



April 18, 2023

Dear Controller Rosenfield and Members of the Technical Advisory Committee,

The Inclusionary Housing Technical Advisory Committee's recommendations to amend inclusionary policy are taking place in the context of the city's multi-fold increase in its RHNA affordable housing production mandate and a substantial shortage of dedicated available funding. Flat reductions in inclusionary standards will erode the city's ability to achieve these RHNA mandates adopted by the Board of Supervisors in the Housing Element on January 31st, 2023.

Given the critical role that inclusionary housing policy plays in generating revenues for affordable housing and producing below-market-rate units, the Council of Community Housing Organizations (CCHO) recommends that amendments be considered only when the City completes its plan to increase dedicated funding for affordable housing. This commitment to scaling up the resources ensures that as a City we are not taking steps backward away from achieving our affordability goals while thinking we are taking steps forward to unlock the development pipeline.

After deliberating with CCHO's policy committee, which includes representatives from large affordable housing developers, small community based developers, service and advocacy organizations, the Council of Community Housing Organizations urges the Controller and the Technical Advisory Committee to consider the following amendments to the inclusionary policy.

- **Time-Limited Amendments.** Ensure that amendments are temporary and sunset after two years since they are being adjusted in the context of a temporary downturn in the real estate market.
- **Equity Geographies.** Retain existing affordability standards in equity geographies facing displacement and gentrification to achieve community stabilization goals.
- **Reduce only top Income Tiers.** Focus amendments on inclusionary requirements for smaller units with higher AMIs given the persistent under subscription in these units and the proximity of rents in these units to market rents.
- **Honor Community Benefits Agreements.** Any rollback of inclusionary standards for pipeline projects that have been previously entitled should honor pre-existing community benefits agreements negotiated with local neighborhood groups.
- **Fee Deferrals for State Density Bonus Projects.** Fee deferrals should be limited to projects that are utilizing the State Density Bonus and that the commitment to collect the fees with interest once the units are leased up remains intact.

- **Local Neighborhood AMIs.** Adjust AMI levels in inclusionary housing units based on local neighborhood median incomes as opposed to citywide median incomes to provide meaningful affordability in local neighborhoods.
- **Proportional Reductions in Neighborhood Planning Areas.** In neighborhood planning areas and special use districts where unique inclusionary standards are in place, any reductions in the inclusionary standard that the TAC might recommend should be a proportional reduction based on the pre-existing standards and/or should defer to those community planning processes that are currently underway.

According to Data SF, San Francisco has produced over 2,554 inclusionary units since the program was established. Inclusionary housing is San Francisco's primary tool for creating truly mixed-income communities and sidestepping persistent patterns in economic inequality across neighborhoods.

We believe the aforementioned amendments will enable the city to retain the elements of the inclusionary policy that strike the balance between current market demands and long term affordability goals.

Sincerely,



Charlie Sciammas
Policy Director



John Avalos
Executive Director

cc

Members of the Inclusionary Housing Technical Advisory Committee
Board of Supervisors