

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



EDWIN M. LEE
MAYOR

OLSON LEE
DIRECTOR

TO: Sponsors of MOH-Funded Affordable Rental Housing Projects
RE: **2013 INCOME and RENT LIMITS**
DATE: December 31, 2012

On December 11, 2012, the Department of Housing and Urban Development (HUD) issued the 2013 Area Median Income (AMI) limits for the San Francisco HUD Metro Fair Market Rent Area (HMFA).

BACKGROUND

The Mayor's Office of Housing (MOH) of the City and County of San Francisco uses the *unadjusted* Area Median Income published annually by HUD to establish the income limits and maximum rents that must be used at MOH-funded affordable housing projects in a given year. Each year MOH publishes a chart of "Maximum Incomes by Household Size" that show these income limits as percentages of unadjusted AMI for households from 1 to 9 persons. MOH also publishes a chart of "Maximum Monthly Rent by Unit Type" that shows the maximum rents that may be charged in MOH-funded projects, depending on the applicable income limit. MOH has published the 2013 charts on the [MOH web site](#) with an effective date of January 1, 2013.

Owners and managers of MOH-funded affordable housing projects must rent their units in accordance with the affordability restrictions contained in the MOH regulatory agreements that govern their projects, and they must always consult MOH's web site to determine the specific income limits and maximum rents in effect at any given time. The MOH web site is the *sole* source of information for income limits and maximum rents.

2013 AMI: decreased by -1.75%

For 2013, AMI for the San Francisco HMFA is down by -1.75%.

For most projects, the impact of the reduction in AMI is twofold:

1. Owners must reduce any rents that are above the 2013 maximums
2. AMI-based rent increases will not be allowed in 2013

As always, owners should fully review the requirements of all funders to determine the most-restrictive covenants that apply to Income and Rents. The impacts may be different for households that are "over-income" and households that are supported by a rent or operating subsidy.

Here is the recent history of changes to AMI prior to 2013:

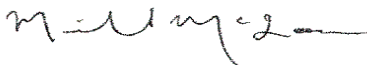
2012: + 1.38%	2009: + 2.65%
2011: + 2.21%	2008: + 9.02%
2010: + 2.69%	2007: - 5.15%

Note: Despite this year's decrease in AMI, some potential for downward pressure remains for the AMI for the San Francisco regional area. Most notably, the 2007-2011 economic crisis may continue to affect the AMI data. 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 reduce AMI for the counties currently in the San Francisco HMFA. It remains to be seen when this transition will be implemented.

Please keep in mind the recent and potentially ongoing volatility in the annual changes to AMI as you implement rents for 2013 and update your projected budgets for the next few years. For 2014, we recommend that you assume there will be no increase in AMI. As always, MOH encourages you to balance the need to implement allowable rent increases on a timely basis against the need to anticipate the impact of rent increases on your tenants.

Any owner of a project consisting of 100% affordable units that analyzes the impact of implementing the rents and related guidance associated with 2013 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, including but not limited to having to issue refunds to tenants that have been overcharged. 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.



Mike McLoone
Asset Manager
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Attachments:

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

<http://www.sf-moh.org/index.aspx?page=24>