Housing Fund]

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 to prepare an affordable housing plan every three (3) years; 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 setting an expiration date of July 1, 2023.

The Board of Supervisors hereby submits to the qualified voters of the City and County, at an election to be held on February 5, 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 hereby establishes the San Francisco Affordable Housing Fund ("the Fund") to be administered by the Mayor's Office. 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 fifty-five (55) years, to

households of very low, low and median incomes. The City may also expend monies in the Fund to prevent evictions of households of low income, subsidize rent for households of very low income or persons with HIV or living with AIDS who are very low or low income, and support 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. The City may disburse monies in the Fund by loans, grants or other types of payments.

For purposes of the Section:

(1) "Household of median income," "household of low income," and "household of very low income" mean, respectively, a household that earns no more than one hundred percent (100%), 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 the Mayor's Office 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 30% of household gross monthly income, or offered for sale at a price with a payment for all housing costs that is consistent with the Mayor's underwriting guidelines. The Mayor's Office shall develop guidelines that specify 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:

(1) For units affordable only to households earning more than a household of median income; or

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

(d) Spending Priorities and Limitations. On average, during each five (5) fiscal year period this Section is in effect, the City shall expend monies in the Fund in accordance with the following priorities and limitations:

(1) At least seventeen and one-half percent (17.5%) of the monies for the predevelopment, acquisition (including land acquisition), construction, maintenance, and rehabilitation of two (2) or more bedroom housing units affordable to a household of low income;

(2) At least seventeen and one-half percent (17.5%) of the monies for the predevelopment, acquisition (including land acquisition), construction, maintenance, and rehabilitation of two (2) or more bedroom housing units affordable to a household of very low income;

(3) At least fifteen percent (15%) of the monies for the predevelopment, acquisition (including land acquisition), construction, maintenance, and rehabilitation of housing units affordable to senior or disabled persons who are part of a household of very low or low income;

(4) At least ten percent (10%) of the monies for rental subsidies, tenant support services including eviction prevention, the predevelopment, acquisition (including land acquisition), construction, maintenance, and rehabilitation of housing units for people who are HIV positive or living with AIDS who are very low income or low income;

(5) At least ten percent (10%) of the monies for the predevelopment, acquisition (including land acquisition), construction, maintenance, and rehabilitation of housing units for persons who are part of a household of very low income and 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;

(6) Up to ten percent (10%) of the monies for programs to promote home ownership, including community land trusts and assistance to first-time homebuyers who are part of households earning no more than median income;

(7) Up to ten percent (10%) of the monies for housing program administrative costs and housing-related services such as tenant counseling, eviction prevention services, and legal services for households of low income, and rent subsidies for households of very low income;

(8) Up to ten percent (10%) of the monies for repairs of existing properties under the jurisdiction of the San Francisco Housing Authority.

(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 2008-09, 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), below the amount appropriated, including supplemental appropriations, for the fiscal year 2007-08 (the "Baseline"). The City shall not deposit the Baseline amounts in the Fund. The Controller shall adjust the Baseline for each year after fiscal year 2007-08, based on calculations consistent from year to year, by the percentage increase or decrease in aggregate City and County 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 and County discretionary revenues after budget adoption, along with adjustments to the Annual Set-Aside for a fiscal year by credits or adjustment 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. No later than August 15, 2008 and at least every three (3) years afterwards, the Mayor's Office shall prepare a needs assessment and general plan for affordable housing that identifies priority populations and program expenditures for affordable housing. No later than August 15, 2008, the Mayor's Office shall also prepare rules and procedures to apply for eligible expenditures. Each year, the Mayor's Office shall update the plan and prepare an affordable housing budget for the expenditure of the Funds during the fiscal year that is consistent with the affordable housing plan. The Mayor's Office shall conduct noticed, public hearings on the proposed plans and budgets at which all

members of the public will be afforded an opportunity to comment. The Mayor's proposed plan, annual updates to the plan, and rules and procedures are subject to approval of the Board of Supervisors. The Board may amend an affordable housing plan 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, 2023 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