

File No. 201364

Committee Item No. 8

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date January 27, 2021

Board of Supervisors Meeting

Date \_\_\_\_\_

#### Cmte Board

- |                                     |                          |  |
|-------------------------------------|--------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Resolution                                   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Introduction Form                            |
| <input type="checkbox"/>            | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Public Correspondence                        |

#### OTHER (Use back side if additional space is needed)

<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____

Completed by: Linda Wong Date January 19, 2021

Completed by: Linda Wong Date \_\_\_\_\_

1 [Appropriation - General Reserve - Mayor’s Office of Housing and Community  
 2 Development - \$5,700,000 for Rent Relief - \$5,700,000 for Social Housing - FY2020-  
 2021]

3

4 **Ordinance appropriating \$5,700,000 from the General Reserve to the Mayor’s**  
 5 **Office of Housing and Community Development for rent relief under the Rent**  
 6 **Resolution and Relief Fund and \$5,700,000 for the acquisition, creation and**  
 7 **operation of affordable, social housing under the Housing Stability Fund in Fiscal**  
 8 **Year (FY) 2020-2021.**

9

10 Note: Additions are single-underline italics Times New Roman;  
 11 deletions are ~~strikethrough italics Times New Roman~~.  
 12 Board amendment additions are double underlined.  
 13 Board amendment deletions are ~~strikethrough normal~~.

12

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

14

15

16 Section 1. The sources of funding outlined below are herein appropriated to  
 17 reflect the projected sources of funding for FY2020-2021.

18 **SOURCES Appropriation**

Fund /	Project &	Account	Description	Amount
Department ID	Activity /			
	Authority			
10020/ 230018	10023237 - 0001/	598040	Designated	\$11,400,000
GF Continuing	17064	Designated	For General	
Authority Ctrl/ GEN	General Reserve/	For General	Reserve	
General City	General Reserve	Reserve		
Responsibility				

25

	<b>Fund /</b>	<b>Project &amp;</b>	<b>Account</b>	<b>Description</b>	<b>Amount</b>
1	<b>Department ID</b>	<b>Activity /</b>			
2		<b>Authority</b>			
3	<hr/>				
4	<b>Total SOURCES Appropriation</b>				<u><b>\$11,400,000</b></u>
5					
6					

7 Section 2. The uses of funding outlined below are herein appropriated in the  
8 Mayor’s Office of Housing and Community Development to provide rent relief and social  
9 housing.

10  
11 **USES APPROPRIATION**

	<b>Fund /</b>	<b>Project &amp; Activity /</b>	<b>Account</b>	<b>Description</b>	<b>Amount</b>
13	<b>Department ID</b>	<b>Authority</b>			
14	<hr/>				
15	10020 GF	10037116 –0001,	535000	Rent relief	\$5,700,000
16	Continuing	Rent Resolution and	Other Current		
17	Authority Ctrl /	Relief Fund/	expenses -		
18	232065	21622	Budget		
19	Mayor’s Office of	Rent Resolution			
20	Housing and	and Relief Fund			
21	Community				
22	Development				
23					
24					
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	10020 GF	10037117 –0001,	539200 Loans	Social Housing	\$5,700,000
4	Continuing	Housing Stability	Issued by the		
5	Authority Ctrl /	Fund/	City		
6	232065	21633			
7	Mayor's Office of	Housing Stability			
8	Housing and	Fund			
9	Community				
10	Development				
11					
12					
13	<b>Total USES</b>				<b>\$11,400,000</b>

15 Section 3. The Controller is authorized to record transfers between funds and  
16 adjust the accounting treatment of sources and uses appropriated in this ordinance as  
17 necessary to conform with Generally Accepted Accounting Principles and other laws.

20 APPROVED AS TO FORM:  
21 DENNIS J. HERRERA, City Attorney

FUNDS AVAILABLE:  
BEN ROSENFELD, Controller

23 By: \_\_\_\_\_  
24 JON GIVNER  
Deputy City Attorney

By: \_\_\_\_\_  
BEN ROSENFELD  
Controller

<p><b>Item 8</b> <b>File 20-1364</b></p>	<p><b>Department:</b> Mayor’s Office of Housing &amp; Community Development</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed ordinance would appropriate \$11.4 million from the General Reserve and transfer \$5.7 million to the COVID-19 Rent Resolution and Relief Fund and \$5.7 million to the Housing Stability Fund.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• In November 2020, San Francisco voters approved Proposition I, which increased the transfer tax on high-value property transactions. According to the Controller’s FY 2020-21 Three-Month Budget Status Report, this tax is expected to generate \$11.4 million in new General Fund revenues net of baseline allocations in FY 2020-21 and these revenues were not included in the FY 2020-21 appropriation ordinance.</li> <li>• In August 2020, the Board of Supervisors approved a resolution stating the Board’s intention to appropriate revenue generated by Proposition I to the COVID-19 Rent Resolution and Relief Fund and the Housing Stability Fund.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The \$11.4 appropriation is the amount of new General Fund revenue expected to be generated by Proposition I in FY 2020-21.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>• San Francisco is expected to receive \$26.2 million in federal rental assistance funding. MOCHD is the City’s lead agency for distributing the federal rental assistance and is currently developing implementation procedures to build upon the City’s existing COVID-19 emergency rental assistance program.</li> <li>• The proposed ordinance would provide \$5.7 million to the COVID-19 Rent Resolution and Relief Fund to provide grants to landlords who have unpaid rent related to COVID-19. Under the fund’s enabling legislation, such grants could cover 50 to 65 percent of unpaid rent but landlords receiving grants must waive all unpaid rent. However, grants funded by the federal rental assistance funding could cover up to 100 percent of unpaid rent, depending on local implementation procedures, which are currently under development by MOHCD. Depending on how the federal funds are distributed, the existence of the federal rental assistance program may reduce incentive for landlords to accept grants funded by the COVID-19 Rent Resolution and Relief Fund.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <p>Because the proposed ordinance is consistent with Board of Supervisors policy and because the incoming federal rental assistance will likely not be sufficient to cover all unpaid residential rent in San Francisco related to COVID-19, we recommend approval of the proposed ordinance.</p>	

## MANDATE STATEMENT

City Charter Section 9.105 states that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

## BACKGROUND

### Unpaid Residential Rent in San Francisco

In the October 27, 2020 Budget and Legislative Analyst's Office report, "Estimate of unpaid residential rent in San Francisco due to COVID-19 pandemic and related public health orders", we estimated that the unpaid residential rent in San Francisco between April 2020 and September 2020 totaled between \$81.3 million and \$196.2 million. Given the ongoing above average unemployment rate in the City, the actual amount of unpaid rent from September 2020 to present is likely higher than those estimates. In response to the pandemic, the Board of Supervisors has taken the following actions.

### Funds

In November 2020, the Board of Supervisors amended Chapter 10 of the Administrative Code to create two funds: The Housing Stability Fund (File 20-1183) and the COVID-19 Rent Resolution and Relief Fund (File 20-0611).

### Dedication of New General Revenues

In November 2020, San Francisco voters approved Proposition I, which increased the transfer tax on high-value property transactions. According to the Controller's FY 2020-21 Three-Month Budget Status Report, this tax is expected to generate \$11.4 million in new General Fund revenues net of baseline allocations in FY 2020-21, which were not included in the FY 2020-21 appropriation ordinance. The Controller's Statement on Proposition I in the November 2020 ballot estimates that the tax could generate \$196 million per year, on average, but that the revenue would likely be extremely volatile and could generate between \$13 million and \$346 million annually.

In August 2020, the Board of Supervisors approved a resolution stating the Board's intention to appropriate revenue generated by Proposition I to the COVID-19 Rent Resolution and Relief Fund and a Social Housing Program Fund (File 20-0708).<sup>1</sup>

---

<sup>1</sup> In File 20-1183, the Housing Stability Fund was originally titled the Social Housing Program Fund.

## DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate \$11.4 million from the General Reserve and transfer \$5.7 million to the COVID-19 Rent Resolution and Relief Fund and \$5.7 million to the Housing Stability Fund.

Monies in the Housing Stability Fund may be used for the acquisition, preservation, and development of affordable housing. The Mayor's Office of Housing and Community Development (MOHCD) has the authority to create rules and regulations for use of monies in the Housing Stability Fund, which are also subject to recommendations from an oversight board.

Monies in the COVID-19 Rent Resolution and Relief Fund may be used to provide grants to landlords who agree to waive unpaid rent related to COVID-19. Such grants may cover up to 50 percent of unpaid rent (and up to 65 percent for landlord with ten or fewer units) up to \$3,000 per unit per month. Landlords must waive all unpaid rent for the period covered by the grant.

### Existing MOHCD COVID-19 Emergency Rental Assistance Program

In response to the pandemic, the Mayor's Office of Housing and Community Development (MOHCD) has provided \$10.2 million in grants to ten existing MOCHD non-profit service providers to distribute emergency rental assistance.<sup>2</sup> In addition, MOHCD provided \$10.4 million to non-profit service providers to provide eviction-related legal services (Tenant Right to Counsel Program). Non-profits receiving grants identify and prioritize clients for receiving rental assistance.

### Federal Rental Assistance Funding

A bill passed by Congress in December 2020 provided \$25 billion for rental assistance, with distributions directly to large counties for distribution to renters and landlords. San Francisco is expected to receive \$26.2 million. MOHCD is the City's lead agency for distributing the federal rental assistance and is currently developing implementation procedures to build upon its existing COVID-19 emergency rental assistance program. According to federal guidelines, households receiving assistance must have experienced financial hardship due to COVID-19, be at risk for housing instability, and have income at or below 80 percent of area median income.

## FISCAL IMPACT

As noted above, the proposed ordinance will appropriate \$11.4 million from the General Reserve and transfer \$5.7 million to the COVID-19 Rent Resolution and Relief Fund and \$5.7

---

<sup>2</sup> The ten non-profit providers are Catholic Charities, Collective Impact, Eviction Defense Collaborative, Homies Organizing the Mission to Empower Youth (HOMEY), La Raza Community Resource Center, Mission Neighborhood Centers, Native American Health Center, Q Foundation, Rafiki Coalition for Health & Wellness, and Young Community Developers.

million to the Housing Stability Fund. The \$11.4 appropriation is the amount of new General Fund revenue expected to be generated by Proposition I in FY 2020-21.

#### **POLICY CONSIDERATION**

The proposed ordinance would provide \$5.7 million to the COVID-19 Rent Resolution and Relief Fund to provide grants to landlords who have unpaid rent related to COVID-19. As noted above, such grants could cover 50 to 65 percent of unpaid rent but landlords receiving grants must waive all unpaid rent. However, grants funded by the federal rental assistance funding could cover up to 100 percent of unpaid rent, depending on local implementation procedures, which are currently under development by MOHCD. Depending on how the federal funds are distributed, the existence of the federal rental assistance program may reduce incentive for landlords to accept grants funded by the COVID-19 Rent Resolution and Relief Fund.

Because the proposed ordinance is consistent with Board of Supervisors policy and because the incoming federal rental assistance will likely not be sufficient to cover all unpaid residential rent in San Francisco related to COVID-19, we recommend approval of the proposed ordinance.

#### **RECOMMENDATION**

Approve the proposed ordinance.



# Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor  inquiries"
- 5. City Attorney Request.
- 6. Call File No.  from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.**

Sponsor(s):

Subject:

The text is listed:

Signature of Sponsoring Supervisor:

For Clerk's Use Only