

File No. 190835

Committee Item No. 9

Board Item No. 2

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date September 4, 2019

Board of Supervisors Meeting

Date September 17, 2019

Cmte Board

- Motion
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- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong Date August 29, 2019
 Completed by: Linda Wong Date September 5, 2019

1 [Appropriation - 2012 General Obligation Parks Bond Proceeds - \$3,100,000 - 2015 General
2 Obligation Housing Bond Proceeds - \$92,725,000 - FY2019-2020]

3 **Ordinance appropriating \$3,100,000 of proceeds from the 2012 General Obligation**
4 **Parks Bond, Series 2019C, to the Port of San Francisco and appropriating \$92,725,000**
5 **of proceeds from the 2015 General Obligation Housing Bond, Series 2019D, to the**
6 **Mayor’s Office of Housing and Community Development in FY2019-2020 and placing**
7 **\$95,825,000 on Controller’s Reserve pending the sale of the bonds.**

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

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

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19 Section 1. The sources of funding outlined below are herein appropriated in the Port
20 of San Francisco to reflect the projected funding available from the 2012 General Obligation
21 Parks Bond, Series 2019C in FY 2019-20.

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24 **SOURCES Appropriation – Port of San Francisco**

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Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
24021	10013449-0001	480111	2012 GO	\$1,700,000
PRT-CP 12 NP BD-4 th S	/ 14875	Proceeds from	Bonds, 4th	
19C /	RP Agua Vista Park	Sale of Bonds-	Series 2019C	
232116 PRT Port		Face Amount		
Commission (Portwide)				
24021	10033078-0001	480111	2012 GO	\$1,370,256
PRT-CP 12 NP BD-4 th S	/ 14875	Proceeds from	Bonds, 4th	
19C /	PO Heron's Head	Sale of Bonds-	Series 2019C	
232116 PRT Port	Park Improv	Face Amount		
Commission (Portwide)				
24021	10013404-0001	480111	2012 GO	\$29,744
PRT-CP 12 NP BD-4 th S	/ 14863	Proceeds from	Bonds, 4th	
19C /	RP	Sale of Bonds-	Series 2019C	
232116 PRT Port	GOBOC/Controller	Face Amount		
Commission (Portwide)	Audit Srvc			
Total SOURCES Appropriation – Port of San Francisco				\$3,100,000

1 Section 2. The uses of funding outlined below are herein appropriated in the Port of
 2 San Francisco in FY 2019-20 and reflect the projected uses of funding for the 2012 General
 3 Obligation Parks Bond, Series 2019C.

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 6 **USES Appropriation – Port of San Francisco**

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
24021	10013449-0001	567000	Agua Vista	\$1,700,000
PRT-CP 12 NP BD-4 th S	/ 14875	Bldgs,Struct&	Park	
19C /	RP Agua Vista Park	Imprv Proj-Budget		
232116 PRT Port				
Commission (Portwide)				
24021	10033078-0001	567000	Heron's Head	\$1,370,256
PRT-CP 12 NP BD-4 th S	/ 14875	Bldgs,Struct&	Park	
19C /	PO Heron's Head	Imprv Proj-Budget		
232116 PRT Port	Park Improv			
Commission (Portwide)				

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Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
24021 PRT-CP 12 NP BD-4 th S 19C /	10013404-0001 / 14863 RP	581130	CSA 0.2% GF-Con-Internal Audits	\$6,141
232116 PRT Port Commission (Portwide)	GOBOC/Controller Audit Srvc		Controller's Audit Fund	
24021 PRT-CP 12 NP BD-4 th S 19C /	10013404-0001 / 14863 RP	573110	Cost of Bond Issuance Cost-Unamortized	\$19,728
232116 PRT Port Commission (Portwide)	GOBOC/Controller Audit Srvc		Issuance	
24021 PRT-CP 12 NP BD-4 th S 19C /	10013404-0001 / 14863 RP	573110	Underwriter's Bond Issuance Cost-Unamortized	\$775
232116 PRT Port Commission (Portwide)	GOBOC/Controller Audit Srvc		Discount	

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
24021	10013404-0001	581420	General	\$3,100
PRT-CP 12 NP BD-4 th S 19C /	/ 14863 RP	GF-Gen-Goboc 0.1% Recovery	Obligation Bond Oversight	
232116 PRT Port Commission (Portwide)	GOBOC/Controller Audit Srvc		Committee (GOBOC) Fee	
Total USES Appropriation – Port of San Francisco				\$3,100,000

Section 3. The sources of funding outlined below are herein appropriated in the Mayor's Office of Housing and Community Development to reflect the projected funding available from the 2015 General Obligation Housing Bond, Series 2019D in FY 2019-20.

SOURCES Appropriation – Mayor's Office of Housing and Community Development

Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
10492	10035106-0001	480111	Proceeds from	\$38,049,357
2015 Afford Hous GOB 3rd 2019D /	/ 21015 2015 GO Bond 3rd-	Proceeds from Sale of Bonds-	Sale of Bonds	
232065 MYR Housing & Community Dev	Public Hsg	Face Amount		

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Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
10492	10035107-0001	480111	Proceeds from	\$7,267,429
2015 Afford Hous GOB	/ 21016	Proceeds from	Sale of Bonds	
3rd 2019D /	2015 GO Bond 3rd-	Sale of Bonds-		
232065 MYR Housing & Community Dev	Low Income	Face Amount		
10492	10035108-0001	480111	Proceeds from	\$791,736
2015 Afford Hous GOB	/ 21017	Proceeds from	Sale of Bonds	
3rd 2019D /	2015 GO Bond 3rd-	Sale of Bonds-		
232065 MYR Housing & Community Dev	Mission Hsg	Face Amount		
10492	10035109-0001	480111	Proceeds from	\$45,528,394
2015 Afford Hous GOB	/ 21018	Proceeds from	Sale of Bonds	
3rd 2019D /	2015 GO Bond 3rd-	Sale of Bonds-		
232065 MYR Housing & Community Dev	Middle Income	Face Amount		

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Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
10492	10035110-0001	480111	Proceeds from	\$1,088,084
2015 Afford Hous GOB 3rd 2019D /	/ 21019	Proceeds from	Sale of Bonds	
232065 MYR Housing & Community Dev	2015 GO Bond 3rd- Issuance Cost	Sale of Bonds- Face Amount		
Total SOURCES Appropriation – Mayor’s Office of Housing and Community Development				\$92,725,000
Total SOURCES Appropriation				\$95,825,000

Section 4. The uses of funding outlined below are herein appropriated in the Mayor’s Office of Housing and Community Development in FY 2019-20 and reflect the projected uses of funding for the 2015 General Obligation Housing Bond, Series 2019D.

USES Appropriation – Mayor’s Office of Housing and Community Development

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Fund / Department ID	Project & Activity / Authority	Account	Description	Amount
10492	10035106-0001	539200	Public Housing	\$37,989,357
2015 Afford Hous GOB 3rd 2019D /	/ 21015 2015 GO Bond 3rd-	Loans Issued By City		
232065 MYR Housing & Community Dev	Public Hsg			
10492	10035106-0001	535990	Public Housing	\$60,000
2015 Afford Hous GOB 3rd 2019D /	/ 21015 2015 GO Bond 3rd-	Other Current Expenses		
232065 MYR Housing & Community Dev	Public Hsg			
10492	10035107-0001	539200	Low-Income Housing	\$7,267,429
2015 Afford Hous GOB 3rd 2019D /	/ 21016 2015 GO Bond 3rd-	Loans Issued By City		
232065 MYR Housing & Community Dev	Low Income			

1	Fund /	Project & Activity	Account	Description	Amount
2	Department ID	/ Authority			
3	10492	10035108-0001	539200	Mission	\$791,736
4	2015 Afford Hous GOB	/ 21017	Loans Issued By	Neighborhood	
5	3rd 2019D /	2015 GO Bond 3rd-	City		
6	232065 MYR Housing &	Mission Hsg			
7	Community Dev				
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10	10492	10035109-0001	539200	Middle Income	\$45,528,394
11	2015 Afford Hous GOB	/ 21018	Loans Issued By	Housing	
12	3rd 2019D /	2015 GO Bond 3rd-	City		
13	232065 MYR Housing &	Middle Income			
14	Community Dev				
15					
16					
17	10492	10035110-0001	581130	CSA 0.2%	\$183,274
18	2015 Afford Hous GOB	/ 21019	GF-Con-Internal	Controller's Audit	
19	3rd 2019D /	2015 GO Bond 3rd-	Audits	Fund	
20	232065 MYR Housing &	Issuance Cost			
21	Community Dev				
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1	Fund /	Project & Activity	Account	Description	Amount
2	Department ID	/ Authority			
3	10492	10035110-0001	581420	General	\$92,725
4	2015 Afford Hous GOB	/ 21019	GF-Gen-Goboc	Obligation Bond	
5	3rd 2019D /	2015 GO Bond 3rd-	0.1% Recovery	Oversight	
6	232065 MYR Housing &	Issuance Cost		Committee	
7	Community Dev			(GOBOC) Fee	
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10	10492	10035110-0001	573110	Cost of	\$580,272
11	2015 Afford Hous GOB	/ 21019	Bond Issuance	Issuance	
12	3rd 2019D /	2015 GO Bond 3rd-	Cost-Unamortized		
13	232065 MYR Housing &	Issuance Cost			
14	Community Dev				
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16					
17	10492	10035110-0001	573110	Underwriter's	\$231,813
18	2015 Afford Hous GOB	/ 21019	Bond Issuance	Discount	
19	3rd 2019D /	2015 GO Bond 3rd-	Cost-Unamortized		
20	232065 MYR Housing &	Issuance Cost			
21	Community Dev				
22					
23	Total USES Appropriation – Mayor’s Office of Housing and Community				\$92,725,000
24	Development				
25	Total USES Appropriation				\$95,825,000


1 Section 5. The uses of funding outlined above for \$95,825,000 are herein placed
2 on Controller's Reserve pending issuance of these General Obligation Bonds.

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4 Section 6. The Controller is authorized to record transfers between funds and adjust
5 the accounting treatment of sources and uses appropriated in this ordinance as necessary
6 to conform with Generally Accepted Accounting Principles.

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9 APPROVED AS TO FORM:
10 DENNIS J. HERRERA, City Attorney

FUNDS AVAILABLE
BEN ROSENFELD, Controller

11
12 By:


13 BUCK DELVENTHAL
14 Deputy City Attorney

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25 By:


BEN ROSENFELD
Controller

<p>Items 7, 8, and 9 Files 19-0848, 19-0849 & 19-1835</p>	<p>Departments: Port Mayor's Office of Housing & Community Development Controller's Office of Public Finance</p>
<p>EXECUTIVE SUMMARY</p>	
<p>Legislative Objectives</p>	
<p>File 19-0848: The proposed resolution would authorize the sale of not-to-exceed \$3,100,000 aggregate principal amount of 2012 Clean and Safe Neighborhood Parks Bonds (Series 2019C).</p>	
<p>File 19-0849: The proposed resolution would authorize the sale of not-to-exceed \$92,725,000 aggregate principal amount of 2015 Affordable Housing Bonds (Series 2019D).</p>	
<p>File 19-0835: The proposed ordinance would (1) appropriate \$3,100,000 of proceeds from the 2012 Parks Bond, Series 2019C to the Port of San Francisco, (2) appropriate \$92,725,000 of proceeds from the 2015 Housing Bond, Series 2019D, to MOHCD, and (3) place \$95,825,000 on Controller's Reserve pending the sale of the bonds.</p>	
<p>Key Points</p>	
<ul style="list-style-type: none"> • In November 2012, San Francisco voters approved \$195 million of Clean and Safe Neighborhood Parks General Obligation Bonds to finance the construction, reconstruction, purchase and/or improvements for various neighborhood parks and citywide parks under the Recreation and Park Department and waterfront parks under the Port. • The proposed \$3.1 million fourth and final bond issuance and sale (Series 2019C) would be used to fund construction of improvements for Heron's Head Park and Agua Vista Park. • In November 2015, San Francisco voters approved Proposition A to authorize the issuance of not-to-exceed \$310,000,000 in taxable and tax-exempt general obligation bonds for affordable housing. • The proposed \$92,750,000 third and final issuance (Series 2019D) would be used to construct, develop, acquire and preserve housing affordable to low and middle-income households through programs that prioritize vulnerable populations. 	
<p>Fiscal Impact</p>	
<ul style="list-style-type: none"> • Total debt service over the anticipated one-year term of the Series 2019C bonds will be \$3,204,000, of which \$3,100,000 is principal and \$104,000 is interest. • Total debt service over the anticipated 20-year term of the Series 2019D bonds will be approximately \$139,630,000, of which \$92,725,000 is principal and \$46,906,000 is interest. • The owner of a residence with an assessed value of \$600,000 would pay average annual additional property taxes to the City of \$16.61 per year if the anticipated \$95,825,000 in Series 2019C and 2019D Bonds are sold. 	
<p>Recommendation</p>	
<ul style="list-style-type: none"> • Approve the proposed ordinance and the proposed resolutions. 	

MANDATE STATEMENT

City Charter Section 9.105 provides that the issuance and sale of General Obligation (GO) bonds is subject to Board of Supervisors approval in accordance with State law or local procedures adopted by ordinance.

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

BACKGROUND**Clean and Safe Neighborhood Parks Bond**

In November 2012, San Francisco voters approved \$195 million of Clean and Safe Neighborhood Parks General Obligation (GO) Bonds (2012 Proposition B) to finance the construction, reconstruction, purchase and/or improvements for various neighborhood parks and citywide parks under the Recreation and Park Department (Recreation & Park) and waterfront parks under the Port.

Of the total \$195,000,000 authorization, \$191,900,000 has been issued to date, leaving \$3,100,000 remaining in 2012 Proposition B funds, as shown in Table 1 below.

Table 1: 2012 Clean and Safe Neighborhood Parks Bond Issuances

Bond	Date	Recreation & Park	Port	Other ^a	Total
1st Sale	June 2013	\$53,187,500	\$18,200,000	\$582,500	\$71,970,000
2nd Sale	October 2015	29,152,430	13,200,000	867,570	43,220,000
3rd Sale	January 2018	75,899,527	--	810,473	\$76,710,000
<i>Subtotal To Date</i>					\$191,900,000
4 th Sale ^b	October 2019	--	3,070,256	29,744	3,100,000
<i>Subtotal Remaining</i>					\$3,100,000
Total		\$158,239,457	\$34,500,000	\$2,260,543	\$195,000,000

^a Other costs are for bond issuance and audit costs including: Controller's Audit Fund, Cost of Issuance, Underwriter's Discount, and Citizens' General Bond Obligation Oversight Committee.

^b Upon approval of File 19-0848.

Affordable Housing General Obligation Bond

In November 2015, San Francisco voters approved Proposition A to authorize the issuance of not-to-exceed \$310,000,000 in taxable and tax-exempt GO bonds for affordable housing for the following purposes:

- Construct, develop, acquire and preserve housing affordable to low and middle-income households through programs that prioritize vulnerable populations;
- Assist in the acquisition, rehabilitation and preservation of affordable rental apartment buildings to prevent the eviction of long-term residents;

- Target affordable housing investments in the Mission neighborhood;
- Repair and reconstruct dilapidated public housing;
- Fund a middle-income rental program;
- Provide for homeownership down payment assistance for educators and middle-income households;
- Provide independent citizen oversight and regular audits of the above-noted housing programs; and
- Authorize landlords to pass-through to residential tenants in rent-controlled units 50% of the increase in property taxes attributable to the cost to repay these bonds.

In September 2016, the Board of Supervisors approved two resolutions (Files 16-0867 and 16-0868) authorizing the issuance of the entire not-to-exceed \$310,000,000 of the 2015 Affordable Housing bonds and the sale of the first series of the 2015 Affordable Housing bonds for \$77,000,000, and an ordinance appropriating \$77,000,000 of proceeds from the first bond sale (File 16-0850). In April 2018, the Board of Supervisors approved a resolution authorizing the second issuance and sale of not-to-exceed \$146,000,000 of the 2015 Affordable Housing bonds (File 18-0325) and an ordinance appropriating \$146,000,000 of bond proceeds (File 18-0314). Of the total authorization, \$217,275,000 has been issued to date, leaving \$92,725,000 remaining to be issued, as shown in Table 2 below.

Table 2: 2015 Affordable Housing General Obligation Bond Issuances (millions)

	Issuance 1	Issuance 2	Issuance 3 ^a	Total
Public Housing	\$40,600,000	\$400,000	\$38,049,357	\$78,689,357
Low-Income Housing	22,974,731	67,595,000	7,267,429	97,837,160
Low-Income Housing (Mission)	7,025,269	42,635,000	791,736	50,452,305
Middle-Income Housing	3,803,014	29,856,986	45,528,394	79,188,394
Issuance and Oversight Costs	726,986	1,658,014	1,088,084	3,832,784
Total	\$75,130,000	\$145,145,000	\$92,725,000	\$310,000,000

^a Upon approval of File 19-0849.

DETAILS OF PROPOSED LEGISLATION

File 19-0848 is a proposed resolution that would:

1. Authorize the sale of not-to-exceed \$3,100,000 aggregate principal amount of 2012 Clean and Safe Neighborhood Parks Bonds (Series 2019C);
2. Prescribe the form and terms of the bonds;
3. Authorize the execution, authentication, and registration of the bonds;
4. Provide for the appointment of depositories and other agents for the bonds;
5. Provide for the establishment of accounts related to the bonds;
6. Provide for the manner of sale of the bonds by competitive or negotiated sale;
7. Approve the forms of Official Notice of Sale and Intention to Sell Bonds;

8. Direct the publication of the Notice of Intention to Sell Bonds;
9. Approve the form of the Preliminary Official Statement and the form and execution of the Official Statement relating to the sale of the bonds;
10. Approve the form of the Continuing Disclosure Certificate;
11. Authorize and approve modifications to documents;
12. Declare the City's intent to reimburse certain expenditures;
13. Waive the deadline for submission of Bond Accountability Reports;
14. Adopt findings under the California Environmental Quality Act (CEQA);
15. Ratify certain actions previously taken; and
16. Grant authority to City officials to take necessary actions for the authorization, issuance, sale, and delivery of the bonds.

File 19-0849 is a proposed resolution that would:

1. Authorize the sale of not-to-exceed \$92,725,000 aggregate principal amount of 2015 Affordable Housing Bonds (Series 2019D);
2. Prescribe the form and terms of the bonds;
3. Provide for the appointment of depositories and other agents for the bonds;
4. Provide for the establishment of accounts related to the bonds;
5. Authorize the sale of the bonds by competitive or negotiated sale;
6. Approve the forms of Official Notice of Sale and Notice of Intention to Sell Bonds and direct the publication of the Notice of Intention to Sell Bonds;
7. Approve the form of the Bond Purchase Contract;
8. Approve the form of the Preliminary Official Statement and the execution of the Official Statement relating to the sale of the bonds;
9. Approve the form of the Continuing Disclosure Certificate;
10. Authorize and approve modifications to documents;
11. Ratify certain actions previously taken; and
12. Grant authority to City officials to take necessary actions for the authorization, issuance, sale, and delivery of the bonds.

File 19-0835: The proposed ordinance would (1) appropriate \$3,100,000 of proceeds from the 2012 GO Parks Bond, Series 2019C to the Port of San Francisco, (2) appropriate \$92,725,000 of proceeds from the 2015 GO Housing Bond, Series 2019D, to the Mayor's Office of Housing and Community Development (MOHCD), and (3) place \$95,825,000 on Controller's Reserve pending the sale of the bonds.

The proposed resolution to sell the Series 2019C Bonds (File 19-0848) waives the deadline for submission of accountability reports required under Administrative Code Section 2.71(a). According to Mr. Vishal Trivedi, Financial Analyst in the Office of Public Finance, the waiver ensures that the sale would not be delayed if the bond accountability report was not submitted 60 days prior to appropriation of the bond proceeds. However, Mr. Trivedi reports that the Office of Public Finance is finalizing the bond accountability report as of the date of this report and that it will be submitted and distributed per the Administrative Code requirement.

Table 3 below outlines anticipated sources and uses for the Series 2019C and 2019D bond proceeds.

Table 3: Sources and Uses of Series 2019C and 2019D Bond Proceeds

<u>Sources</u>	2019C (File 19-0848)	2019D (File 19-0849)
Proceeds from Sale of Bonds	\$3,100,000	\$92,725,000
Total Not-To-Exceed Amount	\$3,100,000	\$92,725,000
Uses		
<u>Administrative Costs</u>		
GO Bond Oversight Committee	\$3,100	\$92,725
Cost of Issuance	19,728	580,272
Underwriter's Discount	775	231,813
Controller's Audit Fund	6,141	183,274
Administrative Costs Subtotal	\$29,744	\$1,088,084
<u>Projects</u>		
Agua Vista Park	\$1,700,000	
Heron's Head Park	1,370,256	
Projects Subtotal	\$3,070,256	
<u>Loans Issued by City</u>		
Public Housing		\$37,989,357
Low-Income Housing		7,267,429
Mission Neighborhood		791,736
Middle-Income Housing		45,528,394
Loans Issued by City Subtotal		\$91,576,916
Other Current Expenses		\$60,000
Total Uses	\$3,100,000	\$92,725,000

Uses of Clean and Safe Neighborhood Parks Bond Proceeds

The \$195 million 2012 Clean & Safe Neighborhood Parks Bond reserved \$34.5 million for Port Waterfront Parks. In the first two bond sales, the Port received \$31.4 million, as shown in Table 1 above. The proposed \$3.1 million fourth and final bond issuance and sale (Series 2019C) would be used to fund construction of improvements for Heron's Head Park and Agua Vista Park. The Heron's Head Park allocation would be used for comprehensive park signage, path

improvements, accessibility improvements, lighting, new planting, and upgrades to the EcoCenter's solar panels and electrical system. The Agua Vista Park allocation would be used for new grading, pathways, plantings, irrigation and drainage, site furniture, lighting, and improved access to the existing fishing pier.

Uses of Affordable Housing GO Bond Proceeds

The Mayor's Office of Housing and Community Development (MOHCD) uses the proceeds of the 2015 Affordable Housing GO Bond to make loans to affordable housing developers and individual homeowners.

The proposed uses for the third and final issuance (Series 2019D) include:

- \$37.5 million for infrastructure and vertical gap financing for the Potrero and Sunnydale public housing projects, supporting 390 public housing units;
- \$1.5 million for the Small Sites Program for the acquisition and rehabilitation of rent-controlled housing to preserve affordability, estimated to fund a 5-unit building;
- \$5.7 million for construction and permanent financing for 500 Turk Street, supporting 108 units;
- \$0.8 million for predevelopment costs for 681 Florida Street;
- \$19.2 million for down payment assistance loans, including \$2.9 million targeted for SFUSD teachers, estimated to fund 53 down payment loans and 60 Teacher Next Door loans; and
- \$26.0 million for predevelopment and construction of 82 units of middle-income teacher housing at 43rd & Irving (Francis Scott Key Elementary School).

According to Mr. Benjamin McCloskey, Deputy Director of Finance and Administration at MOHCD, the \$60,000 allocation for Other Current Expenses would pay for City Attorney costs related to the associated Public Housing projects.

FISCAL IMPACT

Annual Debt Service

The proposed resolutions (Files 19-0848 and 19-0849) authorize the Director of Public Finance to determine the sale date, interest rates, principal amount, and maturity dates of the bonds, subject to the following conditions: (1) the true interest cost shall not exceed 12 percent; and (2) the maturity date shall not be more than 30 years from the date of issuance.

The Office of Public Finance intends to sell the Series 2019C and 2019D Bonds through a competitive sale process, but in the case of significant change in market conditions, reserves the option to seek a negotiated sale with underwriter(s) selected competitively.

Series 2019C

The Office of Public Finance expects to sell \$3,100,000 in par value Series 2019C bonds. The Office of Public Finance estimates that, based on an estimated market interest rate of 2.92

percent for tax-exempt GO bonds, that total debt service over the anticipated one-year term of the bonds will be \$3,204,000 on the Series 2019C bonds, of which \$3,100,000 is principal and \$104,000 is interest.¹

Series 2019D

The taxable Affordable Housing bonds are anticipated to have a market interest rate of approximately 4.39 percent, resulting in an average annual debt service cost of approximately \$7,100,000 over the 20-year term of the bonds. The bonds are expected to result in approximately \$139,630,000 in total debt service over 20 years, of which \$92,725,000 is principal and \$46,906,000 is interest.

Debt Limit

Section 9.106 of the City Charter limits the amount of GO bonds the City can have outstanding at any given time to 3 percent of the total assessed value of property in San Francisco. The City calculates its debt limit on the basis of total assessed valuation net of non-reimbursable and homeowner exemptions. On this basis, the City's GO debt limit for FY 2018-19 is approximately \$7.78 billion, based on a net assessed valuation of approximately \$259.3 billion.

As of July 1, 2019, the City had outstanding approximately \$2.46 billion in aggregate principal amount of GO bonds, which equals approximately 0.95 percent of the net assessed valuation for FY 2018-19. If the Board of Supervisors approves the issuance of the Series 2019C and Series 2019D GO Bonds, the debt ratio would increase by 0.03 percent to 0.98 percent—within the 3 percent legal debt limit. If all of the City's voter-authorized and unissued GO bonds were issued, the total debt burden would be 1.37 percent of the net assessed value of property in the City.

Property Tax Rates

For Series 2019C and 2019D, repayment of the annual debt service will be recovered through increases in the annual property tax rate, which, according to the Controller's Office, would be \$0.00280 per \$100 of assessed value or \$2.80 per \$100,000 of assessed value over the anticipated 20-year term of the bonds. The owner of a residence with an assessed value of \$600,000, assuming a homeowner's exemption of \$7,000, would pay average annual additional property taxes to the City of \$16.61 per year if the anticipated \$95,825,000 in Series 2019C and 2019D Bonds are sold.

Capital Plan

Under financial constraints adopted by the City's Capital Planning Committee, debt service on approved and issued GO bonds may not increase property owners' long-term property tax rates

¹ According to Mr. Trivedi, the \$3.1 million in Series 2019C bonds will have a one-year maturity because, based on the current bond market dynamics and due to the small principal amount for this series, the municipal bond advisors have suggested that a single principal maturity would be more marketable and attract more bidders than having it amortized over many very small maturities. With a single maturity, structuring it with a shorter one-year term minimizes the interest cost to the City and the taxpayers, and there is sufficient debt service appropriation in this fiscal year to make the payment.

above FY 2005-06 levels. The FY 2005-06 property tax rate for the GO bond fund was \$0.1201 per \$100 of assessed value. The issuance of the Series 2019C and 2019D Bonds was assumed in the FY 2019-20 appropriation ordinance previously approved by the Board of Supervisors, so the estimated debt service on the bonds has been factored into the FY 2019-20 property tax rate that is pending before the Board of Supervisors. The property tax rate for GO bonds for FY 2019-20 is expected to be \$0.1167, which is below the FY 2005-06 rate and within the Capital Planning Committee's approved financial constraint.

RECOMMENDATION

Approve the proposed ordinance (File 19-0835) and the proposed resolutions (Files 19-0848 and 19-0849).

OFFICE OF THE MAYOR
SAN FRANCISCO



LONDON N. BREED
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Sophia Kittler
RE: Appropriation – 2012 General Obligation Parks Bond Proceeds,
\$3,100,000 and 2015 General Obligation Housing Bond Proceeds,
\$92,725,000 – FY 2019-20
DATE: 7/30/19

SK

Ordinance appropriating \$3,100,000 of proceeds from the 2012 General Obligation Parks Bond, Series 2019C to the Port of San Francisco and appropriating \$92,725,000 of proceeds from the 2015 General Obligation Housing Bond, Series 2019D to the Mayor's Office of Housing and Community Development in FY 2019-20 and placing \$95,825,000 on Controller's Reserve pending the sale of the bonds.

Please note that Supervisor Fewer is a co-sponsor of this legislation.

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

2019 JUL 30 PM 3:53
SK

