OFFICE OF THE CONTROLLER

CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
Controller

ChiaYu Ma
Deputy Controller

Mr. John Arntz
Department of Elections
City Hall 1 Dr. Carlton B. Goodlett Place Room 48
San Francisco, CA 94102-4689

August 10, 2026

RE: Proposition C – Contributions to the Housing Fund

Dear Mr. Arntz,

Should the proposed Charter amendment be approved by the voters, in my opinion, it would have a significant impact on the cost of government of approximately $6 million in additional General Fund costs starting in Fiscal Year 2028-29, growing over time to approximately $60 million annually by Fiscal Year 2034-35.

The proposed Charter amendment is projected to increase the existing Housing Trust Fund (Fund) General Fund spending mandate for affordable housing and extends the mandate by an additional fifteen years from 2043 to 2058. A General Fund spending mandate is a voter-adopted spending requirement that directs the government to appropriate funding for specific purposes in future years without identifying a new funding source. For context, voter-adopted spending requirements currently total approximately $2 billion, or 30%, of the approximately $7 billion General Fund sources. Extending the life of the Housing Trust Fund and increasing contributions as projected would reallocate funds that would otherwise be available in the General Fund.

The proposed Charter amendment modifies the required funding formula to accelerate the growth of the Fund until the annual contribution reaches $125 million, likely in Fiscal Year (FY) 2034-2035, at which point the growth of the fund could slow. For context, in FY2024-25, approximately $50 million was appropriated to the Fund. As compared to projected Fund contributions under current law, the proposed Charter amendment is projected to increase contributions to the fund by approximately $6 million in FY2028-29 and $13 million in FY2029-30. In subsequent years, the General Fund cost of the proposal is projected to grow by an additional $9 million annually, reaching approximately $60 million in additional growth by FY2034-35, resulting in a total expected contribution of $125 million in FY2034-35. Without the Charter amendment, the required funding formula is projected to be approximately $65 million in FY2034-35. The additional $60 million under the proposed modified funding formula represents the additional money the City would be required to appropriate into the Fund in FY2034-35 and subsequent years. The projected costs above do not assume temporary freezes or reductions in the City's annual contribution to the Fund.

The proposed Charter amendment allows the Mayor or the Board of Supervisors to introduce ordinances during the annual budget process to temporarily freeze or reduce the City's annual contributions. If the City projects a budget deficit exceeding $250 million, the annual contribution to the Fund may be temporarily frozen at the then-current amount. If the City is authorized to withdraw funds from the City Rainy Day Reserve, the annual contribution to the Fund may be temporarily reduced by up to 10%.

The fund may be used to (1) create, acquire, or rehabilitate affordable rental and ownership housing, (2) provide down payment loans and housing stabilization for qualified households meeting required income levels, and (3) fund housing-related infrastructure, including streetscape improvements. The Charter amendment removes obsolete language regarding (1) past allocations to the Fund, (2) eliminating the Fund before 2013, (3) how the Controller's Office may determine General Fund Discretionary Revenue, and (4) discretion to reduce Fund contributions based on debt service for SB 2113 Affordable Housing Bonds. Additionally, the proposed Charter amendment eliminates the Complete Neighborhoods Infrastructure Grant Program, which has not been funded since FY2019-20.

This proposed amendment is not in compliance with a non-binding, voter-adopted City policy regarding voter-adopted spending requirements. The policy seeks to limit General Fund spending mandates which reduce General Fund dollars that could otherwise be allocated by the Mayor and the Board of Supervisors in the annual budget process. For context, voter-adopted spending requirements currently total approximately $2 billion, or 30%, of the approximately $7 billion General Fund sources.

Note that the proposed amendment would change the duties of the Controller's Office, which has prepared this statement.

Sincerely,

Greg Wagner
Controller

Note: This analysis reflects our understanding of the proposal as of the date shown. At times further information is provided to us which may result in revisions being made to this analysis before the final Controller's statement appears in the Voter Information Pamphlet.