

File No. 190495

Committee Item No. 3

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

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date June 13, 2019

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 checked="" 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 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 checked="" type="checkbox"/> | <input type="checkbox"/> | <u>May 8, 2019 General Plan Referral</u>                      |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>CEQA Determination</u>                                     |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>June 4, 2019 Controller Report</u>                         |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Bond Report 2019 General Obligation Affordable Housing</u> |
| <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: Victor Young Date June 7, 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.

25     ///

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.

25 ///

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 ///

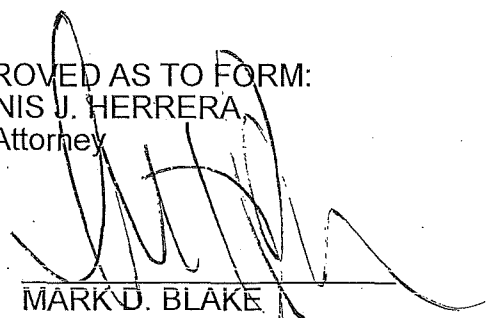
24 ///

25 ///

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

Section 19. Documents referenced in this ordinance are on file with the Clerk of the Board of Supervisors in File No. 190495, which is hereby declared to be a part of this ordinance as if set forth fully herein.

APPROVED AS TO FORM:  
DENNIS J. HERRERA  
City Attorney



By:

MARK D. BLAKE  
Deputy City Attorney

n:\vegana\as2019\1900502\01357887.docx

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.

n:\egana\as2019\1900502\01357890.doc

|   |   |
|---|---|
| <p><b>Items 2 and 3</b><br/> <b>Files 19-0501 and 19-0495</b><br/> <i>(Continued from the June 6, 2019)</i></p> | <p><b>Department</b><br/>                 Mayor's Office of Housing and Community Development</p> |
|---|---|

**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           | --  | --                       |
| <b>Total</b>                        | <b>\$310,000,000</b> | <b>1,613</b>                              | <b>\$192,188</b>         |

## 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   |
| <b>Total</b>                    | <b>\$500,000,000</b> |  |  |

**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   |
| <b>Total</b>                    | <b>\$500,000,000</b> | <b>2,415</b>           |   |

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.

|  |                                      |
|--|--------------------------------------|
| <b>Items 4 and 5</b><br><b>Files 19-0501 and 19-0495</b>   | <b>Department:</b><br>Mayor's Office |
| <b>EXECUTIVE SUMMARY</b>   |                                      |
| <b>Legislative Objectives</b>  |                                      |
| <p><b>File 19-0501:</b> 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.</p>  |                                      |
| <p><b>File 19-0495:</b> 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.</p>   |                                      |
| <b>Key Points</b>  |                                      |
| <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul> |                                      |
| <b>Fiscal Impact</b>   |                                      |
| <ul style="list-style-type: none"> <li>• 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.</li> <li>• The estimated additional property tax to a residence with an assessed value of \$500,000 is \$77.43 per year.</li> <li>• 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.</li> </ul>   |                                      |
| <b>Recommendation</b>  |                                      |
| <ul style="list-style-type: none"> <li>• Approval of the proposed ordinance and resolution is a policy decision for the Board of Supervisors.</li> </ul>   |                                      |

**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           | --  | --                       |
| <b>Total</b>                        | <b>\$310,000,000</b> | <b>1,613</b>                              | <b>\$192,188</b>         |

**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   |
| <b>Total</b>                    | <b>\$500,000,000</b> |  |  |

**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   |
| <b>Total</b>                    | <b>\$500,000,000</b> | <b>2,415</b>           |   |

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.

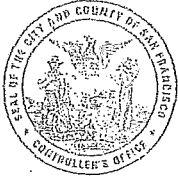
### **POLICY CONSIDERATION**

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.





**OFFICE OF THE CONTROLLER**  
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield  
Controller

Todd Rydstrom  
Deputy Controller

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

June 4, 2019

RE: File 190495 - Ordinance authorizing \$600 Million General Obligation Bond Issuance for Affordable Housing

Dear Ms. Calvillo,

Should the proposed \$600 million in bonds be authorized and sold under current assumptions, the approximate costs will be as follows:

- a) In fiscal year (FY) 2020-2021, following issuance of the first series of bonds, and the year with the lowest tax rate, the best estimate of the tax required to fund this bond issue would result in a property tax rate of \$0.00210 per \$100 (\$2.10 per \$100,000) of assessed valuation.
- b) In FY 2022-2023, following issuance of the last series of bonds, and the year with the highest tax rate, the best estimate of the tax required to fund this bond issue would result in a property tax rate of \$0.01733 per \$100 (\$17.33 per \$100,000) of assessed valuation.
- c) The best estimate of the average tax rate for these bonds from FY 2020-2021 through FY 2041-2042 is \$0.01177 per \$100 (\$11.77 per \$100,000) of assessed valuation.
- d) Based on these estimates, the highest estimated annual property tax cost for these bonds for the owner of a home with an assessed value of \$600,000 would be approximately \$102.76.

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

Sincerely,

Ben Rosenfield  
Controller

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



# SAN FRANCISCO PLANNING DEPARTMENT

## General Plan Referral

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

Reception:  
**415.558.6378**

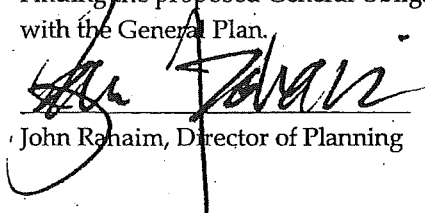
Fax:  
**415.558.6409**

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](mailto:mathew.snyder@sfgov.org)

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

*Recommended*  
*By:*   
John Ranaim, 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.)     |
| <b>TOTAL</b>                                      | <b>\$500 million</b>    |

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:

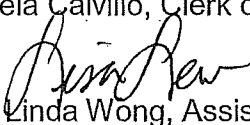
On May 7, 2019, Mayor Breed introduced the following proposed legislation:

**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

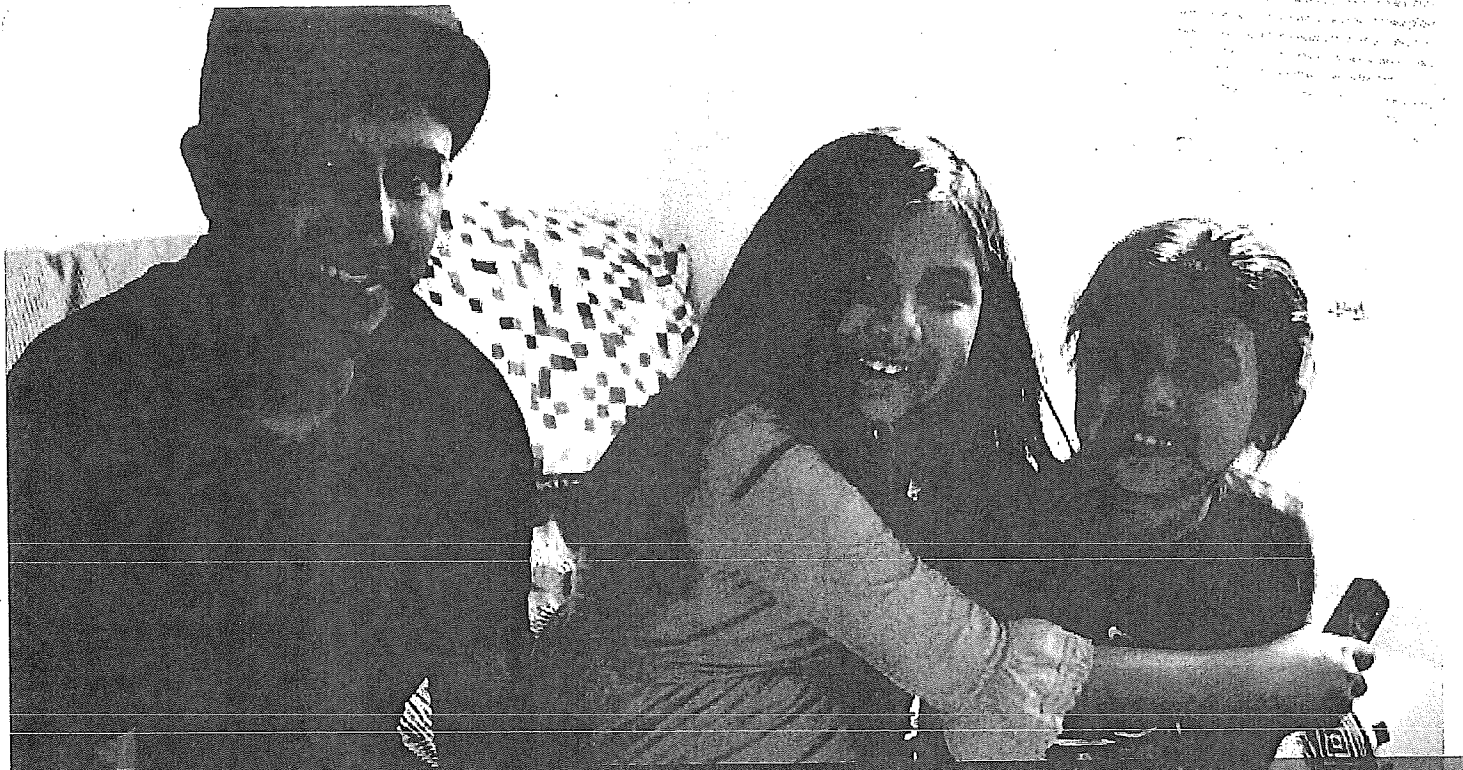
c: Joy Navarrete, Environmental Planner  
Laura Lynch, Environmental Planner

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.

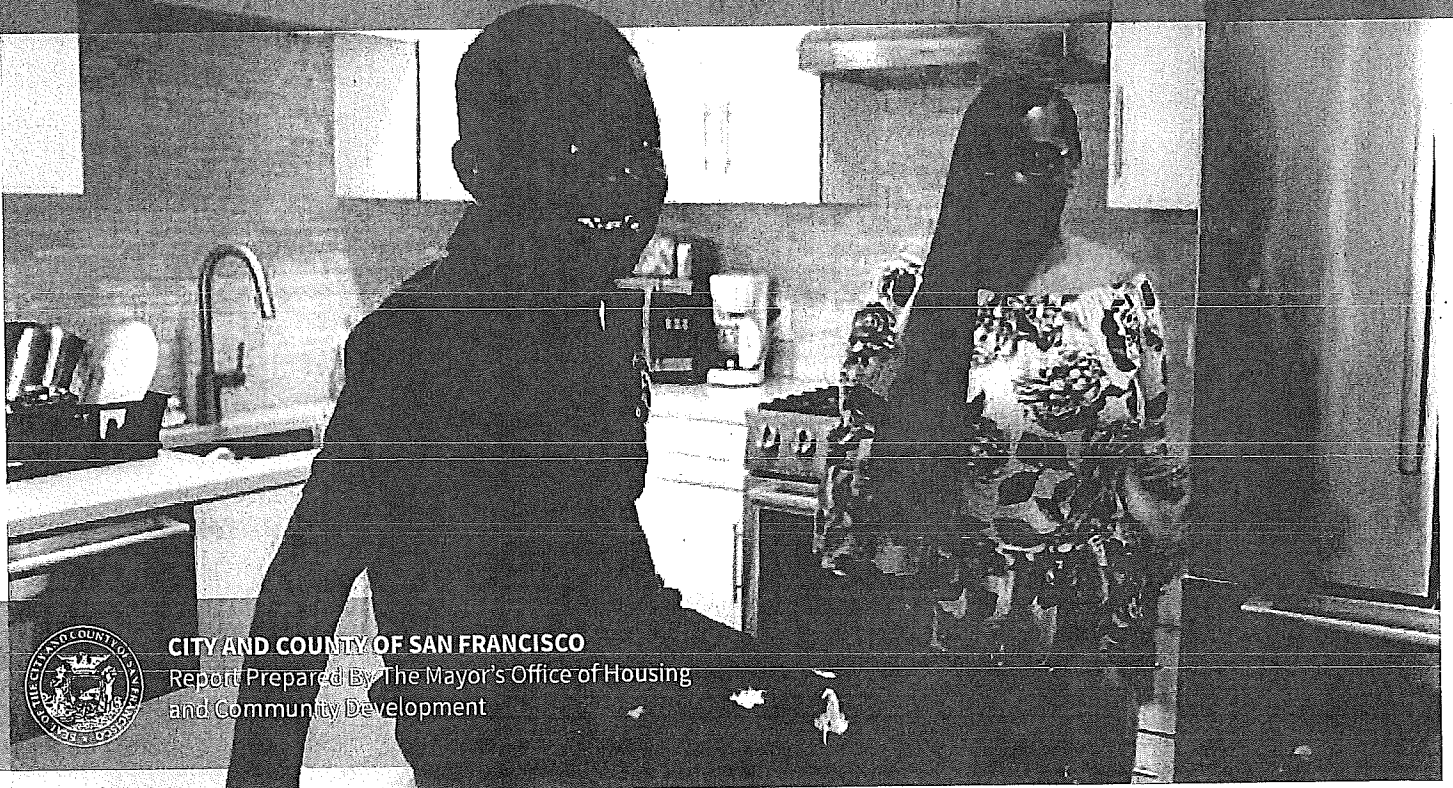
joy  
navarrete

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](http://www.sfmohcd.org)

# Table of Contents

|  |          |
|--|----------|
| <b>Executive Summary</b> .....                                   | <b>5</b> |
| 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

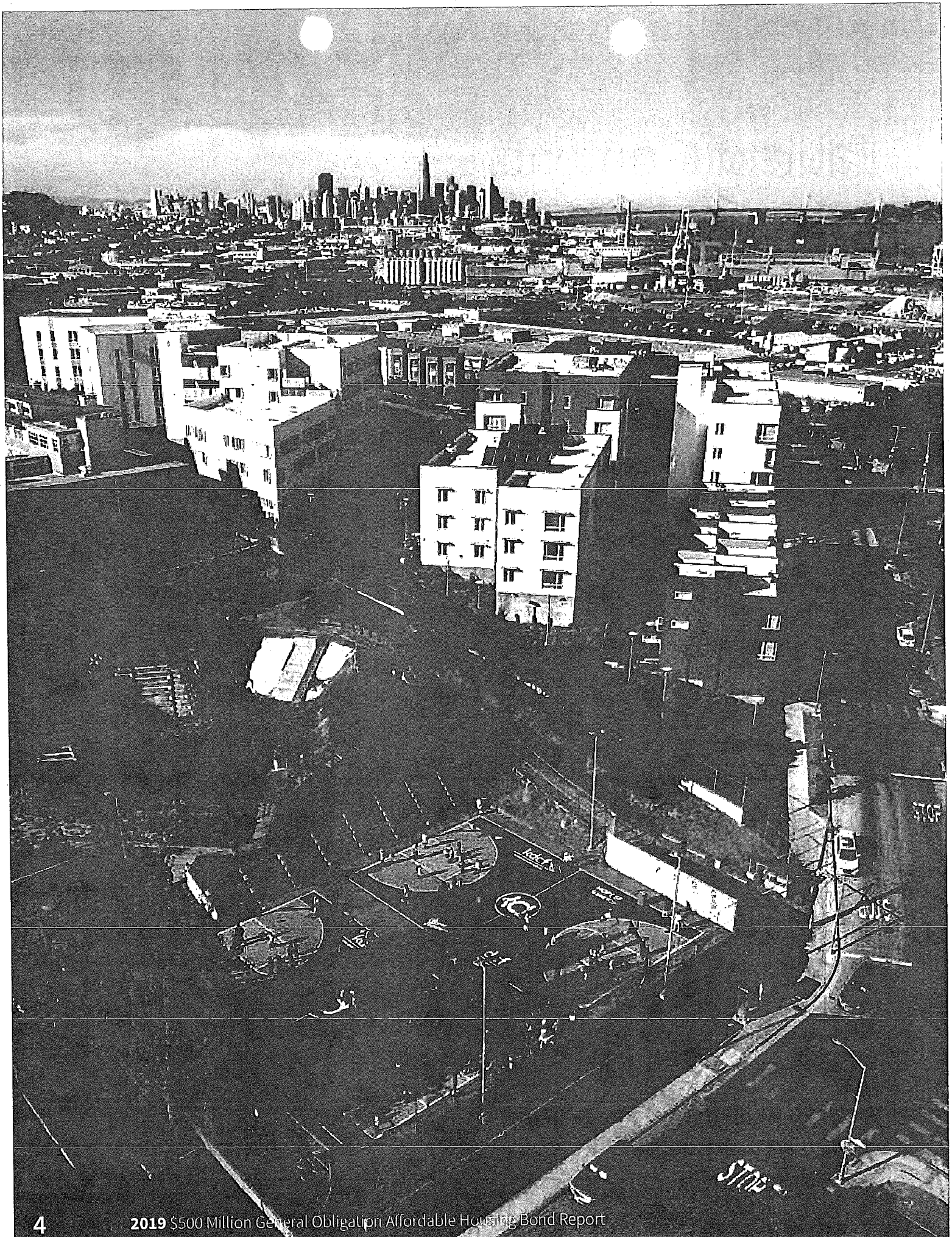
**Low-Income:** Households earning between 30% and 80% AMI

**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:

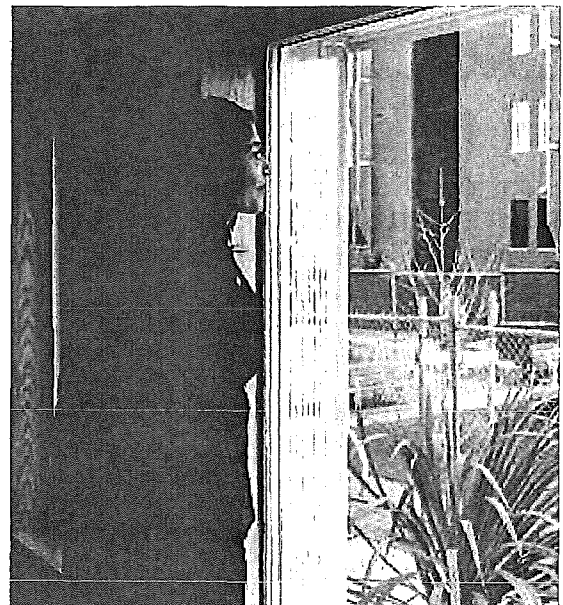
- Create new affordable homes, especially for our growing senior population
- Accelerate the rebuilding of distressed public housing sites for some of the City’s most vulnerable residents
- Preserve affordability in existing housing at risk of market-rate conversion or loss due to physical disrepair
- 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:<br>\$30 Million (est.) - preservation<br>\$20 Million (est.) - middle-income |
| Senior Housing (up to 80% AMI)   | \$90 Million   |
| <b>TOTAL</b>   | <b>\$500 Million</b>   |

# 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   |
| <b>TOTAL</b>                                 | <b>\$310 Million</b> | <b>1,613</b>  |





## 2019 Housing Bond:

# Need For The Investment

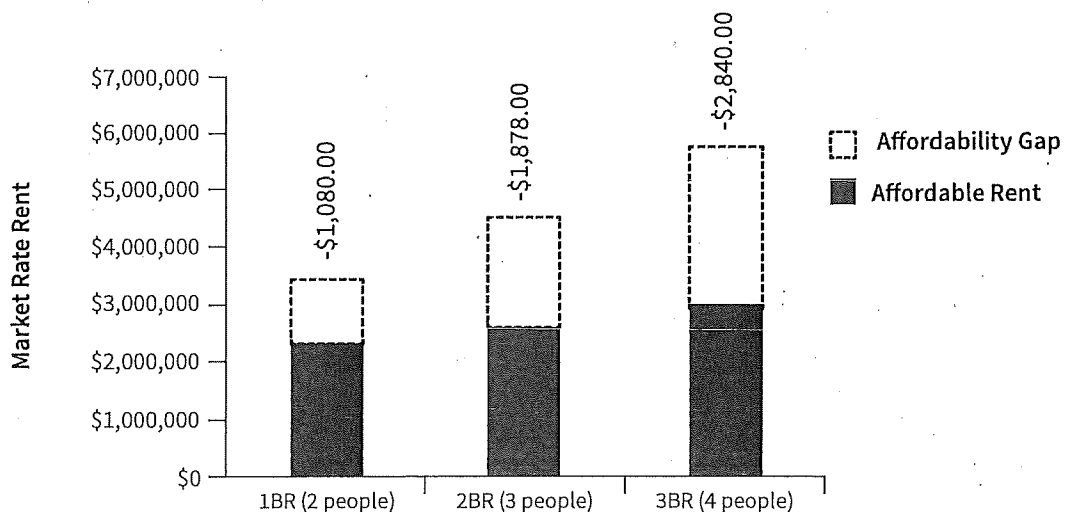
Since 2011, market-rate rental costs and homeownership prices have far outpaced income increases for most working households. This “affordability gap” leaves families and individuals vulnerable to displacement and homelessness. Though there has been significant affordable housing production and preservation 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.

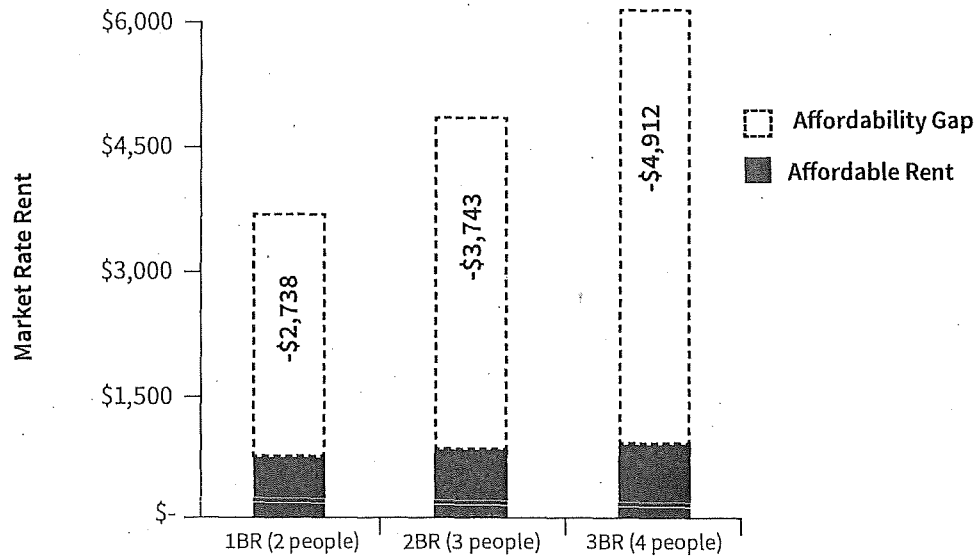
San Francisco has among the highest AMI in the nation, but for many it is still not enough to afford a market-rate apartment. For example, in 2018 the AMI was \$94,700 for a two-person household, which translates to an affordable rent of approximately \$2,368 for a one-bedroom apartment. Average one-bedroom 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)



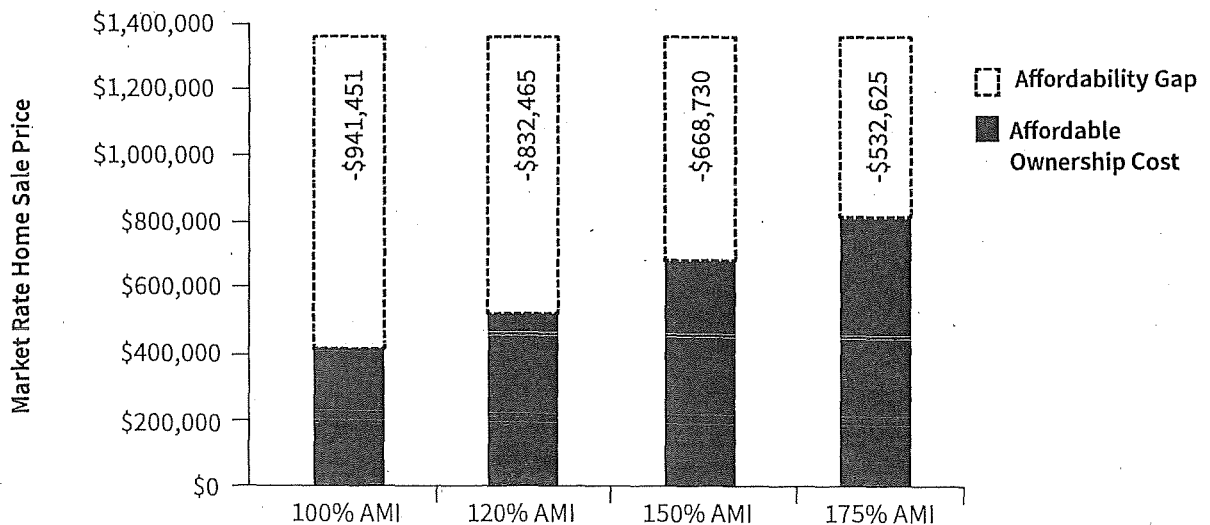


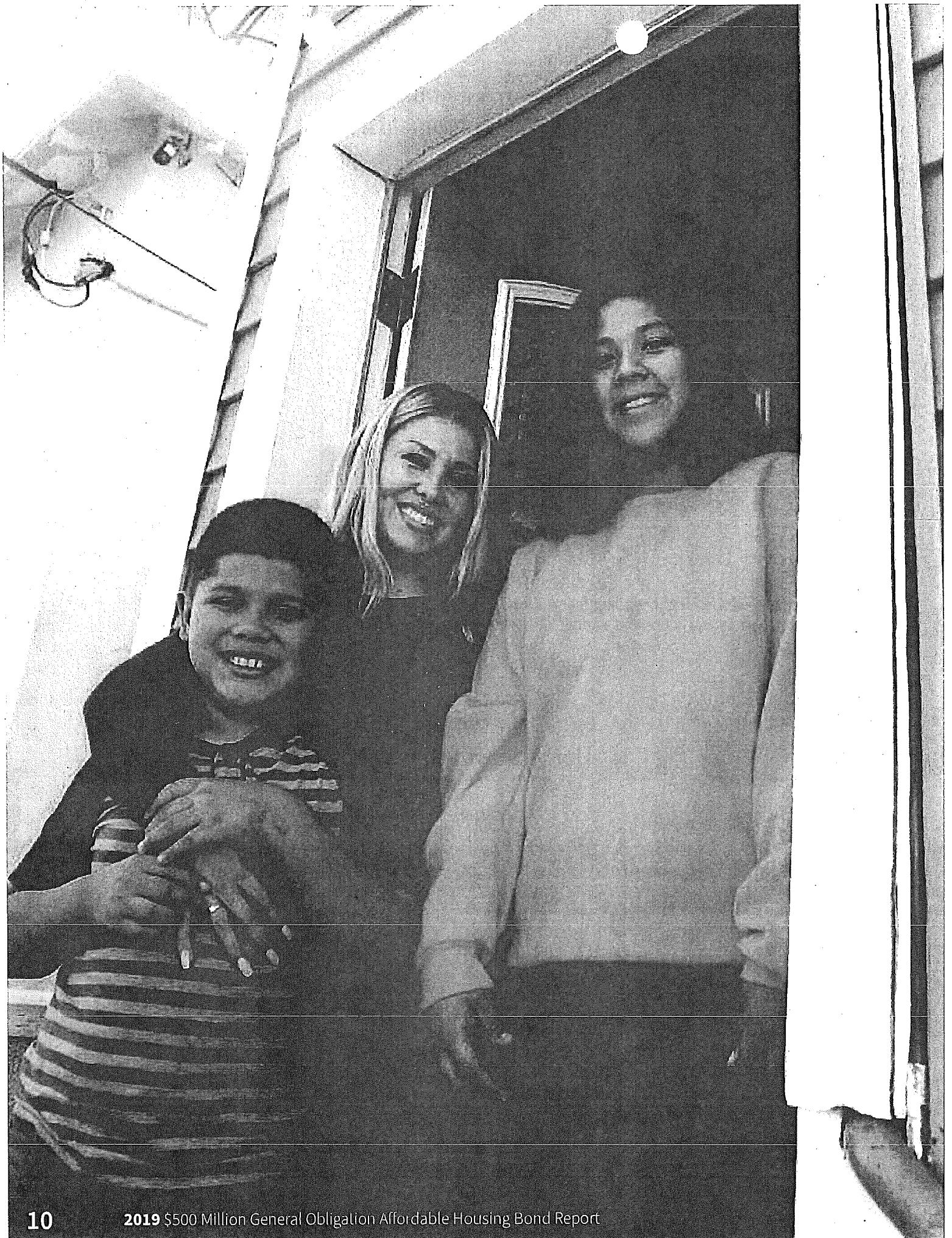
### Market Rate Rent vs. Affordability Gap (30% AMI Households)



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



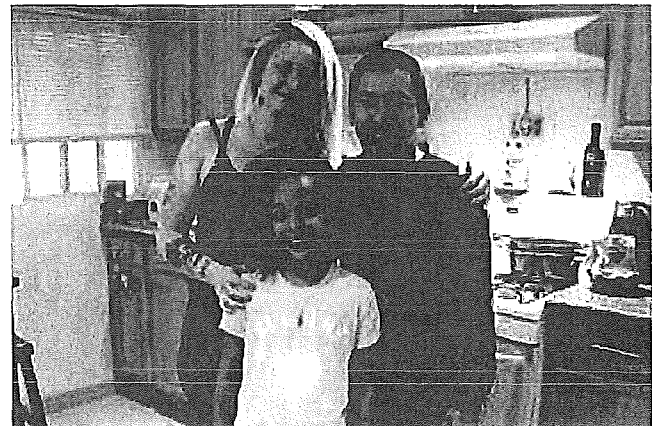
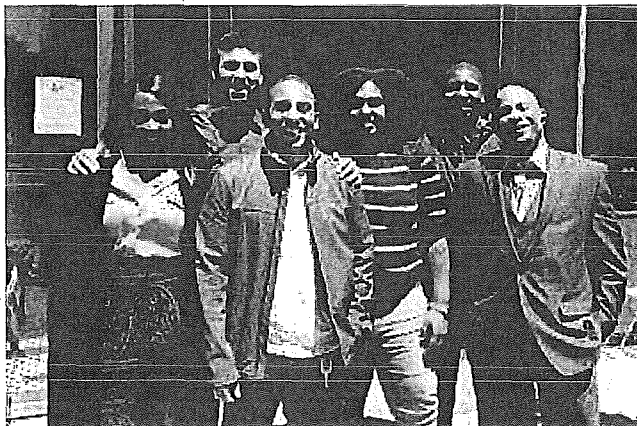


# 2019 Affordable Housing Bond Program Elements

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"> <li>Existing public housing residents</li> <li>New generations of assisted residents, at 10%-80% AMI</li> <li>Low-income families living in new units added</li> </ul>                      | 965<br><br><u>Projected:</u><br>550 Rehab<br>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"> <li>Extremely low- and low-income households</li> <li>Chronically homeless households and other vulnerable populations (\$10M is reserved for supportive housing predevelopment)</li> </ul> | 1,000<br><br>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"> <li>Existing residents earning between approximately 30% and 120% AMI</li> </ul>  | 90<br><br>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"> <li>Households earning between 80% and 200% AMI</li> <li>First-time homebuyers earning between 80% and 175% AMI</li> <li>SFUSD educators up to 200% AMI</li> </ul>                          | 60<br><br>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"> <li>Seniors on fixed incomes at 30% AMI or lower</li> <li>Low-income seniors up to 80% AMI</li> </ul>   | 300<br><br>Assumes a new construction gap funding need of \$300,000 per unit.  | 2020-2025 |
| <b>TOTALS</b>                   | <b>\$500 Million</b> |   |  | <b>2,415</b>   |           |



# 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.

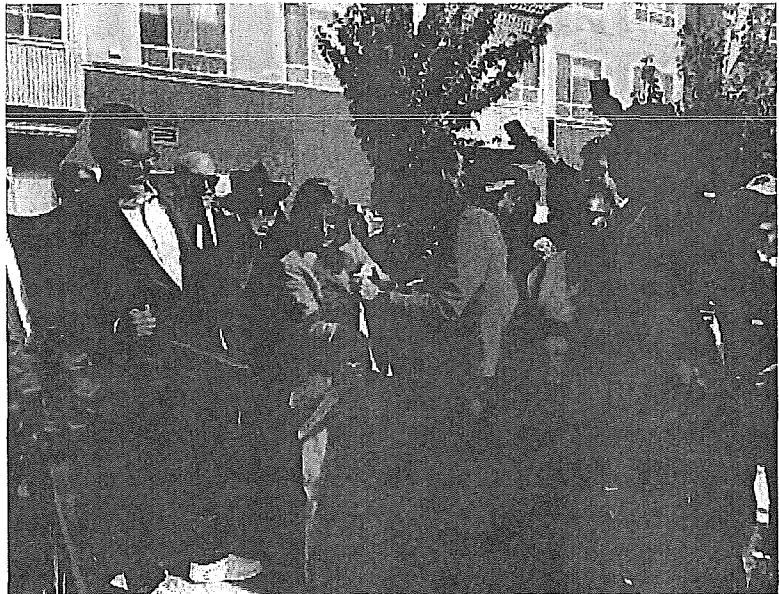
**CGOBOC Audits:** The City's Citizens' General Obligation Bond Oversight Committee (CGOBOC) is responsible for auditing the implementation of the 2019 Housing Bond per the Administrative Code (Section 5.30 to 5.36). This independent, nine member committee is appointed by the Mayor, the Board of Supervisors, 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.

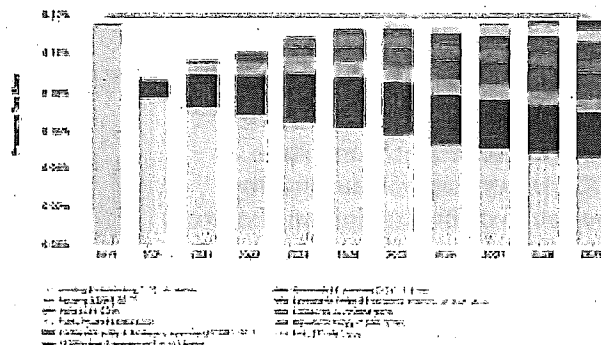
General Obligation bonds and General Fund debt programs are appropriate means of funding capital improvements as they spread the costs over their long, useful lives and across the generations of San Franciscans that will reap their benefits.

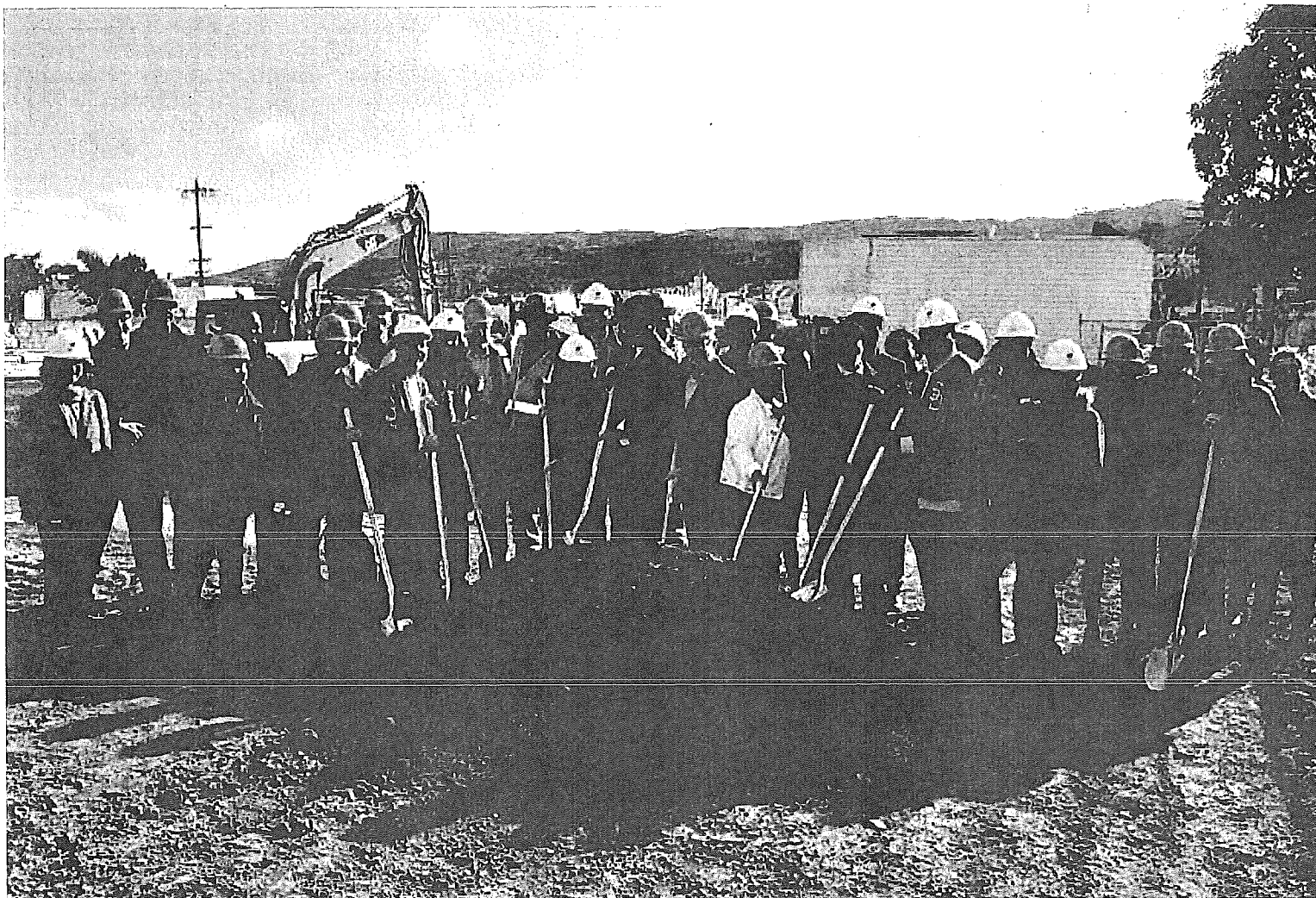
The Plan prioritizes critical capital projects to protect the public's safety and well-being; places a strong emphasis on accountability and transparency; and most importantly, demonstrates the highest levels of fiscal restraint and responsibility. Since its inception, the top priorities of the Capital 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](http://www.onesanfrancisco.org)**

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





# Project Schedule

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







**OFFICE OF THE CONTROLLER**  
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield  
Controller

Todd Rydstrom  
Deputy Controller

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

June 4, 2019

RE: File 190495 - Ordinance authorizing \$600 Million General Obligation Bond Issuance for Affordable Housing

Dear Ms. Calvillo,

Should the proposed \$600 million in bonds be authorized and sold under current assumptions, the approximate costs will be as follows:

- a) In fiscal year (FY) 2020-2021, following issuance of the first series of bonds, and the year with the lowest tax rate, the best estimate of the tax required to fund this bond issue would result in a property tax rate of \$0.00210 per \$100 (\$2.10 per \$100,000) of assessed valuation.
- b) In FY 2022-2023, following issuance of the last series of bonds, and the year with the highest tax rate, the best estimate of the tax required to fund this bond issue would result in a property tax rate of \$0.01733 per \$100 (\$17.33 per \$100,000) of assessed valuation.
- c) The best estimate of the average tax rate for these bonds from FY 2020-2021 through FY 2041-2042 is \$0.01177 per \$100 (\$11.77 per \$100,000) of assessed valuation.
- d) Based on these estimates, the highest estimated annual property tax cost for these bonds for the owner of a home with an assessed value of \$600,000 would be approximately \$102.76.

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

Sincerely,

  
Ben Rosenfield  
Controller

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

Mayor's Office of Housing and Community Development  
City and County of San Francisco

190495  
190501



London N. Breed  
Mayor

Kate Hartley  
Director

June 6, 2019

Mr. Larry Mazzola, Jr.  
President  
San Francisco Building & Construction Trades Council  
Business Manager & Financial Secretary-Treasurer, Local 38

Dear Mr. Mazzola, Jr.,

Thank you for sharing your concerns about the Building and Construction Trades Council (BCTC) members' ability to participate in the work created by the proposed 2019 Affordable Housing Bond, should two-thirds of San Francisco voters approve the Bond this coming November.

The Mayor's Office of Housing and Community Development (MOHCD) has steadfastly supported the BCTC and all union-affiliated trades employees on the construction jobs for which it is a lender. This support is evidenced by the high level of union participation on projects funded by the 2015 Affordable Housing Bond approved by San Francisco voters. On the five affordable housing projects funded by the 2015 Affordable Housing Bond which have commenced or completed construction, we see union participation rates between 99.25 – 100%. These participation numbers for current projects are reflective of our historical practices as well. We are proud to have collaborated with union contractors and sub-contractors over many years to create thousands of high-quality homes for the City's low and moderate-income residents, seniors, families, transitional aged youth, and those exiting homelessness. MOHCD has no intention of seeking to alter union participation rates for future projects funded under the proposed 2019 Affordable Housing Bond.

The proposed 2019 Affordable Housing Bond currently contemplates different categories of investment -- Public Housing, Low-Income Housing, Senior Housing, Preservation, and Middle-Income. Should the 2019 Affordable Housing Bond pass, you have MOHCD's commitment that we will continue to support and facilitate union labor to the greatest extent possible on affordable housing projects in the following categories of expenditures, or "Covered Work":

- 1) Public Housing Transformation Work: valued at \$150 million
- 2) New Construction Low-Income Housing, valued at \$210 million
- 3) New Construction Senior Housing: valued at \$90 million

The balance of the bond funds will be used for middle-income down payment assistance loans, which involve no construction, and preservation of existing buildings as 100% affordable housing. Additionally, these allocations are based on the current allocation of bond funds in the ordinance pending before the Board of Supervisors. Should they change prior to the Board of Supervisors' final action on the bond ordinance, MOHCD will update this letter to reflect the final amounts.

The table below provides a summary:

| SPENDING CATEGORY  | ESTIMATED VALUE | COVERED WORK?                              |
|--------------------|-----------------|--|
| Public Housing     | \$150 million   | Yes  |
| Low-Income Housing | \$210 million   | Yes  |
| Senior Housing     | \$90 million    | Yes  |
| Middle-Income      | \$20 million    | No   |
| Preservation       | \$30 million    | No   |
| Total              | \$500 million   | Percent Covered Work:<br>approximately 90% |

In addition, MOHCD is committed to continuing its longstanding practice of requiring that the construction of new affordable housing projects and the rehabilitation and transformation of existing public housing sites which receive bond funding be subject to prevailing wage requirements.

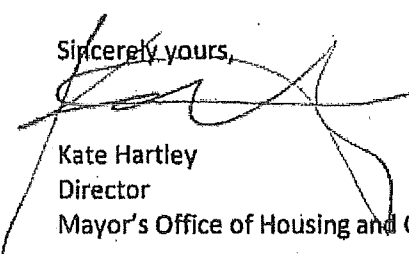
MOHCD is also committed to ensuring that on-site Covered Work involves a skilled and trained workforce, as defined by Section 2601 of the California Public Contract Code, subject to MOHCD's obligation to meet hiring requirements imposed by HUD and in conjunction with City local hire and LBE requirements memorialized in the Administrative Code.

Additionally, the prevailing wage and apprenticeship requirements referenced above for Covered Work will be included in the loan agreements that MOHCD executes with the affordable housing developers/owners, agreements which must go before the Board of Supervisors for approval.

We look forward to partnering with you in this effort, and will seek your assistance in ensuring that union sub-contractors are available to submit responsive and responsible bids, knowing that some of our bond-funded projects bring with them special complexity.

With this collaboration, we believe that voters will pass the 2019 Affordable Housing Bond, which will mean significant work for your members, and new homes for our residents.

Sincerely yours,



Kate Hartley  
Director

Mayor's Office of Housing and Community Development



190501  
190495



# 2019 Affordable Housing Bond Budget & Finance Committee

Mayor's Office of Housing and  
Community Development

June 6, 2019

CITY AND COUNTY OF

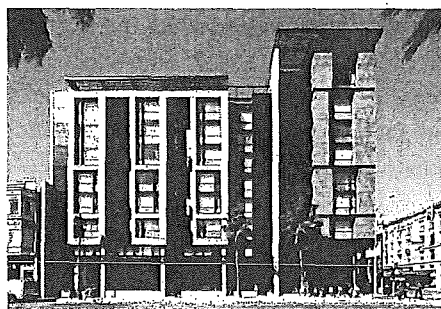
## SAN FRANCISCO

MAYOR LONDON N. BREED

## GO Bond Proposal

The City and County of San Francisco is proposing a \$600 million General Obligation bond for the November 2019 ballot to fund the construction, acquisition, improvement, rehabilitation, preservation and repair of affordable housing.

The funds will address critical housing needs, protect residents, and stabilize communities.



Bill Sorro Community



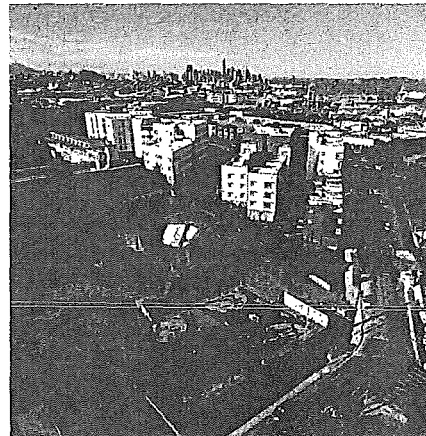
## Original Program Categories

| Program Categories  | Estimated Funds                            |
|---|--|
| Public Housing  | \$150 million                              |
| Low-Income Housing (up to 80% AMI)  | \$210 million                              |
|   | <u>\$50 million</u>                        |
| Affordable Housing Preservation (30% to 120% AMI) & Middle-Income Housing (80% AMI to 175% AMI) | \$30 million (est.)<br>\$20 million (est.) |
| Senior Housing (up to 80% AMI)  | \$90 million                               |
| <b>TOTAL</b>  | <b>\$500 million</b>                       |

MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

## Public Housing Needs

- Bond proceeds will support the City's ongoing commitment to HOPE SF, a national model for disrupting intergenerational poverty, reducing social isolation and creating vibrant mixed-income communities without mass displacement.
- Sunnydale and Potrero funding needs include:
  - Emergency life-safety repairs for approximately 550 units;
  - Unit and infrastructure replacement for approximately 560 units;
  - Additional 140 new affordable units
- Additional funding will help stabilize and preserve the San Francisco Housing Authority's last, additional remaining public housing sites, all of which are severely dilapidated.



Hunters View Public Housing after HOPE SF Transformation

MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

## Public Housing – \$150 million (original)

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

**Priorities:**

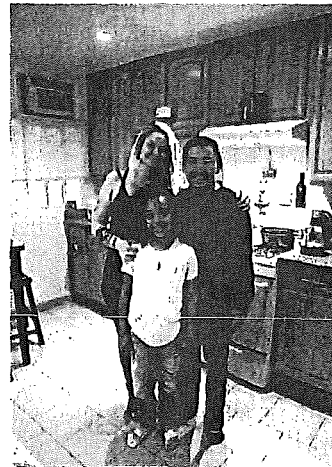
- Urgent capital needs to address life safety risks
- Additional creation of net new homes
- Acceleration of long construction timelines
- Reduction of adverse community impacts caused by long construction timelines

**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

## Low-Income Housing Needs

- San Francisco low-income households need affordable housing to address their vulnerability to displacement and homelessness
- Federal resources have been in decline for years; state resources do not meet the need
- Bond funds will enable 1,000+ units of pipeline projects to start construction in the next four years:
  - Projects will serve vulnerable residents including seniors, formerly homeless individuals, veterans and families
- Funding will also expand the pipeline, especially for 100% supportive housing projects while Prop C funds are in litigation



Family in their home in the Mission District

## Low-Income Housing – \$210 million (original)

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

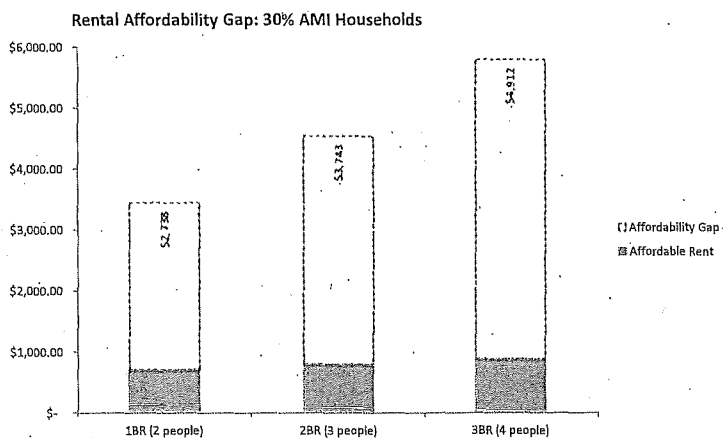
**Priorities:**

- 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

**Who is Served?**

- Vulnerable populations, such as working families, Veterans, Seniors, People with disabilities, Transitional aged youth, and people experiencing homelessness.

## Rental Affordability Gap



## Preservation Needs

- San Francisco's low- and middle-income residents are at constant risk of displacement through the conversion of rent-controlled housing
- Residents in older, HUD-financed affordable housing are also at risk of displacement due to the physical disrepair of their housing
- Funding will be used to acquire, rehabilitate, and preserve existing housing and convert to permanent affordability



Mayor Breed and residents announcing preservation of 4830 Mission Street

9

MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

## Affordable Housing Preservation – \$30 million (original, estimated)

**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.

### **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

### **Who is Served?**

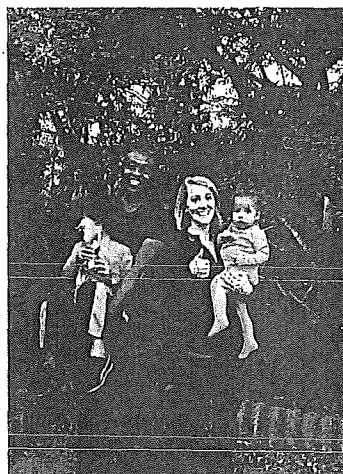
- Low to middle-income households earning between approximately 30% and 120% of AMI, such as current residents living in housing at-risk of losing affordability and future generations of tenants.

10

MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

## Middle-Income Housing Needs

- Middle-income households, including teachers, non-profit workers, police and fire fighters, are the backbone of San Francisco's diverse workforce and are critical contributors to the City's economy,
- Bond funds will fill the gap left by an absence of federal resources and little state funding for this urgent housing need; San Francisco's middle-income housing production is consistently the lowest performing among all income categories in the Regional Housing Needs Allocation 2015-2022
- Funding will be used to create new affordable housing opportunities for middle-income households, including first-time homeownership



Teacher household that received \$375K in down payment assistance to purchase home in the Outer Sunset

11 MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

## Middle-Income Housing – \$20 million (original, estimated)

**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.

**Priorities:**

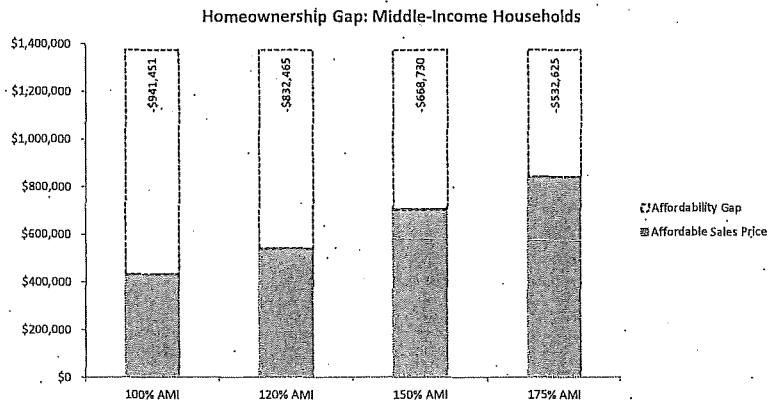
- Households eligible for the Down Payment Assistance Loan Program (DALP)
- SFUSD Educators eligible for Teacher Next Door Down Payment Assistance Program Loans (TND)

**Who is Served?**

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

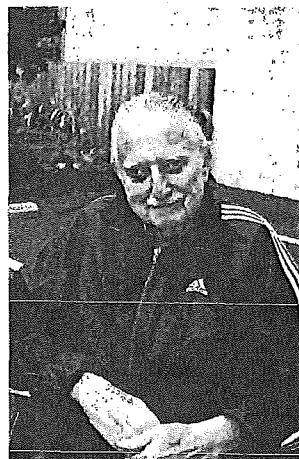
12 MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

## Homeownership Affordability Gap



## Senior Housing Needs

- A senior living on Social Security earns about \$1,500 per month, or about 22% of Area Median Income for a single person.
- With average studio rents at about \$2,500/month, seniors who have worked their whole lives face daunting choices.
- Other common challenges seniors face – frailty, high medical expenses, and isolation, for example – add to the serious need for affordable senior housing.
- Funding will be used to create and preserve affordable senior housing, especially for low-income seniors



Senior resident at grand re-opening of 666 Ellis Street

## Senior Housing – \$90 million (original)

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

**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

**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.

## Legislative Timeline

| Date    | Action   |
|---------|--|
| 7/10/19 | Last date for <b>regular Budget &amp; Finance</b> meeting to recommend GO Bond ordinance                                 |
| 7/15/19 | Last date for <b>special Budget &amp; Finance</b> meeting to forward GO Bond ordinance to Full Board as committee report |
| 7/16/19 | Last regular Full Board meeting for <b>First Reading</b> of GO Bond ordinance  |
| 7/26/19 | Last regular Full Board meeting for <b>Second Reading</b> of GO Bond ordinance   |
| 7/26/19 | Deadline for Board of Supervisors to <b>submit to Department of Elections</b>  |
| 11/5/19 | Election Day   |



## GO Bond Estimated Issuance Timeline

| Year | Estimated Issuance Amount |
|------|---------------------------|
| 2020 | \$200 million             |
| 2021 | \$200 million             |
| 2022 | \$200 million             |



## 2019 Affordable Housing Bond Capital Planning Committee

Mayor's Office of Housing and  
Community Development

May 6, 2019

CITY AND COUNTY OF  
**SAN FRANCISCO**

MAYOR LONDON N. BREED



**Patrick Monette-Shaw**

975 Sutter Street, Apt. 6  
 San Francisco, CA 94109

Phone: (415) 292-6969 • e-mail: [pmonette-shaw@earthlink.net](mailto:pmonette-shaw@earthlink.net)

June 5, 2019

Budget and Finance Committee, San Francisco Board of Supervisors

- The Honorable Sandra Lee Fewer, Chairperson
- The Honorable Catherine Stefani, Supervisor, District 2
- The Honorable Rafael Mandelman, Supervisor, District 8
- The Honorable Hillary Ronen, Supervisor, District 9
- The Honorable Norman Yee, Supervisor, District 7

1 Dr. Carlton B. Goodlett Place  
 San Francisco, CA 94102

**Re: June 6 Agenda Items #4 & 5: General Obligation Bonds — Affordable Housing — Not to Exceed \$500,000,000**

Dear Chairperson Fewer and Budget and Finance Committee Members,

This testimony recommends the Budget and Finance Committee 1) Require MOHCD to correct inaccurate data, 2) Re-Allocate uses of the \$500 million proposed bond, and 3) Dedicate potential \$100 million increase to middle-income housing.

**Correct Inaccurate Data About 2015 Affordable Housing Bond Accomplishments**

MOHCD’s report to both the Capital Planning Committee and to the Board of Supervisors — *2019 General Obligation Affordable Housing Bond Report* — wrongly claims that the 2015 Affordable Housing Bond has produced (or will) 1,613 housing units.

That’s complete hooey, since MOHCD’s own presentation to CGOBOC on May 20, 2019 reported that just 1,501 units — not 1,613 — will be produced with the 2015 Affordable Housing Bond (MOHCD report dated March 2019). And the 1,501-unit amount may actually only be somewhere between 1,056 units and 1,111 units, since MOHCD is counting at least 390 units, if not 445 units, in “*infrastructure*” projects, including 125 market-rate units, in the Public Housing subcategory. All along, MOHCD had been reporting units for *pre-development* projects in the total unit count, but eventually removed the *pre-development* units from the totals. Similarly, MOHCD should stop padding the unit counts by including units served by “*infrastructure*” improvements as new or rehabilitated units.

During successive quarterly reports on the 2015 bond to CGOBOC, MOHCD shifted the unit counts in each category, shown in Figure 1. MOHCD must report to you, and members of the public, correct data on the number of new and rehabbed units.

**Figure 1: Shifting Units Counts of 2015 Bond Main Categories:**

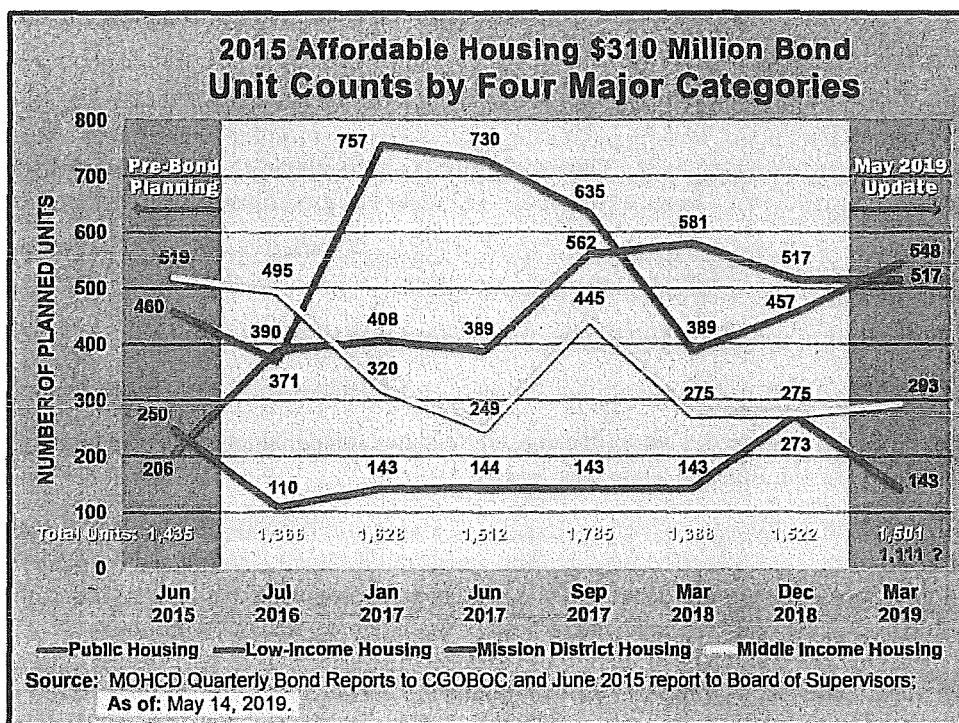


Figure 2: Total Units Shouldn't Be Inflated by Counting "Infrastructure"

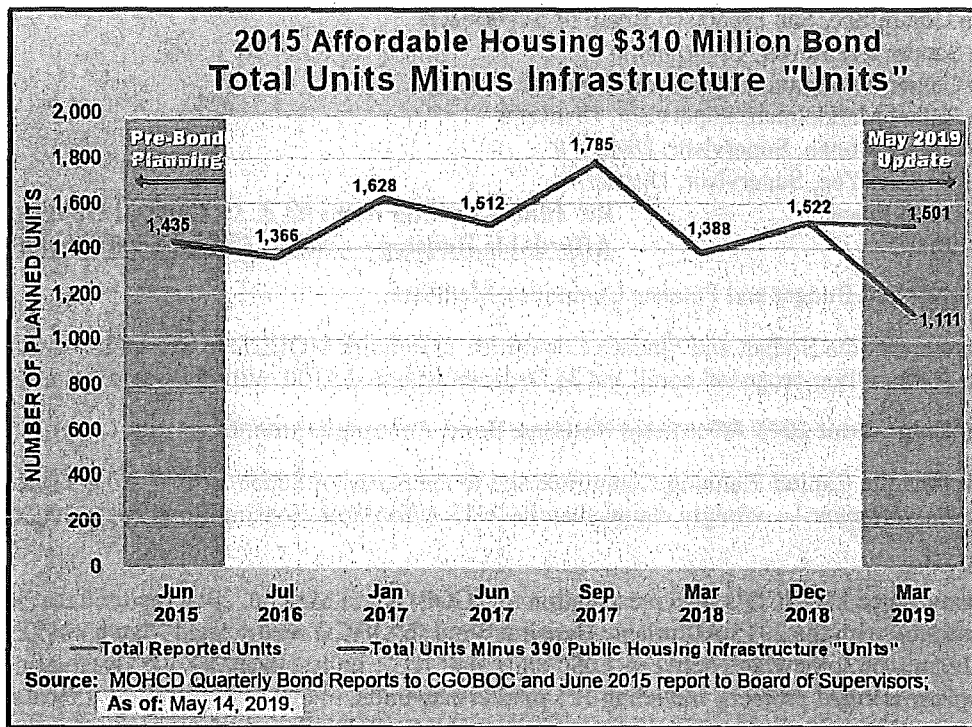


Figure 2 illustrates:

- MOHCD appears to be reporting in its "GO Bond accomplishment tracking of unit counts" metrics at least 390 units in the Public Housing category that are infrastructure development and perhaps not actual units (217 units in the Potrero Phase II Infrastructure Development project, and 173 units at the Sunnydale 3A/B Predevelopment and Infrastructure project).

If MOHCD is not counting *pre-development* expenses in its "GO Bond accomplishments" in the Low-Income Housing main category, why is it counting *infrastructure* expenses that also may not involve actual housing units being built or rehabilitated in the Public Housing main category?

- Not shown in Figure 2 are 55 units being counted in the "Sunnydale Parcel Q Vertical/Block 6 Infrastructure Predevelopment" project in the Public Housing main category, which may push the total number of units funded by the bond down from 1,111 to just 1,056 total units. This would also push the Public Housing "accomplishments" down from 517 units (as MOHCD reports) to just 72 units (390 + 55 = 445 units that are infrastructure support, not actual units).

To the extent the 2015 bond is producing 1,056 units — not 1,613 units as MOHCD reported to you for the 2019 bond — MOHCD artificially inflated the "accomplished" unit counts by 34.5%.

#### Proposed Re-Allocation Within Proposed \$500 Million 2019 Affordable Housing Bond

I have been following the 2015 Affordable Housing bond's progress and believe you should make changes to the 2019 bond.

I am requesting that the Budget and Finance Committee consider making amendments to the enabling legislation for the November 2019 Affordable Housing Bond on Thursday, June 6.

- Re-Allocate Portion of \$210 Million Low-Income Housing Category to Affordable Housing Preservation Category:** The 2015 Affordable Housing bond allocated \$180 million between the *Public Housing* and *Low-Income Housing* main categories, 58% of the \$310 million bond. Similarly, the 2019 bond is proposing to allocate \$360 million between the *Public Housing* and *Low-Income Housing* main categories, 72% of the proposed \$500 million bond.

Since the Planning Department has reported that RHNA production between 2007 and 2014 achieved just 19% of units *actually produced* for the Moderate-Income category (80% to 120% of AMI) and only 22% of Moderate-Income units

June 5, 2019

**June 6 Agenda Items #4 & 5: General Obligation Bonds — Affordable Housing — Not to Exceed \$500,000,000**

Page 3

have received permits for the 2015–2022 period now four years into the eight-year cycle, the Budget and Finance Committee should re-allocate \$100 million of the \$210 million planned for Low-Income housing and assign it to the *Affordable Housing Preservation* category, thereby increasing that category from \$30 million to \$130 million.

It's a long-overdue matter of equity for moderate-income households.

The Middle-Income Rental housing program took a hit in the 2015 bond, and a similar category is on track to receive just \$30 million — only 6% — from the \$500 million 2019 bond. That funding must be significantly increased.

- **Require No “Poaching” From \$30 Million Affordable Housing Preservation Category:** When CGOBOC first heard the 2015 Bond during its initial January 2016 hearing, the *DALP* and *Teacher Next Door* loans were budgeted for a combined \$15 million, but as of December 2018, those two programs rose to receiving \$39.4 million of the \$80 million Middle-Income Housing category. MOHCD claimed there had been “great demand” for the *DALP* loans, but in the re-allocation process the category for a *Middle-Income Rental Housing* category was removed entirely in favor of funding the *DALP* and *TND* loans and for the 43<sup>rd</sup> & Irving rental project serving only teachers, in effect stripping other middle-income households of housing production they could afford.

The Budget and Finance Committee should ensure that MOHCD is not allowed to raid the planned \$30 million *Affordable Housing Preservation* category for *rental units* in the 2019 bond to again fatten up *ownership* loan awards for the *DALP* and *TND* categories.

- **Change AMI Levels for Affordable Housing Preservation Category:** The AMI targets for the *Affordable Housing Preservation* category should be changed from 30%–120% of AMI, to 80%–120% of AMI. This is particularly true since the *Public Housing* and *Low-Income Housing* categories are already reserved for those households earning less than 80% of AMI. Allowing those who earn between 30% and 80% of AMI to access the *Affordable Housing Preservation* category essentially provides them with multiple categories of funding, pitting them against moderate-income households earning between 80% and 120% of AMI.
- **Expand AMI Levels for Senior Housing Category:** The AMI range for the Senior Housing units should be raised to 120% of AMI to assist moderate-income level seniors.
- **Require Breakouts of Senior Housing Category:** MOHCD should be required to determine now the number of proposed senior housing units being planned in each of the three categories for very-low income, low-income, and moderate-income seniors (80% to 120% of AMI), and require MOHCD to stick to it.
- **Types of Senior Housing Units:** MOHCD should be required to report now what types of housing will be developed for the \$90 million Senior Housing category, and whether assisted living and board-and-care facilities will be included in the funding and will actually and eventually be developed.
- **Speed Up Bond Issuance:** One of the problems with the 2015 bond is that it was split into three tranches. The third tranche representing nearly one third of the \$310 million bond is not expected to be issued until the Fall of 2019, four years after voters approved it in November 2015. Taking three to four years to issue bonds after voters have approved them is totally unacceptable in the middle of San Francisco's affordable housing crisis.

The \$500 million for the November 2019 ballot needs to be issued more aggressively. The \$200 million planned to be issued in 2021 and the \$150 million tranche expected to be issued in 2022 should be moved up to mid-year 2020.

- **Speed Up Project Timelines:** I am concerned that the five categories of spending — Public Housing, Low-Income Housing, Affordable Housing Production, Middle-Income Housing, and Senior Housing projects — drag out project timelines to the year 2025 or later, six years after the \$500 million bond is to appear on the November 2019 ballot.

In the midst of an on-going affordable housing crisis, the City must do better!

- **Report Accurate Unit Counts:** I am concerned by the 965 units reported as being produced or preserved in the Public Housing category for the planned 2019 bond, and whether that number is being over-reported. How many of those 965 units are actually for pre-development and/or infrastructure? MOHCD should be required to break out the data.

June 5, 2019

**June 6 Agenda Items #4 & 5: General Obligation Bonds — Affordable Housing — Not to Exceed \$500,000,000**

Page 4

You should require that MOHCD report in all major categories of funding the number of actual units being produced, and report separately the number of units that fall into the “*pre-development*” and “*infrastructure*” categories to avoid artificially inflating the total number of units that will be produced or preserved with the 2019 bond.

Please consider making amendments to the enabling legislation for the \$500 million bond plans on June 6.

**Dedicate Potential \$100 Million Increase (to \$600 Million) for Middle-Income Rental Housing**

Should the Board decide to add \$100 million — to a total of \$600 million — to the November 2019 Affordable Housing bond, I believe you should reserve the \$100 million increase for middle-income rental housing development, in part because that need was unceremoniously removed from the 2015 bond spending.

The November 2015 Affordable Housing bond had explicitly asked voters the question of whether the bond would include a middle-income rental program. The legal text of the Affordable Housing Bond clearly stated in Section 3-E on page 156 in the November 2015 voter guide that a portion of the bond would be used to create “*Middle-Income Rental Housing*.” In fact, MOHCD had advised CGOBOC in January 2016 that:

*“Bond funds may be allocated to support the creation of permanently affordable rental units designated for middle-income households that are currently not served by the City’s traditional affordable housing programs. Bond funds used for the creation and support of middle-income rental units will prioritize family-sized units.”*

Some observers continue to wonder whether MOHCD decided after voters passed Proposition “C” in June 2016 that MOHCD could remove the *Middle-Income Rental* program from the 2015 Affordable Housing Bond a month later in July 2016.

Middle-income households that rent will not be included in funding for the 2019 housing bond. That must be fixed, by including funding for it, and not removing it, again.

Beyond that, the Board of Supervisors should not approve adding \$100 million to the bond, without first transparently telling voters what the \$100 million increase will be used for, presumably for brick-and-mortar projects.

Respectfully submitted,

**Patrick Monette-Shaw**

*Columnist*

*Westside Observer* Newspaper

cc: The Honorable Aaron Peskin, Supervisor, District 3  
The Honorable Gordon Mar, Supervisor, District 4  
The Honorable Vallie Brown, Supervisor, District 5  
The Honorable Matt Haney, Supervisor, District 6  
The Honorable Shamann Walton, Supervisor, District 10  
The Honorable Ahsha Safai, Supervisor, District 11

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:

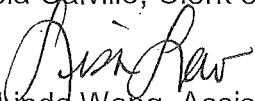
On May 7, 2019, Mayor Breed introduced legislation for the following proposed General Obligation Bond for the November 5, 2019, Election:

**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



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

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

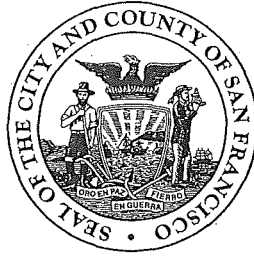
for   
By: Linda Wong, Assistant Clerk  
Budget and Finance Committee



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

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

## MEMORANDUM

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

FROM: *ll*  
*ll* Linda Wong, Assistant Clerk, Budget and Finance Committee  
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](mailto: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



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

## 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](mailto: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.

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



