

File No. 190495

Committee Item No. 5

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date June 6, 2019

Board of Supervisors Meeting Date _____

Cmte Board

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Completed by: Victor Young Date May 31, 2019

Completed by: _____ Date _____

1 [General Obligation Bond Election - Affordable Housing - Not to Exceed \$500,000,000]

2

3 Ordinance calling and providing for a special election to be held in the City and County

4 of San Francisco on Tuesday, November 5, 2019, for the purpose of submitting to

5 San Francisco voters a proposition to incur bonded indebtedness not to exceed

6 \$500,000,000 to finance the construction, development, acquisition, improvement,

7 rehabilitation, preservation, and repair of affordable housing improvements, and

8 related costs necessary or convenient for the foregoing purposes; authorizing

9 landlords to pass-through 50% of the resulting property tax increase to residential

10 tenants under Administrative Code, Chapter 37; providing for the levy and collection of

11 taxes to pay both principal and interest on such Bonds; incorporating the provisions

12 regarding the Citizens' General Obligation Bond Oversight Committee's review of

13 Affordable Housing Bond expenditures in Administrative Code, Sections 5.30-5.36;

14 setting certain procedures and requirements for the election; adopting findings under

15 the California Environmental Quality Act; and finding that the proposed Bonds are in

16 conformity with the General Plan, and the eight priority policies of Planning Code,

17 Section 101.1(b).

18 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.

19 **Additions to Codes** are in *single-underline italics Times New Roman font*.

20 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.

21 **Board amendment additions** are in double-underlined Arial font.

22 **Board amendment deletions** are in ~~strikethrough Arial font~~.

23 **Asterisks (* * * *)** indicate the omission of unchanged Code

24 subsections or parts of tables.

23 Be it ordained by the People of the City and County of San Francisco:

24 Section 1. Findings.

1 A. The City and County of San Francisco ("City") has been reported to have the
2 highest median rent in the United States with a one-bedroom apartment asking monthly rent
3 of \$3,700 according to the April 2019 National Rent Report on the rental listing website
4 Zumper.

5 B. The City is also one of the highest-priced home ownership markets in the United
6 States with a median home sales price of \$1,353 million, a 3% increase from the previous
7 year according to the April 2019 report by real estate website Zillow.

8 C. The Mayor's Office of Housing and Community Development ("MOHCD")
9 continues to see a widening affordability gap for extremely-low, low and middle-income
10 households in both the rental and homeownership markets.

11 D. The affordability gap has the greatest impact on extremely-low and low-income
12 households such as seniors, persons with disabilities, low-income working families, and
13 veterans.

14 E. Limited state and federal resources and the high cost of housing development
15 put a greater burden on local governments to contribute their own limited resources, and
16 consequently the City's supply of affordable housing has not kept pace with demand.

17 F. The housing need in the City is also particularly acute for middle-income
18 households, for whom there are no federal and limited state financing programs that the City
19 can leverage with its own subsidies.

20 G. The U.S. Department of Housing and Urban Development's contribution of funds
21 to the San Francisco Housing Authority ("Housing Authority") for costs to operate public
22 housing, have seen a steady decrease in funding levels.

23 H. The average annual household income for Housing Authority residents and
24 voucher-holders is less than \$20,000.

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1 I. The housing affordability gap that has arisen and expanded in the local housing
2 market inhibits the City from ensuring that economic diversity is maintained.

3 J. These high housing costs can inhibit healthy and balanced economic growth in
4 our region.

5 K. The failure to build affordable housing close to job centers such as San
6 Francisco results in long commutes, road congestion, and environmental harm as people
7 seek affordable housing at greater distances from where they work.

8 L. The proposed Bonds will provide a portion of the critical funding necessary to
9 construct, acquire, improve, rehabilitate, preserve, and repair affordable housing in the City
10 (as further defined in Section 3 below).

11 Section 2. A special election is called and ordered to be held in the City on Tuesday,
12 November 5, 2019, for the purpose of submitting to the electors of the City a proposition to
13 incur bonded indebtedness of the City for the programs described in the amount and for the
14 purposes stated (herein collectively, the "Project"):

15 "SAN FRANCISCO AFFORDABLE HOUSING BONDS. \$500,000,000 to construct,
16 develop, acquire, and preserve housing affordable to extremely-low, low- and middle-income
17 households through programs that will prioritize vulnerable populations such as San
18 Francisco's working families, veterans, seniors, and persons with disabilities; to assist in the
19 acquisition, rehabilitation, and preservation of existing affordable housing to prevent the
20 displacement of residents; to repair and reconstruct distressed and dilapidated public housing
21 developments and their underlying infrastructure; and to assist the City's middle-income
22 residents in obtaining affordable rental or home ownership opportunities including down
23 payment assistance for San Francisco Unified School District educators and other middle-
24 income working households; and to pay related costs; all subject to independent citizen
25 oversight and regular audits; and authorizing landlords to pass-through to residential tenants

1 in units subject to Administrative Code Chapter 37 (the "Residential Rent Stabilization and
2 Arbitration Ordinance") 50% of the increase in the real property taxes attributable to the cost
3 of the repayment of such Bonds.

4 The special election called and ordered to be held hereby shall be referred to in this
5 ordinance as the "Bond Special Election."

6 Section 3. PROPOSED PROGRAM. Contractors and City departments shall
7 comply with all applicable City laws when awarding contracts or performing work funded with
8 the proceeds of Bonds authorized by this measure, including:

9 A. PUBLIC HOUSING: \$150,000,000 of Bond proceeds will be allocated to
10 repair and reconstruct distressed and dilapidated public housing developments and their
11 underlying infrastructure.

12 B. LOW INCOME HOUSING: \$210,000,000 of Bond proceeds will be
13 allocated to construct, acquire, and rehabilitate rental housing serving extremely-low and low-
14 income individuals and families. It is intended that a portion of proceeds of the Bonds will be
15 used to assist members of the City's workforce in jobs with traditionally low compensation
16 levels, such as San Francisco Unified School District employees, nonprofit workers, health
17 care service workers, and service sector employees.

18 C. PRESERVATION AND MIDDLE INCOME HOUSING: \$50,000,000 of
19 Bond proceeds will be allocated to preservation and middle income housing efforts. This
20 allocation shall be comprised of the following: up to \$30 million of the Bond proceeds will be
21 allocated to acquire and/or rehabilitate existing housing at risk of losing affordability, whether
22 through market forces or a building's physical disrepair, and a minimum of \$20 million of the
23 Bond proceeds will be allocated to assist middle-income City residents in obtaining affordable
24 homeownership or rental opportunities.

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1 D. SENIOR HOUSING: \$90,000,000 of Bond proceeds will be allocated to
2 acquire and construct new senior housing.

3 E. CITIZENS' OVERSIGHT COMMITTEE. A portion of the Bond shall be used to
4 perform audits of the Bond, as further described in Section 4 and Section 15 below.

5 Section 4. BOND ACCOUNTABILITY MEASURES.

6 The Bonds shall include the following administrative rules and principles:

7 A. OVERSIGHT. The proposed Bond funds shall be subject to approval processes
8 and rules described in the San Francisco Charter and Administrative Code. Pursuant to
9 Administrative Code Section 5.31, the Citizens' General Obligation Bond Oversight
10 Committee shall conduct an annual review of Bond spending, and shall provide an annual
11 report of the Bond program to the Mayor and the Board of Supervisors ("Board").

12 B. TRANSPARENCY. The City shall create and maintain a web page outlining and
13 describing the bond program, progress, and activity updates. The City shall also hold an
14 annual public hearing and review on the bond program and its implementation before the
15 Capital Planning Committee and the Citizens' General Obligation Bond Oversight Committee.

16 Section 5. The estimated cost of the bond-financed portion of the project described
17 in Section 2 above was fixed by the Board by the following resolution and in the amount
18 specified below:

19 Resolution No. _____, on file with the Clerk of the Board in File No.
20 _____ \$500,000,000.

21 Such resolution was passed by two-thirds or more of the Board and approved by the
22 Mayor. In such resolution it was recited and found by the Board that the sum of money
23 specified is too great to be paid out of the ordinary annual income and revenue of the City in
24 addition to the other annual expenses or other funds derived from taxes levied for those
25 purposes and will require expenditures greater than the amount allowed by the annual tax

1 levy.

2 The method and manner of payment of the estimated costs described in this ordinance
3 are by the issuance of Bonds by the City not exceeding the principal amount specified.

4 Such estimate of costs as set forth in such resolution is adopted and determined to be
5 the estimated cost of such bond-financed improvements and financing, respectively.

6 Section 6. The Bond Special Election shall be held and conducted and the votes
7 received and canvassed, and the returns made and the results ascertained, determined, and
8 declared as provided in this ordinance and in all particulars not recited in this ordinance such
9 election shall be held according to the laws of the State of California ("State") and the Charter
10 of the City ("Charter") and any regulations adopted under State law or the Charter, providing
11 for and governing elections in the City, and the polls for such election shall be and remain
12 open during the time required by such laws and regulations.

13 Section 7. The Bond Special Election is consolidated with the General Election
14 scheduled to be held in the City on Tuesday, November 5, 2019 ("General Election"). The
15 voting precincts, polling places, and officers of election for the General Election are hereby
16 adopted, established, designated, and named, respectively, as the voting precincts, polling
17 places, and officers of election for the Bond Special Election called, and reference is made to
18 the notice of election setting forth the voting precincts, polling places, and officers of election
19 for the General Election by the Director of Elections to be published in the official newspaper
20 of the City on the date required under the laws of the State.

21 Section 8. The ballots to be used at the Bond Special Election shall be the ballots to
22 be used at the General Election. The word limit for ballot propositions imposed by Municipal
23 Elections Code Section 510 is waived. On the ballots to be used at the Bond Special Election,
24 in addition to any other matter required by law to be printed thereon, shall appear the following
25 as a separate proposition:

1 "SAN FRANCISCO AFFORDABLE HOUSING BONDS. To finance the construction,
2 development, acquisition, and preservation of housing affordable to extremely-low, low and
3 middle-income households through programs that will prioritize vulnerable populations such
4 as San Francisco's working families, veterans, seniors, and persons with disabilities; to assist
5 in the acquisition, rehabilitation, and preservation of existing affordable housing to prevent the
6 displacement of residents; to repair and reconstruct distressed and dilapidated public housing
7 developments and their underlying infrastructure; and to assist the City's middle-income
8 residents in obtaining affordable rental or home ownership opportunities including down
9 payment assistance for San Francisco Unified School District educators and other middle-
10 income households; and to pay related costs; shall the City and County of San Francisco
11 issue \$500,000,000 in general obligation bonds with a duration of up to 30 years from the time
12 of issuance, an estimated average tax rate of \$0.016/\$100 of assessed property value, and
13 projected average annual revenues of \$41,000,000, subject to independent citizen oversight
14 and regular audits?"

15 The City's current debt management policy is to maintain the property tax rate for City
16 general obligation bonds below the 2006 rate by issuing new general obligation bonds as
17 older ones are retired and the tax base grows, though this property tax rate may vary based
18 on other factors.

19 Each voter to vote in favor of the foregoing bond proposition shall mark the ballot in the
20 location corresponding to a "YES" vote for the proposition, and to vote against the proposition
21 shall mark the ballot in the location corresponding to a "NO" vote for the proposition.

22 Section 9. If at the Bond Special Election it shall appear that two-thirds of all the
23 voters voting on the proposition voted in favor of and authorized the incurring of bonded
24 indebtedness for the purposes set forth in such proposition, then such proposition shall have
25 been accepted by the electors, and the Bonds authorized shall be issued upon the order of

1 the Board. Such Bonds shall bear interest at a rate not exceeding that permitted by law.

2 The votes cast for and against the proposition shall be counted separately and when
3 two-thirds of the qualified electors, voting on the proposition, vote in favor, the proposition
4 shall be deemed adopted.

5 Section 10. The actual expenditure of Bond proceeds provided for in this ordinance
6 shall be net of financing costs.

7 Section 11. For the purpose of paying the principal and interest on the Bonds, the
8 Board shall, at the time of fixing the general tax levy and in the manner for such general tax
9 levy provided, levy and collect annually each year until such Bonds are paid, or until there is a
10 sum in the Treasury of the City, or other account held on behalf of the Treasurer of the City,
11 set apart for that purpose to meet all sums coming due for the principal and interest on the
12 Bonds, a tax sufficient to pay the annual interest on such Bonds as the same becomes due
13 and also such part of the principal thereof as shall become due before the proceeds of a tax
14 levied at the time for making the next general tax levy can be made available for the payment
15 of such principal.

16 Section 12. This ordinance shall be published in accordance with any State law
17 requirements, and such publication shall constitute notice of the Bond Special Election and no
18 other notice of the Bond Special Election hereby called need be given.

19 Section 13. The Board, having reviewed the proposed legislation, makes the following
20 findings in compliance with the California Environmental Quality Act ("CEQA"), California
21 Public Resources Code Sections 21000 et seq., the CEQA Guidelines, 15 Cal. Administrative
22 Code Sections 15000 et seq., ("CEQA Guidelines"), and San Francisco Administrative Code
23 Chapter 31 ("Chapter 31"): The Environmental Review Officer determined that this legislation
24 is not defined as a project subject to CEQA because it is a funding mechanism involving no
25 commitment to any specific projects at any specific locations, as set forth in CEQA Guidelines

1 Section 15378.

2 Section 14. The Board finds and declares that the proposed Bonds (a) were referred
3 to the Planning Department in accordance with Section 4.105 of the San Francisco Charter
4 and Section 2A.53(f) of the Administrative Code, (b) are in conformity with the priority policies
5 of Section 101.1(b) of the San Francisco Planning Code, and (c) are consistent with the City's
6 General Plan, and adopts the findings of the Planning Department, as set forth in the General
7 Plan Referral Report dated May 3, 2019, a copy of which is on file with the Clerk of the Board
8 in File No. 190495, and incorporates such findings by this reference.

9 Section 15. Under Section 53410 of the California Government Code, the Bonds shall
10 be for the specific purpose authorized in this ordinance and the proceeds of such Bonds will
11 be applied only for such specific purpose. The City will comply with the requirements of
12 Sections 53410(c) and 53410(d) of the California Government Code.

13 Section 15. The Bonds are subject to, and incorporate by reference, the applicable
14 provisions of Administrative Code Sections 5.30-5.36 (the "Citizens' General Obligation Bond
15 Oversight Committee"). Under Administrative Code Section 5.31, to the extent permitted by
16 law, 0.1% of the gross proceeds of the Bonds shall be deposited in a fund established by the
17 Controller's Office and appropriated by the Board of Supervisors at the direction of the
18 Citizens' General Obligation Bond Oversight Committee to cover the costs of such committee.

19 Section 16. The time requirements specified in Administrative Code Section 2.34 are
20 waived.

21 Section 17. The City hereby declares its official intent to reimburse prior expenditures
22 of the City incurred or expected to be incurred prior to the issuance and sale of any series of
23 the Bonds in connection with the Project. The Board hereby declares the City's intent to
24 reimburse the City with the proceeds of the Bonds for expenditures with respect to the Project
25 (the "Expenditures" and each, an "Expenditure") made on and after that date that is no more

1 than 60 days prior to the passage of this ordinance. The City reasonably expects on the date
2 hereof that it will reimburse the Expenditures with the proceeds of the Bonds.

3 Each Expenditure was and will be either (a) of a type properly chargeable to a capital
4 account under general federal income tax principles (determined in each case as of the date
5 of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item
6 that is not customarily payable from current revenues, or (d) a grant to a party that is not
7 related to or an agent of the City so long as such grant does not impose any obligation or
8 condition (directly or indirectly) to repay any amount to or for the benefit of the City. The
9 maximum aggregate principal amount of the Bonds expected to be issued for the Project is
10 \$500,000,000. The City shall make a reimbursement allocation, which is a written allocation
11 by the City that evidences the City's use of proceeds of the applicable series of Bonds to
12 reimburse an Expenditure, no later than 18 months after the later of the date on which the
13 Expenditure is paid or the related portion of the Project is placed in service or abandoned, but
14 in no event more than three years after the date on which the Expenditure is paid. The City
15 recognizes that exceptions are available for certain "preliminary expenditures," costs of
16 issuance, certain de minimis amounts, expenditures by "small issuers" (based on the year of
17 issuance and not the year of expenditure) and Expenditures for construction projects of at
18 least five years.

19 Section 18. The appropriate officers, employees, representatives, and agents of the
20 City are hereby authorized and directed to do everything necessary or desirable to accomplish
21 the calling and holding of the Bond Special Election, and to otherwise carry out the provisions
22 of this ordinance.

23 ///

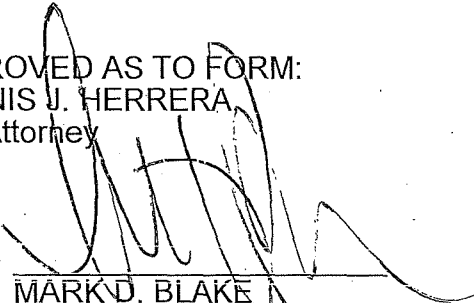
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1 Section 19. Documents referenced in this ordinance are on file with the Clerk of the
2 Board of Supervisors in File No 1190495, which is hereby declared to be a part of this
3 ordinance as if set forth fully herein.
4

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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LEGISLATIVE DIGEST

[General Obligation Bond Election - Affordable Housing - Not to Exceed \$500,000,000]

Ordinance calling and providing for a special election to be held in the City and County of San Francisco on Tuesday, November 5, 2019, for the purpose of submitting to San Francisco voters a proposition to incur bonded indebtedness not to exceed \$500,000,000 to finance the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements, and related costs necessary or convenient for the foregoing purposes; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants under Administrative Code, Chapter 37; providing for the levy and collection of taxes to pay both principal and interest on such Bonds; incorporating the provisions regarding the Citizens' General Obligation Bond Oversight Committee's review of Affordable Housing Bond expenditures in Administrative Code, Sections 5.30-5.36; setting certain procedures and requirements for the election; adopting findings under the California Environmental Quality Act; and finding that the proposed Bonds are in conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

Existing Law

General Obligation Bonds of the City and County of San Francisco may be issued only with the assent of two-thirds of the voters voting on the proposition.

Ballot Proposition

This ordinance authorizes the following ballot proposition to be placed on the November 5, 2019 ballot:

“SAN FRANCISCO AFFORDABLE HOUSING BONDS. To finance the construction, development, acquisition, and preservation of housing affordable to extremely-low, low and middle-income households through programs that will prioritize vulnerable populations such as San Francisco's working families, veterans, seniors, persons with disabilities; to assist in the acquisition, rehabilitation, and preservation of existing affordable housing to prevent the displacement of residents; to repair and reconstruct distressed and dilapidated public housing developments and their underlying infrastructure; and to assist the City's middle-income residents in obtaining affordable rental or home ownership opportunities including down payment assistance for San Francisco Unified School District educators and other middle-income households; and to pay related costs; shall the City and County of San Francisco issue \$500,000,000 in general obligation bonds with a duration of up to 30 years from the time of issuance, an estimated average tax rate of \$0.016/\$100 of assessed property value, and projected average annual revenues of \$41,000,000, subject to independent citizen oversight and regular audits?”

FILE NO. 190495

The ordinance fixes the maximum rate of interest on the Bonds, and provides for a levy and collection of taxes to repay both the principal and interest on the Bonds. The ordinance also describes the manner in which the Bond Special Election will be held, and the ordinance provides for compliance with applicable state and local laws. The proposed ordinance includes accountability and transparency measures.

Background Information

The City and County of San Francisco ("City") has been reported to have the highest rental and homeownership markets in the United States. The Mayor's Office of Housing and Community Development (MOHCD) continues to see a widening affordability gap for extremely-low, low and middle-income households in both the rental and homeownership markets. Moreover, the affordability gap continues to grow and has the greatest impact on extremely-low and low-income households such as seniors, persons with disabilities, low-income working families and veterans.

Given the limited state and federal resources, and the high cost of housing development, significant burdens have been placed on the limited resources of local government. As a consequence the City's supply of affordable housing has not kept pace with demand. This is particularly acute for middle-income households, for whom there are no federal and limited state financing programs that the City can leverage with its own subsidies.

The proposed Bonds will provide a portion of the critical funding necessary to construct, acquire, improve, rehabilitate, preserve, and repair affordable housing in the City, including \$150,000,000 for public housing, \$210,000,000 for low income housing, \$50,000,000 for preservation and middle income housing and \$90,000,000 for senior housing (all as further described in the ordinance, and the 2019 Affordable Housing Bond Report prepared by MOHCD).

The Board of Supervisors found that the amount of money specified for this project is and will be too great to be paid out of the ordinary annual income and revenue of the City, and will require expenditures greater than the amount allowed therefor by the annual tax levy.

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Items 4 and 5
Files 19-0501 and 19-0495

Department:
 Mayor's Office

EXECUTIVE SUMMARY

Legislative Objectives

File 19-0501: The proposed resolution would determine and declare that the public interest and necessity demand the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements to be financed through bonded indebtedness in an amount not-to-exceed \$500,000,000.

File 19-0495: The proposed ordinance would call and provide for a special election to be held in San Francisco on November 5, 2019, in order to submit to San Francisco voters a proposition to incur not-to-exceed \$500,000,000 of general obligation bonded indebtedness to finance the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements.

Key Points

- Proposition A, approved by the voters in 2015, provided for the issuance of \$310 million in general obligation bonds for affordable housing development in the City. The proposed ordinance would approve placing a new proposition on the November 2019 ballot to approve the issuance of \$500 million in general obligation bonds for affordable housing development in the City.
- Of the \$500 million in new general obligation bonds: \$150 million would be allocated to the rehabilitation of public housing; \$210 million to construction/ acquisition/ rehabilitation of housing affordable to households with income up to 80 percent of the Area Median Income (AMI); \$30 million to preservation of housing for households between 30 percent and 120 percent of AMI; \$20 million to create housing opportunities for middle income households; and \$90 million to senior housing.

Fiscal Impact

- Estimated repayment of the bonds over 20 years is \$897 million, of which \$397 million is interest and \$500 million is principal. Average annual debt service is \$40.7 million.
- The estimated additional property tax to a residence with an assessed value of \$500,000 is \$77.43 per year.
- The proposed issuances are consistent with the City's policies to keep the property tax rate for City general obligation bonds below the FY 2005-06 rate.

Recommendation

- Approval of the proposed ordinance and resolution is a policy decision for the Board of Supervisors.

MANDATE STATEMENT

According to Article 16, Section 18(a) of the State of California Constitution, no county, city, town, township, board of education, or school district, shall incur any indebtedness or liability for any purpose exceeding in any year the income and revenue provided for such year, without the approval of two-thirds of the voters of the public entity voting at an election to be held for that purpose.

Section 9.105 of the City's Charter provides that the Board of Supervisors is authorized to approve the issuance and sale of general obligation bonds in accordance with State law or local procedures adopted by ordinance.

BACKGROUND

On November 3, 2015, San Francisco voters approved Proposition A, which authorized the issuance of not-to-exceed \$310,000,000 in taxable and tax-exempt general obligation bonds for affordable housing. The 2015 bond proceeds will be fully disbursed by July 2019. As shown in Table 1 below, the 2015 Affordable Housing General Obligation Bond resulted in the development or preservation of 1,613 housing units as affordable.

Table 1: 2015 Affordable Housing General Obligation Bond Budget

Description	Original Budget	New or Preserved Affordable Housing Units	Average Funding per Unit
Public Housing	\$77,420,000	517	\$149,749
Low-Income Housing	96,775,000	548	176,597
Mission Neighborhood Housing	48,385,000	273	177,234
Middle-Income Housing	77,420,000	275	281,527
Oversight and Cost of Bond Issuance	10,000,000	--	--
Total	\$310,000,000	1,613	\$192,188

DETAILS OF PROPOSED LEGISLATION

File 19-0495: The proposed ordinance would call and provide for a special election to be held in San Francisco on November 5, 2019, in order to submit to San Francisco voters a proposition to incur not-to-exceed \$500,000,000 of general obligation bonded indebtedness to finance the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements.

File 19-0501: The proposed resolution would determine and declare that the public interest and necessity demand the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements to be financed through bonded indebtedness in an amount not-to-exceed \$500,000,000.

Both the proposed ordinance (File 19-0495) and resolution (File 19-0501) would:

- Authorize landlords to pass-through 50 percent of the resulting property tax increase to residential tenants under Administrative Code, Chapter 37;
- Provide for the levy and collection of taxes to pay both principal and interest on the bonds;
- Adopt findings under the California Environmental Quality Act (CEQA); and
- Find that the proposed bonds are in conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

Possible uses of the bond proceeds are shown in Table 2 below.

Table 2: Possible Uses of the Proposed 2019 Affordable Housing Bond

Program	2019 Bond Budget	Eligible Uses	Populations Served
Public Housing	\$150,000,000	Repair and rebuilding of distressed public housing and its underlying infrastructure	Existing public housing residents; new generations of residents earning 0-80% AMI; low-income families living in new units added to public housing sites
Low-Income Housing	210,000,000	Construction, acquisition, and rehabilitation of permanently affordable rental housing serving individuals and families earning from 0-80% AMI	Working families; veterans; seniors; people with disabilities; transitional aged youth; people experiencing homelessness
Affordable Housing Preservation	30,000,000	Acquisition and/or rehabilitation of rental housing at risk of losing affordability	Low- to middle-income households earning 30-120% AMI
Middle-Income Housing	20,000,000	Creation of new affordable housing opportunities through down payment assistance loans and the purchase of buildings or land for new affordable construction	Households earning 80-175% AMI; Teacher Next Door educators earning up to 200% AMI
Senior Housing	90,000,000	Creation of new affordable senior housing rental opportunities through new construction and acquisition	Seniors earning from 0-80% AMI
Total	\$500,000,000		

FISCAL IMPACT**Rationale for Proposed Costs**

According to Ms. Amy Chan, Director of Policy and Legislative Affairs at MOHCD, the program allocations and unit counts are based on typical per unit costs. Specific projects have not yet been detailed as they would be subject to CEQA review. The number of units estimated to be built or preserved under each program and the cost assumptions are shown in Table 3 below.

Table 3: Cost Assumptions for 2019 Affordable Housing Bond

Program	2019 Bond Budget	New or Preserved Units	Cost Assumption
Public Housing	\$150,000,000	965	Rehabilitation cost of approximately \$27,000 per unit (550 units); new construction average cost of approximately \$325,000 per unit (415 units)
Low-Income Housing	210,000,000	1,000	New construction gap funding need of approximately \$210,000 per unit
Affordable Housing Preservation	30,000,000	90	Acquisition/rehabilitation cost of approximately \$330,000 per unit
Middle-Income Housing	20,000,000	60	Average down payment assistance loan of approximately \$330,000
Senior Housing	90,000,000	300	New construction gap funding need of approximately \$300,000 per unit
Total	\$500,000,000	2,415	

If the proposed \$500 million of affordable housing bonds is approved by voters, all issuances of the bonds and appropriations of the bond fund proceeds would be subject to Board of Supervisors approval, at which time CEQA review and approval of the specific projects would be required and the project costs would be identified.

Proposed Bond Financing Costs

If the proposed \$500 million of general obligation bonds for affordable housing are approved by the San Francisco voters in November 2019, Mr. Vishal Trivedi, Financial Analyst in the Office of Public Finance, anticipates that these bonds would be sold in three issuances between 2020 and 2023. According to Mr. Trivedi, the affordable housing general obligation bonds are anticipated to be federally taxable and to have an annual interest rate of 6.5 percent over approximately 20 years, with estimated total debt service payments of \$897 million, including approximately \$397 million in interest and \$500 million in principal, with estimated average annual debt service payments of \$40,730,000.

Repayment of such annual debt service would be recovered through increases to the annual property tax rate. A single family residence with an assessed value of \$500,000, assuming a homeowners exemption of \$7,000, would pay average annual additional property taxes to the City of \$77.43 per year to cover the debt service on the proposed \$500,000,000 of affordable housing bonds.

Oversight and bond issuance costs are included in the amounts shown in Table 2 above. According to Mr. Trivedi, 0.2 percent of project funds would be allocated to the City Services Auditor audit function and 0.1 percent of the par would be allocated to the General Obligation Bond Oversight Committee. The Office of Public Finance typically assumes issuance costs of approximately \$600,000 per issuance and a 1 percent underwriter's discount, although these costs are subject to change per transaction.

Debt Limit

Section 9.106 of the City Charter limits the amount of general obligation bonds the City can have outstanding at any given time to three percent of the total assessed value of property in San Francisco. The FY 2018-19 total assessed value of property in the City is approximately \$259.3 billion, such that the general obligation debt limit is currently approximately \$7.78 billion. According to Mr. Trivedi, as of June 30, 2019, there will be \$2,293,487,973 of general obligation bonds outstanding, or approximately 0.9 percent of the total assessed value of property in the City. If the subject \$500,000,000 of affordable housing bonds are issued as proposed, the outstanding general obligation bonds would total \$2,793,487,973, or approximately 1.1 percent of the total assessed value of property.

The proposed issuances are consistent with the City's current debt management policy and the intent of the City's approved Ten Year Capital Plan, to keep the property tax rate for City general obligation bonds below the FY 2005-06 rate by issuing new bonds as older ones are retired and the tax base grows, though this property tax rate may vary based on other factors.

POLICY CONSIDERATION

Approval of the proposed resolution (File 19-0501) requires two-thirds or more of the Board of Supervisors approval and approval by the Mayor. In addition, approval of this \$500,000,000 General Obligation Bond would require approval by at least two-thirds of San Francisco voters.

RECOMMENDATION

Approval of the proposed ordinance and resolution is a policy decision for the Board of Supervisors.



SAN FRANCISCO PLANNING DEPARTMENT

General Plan Referral

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

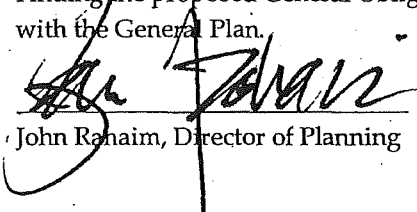
Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Date: May 3, 2019
Case 2019-006129GPR
Block/Lot No.: Various, Citywide
Project Sponsor: Mayor's Office of Housing
1 South Van Ness Avenue
San Francisco, CA 94103
Staff Contact: Mat Snyder -- (415) 575-6891
mathew.snyder@sfgov.org

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

Recommended
By: 
John Rahaim, Director of Planning

PROJECT DESCRIPTION

The City and County of San Francisco is proposing a \$500 million General Obligation Bond for the November 2019 ballot. The purpose of the Bond is to: create new affordable homes, especially for the City's growing senior population; accelerate the rebuilding of distressed public housing sites for some of the City's most vulnerable residents; preserve affordability in existing housing at risk of market-rate conversion or loss due to physical decline; protect San Franciscans living in apartments at risk of displacement including those covered by rent control; and expand rental and homeownership opportunities for the City's middle-income workforce; including educators, non-profit workers, and service industry employees. It's the City's goal to reserve \$200 million of the bond funds to serve extremely low-income households (30% AMI or less).

The \$500 million general obligation bond acknowledges the City's well-documented affordability gap for both rental and ownership housing across a range of income levels and the capital investment in housing made possible by the GO bond will help stabilize existing neighborhoods and increase the livability of our city.

The 2019 Affordable Housing General Obligation Bond proposes three categories of investments, each of which supports a range of incomes.

Table 1: Program Categories and Funding Ranges for the General Obligation Bond

Program Categories	General Obligation Fund
Public Housing	\$150 million
Low-Income Housing (up to 80% AMI)	\$210 million
Affordable Housing Preservation (30% to 120% AMI)	\$30 million (est.)
Middle-Income Housing (80% AMI up to 175% AMI)	\$20 million (est.)
Senior Housing (up to 80% AMI)	\$90 million (est.)
TOTAL	\$500 million

Individual projects funded by the bond program may require additional project level analysis and review -possibly including General Plan Referrals - by the Planning Department as they are identified.

ENVIRONMENTAL REVIEW

Not a project under CEQA Guidelines Sections 15060(c) and 15378 because there is no direct or indirect physical change in the environment.

GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION

The proposed Bond to fund Affordable Housing is, on balance, **in conformity** with the General Plan, as described in the body of this Report. If the Bond is approved and funds for affordable housing become available, **some projects may require project-level General Plan referrals**, as required by San Francisco Charter §4.105 and § 2A.53 of the Administrative Code, Environmental Review and/or other discretionary actions by the Planning Department.

Note: General Plan Objectives are shown in **BOLD UPPER CASE** font; Policies are in **Bold** font; staff comments are in *italic* font.

HOUSING ELEMENT

OBJECTIVE 1

IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

POLICY 1.1

Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.

POLICY 1.10

Support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking and bicycling for the majority of daily trips.

Comment: The Bond includes building and maintaining San Francisco's affordable housing stock and would provide additional funds to construct and rehabilitate public housing as well as locating new affordable housing near transit.

OBJECTIVE 2

RETAIN EXISTING HOUSING UNITS, AND PROMOTE SAFETY AND MAINTENANCE STANDARDS, WITHOUT JEOPARDIZING AFFORDABILITY.

POLICY 2.4

Promote improvements and continued maintenance to existing units to ensure long term habitation and safety

Comment: The proposed Bond, if approved, would provide resources to maintain existing affordable housing units including rental units and to stabilize existing neighborhoods.

OBJECTIVE 4

FOSTER A HOUSING STOCK THAT MEETS THE NEEDS OF ALL RESIDENTS ACROSS LIFECYCLES.

POLICY 4.4

Encourage sufficient and suitable rental housing opportunities, emphasizing permanently affordable rental units wherever possible.

Comment: The proposed Bond if approved may acquire existing rental housing as affordable housing and preserve existing rental housing to prevent the loss of rental housing stock.

OBJECTIVE 7

SECURE FUNDING AND RESOURCES FOR PERMANENTLY AFFORDABLE HOUSING, INCLUDING INNOVATIVE PROGRAMS THAT ARE NOT SOLELY RELIANT ON TRADITIONAL MECHANISMS OR CAPITAL.

POLICY 7.1

Expand the financial resources available for permanently affordable housing, especially permanent sources.

POLICY 7.3

Recognize the importance of funds for operations, maintenance and services to the success of affordable housing programs

POLICY 7.6

Acquire and rehabilitate existing housing to maximize effective use of affordable housing resources.

POLICY 7.8

Develop, promote, and improve ownership models which enable households to achieve homeownership within their means, such as down-payment assistance, and limited equity cooperatives.

Comment: The proposed Bond, if approved, would provide funding to maintain and preserve existing affordable housing, acquire and construct new affordable units and promote homeownership for first time homeowners in San Francisco.

OBJECTIVE 8

BUILD PUBLIC AND PRIVATE SECTOR CAPACITY TO SUPPORT, FACILITATE, PROVIDE AND MAINTAIN AFFORDABLE HOUSING

POLICY 8.1

Support the production and management of permanently affordable housing.

POLICY 8.2

Encourage employers located within San Francisco to work together to develop and advocate for housing appropriate for employees.

Comment: If the Bond is approved, it will create new affordable housing units, speed the rehabilitation and reconstruction of public housing, protect existing residents in rent-controlled housing and expand rental and homeownership opportunities.

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 \$300,000,000 General Obligation Bond for affordable housing proposed to be placed on the November 2015 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:

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 project will not displace or restrict access to any existing neighborhood-serving or restrict future opportunities.

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

The project will enhance the economic diversity of our neighborhoods by increasing the production of affordable housing at a range of income levels, as well as preserving existing affordable rental housing.

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

The project will directly support the preservation and enhancement of the City's supply of affordable housing. The purpose of the bond is to create new affordable housing units, speed and complete the rebuilding of public housing, protect existing residents in rent-controlled housing, and expand rental and homeownership opportunities for our city's workforce.

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

The proposed project will not impede Muni transit service, nor overburden our streets or 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 project will not displace any individual businesses.

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

The proposed project will not hinder earthquake preparedness efforts. Further, any new construction supported by proceeds from the Bond will be up to current seismic and safety codes and standards.

7. That landmarks and historic buildings be preserved.

The project would not have an adverse effect on landmarks or historic buildings. No specific projects have been identified and the Bond is a financing mechanism for future improvements.

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

The project will not impact parks and open spaces.

RECOMMENDATION: Finding the General Obligation Bond, on balance,
in-conformity with the General Plan

If approved, the following types of projects funded by the Bond should be referred to the Planning Department to determine whether they require separate General Plan Referral(s), pursuant to Section 4.105 of the Charter and Sections 2A.52 and 2A.53 of the Administrative Code or other authorization:

- Demolition of buildings / structures
- Construction of new buildings / structures
- Additions to existing structures (enlargement)

BOARD of SUPERVISORS



City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

May 14, 2019

File No. 190501

Lisa Gibson
Environmental Review Officer
Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103

Dear Ms. Gibson:

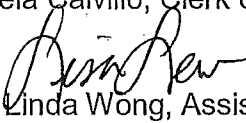
On May 7, 2019, Mayor Breed introduced the following proposed legislation:

File No. 190501

Resolution determining and declaring that the public interest and necessity demand the construction, development, acquisition, improvement, rehabilitation, preservation and repair of affordable housing improvements and related costs necessary or convenient for the foregoing purposes; to be financed through bonded indebtedness in an amount not to exceed \$500,000,000; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants under Administrative Code, Chapter 37; providing for the levy and collection of taxes to pay both principal and interest on such bonds; adopting findings under the California Environmental Quality Act; and finding that the proposed bond is in conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

for By: 
Linda Wong, Assistant Clerk
Budget and Finance Committee

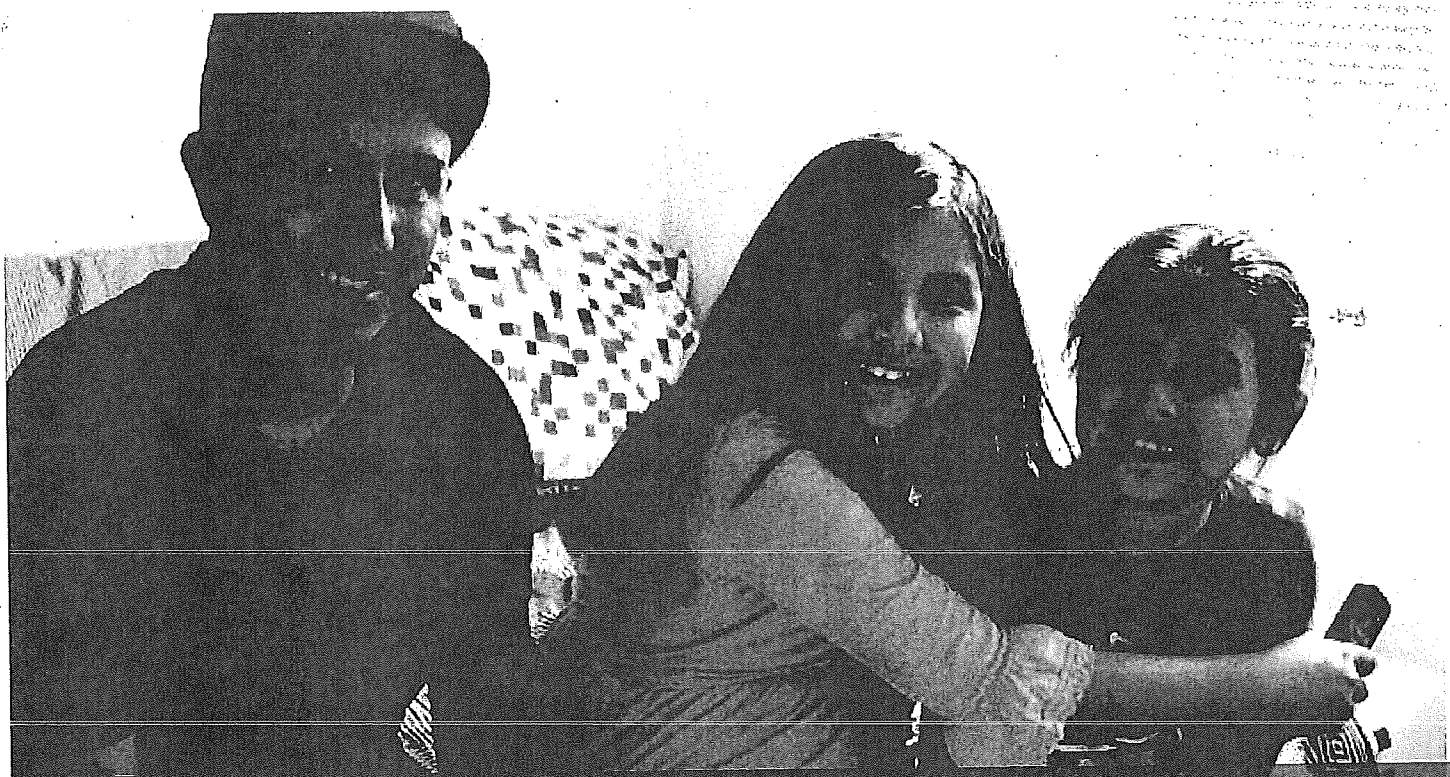
Attachment

c: Joy Navarrete, Environmental Planner
Laura Lynch, Environmental Planner

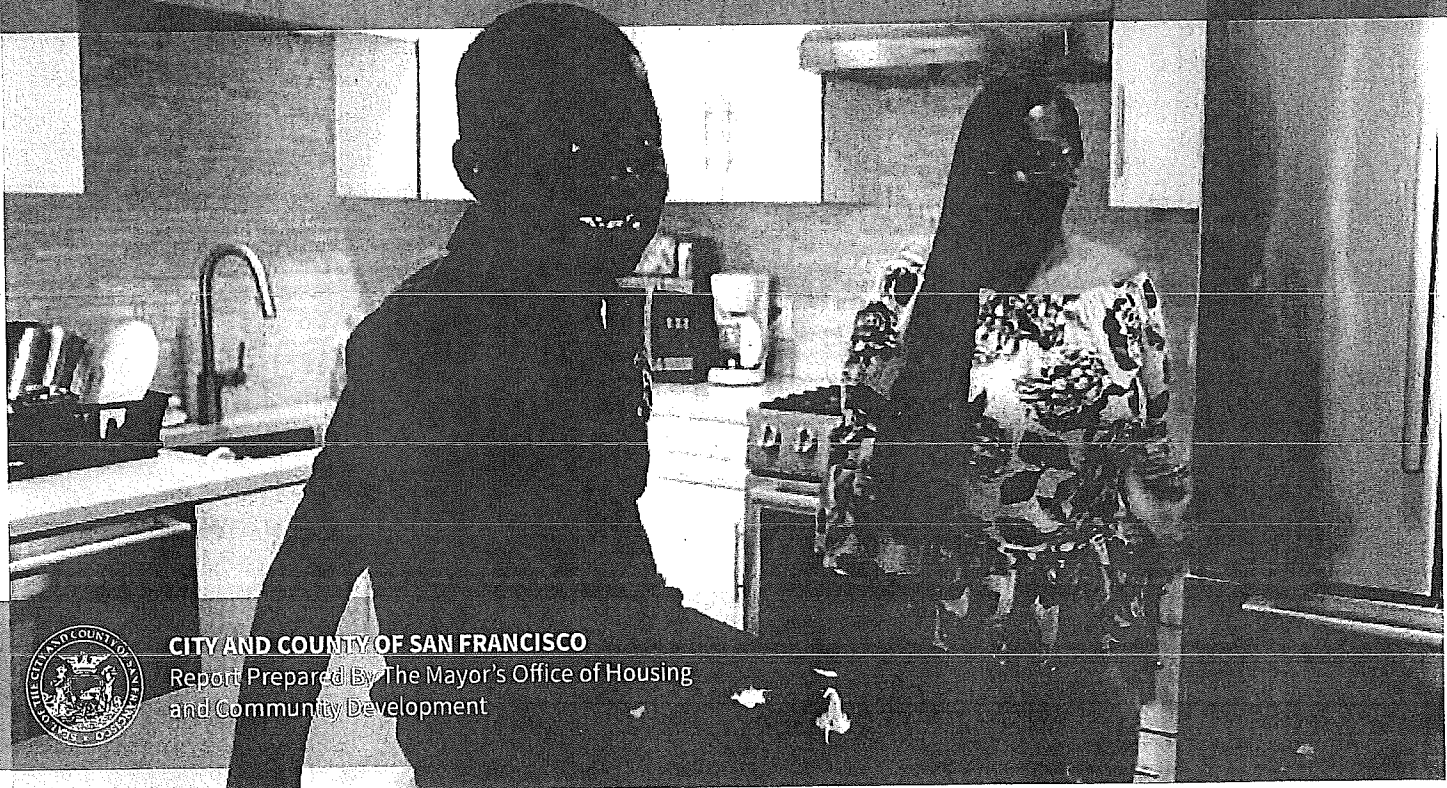
Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it would not result in a direct or indirect physical change in the environment.

joy
navarrete

Digitally signed by joy navarrete
DN: dc=org, dc=sfgov, dc=cityplanning,
ou=CityPlanning, ou=Environmental
Planning, cn=joy navarrete,
email=joy.navarrete@sfgov.org
Date: 2019.05.30 10:22:14 -07'00'



2019 General Obligation Affordable Housing Bond Report



CITY AND COUNTY OF SAN FRANCISCO
Report Prepared By The Mayor's Office of Housing
and Community Development



**San Francisco Mayor's Office of Housing
and Community Development**

One South Van Ness Avenue, 5th Floor,
San Francisco, CA 94103

Tel 415-701-5500
Fax 415-701-5501

www.sfmohcd.org

Table of Contents

Executive Summary	5
Background	6
Need for the Investment	8
Program Elements	11
1. Public Housing	12
2. Low-Income Housing	13
3. Affordable Housing Preservation & Middle-Income Housing	14
4. Senior Housing	15
Accountability	16
10-Year Capital Plan	18
Schedule	19

Key Housing Terms

Affordable Housing: Refers to housing with a rent or cost of ownership equal to 30% or less of the household's income and/or housing that is funded by the government, rented or sold at prices that are below the local market rate, and restricted to qualifying households with limited incomes

AMI: Area median income; for-2018 100% of AMI for an individual is \$82,900, and for a family of four it is \$118,400

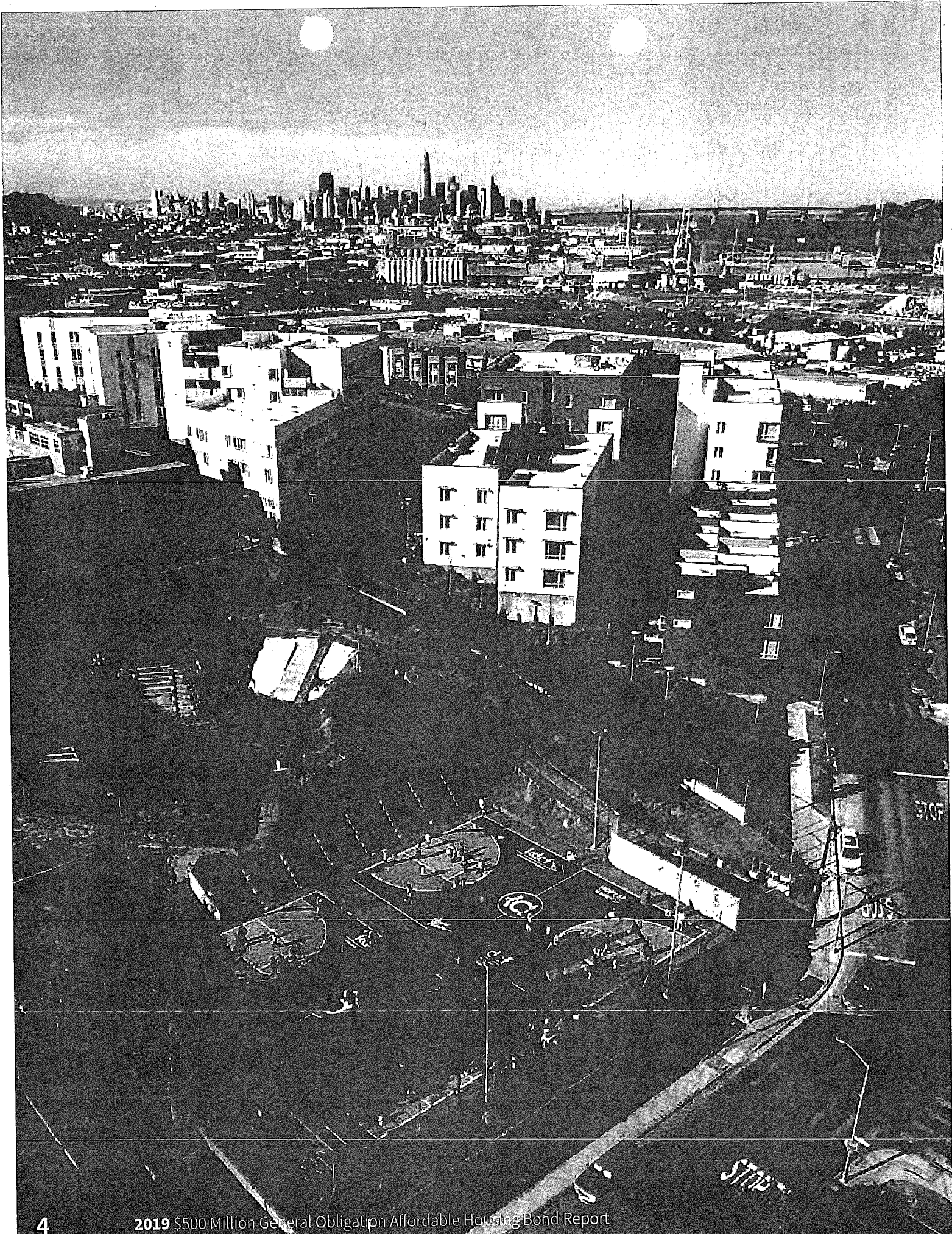
ELI: Extremely Low-Income; households earning 30% AMI or less

Low-Income: Households earning between 30% and 80% AMI

Middle-Income: Households earning between 80% and 200% AMI

Market-Rate Housing: No income limit restriction

Public Housing: Federally subsidized low-income housing restricted to households with incomes of up to 80% AMI



Executive Summary

The City and County of San Francisco is proposing a \$500 million General Obligation Affordable Housing Bond to address critical housing needs, protect residents, and stabilize communities. With this investment, the City can:

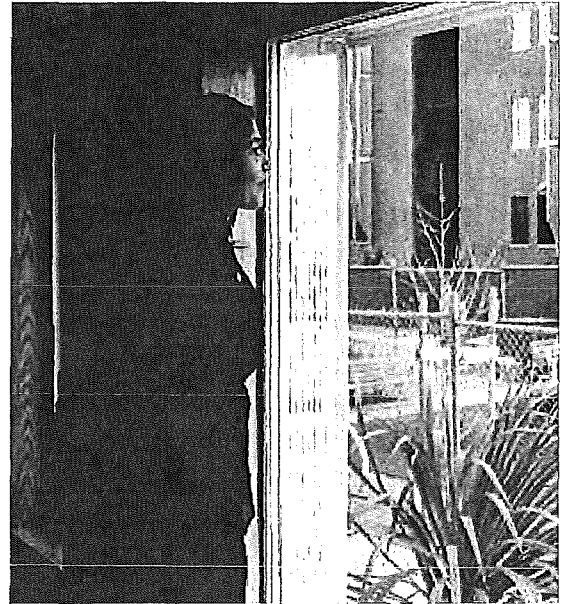
- Create new affordable homes, especially for our growing senior population
- Accelerate the rebuilding of distressed public housing sites for some of the City’s most vulnerable residents
- Preserve affordability in existing housing at risk of market-rate conversion or loss due to physical disrepair
- Protect San Franciscans living in apartments at risk of displacement, including those covered by rent-control
- Expand rental and homeownership opportunities for the City’s middle-income residents and workforce, including educators, first responders, non-profit workers, and service industry employees
- Set a goal for \$200M of the Bond’s funds to serve extremely low-income households (30% AMI or less)

The estimated funding program for the bond is as follows:

Program Categories	2019 GO Bond Funding
Public Housing	\$150 Million
Low-Income Housing (up to 80% AMI)	\$210 Million
Affordable Housing Preservation (30% to 120% AMI) & Middle-Income Housing (80% AMI up to 175% AMI)	\$50 Million: \$30 Million (est.) - preservation \$20 Million (est.) - middle-income
Senior Housing (up to 80% AMI)	\$90 Million
TOTAL	\$500 Million

Background

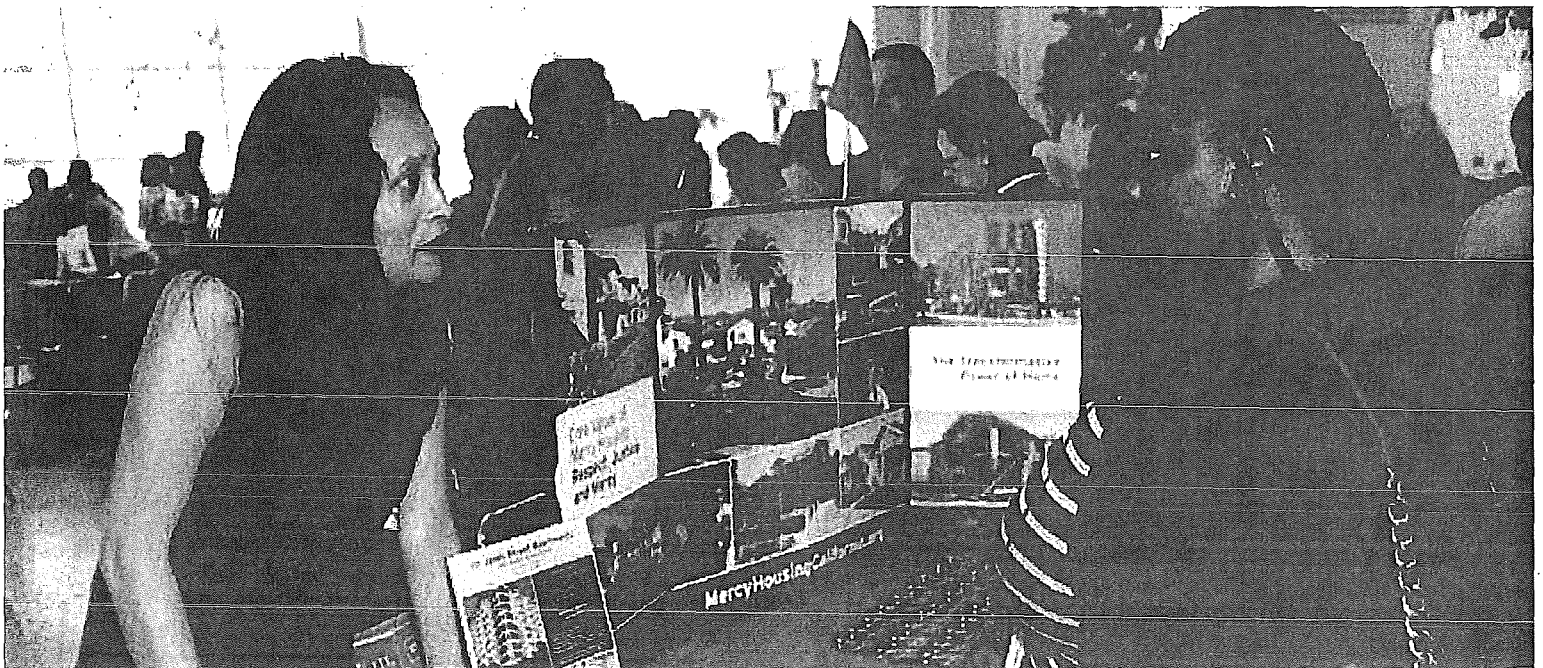
Since 2012, City leaders and voters have repeatedly demonstrated their support for policies and investments that address the housing needs of San Francisco’s workforce and vulnerable residents. In 2012, voters approved the creation of the Housing Trust Fund. In 2015, 74% of voters approved Proposition A, a \$310 million general obligation affordable housing bond. Then in 2016, voters passed Proposition C to repurpose \$260 million in unused bond capacity to fund the Preservation and Seismic Safety (PASS) program to acquire, rehab, and convert at-risk buildings to permanent affordable housing. In 2018, over 60% of voters said yes to Proposition C, which created a gross receipts tax on high-earning corporations for the purpose of providing homelessness prevention measures, shelters, and permanent exits from homelessness.



Mayor London Breed has moved swiftly to expand and enhance these important efforts. With the partnership of Board of Supervisors President Norman Yee, they launched the 2019 Housing Bond proposal by convening a working group of over 100 affordable housing developers, neighborhood leaders, construction and finance experts, property owners, elected officials, tenant advocates, and business and philanthropic professionals to help define and prioritize the 2019 Affordable Housing Bond uses described in this report.

The 2019 Affordable Housing Bond builds upon the goals and successes of the 2015 Housing Bond. That earlier measure, which provided \$310 million for low- and middle-income housing, public housing, and affordable housing built specifically in the Mission neighborhood, will be fully disbursed by July 2019 and produce or preserve over 1,600 affordable homes. The specific program breakdown and accomplishments of the 2015 Housing Bond follow below (dollar values in millions):

2015 General Obligation Housing Bond Program	Total Bond Funding	New or Preserved Affordable Housing Opportunities Created
Public Housing	\$80 Million	517
Low-Income Housing	\$100 Million	548
Affordable Housing in the Mission	\$50 Million	273
Middle-Income Housing	\$80 Million	275
TOTAL	\$310 Million	1,613



2019 Housing Bond:

Need For The Investment

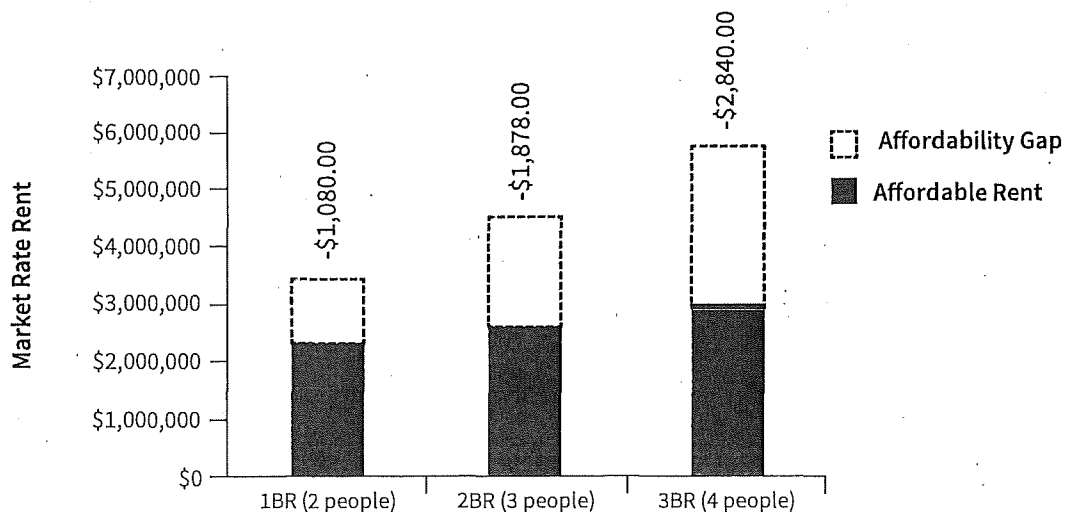
Since 2011, market-rate rental costs and homeownership prices have far outpaced income increases for most working households. This “affordability gap” leaves families and individuals vulnerable to displacement and homelessness. Though there has been significant affordable housing production and preservation in the last five years, a critical need for more affordable housing continues. High costs and low supply bring personal hardship, accelerate displacement, undermine balanced economic growth, and cause environmental damage as workers endure longer daily work commutes.

Sizing the Affordability Gap

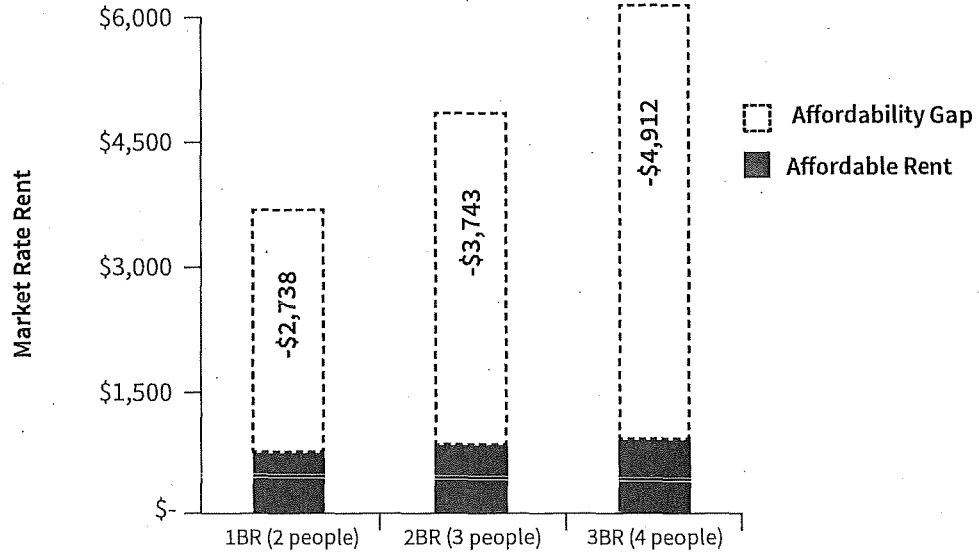
The Affordability Gap is the difference between what housing costs and what households of various sizes can afford to pay. It is pegged to income level using the percentage of San Francisco’s Area Median Income (AMI) and household size.

San Francisco has among the highest AMI in the nation, but for many it is still not enough to afford a market-rate apartment. For example, in 2018 the AMI was \$94,700 for a two-person household, which translates to an affordable rent of approximately \$2,368 for a one-bedroom apartment. Average one-bedroom market-rate apartments rent for \$3,450, leaving a gap of approximately \$1,080 more than is affordable. Larger households face an even greater affordability gap, and for those earning less than 100% AMI a market-rate apartment can be completely out of reach. For a household of four earning 30% of AMI, the monthly shortfall is nearly \$5,000.

Market Rate Rent vs. Affordability Gap
(100% AMI Households)

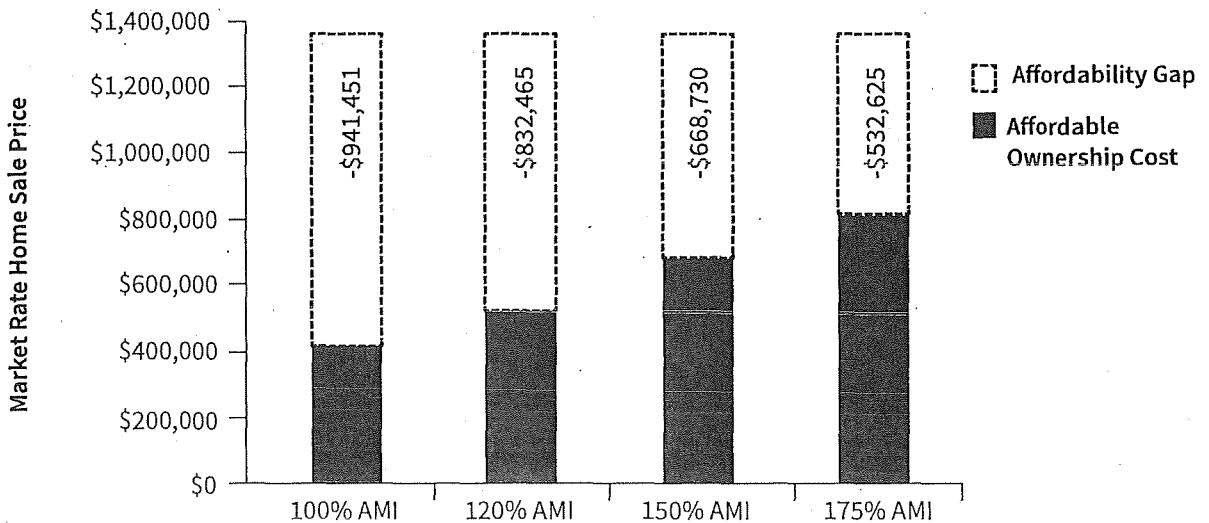


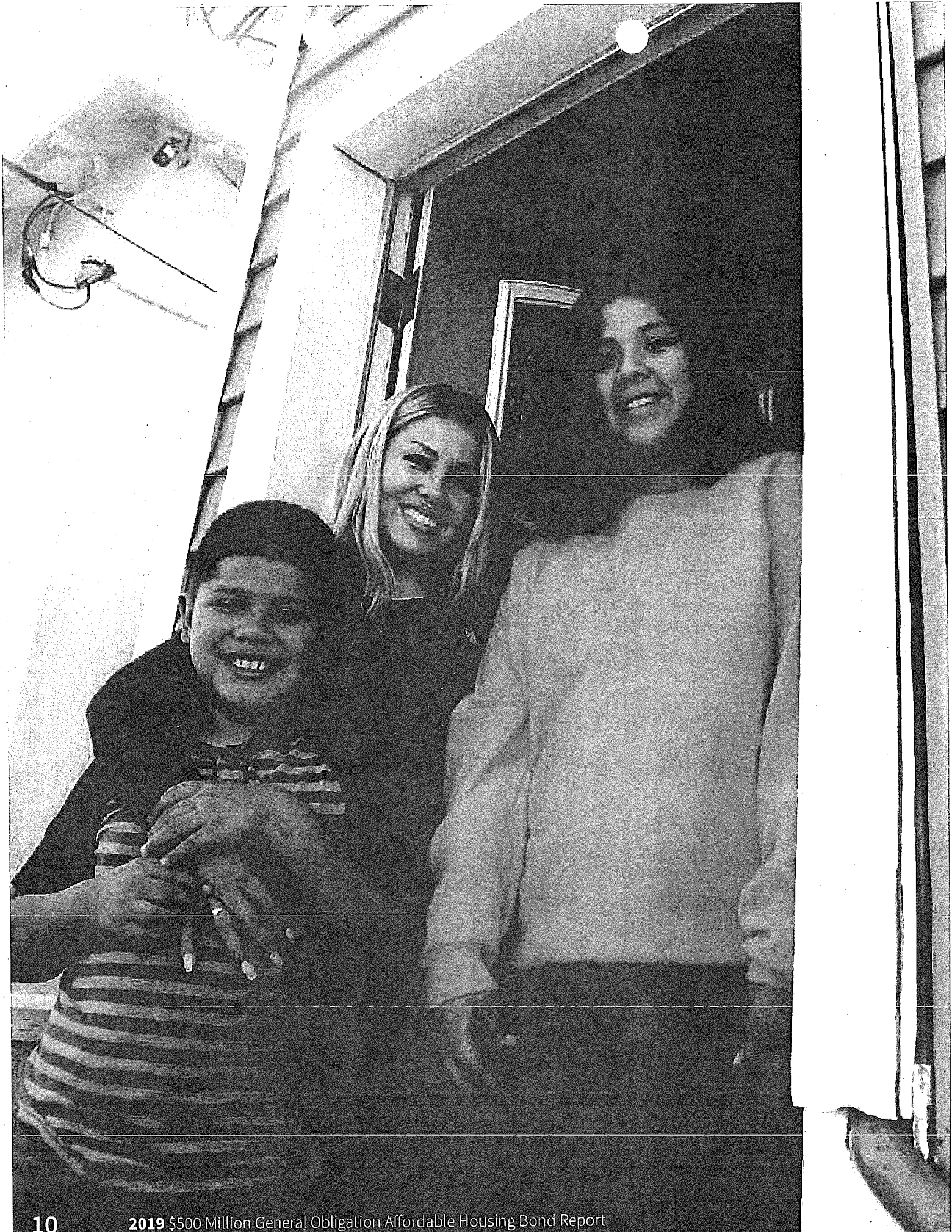
Market Rate Rent vs. Affordability Gap (30% AMI Households)



Homeownership is likewise out of reach for many. A household earning 100% AMI faces a nearly one million dollar homeownership gap. Even a household earning 175% AMI can only afford two-thirds of what it takes to become a homeowner.

Homeownership Gap



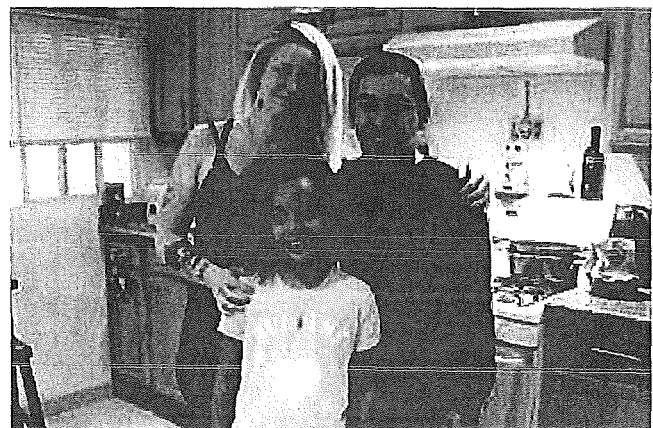


2019 Affordable Housing Bond Program Elements

To address the immediate and serious need for more affordable housing in San Francisco, the 2019 Affordable Housing Bond proposes four categories of investments, each of which supports people earning a range of incomes:

- Public housing
- Low-income housing
- Affordable housing preservation & Middle-Income housing
- Senior housing

For all investment categories, State Constitutional requirements regarding eligible uses of general obligation bond funding apply. For each investment, specific eligible uses will be prioritized with the overall goal of protecting our City's most vulnerable residents; stabilizing communities, especially neighborhoods in which there has been limited affordable housing production; enhancing the City's economic health; and planning for a future San Francisco that maintains its diversity and vibrancy.



1. Public Housing: \$150 Million

Eligible Uses: The repair and rebuilding of distressed public housing and its underlying infrastructure.

Who is Served?

- Existing public housing residents, including families, seniors, and people with disabilities
- New generations of residents earning 0-80% AMI
- Low-income families living in new units added to public housing sites
- Communities and neighborhoods in which the developments are located

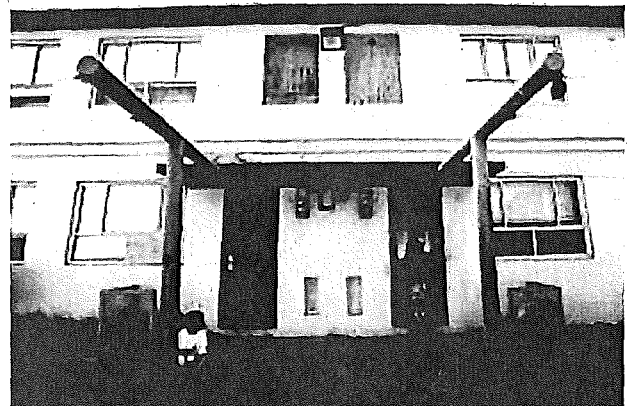
San Francisco has made tremendous progress towards fulfilling its commitment to renovate or rebuild all of the City's public housing. In 2013, the City, the San Francisco Housing Authority (SFHA), the U.S. Department of Housing and Urban Development (HUD), and San Francisco's affordable housing development community came together to convert 3,500 underfunded and dilapidated public housing apartments to nonprofit ownership. This conversion allowed the development teams to bring almost \$800 million in rehab investments to the buildings, thereby preserving this critical affordable housing and improving residents' daily lives.

The City also launched a nationally-acclaimed public housing rebuilding effort known as HOPE SF. Commencing in 2008, two of the four developments identified for HOPE SF investments are largely complete, and the transformation is profound. Two additional HOPE SF sites, Sunnydale and Potrero, are underway, and the Bond will help keep construction moving forward without delay. SFHA has other, smaller developments that are also converting to private ownership with a substantial rehabilitation goal. The Bond will help ensure that the habitability concerns of all remaining public housing residents can be addressed

While SFHA has encountered financial issues, the City is committed to ensuring its public housing investment is efficiently managed and is providing full oversight and responsibility for SFHA's essential functions.

Priorities: Projects that address the following goals and needs will be prioritized:

- **Urgent capital needs to address life safety risks, including:**
 - Elevator repair
 - Mold remediation
 - Lead paint abatement
 - Plumbing repair
- Additional creation of net new homes
- Acceleration of long construction timelines
- Reduction of adverse community impacts caused by long construction timelines



Hunters View public housing before HOPE SF transformation



Hunters View public housing after HOPE SF transformation

2. Low-Income Housing: \$210 Million

Eligible Uses: The construction, acquisition, and rehabilitation of permanently affordable rental housing serving individuals and families earning from 0% to 80% AMI.

Who is Served? Low-income housing protects vulnerable populations, such as

- Working families
- Veterans
- Seniors
- People with disabilities
- Transitional aged youth
- People experiencing homelessness

Low-income housing also serves vital members of the City's workforce in jobs with traditionally low pay scales, such as school district employees, nonprofit workers, health care attendants, and hotel, restaurant, and retail employees.

Priorities:

- Shovel-ready projects able to start construction within 4 years
- Predevelopment funding to jumpstart new construction with \$10 million reserved for permanent supportive housing development
- Proximity to public transit
- Projects able to leverage City funds with the most additional resources, including state and federal funding and public land
- Projects located in neighborhoods with limited affordable housing production

Housing Serving Essential City Workers

Retail Clerk
\$24,000/year

Restaurant Staff
\$30,000/year

Healthcare Assistant
\$40,000/year

Teacher
\$60,000/year

Police Officer
\$90,000/year



Public Housing for people earning
\$30,000 or less per year

Low-Income Housing for people earning
\$30,000 - \$70,000 per year

Middle-Income
Housing for people
earning \$70,000 -
\$120,000 per year

3. Affordable Housing Preservation (\$30M est.) & Middle-Income Housing (\$20M est.): \$50 Million

A. Affordable Housing Preservation Eligible Uses: The acquisition and/or rehabilitation of rental housing at risk of losing affordability, whether through market forces or a building's physical decline.

Who is Served? Low to middle-income households earning between approximately 30% and 120% of AMI, such as:

- Current residents living in housing at-risk of losing affordability (e.g. unlawful evictions and physical disrepair)
- Future generations of tenants

Priorities:

Acquisitions and/or rehabilitation

- To create or enhance permanent affordability
- For buildings at imminent risk of conversion to market-rate rents
- In neighborhoods with limited affordable housing production
- In neighborhoods with high documented eviction rates

B. Middle-Income Eligible Uses: The creation of new affordable housing opportunities through down payment assistance loans, and the purchase of buildings or land for new affordable construction.

Who is Served?

- Households earning between 80% and 175% of AMI
- Teacher Next Door educators earning up to 200% of AMI

Priorities:

- Households eligible for the Down Payment Assistance Loans (DALP)
- SFUSD educators eligible for Teacher Next Door Down Payment Assistance Loans (TND)



4. Senior Housing: \$90 Million

Eligible Uses: The creation of new affordable senior housing rental opportunities, through new construction and acquisition.

Who is Served? Seniors on fixed incomes earning from 0% AMI to 80% AMI, who are especially vulnerable in San Francisco's inflated housing market. Senior housing currently makes up only 12% of the City's pipeline for affordable housing, but 24% of residents are seniors living under the poverty line.

Priorities:

- New construction
- Projects able to leverage the most additional resources, including state and federal funding, public land, and especially ongoing rental subsidies for extremely low-income seniors
- Developments located in neighborhoods with limited affordable senior housing production
- Proximity to public transit



Program Summary

The table below summarizes the 2019 Affordable Housing Bond program and projected timeline for expenditures.

PROGRAM CATEGORY	VALUE	ELIGIBLE & PRIORITIZED USES	WHO IT SERVES	AFFORDABLE HOMES PRODUCED OR PRESERVED (est.)	TIMELINE
Public Housing	\$150 Million	Repair and rebuilding of distressed public housing developments and their underlying infrastructure	<ul style="list-style-type: none"> Existing public housing residents New generations of assisted residents, at 10%-80% AMI Low-income families living in new units added 	965 Projected: 550 Rehab 415 Newly rebuilt + infrastructure	2020-2025
Low-Income Housing	\$210 Million	Construction, acquisition, and rehabilitation of affordable rental housing, focusing on shovel-ready projects and predevelopment for permanent supportive housing	<ul style="list-style-type: none"> Extremely low- and low-income households Chronically homeless households and other vulnerable populations (\$10M is reserved for supportive housing predevelopment) 	1,000 Assumes funding will primarily go to new construction. By leveraging outside funds, gap funding will be approximately \$210,000 per unit.	2020-2024
Affordable Housing Preservation	\$30 Million (est.)	Acquisitions and/or rehabilitation of existing buildings at risk of losing affordability, either to market-rate rents or through physical decline	<ul style="list-style-type: none"> Existing residents earning between approximately 30% and 120% AMI 	90 Assumes an acquisition/rehab cost of \$330,000 per unit.	2020-2025
Middle-Income Housing	\$20 Million (est.)	Housing opportunities for households earning between 80% and 200% AMI, focusing on DALP and TND	<ul style="list-style-type: none"> Households earning between 80% and 200% AMI First-time homebuyers earning between 80% and 175% AMI SFUSD educators up to 200% AMI 	60 Assumes an average down payment assistance loan of \$330,000.	2020-2021
Senior Housing	\$90 Million	New affordable senior rental opportunities	<ul style="list-style-type: none"> Seniors on fixed incomes at 30% AMI or lower Low-income seniors up to 80% AMI 	300 Assumes a new construction gap funding need of \$300,000 per unit.	2020-2025
TOTALS	\$500 Million			2,415	

Accountability

The 2019 Affordable Housing Bond will include strict standards of accountability, fiscal responsibility, and transparency. In addition to California state bond accountability requirements, the Mayor's Office of Housing and Community Development (MOHCD), in collaboration with other relevant City departments, such as the Controller's Office and City Attorney's Office, will create a comprehensive public oversight and accountability process for the duration of the Bond program.

The following principles apply to all related programs funded through the 2019 Affordable Housing Bond:

Policy Compliance: The proposed bond funding levels complies with the City's policy to keep property taxes constrained at or below their 2006 level. The 2019 Affordable Housing Bond program is also consistent with the Housing Element of the San Francisco General Plan and with the eight priority policies set forth in Planning Code Section 101.1 of the Planning Code.

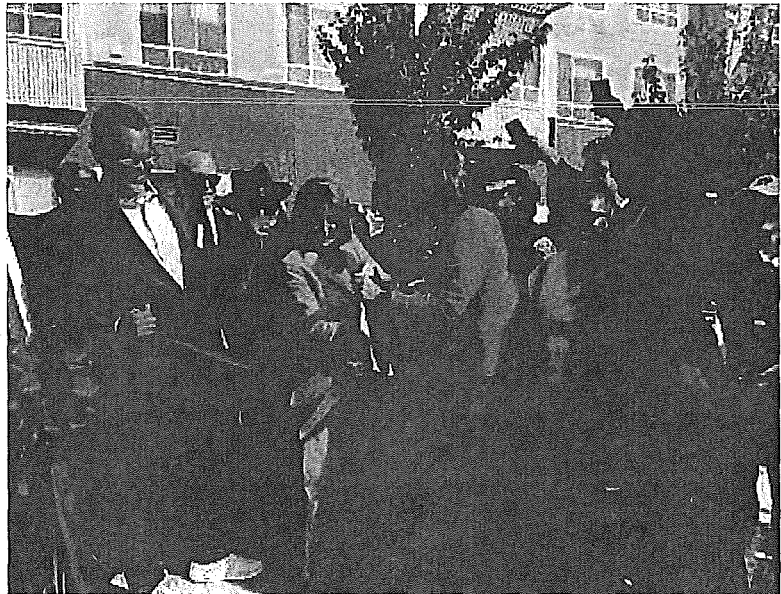
CGOBOC Audits: The City's Citizens' General Obligation Bond Oversight Committee (CGOBOC) is responsible for auditing the implementation of the 2019 Housing Bond per the Administrative Code (Section 5.30 to 5.36). This independent, nine member committee is appointed by the Mayor, the Board of Supervisors, the Controller, and the Civil Grand Jury. One-tenth of one percent (0.1%)

of the bond funds would pay for the committee's audit and oversight functions. Should CGOBOC determine that any funds were not spent in accordance with the express will of the voters, they are empowered to deny subsequent issuances of bond funds.

Annual Public Review: The proposed bond funds are subject to the approval processes and rules described in the San Francisco Charter Administrative Code. The bond will be subject to annual public reviews before the Capital Planning Committee and Board of Supervisors.

Bond Accountability Reports: Per the Administrative Code (Section 2.70 to 2.74), 60 days prior to the issuance of any portion of the bond authority, MOHCD will submit a 2019 Affordable Housing Bond accountability report to the Clerk of the Board, the Controller, the Treasurer, the Director of Public Finance, and the Budget Analyst describing the current status and description of each project and whether it conforms to the express will of the voters.

Transparency: For project selections, MOHCD will issue and advertise transparent Requests for Proposals or Requests for Qualifications that clearly set forth selection criteria and rules, including objective means of prioritizing projects in conformance to the Affordable Housing Bond's express eligible and priority uses.



10-Year Capital Plan

Adopted through legislation by the Mayor and Board of Supervisors in 2005, the Capital Planning Committee was created to guide and prioritize capital needs citywide. The Capital Plan is developed by the committee and adopted annually by the Board of Supervisors prior to adoption of the City budget. The City invests significant General Fund dollars into the repair and rehabilitation of our capital assets every year. However, the City cannot rely on annual funds alone to address these critical infrastructure needs. Where annual funds are not adequate to pay the costs of major capital improvements, the Plan recommends using one of two sources of long-term debt financing:

- General Obligation (G.O.) bonds backed by property taxes upon approval by voters.
- General Fund debt programs backed by the City's General Fund upon approval by the Board of Supervisors and the Mayor.

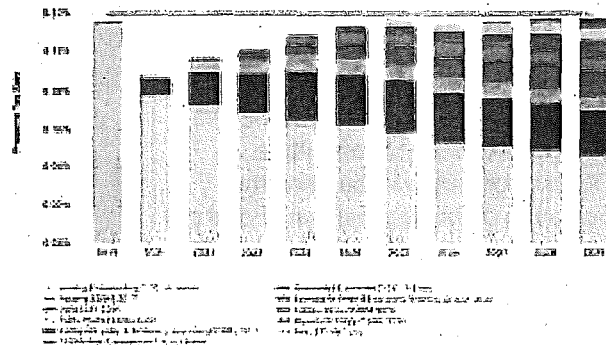
General Obligation bonds and General Fund debt programs are appropriate means of funding capital improvements as they spread the costs over their long, useful lives and across the generations of San Franciscans that will reap their benefits.

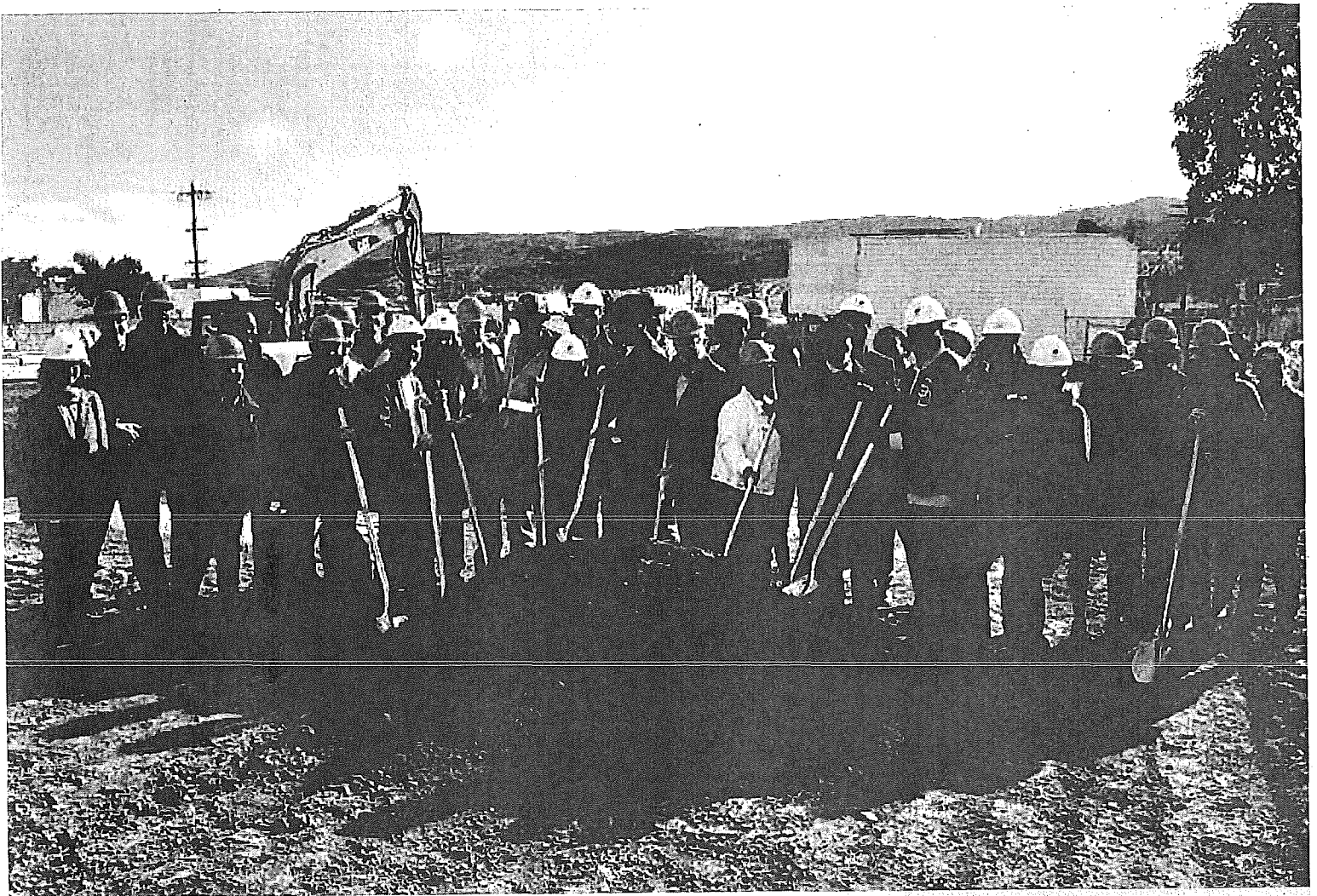
The Plan prioritizes critical capital projects to protect the public's safety and well-being; places a strong emphasis on accountability and transparency; and most importantly, demonstrates the highest levels of fiscal restraint and responsibility. Since its inception, the top priorities of the Capital Plan have been improvement of critical City infrastructure, including San Francisco's public health and safety, transportation, and parks and open space. As the City's unaffordability crisis has grown, affordable housing has entered the G.O. Bond Program, first in 2015. The most recent Capital Plan includes \$500 million for the 2019 Affordable Housing Bond.

The Capital Plan G.O. Bond Program chart below illustrates the relationship between the G.O. Bond Program and the local tax rate, including existing and outstanding issuance and voted-approved bonds. This view shows the City's policy constraint that G.O. Bonds will not increase the property tax rate above 2006 levels.

For more information on the City's capital plan, please visit www.onesanfrancisco.org

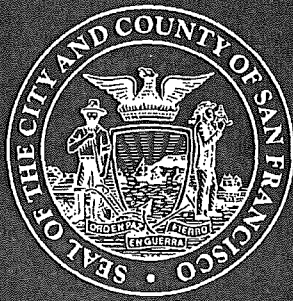
Capital Plan G.O. Bond Program (Certified AV 8-1-18) 2019-2029





Project Schedule

- | | |
|--------------------------|--|
| May 6, 2019: | Presentation of the 2019 Affordable Housing Bond to the Capital Planning Committee |
| May 7, 2019: | Introduction to the Board of Supervisors |
| November 5, 2019: | Election Day |
| January 2020: | Project Implementation Begins |



BOARD of SUPERVISORS



City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

May 14, 2019

File No. 190495

Lisa Gibson
Environmental Review Officer
Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103

Dear Ms. Gibson:

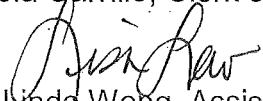
On May 7, 2019, Mayor Breed introduced legislation for the following proposed General Obligation Bond for the November 5, 2019, Election:

File No. 190495

Ordinance calling and providing for a special election to be held in the City and County of San Francisco on Tuesday, November 5, 2019, for the purpose of submitting to San Francisco voters a proposition to incur bonded indebtedness not to exceed \$500,000,000 to finance the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements, and related costs necessary or convenient for the foregoing purposes; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants under Administrative Code, Chapter 37; providing for the levy and collection of taxes to pay both principal and interest on such Bonds; incorporating the provisions regarding the Citizens' General Obligation Bond Oversight Committee's review of Affordable Housing Bond expenditures in Administrative Code, Sections 5.30-5.36; setting certain procedures and requirements for the election; adopting findings under the California Environmental Quality Act; and finding that the proposed Bonds are in conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

This legislation is being transmitted to you for environmental review.

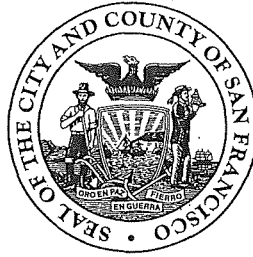
Angela Calvillo, Clerk of the Board

for By: 
Linda Wong, Assistant Clerk
Budget and Finance Committee

Attachment

c: Joy Navarrete, Environmental Planner
Laura Lynch, Environmental Planner

BOARD of SUPERVISORS



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TDD/TTY No. 554-5227

May 14, 2019

John Rahaim, Director
Planning Department
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Dear Director Rahaim:

On May 7, 2019, Mayor Breed introduced the following legislation:

File No. 190495

Ordinance calling and providing for a special election to be held in the City and County of San Francisco on Tuesday, November 5, 2019, for the purpose of submitting to San Francisco voters a proposition to incur bonded indebtedness not to exceed \$500,000,000 to finance the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements, and related costs necessary or convenient for the foregoing purposes; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants under Administrative Code, Chapter 37; providing for the levy and collection of taxes to pay both principal and interest on such Bonds; incorporating the provisions regarding the Citizens' General Obligation Bond Oversight Committee's review of Affordable Housing Bond expenditures in Administrative Code, Sections 5.30-5.36; setting certain procedures and requirements for the election; adopting findings under the California Environmental Quality Act; and finding that the proposed Bonds are in conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

The proposed ordinance is being transmitted to the Planning Department for review and determination regarding consistency with the City's General Plan and eight priority policies of Planning Code Section 101.1. The ordinance is pending before the Budget and Finance Committee and will be scheduled for hearing following receipt of your response.

Angela Calvillo, Clerk of the Board

for By: *Linda Wong*
Linda Wong, Assistant Clerk
Budget and Finance Committee

Attachment

c: Jonas Ionin, Director of Commission Affairs
Dan Sider, Director of Executive Programs
Aaron Starr, Manager of Legislative Affairs
AnMarie Rodgers, Director of Citywide Planning
Scott Sanchez, Acting Deputy Zoning Administrator
Corey Teague, Zoning Administrator
Lisa Gibson, Environmental Review Officer
Devyani Jain, Deputy Environmental Review Officer
Joy Navarrete, Environmental Planning
Laura Lynch, Environmental Planning

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MEMORANDUM

TO: Ben Rosenfield, City Controller, Office of the Controller

FROM: *ll*
ll Linda Wong, Assistant Clerk, Budget and Finance Committee
ll Board of Supervisors

DATE: May 16, 2019

SUBJECT: GENERAL OBLIGATION BOND INTRODUCED
November 5, 2019 Election

The Board of Supervisors' Budget and Finance Committee has received the following General Obligation Bond for the November 5, 2019, Election, introduced by Mayor Breed on May 7, 2019. These matters are being referred to you in accordance with Rules of Order 2.22.4.

File No. 190495

Ordinance calling and providing for a special election to be held in the City and County of San Francisco on Tuesday, November 5, 2019, for the purpose of submitting to San Francisco voters a proposition to incur bonded indebtedness not to exceed \$500,000,000 to finance the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements, and related costs necessary or convenient for the foregoing purposes; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants under Administrative Code, Chapter 37; providing for the levy and collection of taxes to pay both principal and interest on such Bonds; incorporating the provisions regarding the Citizens' General Obligation Bond Oversight Committee's review of Affordable Housing Bond expenditures in Administrative Code, Sections 5.30-5.36; setting certain procedures and requirements for the election; adopting findings under the California Environmental Quality Act; and finding that the proposed Bonds are in conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

File No. 190501

Resolution determining and declaring that the public interest and necessity demand the construction, development, acquisition, improvement, rehabilitation, preservation and repair of affordable housing improvements and related costs necessary or convenient for the foregoing purposes; to be financed through bonded indebtedness in an amount not to exceed \$500,000,000; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants under Administrative Code, Chapter 37; providing for the levy and collection of taxes to pay both principal and interest on such bonds; adopting findings under the California Environmental Quality Act; and finding that the proposed bond is in conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

Please review and prepare a financial analysis of the proposed measure prior to the first Budget and Finance Committee hearing.

If you have any questions or concerns, please call me at (415) 554-7719 or email: linda.wong@sfgov.org. To submit documentation, please forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Todd Rydstrom, Deputy City Controller
Peg Stevenson, City Performance Director
Natasha Mihal, City Services Auditor


BOARD of SUPERVISORS



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MEMORANDUM

TO: Sophia Kittler, Liaison to the Board of Supervisors, Mayor's Office
Jon Givner, Deputy City Attorney, Office of the City Attorney
John Arntz, Director, Department of Elections
LeeAnn Pelham, Executive Director, Ethics Commission
Naomi Kelly, City Administrator, Office of the City Administrator
Barbara Smith, Acting Executive Director, Housing Authority
Vincent C. Matthews, Superintendent, San Francisco Unified School District
Robert Collins, Executive Director, Rent Board
Alaric Degrafinreid, Assistant Director, Office of Contract Administration
Kate Hartley, Director, Mayor's Office of Housing and Community Development
Ben Rosenfield, City Controller, Office of the Controller
Brian Strong, Program Director, Capital Planning Program
Jose Cisneros, Treasurer, Office of the Treasurer & Tax Collector
Maura Lane, Committee Staff, Citizens General Obligation Bond Oversight Committee

FROM:  Linda Wong, Assistant Clerk, Budget and Finance Committee
Board of Supervisors

DATE: May 14, 2019

SUBJECT: GENERAL OBLIGATION BOND INTRODUCED
November 5, 2019 Election

The Board of Supervisors' Budget and Finance Committee has received the following General Obligation Bond for the November 5, 2019, Election, introduced by Mayor Breed on May 7, 2019.

File No. 190495

Ordinance calling and providing for a special election to be held in the City and County of San Francisco on Tuesday, November 5, 2019, for the purpose of submitting to San Francisco voters a proposition to incur bonded indebtedness not to exceed \$500,000,000 to finance the construction, development, acquisition, improvement, rehabilitation,

preservation, and repair of affordable housing improvements, and related costs necessary or convenient for the foregoing purposes; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants under Administrative Code, Chapter 37; providing for the levy and collection of taxes to pay both principal and interest on such Bonds; incorporating the provisions regarding the Citizens' General Obligation Bond Oversight Committee's review of Affordable Housing Bond expenditures in Administrative Code, Sections 5.30-5.36; setting certain procedures and requirements for the election; adopting findings under the California Environmental Quality Act; and finding that the proposed Bonds are in conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

Please review and submit any reports or comments you wish to be included with the legislative file.

If you have any questions or concerns, please call me at (415) 554-7719 or email: linda.wong@sfgov.org. To submit documentation, please forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Andres Power, Mayor's Office
Rebecca Peacock, Mayor's Office
Patrick Ford, Ethics Commission
Lynn Khaw, Office of the City Administrator
Lihmeei Leu, Office of the City Administrator
Dariush Kayhan, Housing Authority
Linda Martin-Mason, Housing Authority
Viva Mogi, San Francisco Unified School District
Esther Casco, San Francisco Unified School District
Florence Kyaun, Office of Contract Administration
Eugene Flannery, Mayor's Office of Housing and Community Development
Amy Chan, Mayor's Office of Housing and Community Development
Todd Rydstrom, Office of the Controller
Natasha Mihal, Office of the Controller
Amanda Kahn Fried, Office of the Treasurer & Tax Collector

OFFICE OF THE MAYOR
SAN FRANCISCO



LONDON N. BREED
MAYOR


SK

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Sophia Kittler
RE: General Obligation Bond Election - Affordable Housing - Not to Exceed
\$500,000,000
DATE: May 7, 2019

Ordinance calling and providing for a special election to be held in the City and County of San Francisco on Tuesday, November 5, 2019, for the purpose of submitting to San Francisco voters a proposition to incur bonded indebtedness of not-to-exceed \$500,000,000 to finance the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements, and related costs necessary or convenient for the foregoing purposes; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants under Administrative Code Chapter 37; providing for the levy and collection of taxes to pay both principal and interest on such Bonds; incorporating the provisions of the Administrative Code, relating to the Citizens' General Obligation Bond Oversight Committee's review of Affordable Housing Bond expenditures; setting certain procedures and requirements for the election; adopting findings under the California Environmental Quality Act; and finding that the proposed Bonds are in conformity with the General Plan, and with the eight priority policies of Planning Code, Section 101.1(b).

Please note that Supervisors Yee, Brown, Safai, Walton, and Stefani are co-sponsors of this legislation.

Should you have any questions, please contact Sophia Kittler at 415-554-6153.

BY 
2019 MAY -7 PM 4:34
BOARD OF SUPERVISORS
SAN FRANCISCO

