

## **Affordable Housing Requirements for Market-Rate Development Projects**

The City’s Charter generally requires developers of market-rate housing to provide affordable housing. A developer can meet this requirement in one of three ways:

- pay a fee equal to approximately 17% - 20% of the total units being developed;
- make at least 12% of the on-site housing units affordable; or
- build new affordable units off-site, equal to approximately 17% - 20% of the total units.

A rental unit counts toward the on-site requirement if it is affordable to households earning up to 55% of the area median income. A unit for sale counts toward the on-site requirement if it is affordable to households earning up to 90% of the area median income.

The City uses federal income standards to determine the maximum allowable rent levels for the affordable units. Generally, a household living in an affordable housing unit pays no more than 30 percent of its total income on rent. Currently, the monthly rent for a one-bedroom affordable housing unit is \$1,121, and the monthly rent for a two-bedroom affordable housing unit is \$1,261.

On June 7, 2016 San Francisco voters will consider a Charter amendment that would remove the affordable housing requirements from the Charter and allow the Board of Supervisors to adopt affordable housing requirements that may differ from those now in the Charter.

This measure would change one of the three ways developers can meet the affordable housing requirement by increasing the income eligibility limit for on-site rental units for all new and existing affordable housing units. Under this measure, a rental unit would count toward the affordable housing requirement if it is affordable to households earning up to 110% of the area median income.

This measure would cap the rent for a unit of affordable on-site housing at 30 percent of the household’s total income as long as that household earns 110% of area median income or less. Under this measure, a household could pay up to \$2,241 for a one-bedroom affordable rental unit and up to \$2,521 for a two-bedroom affordable rental unit, but could pay less depending on their income.

The chart below shows the area median income for some San Francisco households:

<b><u>Income Definition</u></b>	1 person	2 Person	3 Person	4 Person
<b>55% OF MEDIAN</b>	\$39,250	\$44,850	\$50,450	\$56,050
<b>90% OF MEDIAN</b>	\$64,200	\$73,350	\$82,550	\$91,700
<b>110% OF MEDIAN</b>	\$78,500	\$89,650	\$100,850	\$112,100

The measure would not change the income eligibility requirements that apply to for sale units, which would remain affordable to households at 90% of area median income.

This measure would not go into effect unless the voters approve the Charter amendment on June 7, 2016.