

# MAYOR'S OFFICE OF HOUSING CITY AND COUNTY OF SAN FRANCISCO



GAVIN NEWSOM  
MAYOR

MATTHEW O. FRANKLIN  
DIRECTOR

TO: MOH Project Sponsors  
RE: **2007 INCOME and RENT LIMITS**  
DATE: June 15, 2007

On March 20, 2007, the Department of Housing and Urban Development (HUD) issued the 2007 Area Median Income (AMI) limits for the San Francisco HUD Metro Fair Market Rent Area (HMFA).

## **BACKGROUND**

Historically, the City and County of San Francisco (CCSF) determined that the AMI figure published annually by HUD *prior* to the adjustments made for high housing costs in the regional rental market to be the most appropriate figure to use for our programs that use annual HUD AMI operationally. The CCSF Mayor's Office of Housing ("MOH") annually generates a variety of Income Limit & Rent Limit charts based on this HUD unadjusted AMI figure.

Owners of affordable housing projects funded by CCSF are obligated to house residents that match the income criteria depicted in the Income Limit charts, and to charge rent to those residents per the Rent Limit charts. MOH's website should be relied upon as the *sole* source of information for Income Limits and Rent Limits.

Because HUD also generates adjusted AMI data for the San Francisco HMFA that reflects high housing costs in the regional rental market, and because other funders of affordable housing – most notably, the California Tax Credit Allocation Committee (TCAC) – use the adjusted AMI data to set Income Limits

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and Rent Limits, there is much AMI-related confusion amongst even the most knowledgeable of affordable housing industry staff.

It is essential that all staff at your organization that are involved with the development, operations, asset and property management at any level – especially Directors – fully understand the potentially very dramatic implications that can result from using the wrong AMI data as the basis for their work. MOH is willing to host AMI information sessions to help educate your staff if needed. Please contact Mike McLoone at by email ([Mike.McLoone@sfgov.org](mailto:Mike.McLoone@sfgov.org)) to make arrangements for an information session.

### **2007 AMI**

In 2007, AMI for the San Francisco HMFA is down by 5.15% from last year. In 2006, AMI dropped 4% from the year prior. And in 2005, AMI was unchanged.

Because of a federal mandate to expand the definition of the San Francisco region (which currently includes San Francisco, Marin and San Mateo Counties) to include Alameda and Contra Costa Counties, the AMI for San Francisco may not increase for several years.

MOH is aware of the potential impact that this otherwise anomalous AMI trend will have on maximum rents. MOH is also aware that projects are currently seeing operating expenses increasing at rates greater than standard projections. Given this unique and unprecedented combination of circumstances, MOH has created the guidance below to help mitigate the potential impact on project cash flow.

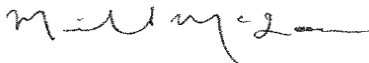
- 1. For any project charging rents above the 2007 maximum rent, a rent reduction will be required such that the new rent is no greater than the 2007 maximum; e.g.: for a project that is charging the 2006 maximum rent, a rent reduction of 5.15% will be required.**

- 2. For any project consisting of 100% affordable units, if the project is not currently charging the 2007 maximum rent, increases will be allowed up to the max rent or 5%, whichever is lesser.**

The effective date for the information above and all related data is June 15, 2007.

Any owner of a project consisting of 100% affordable units that analyzes the impact of implementing the rents and related guidance associated with 2007 AMI and finds that the ongoing financial viability of the project is in serious jeopardy may submit an appeal to MOH to adjust the rent limits for that project.

Appeals should be sent by email to Mike McLoone ([Mike.McLoone@sfgov.org](mailto:Mike.McLoone@sfgov.org)).



Mike McLoone  
Asset Manager  
415-701-5534  
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*Attachments:*

This letter and the attached tables also available on MOH website:

[http://www.sfgov.org/site/moh\\_index.asp?id=38653](http://www.sfgov.org/site/moh_index.asp?id=38653)