



**CITY AND COUNTY OF SAN FRANCISCO**  
**OFFICE OF THE CONTROLLER**

**Ben Rosenfield**  
**Controller**

**Todd Rydstrom**  
**Deputy Controller**

August 15, 2016

Mr. John Arntz  
Department of Elections  
City Hall, Room 48  
1 Dr. Carlton B. Goodlett Place Room 244  
San Francisco, CA 94102-4689

RE: Proposition U – Ordinance regarding affordable housing requirements for market-rate development projects

Dear Mr. Arntz,

Should the proposed ordinance be approved by the voters, in my opinion, it would have a minimal impact on the cost of government. The measure will likely result in increased rental income for property owners, and thus to the extent that this increases property values or creates incentives for development of new rental units, the proposed ordinance would increase City revenues.

The proposed ordinance would modify the current affordable housing requirements in the City Planning Code to increase the household income limit for on-site affordable rental housing units from 55 percent of area median income (AMI) to 110 percent of AMI. Further, the maximum allowable rent for these units shall be 30 percent of the annual gross income of the qualifying household (with limited exceptions). The Mayor's Office of Housing and Community Development would continue to monitor the City's Inclusionary Affordable Housing Program under these new income limits.

In general, increasing the household income limit for affordable rental housing units would result in increased rental income for property owners, given that maximum allowable rent is a percentage of household income, to the extent that higher income households chose to apply for and were placed in these affordable rental units. City property tax revenue would also increase, to the extent that higher rental income raises the sales price and assessed value of rental property. Further, if the prospect of potentially higher rental income created an incentive for development of additional rental housing units, it could result in increased property tax and other associated local tax revenues.

The cost to implement the policies required in the ordinance would be minimal, as the City Planning Code currently requires administration and monitoring of the City's Inclusionary Affordable Housing Program.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Rosenfield".

for Ben Rosenfield  
Controller