CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

July 12, 2016

Ms. Angela Calvillo
Clerk of the Board of Supervisors
1 Dr. Carlton B. Goodlett Place Room 244
San Francisco, CA 94102-4689

RE: File 160552 – Amending Earthquake Loan Bond Program (second draft)

Dear Ms. Calvillo,

Should the proposed charter amendment be approved by the voters, in my opinion, it would have a minimal impact on the cost of government.

In 1992, San Francisco voters authorized the sale of $350 million of general obligation bonds for the Seismic Safety Loan Program (SSLP), to provide loans for the seismic strengthening of unreinforced masonry buildings. The proposed amendment changes the authorized use of these bond funds, for which approximately $260 million remains authorized but unissued.

The proposed amendment would increase the cost of government by approximately $150,000 annually for the administration of loans issued through the changes in SSLP authorized uses. The proposed authorized uses include financing the cost to acquire, improve, and rehabilitate at risk multi-residential buildings (defined as three or more units) in need of seismic, fire, health and safety upgrades or other major rehabilitation for habitability, including mixed-use residential buildings in order to convert such structures to permanent affordable housing.

The City can issue up to $35,000,000 in SSLP bonds per fiscal year. Assuming maximum demand for loans under the proposed expanded eligible use provisions, the total net cost to the City would be approximately $78 million over 22 years. The estimated annual impact to the property tax levy would be approximately 0.0012 percent, or $7.21 per $600,000 of net assessed value.

These estimates are based on projections only, which are not binding upon the City. Projections and estimates may vary due to the timing of bond sales, the amount of bonds sold at each sale, and actual assessed valuation over the term of repayment of the bonds. Hence, the actual tax rate and the years in which such rates are applicable may vary from those estimated above. The City's current debt management policy is to issue new general obligation bonds while maintaining the City's property tax level to not exceed the 2006 property tax rate.

Sincerely,

Natasha Mihal
for Ben Rosenfield
Controller

This analysis reflects our current understanding of the proposal. We will update this analysis as additional information becomes available. Should this item be placed on the November 8, 2016 ballot, we will prepare a fiscal impact statement for the Voter Information Pamphlet.