TO: MOH Project Sponsors  
RE: 2012 INCOME and RENT LIMITS  
DATE: December 16, 2011

On November 30, 2011, the Department of Housing and Urban Development (HUD) issued the 2012 Area Median Income (AMI) limits for the San Francisco HUD Metro Fair Market Rent Area (HMFA). HUD released the AMI data much earlier than in prior years and plans to continue releasing the data by 12/1 annually.

The effective date for 2012 AMI data is January 1, 2012.

In the future, as long as HUD releases the AMI data by 12/1, MOH will work to publish the updated AMI data before the end of the year, with a January 1 effective date.

BACKGROUND
Projects funded by the City and County of San Francisco (CCSF) Mayor’s Office of Housing (MOH) use HUD unadjusted AMI. Each year, the CCSF Mayor’s Office of Housing (“MOH”) generates a variety of Income Limit & Rent Limit charts based on the unadjusted AMI figure published annually by HUD. This letter serves as notice that the new MOH charts have been published.

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.

2011 AMI: increased by 1.38%  
For 2011, AMI for the San Francisco HMFA is up by 1.38%. Here is a recent history of changes to AMI:

<table>
<thead>
<tr>
<th>Year</th>
<th>Change</th>
</tr>
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<tbody>
<tr>
<td>2011</td>
<td>+ 2.21%</td>
</tr>
<tr>
<td>2010</td>
<td>+ 2.69%</td>
</tr>
<tr>
<td>2009</td>
<td>+ 2.65%</td>
</tr>
<tr>
<td>2008</td>
<td>+9.02%</td>
</tr>
<tr>
<td>2007</td>
<td>- 5.15%</td>
</tr>
<tr>
<td>2006</td>
<td>- 4%</td>
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</tbody>
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Note: despite an increase in AMI in 2012, some potential for downward pressure remains for the AMI for the San Francisco regional area. By 2013, the economic crisis is expected to start affecting the AMI data. (The impact would have normally been seen beginning in 2012, but HUD used a different calculation methodology in 2012 in order to meet the 12/1 release date target.) In addition, 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 would very likely affect AMI. MOH has been advised that it is likely that this transition will not be implemented until 2013 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 2012. 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.

Any owner of a project consisting of 100% affordable units that analyzes the impact of implementing the rents and related guidance associated with 2012 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).

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.

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