



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
Controller
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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 12, 2024

RE: File 240550 – Charter Amendment to Create an Affordable Housing Opportunity Fund for Seniors, Families, and People with Disabilities (SECOND DRAFT)

Dear Ms. Calvillo,

Should the proposed Charter amendment be approved by the voters, in my opinion, it would have a significant impact on the cost of government in that it would reallocate funds that would otherwise be available to the General Fund and non-General Fund sources, starting with \$8.25 million in fiscal year (FY) 2026-27 and rising to \$9 million in FY 2029-30.

The proposed Charter amendment would create the Affordable Housing Opportunity Fund for Seniors, Families, and People with Disabilities for the Mayor's Office of Housing and Community Development (MOHCD) to provide rental subsidies to extremely low-income (ELI) households. The amendment specifies that the funding can only provide rental subsidies to eligible households living in City-regulated housing (not in units on the private market). Unspent funding remaining at the end of the fiscal year will stay in the fund and carry over to the next fiscal year. The fund will also generate interest on its balances and retain said interest.

Beginning March 1, 2025, the Controller shall annually report the amount of funding from each non-General Fund source available to be appropriated to the Fund. No later than June 1, 2025 MOHCD shall report on policy options to maximize the number of ELI units using project-based rental subsidy.

The amendment requires the City to appropriate funding annually starting in FY 2026-27. In the first year, the City shall provide \$8.25 million. In subsequent years, the City shall appropriate at least as much as was appropriated the previous year and as much as 3% more than the previous year. The proposed amendment clarifies that the City can reduce the annual appropriation to \$4 million in the first year and \$8.25 million in following years where the City projects a budget deficit of \$250 million or more. The fund will expire on December 31, 2046 unless extended by the voters. Over the 20-year period the fund would be active, total costs – depending on the financial health of the City and budgetary decisions of the Mayor and Board of Supervisors – would range from \$161 million to \$222 million.

This proposed amendment is not in compliance with a non-binding, voter-adopted city policy regarding set-asides. The policy seeks to limit set-asides which reduce General Fund dollars that could otherwise be allocated by the Mayor and the Board of Supervisors in the annual budget process. For context, in the FY 2023-24 budget, all baseline requirements totaled \$2.1 billion, or 30.7% of the total \$6.8 billion General Fund budget.

Note that the proposed amendment would change the duties of the Controller's Office, which has prepared this statement.

Sincerely,

Natasha Mihal

FOR Greg Wagner
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.