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July 10, 2012

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Dear Rules Committee Members,

The San Francisco Planning and Urban Research Association (SPUR) would like to express our strong support for the Affordable Housing Trust Fund and Housing Production Incentive Program. We believe this measure will support the production of housing at all income levels by doing the following:

**1. Creating a housing trust fund for affordable housing for the next 30 years.** This trust fund will grow from an appropriation of \$20 million in the first year to appropriations of \$50 million annually by FY 2025-2026. The housing trust fund will be used to create, acquire and rehabilitate housing for low and moderate-income households.

**2. Creating incentives to support the production of market rate and below-market rate housing.** Under the City’s existing inclusionary housing requirement, project sponsors may chose to provide below market rate housing on-site, off-site or pay an in-lieu fee. This measure will reduce the on-site inclusionary housing cost burden by 20%, thereby encouraging project sponsors to meet their below-market rate obligation by providing BMR units on-site and will stimulate the production of new market rate housing.

In addition, the measure also caps future inclusionary and affordable housing requirements in areas not receiving an upzoning. For new area plans and new special use districts receiving significant upzonings, the cap would not apply. The cap would also not apply to projects in redevelopment areas and those with development agreements. In this way the Charter Amendment stabilizes the fee burden for market rate projects, while enabling the City to recapture value created through future significant upzonings.

This Charter Amendment before you is the result of an in-depth dialogue between multiple parties with diverse perspectives on housing issues. We urge you to support the Charter Amendment when it comes before you tomorrow.

Should you have any questions, please do not hesitate to contact me at 415-644-4292.

Sincerely,

A handwritten signature in black ink, consisting of a stylized 'S' followed by 'K' and 'L'.

Sarah Karlinsky  
Deputy Director