



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

Ben Rosenfield  
Controller  
Todd Rydstrom  
Deputy Controller

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

August 10, 2020

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

Dear Mr. Arntz,

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(s) will be located. The proposed ordinance would provide Article 34 authorization for 10,000 affordable housing units, 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.