

File No. 100581

Committee Item No. 1

Board Item No. 31

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Sub - Committee: Budget and Finance

Date: June 2, 2010

Board of Supervisors Meeting

Date: 6/15/10

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget Analyst Report                        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Analyst Report                   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form (for hearings)             |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
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Completed by: Andrea S. Ausberry

Date Friday, May 28, 2010

Completed by: *A.A.*

Date 6.10.10

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.



1 [Earthquake Safety Retrofit Deferred Loan and Grant Program General Obligation Bonds  
2 2010.]

3  
4 **Resolution determining and declaring that the public interest and necessity demand**  
5 **the construction, improvement and seismic retrofitting of multi-story wood framed**  
6 **affordable housing soft-story buildings for earthquake safety funded by the City or**  
7 **other qualified governmental housing finance agency, or owned by private third-parties**  
8 **and the payment of related costs necessary or convenient for the foregoing purposes;**  
9 **finding that the estimated cost of \$39,140,000 for such improvements is and will be too**  
10 **great to be paid out of the ordinary annual income and revenue of the City and County**  
11 **and will require incurring bonded indebtedness; finding that a portion of the proposed**  
12 **bond is not a project under the California Environmental Quality Act ("CEQA") and**  
13 **adopting findings under CEQA, CEQA Guidelines, and San Francisco Administrative**  
14 **Code Chapter 31 for the remaining portion of the proposed bond; finding the proposed**  
15 **bond is in conformity with the priority policies of Planning Code Section 101.1(b) and**  
16 **with the General Plan consistency requirement of Charter Section 4.105 and**  
17 **Administrative Code Section 2A.53; and waiving the time limits set forth in**  
18 **Administrative Code Section 2.34.**

19  
20 WHEREAS, The Working Group on California Earthquake Probabilities (a collaborative  
21 effort of the United States Geological Survey (the "U.S.G.S."), the California Geological  
22 Society and the Southern California Earthquake Center) estimates a 63% chance that one or  
23 more earthquakes of a magnitude of 6.7 or larger will occur in the Bay Area before the year  
24 2038, and that a magnitude 7 earthquake occurring today on the Hayward Fault would likely  
25 cause hundreds of deaths and almost \$100 billion in damage; and,

1           WHEREAS, A large magnitude earthquake would damage buildings and structures in  
2 the City and County of San Francisco (the "City"), including certain buildings and structures  
3 consisting of multi-story wood frame buildings (referred to therein as soft-story buildings)  
4 thereby resulting in a significant displacement of San Francisco citizens; and,

5           WHEREAS, The San Francisco Department of Building Inspections caused to be  
6 prepared a report dated February 2009 entitled "Here Today—Here Tomorrow: Earthquake  
7 Safety for Soft Story Buildings" (the "Report"), which Report made several recommendations  
8 to mitigate the potential damage and destruction to multi-story wood-frame buildings  
9 constructed on or before 1974, including the initiation of a program to finance the costs of  
10 seismic retrofits to such soft story buildings that are at risk for major damage and collapse  
11 during an earthquake; and,

12           WHEREAS, The Report estimated that approximately one-third of soft story buildings  
13 would be expected to collapse after a major seismic event on the San Andreas fault; and,

14           WHEREAS, The Mayor Office of Housing, the San Francisco Redevelopment Agency,  
15 and the U.S. Department of Housing and Urban Development and other governmental  
16 housing financing agency funds 125 affordable housing multi-story structures (the "Public  
17 Buildings") that have large perimeter wall openings and which, therefore, are potentially at  
18 significant risk of substantial damage and destruction during an earthquake; and,

19           WHEREAS, In addition, there are up to 31 potential soft story buildings containing  
20 single room occupancy units owned by private parties (the "Private Buildings"), and such  
21 buildings are at significant risk for substantial damage and destruction during an earthquake (the  
22 Public Buildings and the Private Buildings are referred to collectively herein as the "Soft  
23 Story Buildings"). Seismic retrofits to the Soft Story Buildings would mitigate the damage to  
24 such structures during an earthquake and keep vulnerable San Franciscans in their houses  
25 thereby reducing the post-earthquake shelter needs; and,

1           WHEREAS, Mitigating the number of collapse structures after an earthquake could  
2 lead to a reduced demand on emergency services in the period immediately following a major  
3 seismic event; and,

4           WHEREAS, The Earthquake Safety Retrofit Deferred Loan and Grant Program  
5 General Obligation Bond (the "Bond") will be used to establish deferred loan and grant  
6 programs to pay the costs to seismically retrofit up to 125 affordable housing soft story  
7 buildings funded by the Mayor Office of Housing, the San Francisco Redevelopment Agency,  
8 the U.S. Department of Housing and Urban Development or other governmental housing  
9 finance agencies, and to provide loans and grants for up to 31 buildings containing single  
10 room occupancy units owned by private parties; and,

11           WHEREAS, The Board recognizes the need to safeguard and enhance the City's  
12 earthquake and emergency response and recovery by retrofitting buildings and reducing the  
13 potential resident displacement, and that such efforts constitute a public purpose resulting in  
14 significant public benefits; now, therefore, be it

15           RESOLVED, By the Board as follows:

16           Section 1. The Board determines and declares that the public interest and necessity  
17 demand the retrofit and seismic upgrade of Soft-Story Buildings and the payment of related  
18 costs necessary or convenient for the foregoing purposes, and that such efforts constitute a  
19 public purpose resulting in significant public benefits.

20           Section 2. The estimated cost of \$39,140,000 of the Bond is and will be too great to be  
21 paid out of the ordinary annual income and revenue of the City, will require an expenditure  
22 greater than the amount allowed by the annual tax levy, and will require the incurrence of  
23 bonded indebtedness in an amount not to exceed \$39,140,000.

24           Section 3. The Board, having reviewed the proposed legislation, and that certain letter  
25 from the Planning Department, dated June 3, 2010, a copy of which is on file with the Clerk of

1 the Board in File No. 100581 and incorporated by reference makes the following findings in  
2 compliance with the California Environmental Quality Act ("CEQA"), California Public  
3 Resources Code Sections 21000 et seq., the CEQA Guidelines, 15 Cal. Administrative Code  
4 Sections 15000 et seq., ("CEQA Guidelines"), and San Francisco Administrative Code  
5 Chapter 31 ("Chapter 31"), finds that the bond proposal as it relates to funds for soft-story  
6 buildings is not subject to CEQA because as the establishment of a government financing  
7 mechanism that does not identify individual specific projects to be constructed with the funds,  
8 it is not a project as defined by CEQA and the CEQA Guidelines. The use of bond proceeds  
9 to finance any project or portion of any project with funds for the soft story buildings will be  
10 subject to approval of the Board upon completion of planning and any further required  
11 environmental review under CEQA for the individual soft story projects.

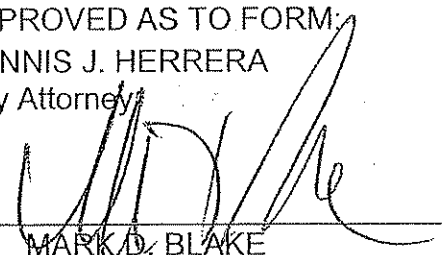
12 Section 4. The Board finds and declares that the proposed Bond is (i) in conformity  
13 with the priority policies of Section 101.1(b) of the San Francisco Planning Code, (ii) in  
14 accordance with Section 4.105 of the San Francisco Charter and Section 2A.53(f) of the  
15 San Francisco Administrative Code, and (iii) consistent with the City's General Plan, and  
16 adopts the findings of the Planning Department, as set forth in the General Plan Referral  
17 Report dated June 1, 2010, 2010, a copy of which is on file with the Clerk of the Board in File  
18 No. 100581 and incorporates such findings by reference.

19 Section 5. The time limit for approval of this resolution specified in Section 2.34 of the  
20 San Francisco Administrative Code is waived.

21 ///  
22 ///  
23 ///  
24 ///  
25 ///

1 Section 6. Documents referenced in this resolution are on file with the Clerk of the  
2 Board of Supervisors in File No. 100581, which is hereby declared to be a part of  
3 this resolution as if set forth fully herein.  
4  
5

6 APPROVED AS TO FORM:  
7 DENNIS J. HERRERA  
8 City Attorney

9 By:   
10 MARK D. BLAKE  
11 Deputy City Attorney  
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<b>Item 1</b> <b>File 10-0581 (continued from June 2, 2010)</b>	<b>Department(s):</b> Mayor's Office of Housing (MOH)
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**Notes:**

1. A separate ordinance (File 10-0580) related to the proposed resolution was introduced on May 11, 2010 and is currently pending before the Budget and Finance Subcommittee. The pending ordinance (File 10-0580) cannot be considered by the Board of Supervisors until June 12, 2010, pursuant to the City's Municipal Election Code Section 305(a)1. That pending ordinance, which is a companion measure to the proposed resolution, would call for a special election on November 2, 2010 to submit a proposition to San Francisco voters to authorize up to \$39,140,000 in Earthquake Safety Retrofit Loan Program General Obligation Bonds in order to provide for seismic retrofits to seismically vulnerable affordable housing buildings.
2. On June 2, 2010, the Budget and Finance Subcommittee continued the proposed resolution by one week to consider alternatives to the term "loan". In an email dated June 2, 2010 to each member of the Subcommittee, Ms. Myrna Melgar, Director of Homeownership Programs at MOH requested that the proposed resolution continue to use the term "loans," or alternatively use the term "loans and/or grants."

**EXECUTIVE SUMMARY****Legislative Objective**

- File 10-0581: Resolution declaring that public interest and necessity demand the seismic retrofitting of seismically vulnerable affordable housing buildings, and finding that the \$39,140,000 in estimated costs would be too great to be paid out of the ordinary annual income and revenues of the City and will require the issuance of General Obligation Bonds.

**Fiscal Impacts**

- The proposed resolution, in and of itself, has no fiscal impact.
- The proposed issuance<sup>1</sup> of up to \$39,140,000 in Earthquake Safety Retrofit Loan Program General Obligation Bonds would provide for the retrofit of seismically vulnerable affordable housing buildings, including (a) \$38,100,000 in retrofit costs, and (b) \$1,040,000 in bond financing costs.
- The \$39,140,000 in Earthquake Safety Retrofit Loan Program General Obligation Bonds would be repaid through an increase in annual Property Taxes of approximately \$0.001365 per \$100 of assessed value, such that a single family residence assessed at \$500,000, assuming a homeowners exemption of \$7,000, would pay average additional Property Taxes of \$6.73 per year to the City. The pending ordinance (File 10-0580), noted above, does not provide authority for landlords to pass-through any portion of the

<sup>1</sup> Although the proposed resolution (File 10-0851) does not reference a bond issuance, this report refers to a "proposed" bond issuance because the proposed resolution is directly related to the pending ordinance (File 10-0850), noted above, which would provide bond authority of up to \$39,140,000.



Property Tax increase which would result from the proposed bond issuance to residential tenants.

### Key Points

- Mr. Jason Elliott, Policy Advisor in the Office of the Mayor, estimates there are up to 156 affordable housing buildings which may be in need of seismic retrofits, including (a) up to 125 buildings which have received City or Federal funding to provide affordable housing, and (b) up to 31 single-room occupancy (SRO) buildings. These buildings are considered seismically vulnerable because they (a) have a wood frame rather than a steel frame, and (b) include a “soft-story”, which means the first floor has exterior walls with large openings and a reduced number of interior walls (typically due to retail or parking use).
- According to Mr. Elliott, the City would provide retrofit funding to property owners through a new loan program to be established by the Mayor’s Office of Housing (MOH), in which the borrower (property owner) would not be required to repay the loan unless the borrower reduced the number of affordable units or reduced the affordability of such housing units.
- Mr. Elliott stated that MOH would charge loan fees to the property owner to cover the cost of administering the loan program and inspecting the properties to ensure that the retrofits are completed.
- According to Mr. Elliott, the actual issuance of such General Obligation Bonds would occur only after the new loan program is established and the specific buildings to be retrofitted and the cost of such specific retrofits are known. The actual issuance and sale of the proposed bonds would be subject to future separate Board of Supervisors approval.
- Because most affordable housing buildings include both affordable units and market rate units, the proposed loan program would fund capital improvements which would benefit market rate housing as well as affordable housing. Mr. Elliott noted that it is not possible to seismically retrofit only a portion of a building, such that in order to provide seismic reliability for affordable housing units it is necessary to also provide seismic reliability for the market rate units which are in the same building.

### Recommendations

- In order to accurately reflect that the fact that the loan amounts are generally not to be repaid by the property owners, amend the proposed resolution to replace the term “loan” with some other appropriate term which indicates that repayment is not expected.
- Because the proposed resolution would require the issuance of General Obligation Bonds to fund capital improvements to privately-owned property, the Budget and Legislative Analyst considers approval of the proposed resolution, as amended, to be a policy matter for the Board of Supervisors.

## MANDATE STATEMENT / BACKGROUND

### Mandate Statement

Article VII of the City's Administrative Code states that in order to submit a proposition to issue General Obligation Bonds to the voters of San Francisco, the Board of Supervisors must approve a resolution finding (a) that public interest and necessity demands the acquisition, construction, or completion of the capital improvements to be funded by the proposed General Obligation Bond issuance, and (b) that the cost of such capital improvements would be too great to be paid out of the ordinary annual income and revenues of the City and therefore would require the issuance of General Obligation Bonds. Subsequently, the Board of Supervisors must also approve an ordinance calling for a special election to submit such a General Obligation Bond proposition to the voters.

The proposed resolution would find that public interest and necessity demand the seismic retrofit of affordable housing buildings and that the cost of such retrofits would be too great to be paid out of the ordinary annual income and revenues of the City and therefore requires the issuance of General Obligation Bonds.

Section 2.34 of the City's Administrative Code requires that (a) the resolution declaring public interest and necessity as described above, be adopted no less than 141 days prior to the election which includes the relevant bond proposition, and (b) a subsequent ordinance ordering a special election, be adopted no less than 99 days prior to the election. The proposed resolution would waive the timing requirements of Section 2.34 of the Administrative Code.

### Background

According to Mr. Jason Elliott, Policy Advisor in the Office of the Mayor, there are approximately 4,400 soft-story wood-frame buildings in the City which are particularly vulnerable during earthquakes and more susceptible to collapse. A building is considered to have a "soft-story" if the first floor has exterior walls with large openings (typically due to windows or garage doors) and a reduced number of interior walls (typically due to retail or parking use).

According to Mr. Elliott, as part of the Department of Building Inspection's (DBI) Community Action Plan for Seismic Safety Project and subsequent to a competitive Request for Proposal process, in April of 2008, DBI awarded a \$928,716 contract<sup>2</sup> to Applied Technology Council, a nonprofit organization, to perform an analysis of soft-story wood-frame buildings in the City to include an evaluation of the range of vulnerabilities, development of potential seismic retrofit options, and estimated costs for such seismic retrofit options.

On February 19, 2009, Applied Technology Council published their report entitled "Here Now – Here Tomorrow" which (a) estimated the average construction cost to seismically retrofit soft-story wood frame buildings at \$93,000 per building, and (b) recommended the City create new programs and incentives to provide for seismic retrofits to soft-story wood-frame buildings.

<sup>2</sup> The \$928,716 (original award amount of \$744,716 plus an amendment to increase the amount by \$184,000) contract with the Applied Technology Council was not subject to Board of Supervisors approval because it did not exceed the \$10,000,000 threshold established in Charter Section 9.118b.

According to Mr. Elliott, the Mayor is pursuing multiple programs to address the need for seismic retrofits to soft-story wood-frame buildings including (a) the waiver of building fees and waiver of other City fees for voluntary seismic retrofits (previously approved by the Board of Supervisors on March 16, 2010 in File 09-1113), (b) the subject proposed issuance of up to \$39,140,000 in General Obligation Bonds to fund retrofits to soft-story wood frame buildings which include affordable housing units, (c) the creation, subject to approval by the Board of Supervisors in separate future legislation, of a special taxing district which property owners could choose to join in order to finance seismic retrofits, and (d) an ordinance, subject to Board of Supervisors approval in separate future legislation, to require all owners of soft-story wood-frame buildings with five or more housing units and three or more floors to seismically retrofit their buildings.

### Related Separate Legislation

The proposed resolution (File 10-0581) would declare that public interest and necessity demand the seismic retrofitting of seismically vulnerable affordable housing buildings, and that the \$39,140,000 estimated cost of such retrofits would be too great to be paid out of the ordinary annual income and revenues of the City and will require the issuance of General Obligation Bonds.

A separate ordinance (File 10-0580) related to the proposed resolution was introduced on May 11, 2010 and is currently pending before the Budget and Finance Committee. The pending ordinance (File 10-0580) cannot be considered by the Board of Supervisors until June 12, 2010, pursuant to the City's Municipal Election Code Section 305(a)1. That pending ordinance, which is a companion measure to the proposed resolution, would call for a special election on November 2, 2010 to submit a proposition to San Francisco voters to authorize up to \$39,140,000 in Earthquake Safety Retrofit Loan Program General Obligation Bonds in order to provide for seismic retrofits to seismically vulnerable affordable housing buildings.

### DETAILS OF PROPOSED LEGISLATION

The proposed resolution would declare that public interest and necessity demand the seismic retrofitting of seismically vulnerable affordable housing buildings, and that the \$39,140,000 estimated cost of such retrofits would be too great to be paid out of the ordinary annual income and revenues of the City and will require the issuance of General Obligation Bonds.

According to Mr. Elliott, the City would provide retrofit funding to property owners through a new loan program to be established by the Mayor's Office of Housing, under which the loan amounts are not to be repaid by the property owner unless the property owner reduces the affordability of the building.

### Loan Program

Through the new loan program's application process, the Mayor's Office of Housing would review (a) the building's eligibility for the program to verify that the building is seismically vulnerable and that the building provides affordable housing, and (b) the estimated cost to

retrofit the property owner applicant's specific building. If approved, the applicant would receive funds in the amount of the estimated retrofit cost.

Under such a new loan program, the property owner (borrower) would not be required to repay the loan unless the borrower reduced the number of affordable units or reduced the affordability levels of such housing units. Therefore, repayment of such loaned funds is only designed to be a penalty for borrowers that reduce affordability of their units, and is not a requirement of the loan program. However, the Budget and Legislative Analyst notes that if the property owner maintains the affordability of the units, the full costs for individual property owners to retrofit their affordable housing buildings would be borne by all San Francisco property owners through increases in the Property Tax rate (see Fiscal Impact Section below).

Mr. Elliott could not provide an estimate for (a) the cost to administer such a loan program, or (b) the cost to inspect properties to ensure the required retrofits are completed. Mr. Elliott stated that the Mayor's Office of Housing intends to offset all administrative costs by charging loan fees to loan recipients.

#### Total Funds Available

Although the specific buildings to be retrofitted are not currently known, Mr. Elliott estimates that there are up to 156 privately-owned soft-story wood-frame buildings which include affordable housing units that are in need of seismic retrofits, including (a) up to 125 buildings which have received City or Federal funding<sup>3</sup> to provide affordable housing and maintain contractual obligations with the City or the Federal government to maintain such affordable housing units, and (b) up to 31 single-room occupancy (SRO) buildings.

Mr. Elliott stated that the bond issuance in a not-to-exceed amount of \$39,140,000 is designed to provide sufficient funds to retrofit the currently estimated 156 affordable housing buildings, based on an average estimated retrofit cost calculated in the Applied Technology Council report discussed above (see Footnotes 4 and 5 for a discussion on the average retrofit cost calculations). As shown in Table 1 below, the proposed bond issuance would fund (a) \$38,100,000 in project costs for the retrofit of up to 156 buildings, and (b) \$1,040,000 in financing costs.

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<sup>3</sup> Mr. Elliott stated that such funding is provided through either (a) the Mayor's Office of Housing, (b) the San Francisco Redevelopment Agency, or (c) the U.S. Department of Housing and Urban Development.

**Table 1: Uses of Bond Funds**

<b>Project Costs</b>	
Retrofits for Up to 125 Affordable Housing Buildings <sup>4</sup>	\$34,400,000
Retrofits for Up to 31 Single Room Occupancy Buildings <sup>5</sup>	3,700,000
<b>Subtotal Project Costs</b>	<b>\$38,100,000</b>
<b>Financing Costs</b>	
Underwriter's Discount	195,700
Costs of Issuance	805,160
General Obligation Bond Oversight Committee	39,140
<b>Subtotal Financing Costs</b>	<b>\$1,040,000</b>
<b>Total</b>	<b>\$39,140,000</b>

**FISCAL IMPACT**

According to Ms. Nadia Sesay, Director of the Controller's Office of Public Finance, the proposed not-to-exceed \$39,140,000 in General Obligation bonds would be issued for a term of 20 years at an interest rate of approximately 7.0 percent<sup>6</sup>. Debt service on the proposed bonds would total approximately \$72,807,931, including \$39,140,000 in principal and \$33,667,931 in interest, for average debt service of \$3,640,397 over the 20 year term of the bonds.

Such debt service would be repaid through an increase in annual Property Taxes of approximately \$0.001365 per \$100 of assessed value. Therefore a single family residence assessed at \$500,000, assuming a homeowners exemption of \$7,000, would pay average additional Property Taxes of \$6.73 per year to the City (\$500,000 less \$7,000 ÷ \$100 x \$0.001365). The pending separate ordinance does not provide authority for landlords to pass-

<sup>4</sup> According to Mr. Elliott, the total estimated retrofit cost for affordable housing buildings is actually \$34,396,500, not \$34,400,000 as shown in Table 1 above. Mr. Elliott stated that because the actual retrofit cost per building will vary based on the actual building conditions, the estimated cost of \$34,396,500 was rounded to \$34,400,000. The total unrounded estimated cost for the 125 buildings was calculated based on a per building average retrofit cost of \$275,172 including (a) \$93,000 in construction costs for seismic improvements as calculated in the Applied Technology Council's report, (b) \$27,900 to provide improvements required by the Americans with Disabilities Act, and (c) \$154,272 in soft costs (engineering, surveying, legal, and other associated costs).

<sup>5</sup> According to Mr. Elliott, the total estimated retrofit cost for Single Room Occupancy buildings is actually \$3,747,900, not \$3,700,000 as shown in Table 1 above. Mr. Elliott stated that because the actual retrofit cost per building will vary based on the actual building conditions, the estimated cost of \$3,747,900 was rounded to \$3,700,000. The total unrounded estimated cost for the 31 buildings was calculated based on a per building average retrofit cost of \$120,900 including (a) \$93,000 in construction costs for seismic improvements as calculated in the Applied Technology Council's report, and (b) \$27,900 to provide improvements required by the Americans with Disabilities Act. According to Mr. Elliott, soft costs were not included for SRO retrofits because municipal bond proceeds cannot be used to finance soft costs for improvements to buildings which do not have a contractual agreement with the City or HUD to provide affordable housing.

<sup>6</sup> Ms. Sesay noted that because the capital improvements would apply to privately owned property, some portion of the proposed General Obligation bonds would be taxable bonds, and could therefore incur a higher interest rate than the typically tax-exempt bonds issued by the City.

through any portion of the Property Tax increase which would result from the proposed bond issuance to residential tenants.

## **POLICY CONSIDERATIONS**

**The buildings which would receive funds from the proposed bond issuance have not yet been identified.**

As discussed above, the specific buildings which would benefit from the proposed bond issuance have yet to be determined. Mr. Elliott stated that (a) bonds would only be issued after eligible buildings have been identified by the Mayor's Office of Housing for seismic retrofits, and (b) only that portion of the total proposed not-to-exceed bond authority of \$39,140,000 needed to cover the retrofit cost of specific buildings would be issued.

The Budget and Legislative Analyst notes that the proposed bond proposition would provide the City with bond authority not-to-exceed \$39,140,000 in General Obligation Bonds, but the actual issuance of such bonds would still be subject to future approval by the Board of Supervisors.

**The seismic retrofits provided by the proposed bond issuance would benefit affordable housing units as well as market rate housing.**

According to Mr. Elliott, the affordable housing buildings, which have received City or Federal financial support and would be eligible for further financial support under the proposed bond issuance, often include some market rate units. The proposed seismic retrofits would apply to the entire building, such that the proposed bond issuance would benefit those market rate units in addition to affordable housing units.

Mr. Elliott stated it is not possible to seismically reinforce a specific housing unit within a building, such that all units in the building, including both affordable housing units and market rate units would benefit from the proposed seismic retrofits.

**The name of the proposed resolution refers to a "loan" program, but, as discussed above, these "loans" are generally not expected to be repaid.**

As discussed above, the repayment of such loaned funds is not required (unless the affordability of the property is reduced), therefore, in order to more accurately reflect the fact that the loan amounts are generally not to be repaid by the property owners, the Budget and Legislative Analyst recommends amending the proposed resolution to replace the term "loan," with some other appropriate term which indicates that repayment is not expected.

## **RECOMMENDATIONS**

1. Amend the proposed resolution to replace the term "loan" with some other appropriate term which indicates that repayment is not expected.



2. Because the proposed resolution would require the issuance of General Obligation Bonds to fund capital improvements to privately-owned property, the Budget and Legislative Analyst considers approval of the proposed resolution, as amended, to be a policy matter for the Board of Supervisors.



June 1, 2010

San Francisco Planning Department  
General Plan Referrals  
1650 Mission St  
Suite 400  
San Francisco, CA 94103

To Whom It May Concern:

Please find attached to this cover letter an Application for General Plan Referral for Mayor Gavin Newsom's Earthquake Safety Retrofit Loan General Obligation Bond Program.

The Mayor's Office is requesting General Plan Referral on this \$39,140,000 General Obligation Bond, which is currently pending before the Board of Supervisors. The General Plan stresses the preservation of affordable housing and historic structures, and it emphasizes the need to protect the City against injury and loss of life in an earthquake. This bond, and the larger soft story program of which it is a part, directly fulfill these goals of the General Plan.

The bond proceeds, if passed by the voters in November 2010, will provide deferred loans to affordable housing non-profits and private SRO owners that control soft-story buildings in San Francisco. These seismically vulnerable buildings, numbering in the thousands citywide, are particularly vulnerable to collapse in a major earthquake. A comprehensive analysis of this risk can be found in the Community Action Plan for Seismic Safety (CAPSS) Report of February 2009 entitled, "Here Today – Here Tomorrow: Earthquake Safety for Soft Story Buildings," prepared by the Department of Building Inspection.

The CAPSS Report identifies 4,400 buildings matching basic criteria that puts them at potential risk of soft story. Within this universe of buildings, CAPSS finds approximately 2,800 structures with large perimeter wall openings on the first floor – telltale signs of a soft story condition. Soft story buildings are exponentially more likely to collapse in a major earthquake without seismic retrofits as compared to their chances of collapse post-retrofit. The implications for public safety are clear – soft story buildings should be retrofitted.

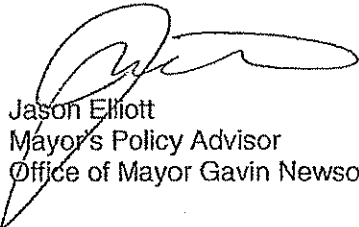
Cost is of course a concern. A small subset of the thousands of potential soft story buildings in San Francisco are also managed for long-term or permanent affordability by the Mayor's Office of Housing, the San Francisco Redevelopment Agency, or another qualified governmental funding agency, or are privately owned SROs. Covering the full cost of retrofitting by financing can be prohibitive for these low-income housing organizations. It is these buildings, up to 156 structures according to DBI and MOH, for which this bond is being proposed.



By cross referencing CAPSS's information about potential soft story buildings with MOH's database of affordable housing developments and SROs, we were able to calculate an outside estimate of 156 buildings that include long-term affordable units and also may have soft story conditions. It is impossible until a licensed architect or structural engineer performs an interior inspection to know what proportion of the universe of affordable housing buildings are truly soft story. We calculated the bond number to include the possibility of 100 percent take-up, which while very unlikely, remains possible. At \$120,900 per building for hard costs and \$154,272 per building in soft costs, the bond is crafted to cover the expenses of any forthcoming mandate that affordable housing buildings would incur. The Controller's Office of Public Finance will monitor the need and issue bonds in multiple sales so as not to sell more debt than necessary to complete the targeted retrofits.

This bond is part of a larger program which is still in development. Already in place, however, is a voluntary soft story retrofit program which includes various financial incentives and exemption from future mandatory retrofit laws. In the coming months, the Mayor's mandatory soft story working group will propose more component pieces of the program including other financing mechanisms for at-market buildings, specific language on seismic standards, and programmatic language to link it all together.

Thank you for your consideration, and please follow up with any clarifying questions.



Jason Elliott  
Mayor's Policy Advisor  
Office of Mayor Gavin Newsom



# SAN FRANCISCO PLANNING DEPARTMENT

## APPLICATION FOR GENERAL PLAN REFERRAL

This is an application to the Planning Commission for a General Plan Referral, specifically provided for in Section 4.105 of the San Francisco Charter, and Sections 2A.52 and 2A.53 of the Administrative Code.

The Charter and Administrative Code require that projects listed in Section 4 of this application be referred to the Planning Department to determine consistency with the General Plan prior to the Board of Supervisors' consideration of and action on any ordinance or resolution. The Referral finding the proposal consistent or inconsistent with the General Plan will result in a letter to the applicant for the Board of Supervisor's consideration. The finding of inconsistency may be overruled by a two-thirds vote of the Board of Supervisors.

Early involvement of the Planning Department in the preparation of a proposal is advisable in order to avoid delays in responding to General Plan Referral applications.

In most instances, General Plan Referrals are handled administratively by the Planning Department. However, some Referrals may be heard by the Planning Commission. This is required for proposals inconsistent with the General Plan, for proposals generating public controversy, or for complex proposals.

The staff of the Planning Department is available to advise you in the preparation of this application. Please call Stephen Shotland at 558-6308.

### INSTRUCTIONS

1. Answer all questions fully. Please type or print in ink. Attach additional pages if necessary.
2. For projects proposed in the public right-of-way, please list the adjacent Assessor's Block(s) and lot(s) for each project block fronting the right-of-way, and street address(es) under Site Information on page 3.
3. The completed General Plan Referral application form, along with two copies and required materials, should be sent to  
**General Plan Referrals - Attention: *María Oropeza - Mander***  
**San Francisco Planning Department**  
**1650 Mission Street, Suite 400**  
**San Francisco, CA 94103 -**
4. An initial fee must accompany all applications [except for agencies which have a quarterly billing arrangement with the Planning Department]. Planning Code Article 3.5 establishes Planning Department fees for General Plan Referrals. Please call 558-6377 for the required amount. Time and materials charges will be billed if the initial fee for staff time is exceeded. Payment of outstanding fees is required before the findings letter is released.

### APPLICATION CHECKLIST FOR GENERAL PLAN REFERRAL

Filing your completed application and the required materials shown below serves to open a Planning Department file for the proposed project. After the file is established, the staff person

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

assigned to the project will review the application to determine whether it is complete or whether additional information is required in order for the Planning Department to proceed.

Staff will determine for all referral applications whether the proposal is exempt from environmental review or not. If the project is not exempt from environmental review, staff will inform you, and you will need to file an environmental evaluation application and pay the appropriate fees.

SUBMIT THESE MATERIALS WITH APPLICATION (2 copies)	ARE MATERIALS PROVIDED ?	IF NOT PROVIDED, PLEASE EXPLAIN
Cover letter with project description signed by the applicant	YES	
Application with all blanks filled in and signed by City Agency with jurisdiction over property or project	YES	
Map showing adjacent properties	N/A	
Site Plan	N/A	
8 1/2 x 11 Reduction of Site Plan	N/A	
Architectural floor plans	N/A	
Elevations of proposed project/site	N/A	
Photographs of project/site	N/A	
Check payable to Planning Department	N/A	
Letter authorizing agent to sign application	N/A	
Name and signature of City Department official with jurisdiction over project	YES	Jason Elliott Mayor's Policy Advisor Office of Mayor Gavin Newsom
Draft outlining compliance with eight Priority Policies of Planning Code Section 101.1	YES	



# SAN FRANCISCO PLANNING DEPARTMENT

## General Plan Referral Application

PLEASE TYPE OR PRINT

### 1. Site Information

Project Street Address(es) of Project: *N/A*

Cross Streets: *N/A*

Assessor's Block(s) / Lot(s): *N/A*

### 2. Project Title, Description: *(Use additional pages if necessary)*

Project Title: Earthquake Safety Retrofit Loan Program General Obligation Bond, 2010

Project Description: Presenting to the voters a ballot proposition to authorize \$39,140,000 in general obligation bond indebtedness to provide loans to pay the costs of seismic retrofits to soft story affordable housing buildings and SROs at significant risk of collapse or damage in a major earthquake.

Present or Previous Use: *N/A*

Building Permit Application No. *N/A* Date Filed: *N/A*

What Other Approvals Does Project Require? *N/A*

### 3. Project Sponsor / Applicant Information

Name: Mayor Gavin Newsom  
Telephone: 415-554-6141  
Address: 1 Carlton B. Goodlett Pl, Room 200, San Francisco, CA  
Zip: 94102

Applicant's Name / Contact: Jason Elliott, Mayor's Policy Advisor  
Telephone: 415-554-5105  
Date: June 1, 2010

### 4. City Department with Jurisdiction over property (if Project is on City-owned property):

Dept: *N/A*

Address: *N/A* Zip *N/A*

Staff Name: *N/A* Telephone *N/A*

Signature: *N/A* Date: *N/A*

*If project is under jurisdiction of more than one Department, complete following section or attach additional sheets*

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

Dept: N/A

Address: N/A

Zip N/A

Staff Name: N/A

Telephone N/A

Signature: N/A

Date: N/A

5. Project Description - Circle All that Apply

PROJECT	PROPOSED ACTION			
Open Space, Other Property	Acquisition	Sale	Change in Use	Other/Specify below
Public Building or Structure	New Construction	Alteration	Demolition	
	Change in Use	Sale		Other/Specify below
Sidewalk, Street, Transportation Route	Widening	Narrowing	Encroachment Permit	
	Street Vacation	Abandonment	Extension	Other/Specify below
Redevelopment Area/Project	New	Major Change	Change in Use	Other/Specify below
Subdivision	New	Replat		Other/Specify below
Public Housing	New Construction	Major Change	Change in Use	Other/Specify below
Publicly Assisted Private Housing	New Construction	Major Change	Change in Use	Other/Specify below
Capital Improvement Plan	Annual Capital Expenditure Plan	Six Year Capital Improvement Program	Capital Improvement Project	Other/Specify below
Long Term Financing Proposal	General Obligation Bond	General Revenue Bond	Non-profit Corporation Proposal	Other/Specify below

If other, please specify: \_\_\_\_\_

**Affidavit**

I certify the accuracy of the following declarations:

- a. The undersigned is the owner or authorized agent of the owner of this property.
- b. The information presented is true and correct to the best of my knowledge.

Signed: \_\_\_\_\_  
*Applicant (If City Department, Project Manager)*

6/1/2010  
 Date

Jason Ellhoff

(Print name in full)

If more than one Dept has jurisdiction over project, provide authorization on separate sheets.



## 6. Planning Code Section 101.1(b) Priority Policies

Section 101.1 of the San Francisco Planning Code requires findings that demonstrate consistency of the proposal with the eight priority policies of Section 101.1. These findings must be presented to the Planning Department before your project application can be reviewed for general conformity with San Francisco's General Plan.

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities or resident employment in and ownership of such businesses enhanced;

A good number of soft story buildings in the scope of CAPSS's survey include ground-floor commercial tenants. Post-retrofit, these neighborhood businesses will be able to withstand a major seismic event and continue to serve the community as residential tenants remain sheltering in place or move back into properties.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhood;

Soft story buildings covered by the program must have a minimum of five residential units. It is a central component of the program to conserve and protect the stock of residential housing – affordable and market-rate – to preserve the makeup of our diverse City.

3. That the City's supply of affordable housing be preserved and enhanced;

The entirety of the \$39,140,000 bond, if passed by voters, will directly fund a deferred loan program for affordable housing buildings and SROs in the City. The Mayor plans to present a mandatory soft story retrofit program in the near future, and the costs associated with these retrofits will be paid by GO Bond proceeds for qualified governmentally funded affordable housing buildings and privately owned SROs. In essence, the entire bond is created to address this very policy priority.

4. That commuter traffic not impede Muni transit service or overburden our streets or neighborhood parking;

No impact.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for residential employment and ownership in these sectors be enhanced;

No impact.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

The fundamental purpose of this bond, and the larger mandatory soft story effort of which it is a part, directly addresses this policy priority. The Working Group on California Earthquake Probabilities (a collaborative effort of the United States Geological Survey, the California Geological Society and the Southern California Earthquake Center) estimates a 63% chance that one or more earthquakes of a magnitude of 6.7 or larger will occur in the Bay Area before the year 2038, and that a magnitude 7 earthquake occurring today on the Hayward Fault would likely cause hundreds of deaths and almost \$100 billion in damage.

A large magnitude earthquake of this sort would damage buildings and structures in the City and County of San Francisco including certain buildings and structures consisting of multi-story wood frame buildings thereby resulting in a significant displacement of San Francisco citizens. Performing soft story retrofits will significantly mitigate the loss of life and property following an earthquake.

7. That landmarks and historic buildings be preserved; and

insofar as some of the buildings in CAPSS's estimated 4,400 potential soft story buildings are also landmarks or historic buildings, the retrofits included in this program will directly lead to preservation of these structures.

8. That our parks and open space and their access to sunlight and vistas be protected from development.

No impact.

*The following sections of the San Francisco Charter and Administrative Code are added for your information.*

**SAN FRANCISCO CHARTER § 4.105**

**PLANNING COMMISSION**

....."Referral of Certain Matters

The following matters shall, prior to passage by the Board of Supervisors, be submitted for written report by the Planning Department regarding conformity with the General Plan:

1. Proposed ordinances and resolutions concerning the acquisition or vacation of property by, or change in the use or title of property owned by, the City and County;
2. Subdivisions of land within the City and County;
3. Projects for the construction or improvement of public buildings or structures within the City and County;
4. Project plans for public housing, or publicly assisted private housing in the City and County;
5. Redevelopment project plans within the City and County; and
6. Such other matters as they may be prescribed by ordinance.

The Commission shall disapprove any proposed action referred to it upon a finding that such action does not conform to the General Plan. Such a finding may be reversed by a vote of two-thirds of the Board of Supervisors.

All such reports and recommendations shall be issued in a manner and within a time period to be determined by ordinance."

**ADMINISTRATIVE CODE**

**§ 2A.52 CAPITAL IMPROVEMENT ADVISORY COMMITTEE - GENERAL PLAN REFERRALS** The Capital Improvement Advisory Committee cannot act upon the annual capital expenditure plan, six year capital improvement program, a capital improvement project or a long-term financing proposal such as, but not limited to, general obligation or revenue bonds or non-profit corporation proposals until a General Plan Referral report has been rendered by the Planning Department regarding conformity of the project with the General Plan. In order to complete the General Plan Referral Report in a timely fashion, early involvement of the Planning Department in the planning process is advised. The Planning Department is available to prepare a Policy Analysis Report. This report will provide policy guidance for the planning and decision making of the proposal and its alternatives.

If the Planning Department fails to render a General Plan Referral report within 45 days after receipt of such referral, unless a longer time has been granted by the Board of Supervisors, said capital improvement plan shall be deemed to be in conformity with the General Plan. Procedures for General Plan referrals as set forth in Section 2A.53 of this Code shall be applicable.

Further, to facilitate rational prioritization of capital improvement projects over a six year time period and within the resource and debt capacity, the Planning Department shall assist in developing a Strategic Plan for Capital Expenditures for use of the Capital Improvement Advisory Committee and the Board of Supervisors.

#### **ADMINISTRATIVE CODE**

#### **§ 2A.53 GENERAL PLAN REFERRALS**

(a) **General.** The Charter requires that the Planning Department prepare written reports regarding the conformity with the General Plan for the use of the Board of Supervisors prior to its action on the acquisition, vacation, sale, change in use or title of public property, subdivisions of land, construction or improvement of public buildings or structures, plans for public housing or publicly assisted private housing, or redevelopment project plans, within the City and County.

(b) **Purpose.** The General Plan is a compendium of policies on all aspects of the City and County's physical development, formulated with extensive public participation, adopted by the Planning Commission, and approved by the Board of Supervisors. In order to implement the public policy contained in the General Plan, the following procedures will be used in determining consistency with the General Plan and reporting the findings to the Board of Supervisors in a timely manner prior to action on the proposal. Early involvement of the Planning Department in the planning of a project or plan is advisable to avoid delays. The Planning Department is available to provide Policy Analysis Reports on issues concerning the physical development of the city as a proactive information tool for decision making and analysis of applicable public policy as contained in the General Plan.

(c) **Applicability.** The following actions by the Board of Supervisors require a written report from the Planning Department on the consistency of the proposed action with the General Plan:

1. Proposed ordinances and resolutions concerning the acquisition, extension, widening, narrowing, removal, relocation, vacation, abandonment, sale or change in the use of any public way, transportation route, ground, open space, building, or structure owned by the City and County;
2. Subdivisions of land within the City and County;
3. Projects for the construction or improvement of public buildings or structures within the City and County, the annual capital expenditure plan, six year capital improvement program, a capital improvement project or a long-term financing proposal such as, but not limited to, general obligation or revenue bonds or non-profit corporation proposals;
4. Project plans for public housing, or publicly assisted private housing in the City and County;
5. Redevelopment project plans within the City and County;

6. Programs and schedules which link the General Plan to the allocation of local, state and federal resources; and
7. Any substantial change to any of the above actions.

**(d) Application.** Property owners, public agencies and their respective agents shall initiate General Plan Referrals by filing a completed application containing all required information with the Planning Department and paying an initial fee set forth in the Planning Code. The remainder of the fee, based on time and materials, shall be paid prior to the transmittal of the General Plan Referral Report to the applicant or Board of Supervisors. The Planning Department shall determine whether the application is complete and shall notify the applicant and, in the case of an incomplete application, request the necessary information.

**(e) Determination.** For most General Plan Referral applications, a written General Plan Referral Report stating that a proposed action is consistent with the General Plan, shall be transmitted to the applicant for submittal with the proposal to the Board of Supervisors in 45 days after accepting a complete application. If the response requires more than 45 days because of environmental review procedures, the complexity of the proposed action, public controversy generated by the proposal, or a public hearing before the Planning Commission, the Department shall notify the applicant and Board of Supervisors.

Proposals which are inconsistent with the General Plan, complex or have generated public controversy, shall require a public hearing and determination by the Planning Commission. The Planning Commission resolution finding a proposal in conformity with the General Plan or disapproving the proposed action because of nonconformity with the General Plan shall be submitted to the Board of Supervisors and the applicant within five business days after receipt of payment.

**(f) Board of Supervisor Action**

Resolutions or motions for actions listed under (c) of this section shall include a finding of consistency with the General Plan. The Planning Commission disapproval of a proposed action may be overruled by a vote of not less than two-thirds of the members of the Board of Supervisors."



# SAN FRANCISCO PLANNING DEPARTMENT

## General Plan Referral

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

*Date:* June 3, 2010  
*Case No.:* 2010.0416R  
**\$39,140,000 General Obligation Bond for  
Earthquake Safety Retrofit Loan Program  
For November 2010 Ballot Initiative**

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

*Block/Lot No.:* No properties specified

*Project Sponsor:* Mayor Gavin Newsom  
City Hall, Room 200  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

*Staff Contact:* Stephen Shotland – (415) 558-6308  
[stephen.shotland@sfgov.org](mailto:stephen.shotland@sfgov.org)  
Tara Sullivan – (415) 558-6257  
[tara.sullivan@sfgov.org](mailto:tara.sullivan@sfgov.org)

*Recommendation:* Finding the proposed General Obligation Bond, on balance, is in conformity with the General Plan

*Recommended*  
*By:*   
John Rahaim, Director of Planning

### PROJECT DESCRIPTION

The City proposes to place a General Obligation Bond to fund a Seismic Safety Retrofit Loan Program (the "Project") on the November 2010 ballot. The General Plan referral is pursuant to §2A.52 and §2A.53 of the Administrative Code. If authorized by the Board of Supervisors to be placed on the November 2010 ballot and approved by the voters, the proposed General Obligation Bond would establish a loan program that would provide approximately \$39,140,000 to fund seismic retrofit of multi-story wood framed affordable housing, also called "soft-story" buildings, located in the City and County of San Francisco.

"Soft story" buildings may be subject to collapse or significant damage from a major earthquake in the Bay Region. Buildings eligible for the loan program, if approved, may include soft story affordable housing owned or managed by Mayor's Office of Housing, the San Francisco Redevelopment Agency, the U.S. Department of Housing and Urban

**GENERAL PLAN REFERRAL  
EARTHQUAKE SAFETY RETROFIT LOAN PROGRAM  
GENERAL OBLIGATION BONDS 2010**

**CASE NO. 2010.0416R**

Development or other governmental housing finance agencies, by private non-profit housing providers and privately owned Single Room Occupancy (SRO) Hotels. The General Obligation Bond funds would be used for seismic retrofitting of such structures in the City and County of San Francisco. Providing funding for the seismic retrofit of these types of structures would improve the earthquake safety, protect life and property during and after seismic events, and reduce the potential displacement of significant numbers of San Francisco residents after a significant seismic event

**ENVIRONMENTAL REVIEW**

On June 1, 2010, the Major Environmental Analysis of the Department determined that the proposed General Obligation Bond (the "Project") is it is not a project, pursuant to CEQA Guidelines Section 15060(c) (2). *If the General Obligation Bond is approved, individual projects that receive Bond funding may require Environmental Review.*

**GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION**

The Working Group on California Earthquake Probabilities (a collaborative effort of the United States Geological Survey (the "U.S.G.S."), the California Geological Society and the Southern California Earthquake Center) estimates a 63% chance that one or more earthquakes of a magnitude of 6.7 or larger will occur in the Bay Area before the year 2038, and that a magnitude 7 earthquake occurring today on the Hayward Fault would likely cause hundreds of deaths and up to \$100 billion in damage.

The San Francisco Department of Building Inspections prepared a report dated February 2009 entitled "Here Today--Here Tomorrow: Earthquake Safety for Soft Story Buildings." The report made several recommendations to mitigate the potential damage and destruction to multi-story wood-frame buildings constructed on or before 1974, including the initiation of a program to finance the costs of seismic retrofits to such soft story buildings that are at risk for major damage and collapse during an earthquake. In addition, the report estimated that approximately one-third of soft story buildings would be expected to collapse after a major seismic event on the San Andreas fault;

The Proposed General Obligation Bond is consistent with the Eight Priority Policies of Planning Code Section 101.1 as described in the body of this Findings Letter and is, on balance, **in-conformity** with the following Objectives and Policies of the General Plan. *If the General Obligation Bond is approved, individual projects that receive Bond funding may require separate General Plan Referral(s) and other Planning Department authorizations and approvals.*

**COMMUNITY SAFETY ELEMENT**

**OVERALL GOAL** – It is the goal of the City and County of San Francisco to the extent feasible, to avoid the loss of life and property as a result of natural and technological disasters, to reduce the social, cultural and economic dislocations of disasters, and to assist and encourage the rapid recovery from disasters.

**OBJECTIVE 1**

**IMPROVE THE COORDINATION OF CITY PROGRAMS THAT MITIGATE PHYSICAL HAZARDS...**

**POLICY 1.1**

Improve the coordination of disaster-related programs within City departments.

**OBJECTIVE 2**

**REDUCE STRUCTURAL AND NON-STRUCTURAL HAZARDS TO LIFE SAFETY, MINIMIZE PROPERTY DAMAGE AND RESULTING SOCIAL, CULTURAL AND ECONOMIC DISLOCATIONS RESULTING FROM FUTURE DISASTERS.**

Most earthquake-related deaths and injuries will result from the failure of buildings and other structures as a result of shaking or ground failure. Damage to structures results in substantial economic losses and severe social, cultural and economic dislocations. In addition to the characteristics of the earthquake and of the site, a structure's performance will depend on structural type, materials, design, age and quality of construction and maintenance. The hazards posed by buildings and other structures can be reduced by assuring that new structures incorporate the latest engineering knowledge, by learning more about the risks posed by older structures and developing plans to reduce those risks, and by including a consideration of natural hazards in all land use, infrastructure, and public capital improvement planning.

**POLICY 2.6**

Reduce the earthquake and fire risks posed by older small wood-frame residential buildings through easily accomplished hazard mitigation measures.

"Soft-story" buildings, those in which at least one story—often the ground floor—has much less rigidity and/or strength than the rest of the structure, are significant hazards. Those built before 1940 often do not have adequate anchors between the frame and the foundation. They often have ground-story garages which leave the ground story without sufficient lateral strength to resist strong shaking. The 1974 URS/Blume report identified smaller wood-frame buildings with soft stories as having the potential to collapse during an earthquake. During both the Loma Prieta and the 1994 Northridge earthquakes, soft-story residential buildings failed, resulting in deaths.

These deficiencies can be fixed relatively easily and inexpensively, substantially reducing life safety hazards and the likelihood that the building will sustain damage in an earthquake.

**POLICY 2.7**

**Abate structural and non-structural hazards in City-owned structures.**

Both technical and financial resources are needed to repair and retrofit City-owned structures. The City shall utilize its capabilities to assess hazards and to create and implement bond and other funding opportunity and to carry out retrofit projects. A number of City buildings have already been structurally upgraded utilizing bond financing.

*Comment: The proposed General Obligation Bond would provide a loans to fund seismic retrofit of affordable housing that is City owned and/or managed, managed by other governmental housing agencies, and private non-profit affordable housing providers, including privately-owned SRO properties. The proposed Bond would fund seismic improvements to existing housing resources, consistent with the referenced General Plan Objectives and Policies.*

**POLICY 2.8**

**Preserve, consistent with life safety considerations, the architectural character of buildings and structures important to the unique visual image of San Francisco, and increase the likelihood that architecturally and historically valuable structures will survive future earthquakes.**

Older buildings are among those most vulnerable to destruction or heavy damage from a large earthquake. They may not have the more recent engineering features that make buildings more resistant to ground shaking, and many of them are located in areas near the Bay and the historic Bay inlets that were among the earliest parts of the City to be settled, and have the softest soil. The part of the City most vulnerable to fire, the dense downtown area, also contains many historic structures. A major earthquake could result in an irreplaceable loss of the historic fabric of San Francisco. The City needs to achieve the related goals of increasing life safety and preserving these buildings for future generations by increasing their ability to withstand earthquake forces.

When new programs are being considered to abate hazards posed by existing buildings and structures, the likely impacts of those programs on historic buildings must be thoroughly investigated. The resulting programs should encourage the retrofit of historic buildings in ways that preserve their architectural design character while increasing life safety.

*Comment: If the proposed General Obligation Bond is approved, individual projects that receive funding to seismically strengthen or retrofit a landmark or building of historic significance should be incorporate measures to preserve existing historic design features and*



elements as well as to take measures to increase the building's chances of surviving future earthquakes.

**OBJECTIVE 3**

**ENSURE THE PROTECTION OF LIFE AND PROPERTY FROM DISASTERS THROUGH EFFECTIVE EMERGENCY RESPONSE. PROVIDE PUBLIC EDUCATION AND TRAINING ABOUT EARTHQUAKES AND OTHER NATURAL DISASTERS AND HOW INDIVIDUALS, BUSINESSES AND COMMUNITIES CAN REDUCE THE IMPACTS OF DISASTERS.**

**HOUSING ELEMENT**

**OBJECTIVE 2**

**RETAIN THE EXISTING SUPPLY OF HOUSING.**

The existing housing stock is the City's major source of relatively affordable housing. It is very difficult to replace given the cost of new construction and the size of public budgets to support housing construction. Priority should be given to the retention of existing units as a primary means to provide affordable housing.

**POLICY 2.5**

**Preserve the existing stock of residential hotels.**

Residential or single-room occupancy hotels (SROs) represent a unique and often irreplaceable resource for thousands of lower income elderly, disabled, and single-person households.....

**HOUSING AFFORDABILITY**

**POLICY 5.2**

**Support efforts of for-profit and non-profit organizations and other community-based groups and expand their capacity to produce and manage permanently affordable housing.**

*Comment: The proposed General Obligation Bond, if approved, would provide a source of funds that would be made available to seismically strengthen and retrofit multi-story wood framed affordable soft-story buildings including structures constructed or funded by the City, and/ or other qualified governmental housing finance agencies, or owned by private third-parties, including housing in SRO hotel structures. The General Obligation Bond would help to reduce loss of life and property that will likely occur after significant earthquakes and seismic events, and would reduce the number of San Francisco residents displaced due to damage caused by significant earthquakes in the region. The proposed Bond is consistent with the referenced General Plan Objectives and Policies.*

**PROPOSITION M FINDINGS – PLANNING CODE SECTION 101.1**

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project, the proposed \$39,140,000 General Obligation Bond for an Earthquake Safety Retrofit Loan Program, proposed to be placed on the November 2010 ballot, is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

**Eight Priority Policies Findings**

The subject project is found to be consistent with the Eight Priority Policies of Planning Code Section 101.1 in that:

The proposed project is found to be consistent with the eight priority policies of Planning Code Section 101.1 in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced.

*The General Obligation Bond would have no adverse effect on neighborhood serving retail uses or opportunities for employment in or ownership of such businesses.*

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhood.

*The General Obligation Bond would have no adverse effect on the City's housing stock or on neighborhood character. The existing housing and neighborhood character would not be negatively affected. The proposed General Obligation Bond, if approved, would provide funding that would be available to seismically strengthen certain categories of existing housing resources in the City.*

3. That the City's supply of affordable housing be preserved and enhanced.

*The General Obligation Bond would have no adverse effect on the City's supply of affordable housing. If approved by the Board of Supervisors and the voters, the Bond would provide financial resources to seismically strengthen affordable housing in the City and County of San Francisco.*

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

*The General Obligation Bond would not result in commuter traffic impeding MUNI's transit service, overburdening the streets or altering current neighborhood parking.*

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for residential employment and ownership in these sectors be enhanced.

*The General Obligation Bond would not affect the existing economic base in this area.*

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

*The General Obligation Bond would not adversely affect achieving the greatest possible preparedness against injury and loss of life in an earthquake. If approved, the proposed General Obligation Bond would provide a source of funds that would enable the City to seismically strengthen affordable housing units in soft-story buildings, protect life and property, and reduce the potential injuries that would likely be caused by earthquakes in the Bay region.*

7. That landmarks and historic buildings be preserved.

*This General Obligation Bond, if approved, would establish a government financing mechanism to seismically strengthen existing soft-story affordable housing in the City. Specific projects are not identified in the proposed financing mechanism. If the General Obligation Bond is approved, landmarks or buildings of historic significance, and other individual structures proposed to receive funding may be required to receive separate General Plan referrals and/or other City authorization and approvals.*

8. That our parks and open space and their access to sunlight and vistas be protected from development.

*The General Obligation Bond would have no adverse effect on parks and open space or their access to sunlight and vistas.*

<b>RECOMMENDATION:</b>	<b>Finding the General Obligation Bond, on balance, in-conformity with the General Plan</b>
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cc: Jason Elliot, Mayor's Policy Advisor

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