

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



GAVIN NEWSOM
MAYOR

MATTHEW O. FRANKLIN
DIRECTOR

TO: MOH Project Sponsors
RE: **2008 INCOME and RENT LIMITS**
DATE: April 11, 2008

On February 13, 2008, the Department of Housing and Urban Development (HUD) issued the 2008 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 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 by email (Mike.McLoone@sfgov.org) to make arrangements for an information session.

2008 AMI

In 2008, AMI for the San Francisco HMFA is up by 9.02% from last year. In 2007, AMI dropped 5.15% from the year prior. And in 2006, AMI dropped 4% from the year prior. In 2005, AMI was unchanged from the prior year.

Note: despite an increase in AMI in 2008, some potential for downward pressure remains for the AMI for the San Francisco regional area. This is due to a federal mandate to expand the definition of the San Francisco region (which currently includes San Francisco, Marin and San Mateo Counties) to include

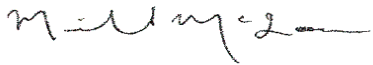
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Alameda and Contra Costa Counties. MOH has been advised that it is likely that this transition will not be implemented until 2012 at the earliest. Whenever this change is implemented, AMI for San Francisco may not increase as rapidly as it would have otherwise, and it may even decrease.

Please keep in mind the recent and potentially ongoing volatility in the annual changes to AMI as you implement rents for 2008. While MOH encourages you to be sensitive to the impact of rent increases on your tenants, MOH also encourages you to implement allowable rent increases on a timely basis, especially for projects experiencing financial challenges.

The effective date for 2008 AMI data is April 11, 2008.

Any owner of a project consisting of 100% affordable units that analyzes the impact of implementing the rents and related guidance associated with 2008 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).



Mike McLoone
Asset Manager
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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