

BOARD of SUPERVISORS



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## MEMORANDUM

### BUDGET AND FINANCE COMMITTEE

### SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor John Avalos, Chair  
Budget and Finance Committee

FROM: Gail Johnson, Committee Clerk

DATE: July 13, 2010

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**  
Tuesday, July 13, 2010

The following file should be presented as a **COMMITTEE REPORT** at today's Board meeting. This item was acted upon at the Budget and Finance Committee meeting on July 9, 2010, at 11:30 a.m., by the votes indicated.

**Item # 72 File 100580**

Ordinance calling and providing for a consolidated general election to be held in the City and County of San Francisco on Tuesday, November 2, 2010, for the purpose of submitting to the voters of the City and County of San Francisco a proposition to authorize general obligation bonded indebtedness of the City and County in the Amount of Thirty Nine Million One Hundred and Forty Thousand Dollars (\$39,140,000) to provide loans to pay the costs of seismic retrofits to multi-story wood structures that are at significant risk of substantial damage and collapse during an earthquake, finding that the estimated cost of such proposed project is and will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require expenditures greater than the amount allowed therefor by the annual tax levy; reciting the estimated cost of such proposed project; fixing the date of election and the manner of holding such election and the procedure for voting for or against the proposition; fixing the maximum rate of interest on such bonds and providing for the levy and collection of taxes to pay both principal and interest thereof; prescribing notice to be given of such election; finding that the proposed bond is not a project under the

California Environmental Quality Act; finding that the proposed project is in conformity with the priority policies of Planning Code Section 101.1(b) and with the General Plan consistency requirement of Administrative Code Section 2A.53; consolidating the special election with the general election on the same date; establishing the election precincts, voting places and officers for the election; waiving the word limitation on ballot propositions imposed by San Francisco Municipal Elections Code Section 510; complying with Section 53410 of the California Government Code; incorporating the provisions of Article V of Chapter V of the San Francisco Administrative Code; and waiving the time requirements specified in Section 2.34 of the San Francisco Administrative Code.

REFERRED TO BOARD WITHOUT RECOMMENDATION AS A COMMITTEE  
REPORT

Vote: Ayes: Supervisors Avalos, Mirkarimi, Elsbernd, Maxwell, Campos

cc: Angela Calvillo, Clerk of the Board  
Rick Caldeira, Deputy Director  
Cheryl Adams, Deputy City Attorney  
Board of Supervisors

1 [General Obligation Bond - Earthquake Safety Retrofit Loan Program General Obligation  
2 Bond, November 2, 2010, Election]

3 **Ordinance calling and providing for a consolidated special election to be held in the**  
4 **City and County of San Francisco on Tuesday, November 2, 2010, for the purpose of**  
5 **submitting to the voters of the City and County of San Francisco a proposition to**  
6 **authorize general obligation bonded indebtedness of the City and County in the**  
7 **Amount of Thirty Nine Million One Hundred and Forty Thousand Dollars (\$39,140,000)**  
8 **to provide loans to pay the costs of seismic retrofits to multi-story wood structures**  
9 **that are at significant risk of substantial damage and collapse during an earthquake,**  
10 **finding that the estimated cost of such proposed project is and will be too great to be**  
11 **paid out of the ordinary annual income and revenue of the City and County and will**  
12 **require expenditures greater than the amount allowed therefor by the annual tax levy;**  
13 **reciting the estimated cost of such proposed project; fixing the date of election and the**  
14 **manner of holding such election and the procedure for voting for or against the**  
15 **proposition; fixing the maximum rate of interest on such bonds and providing for the**  
16 **levy and collection of taxes to pay both principal and interest thereof; prescribing**  
17 **notice to be given of such election; finding that the proposed bond is not a project**  
18 **under the California Environmental Quality Act; finding that the proposed project is in**  
19 **conformity with the priority policies of Planning Code Section 101.1(b) and with the**  
20 **General Plan consistency requirement of Administrative Code Section 2A.53;**  
21 **consolidating the special election with the general election on the same date;**  
22 **establishing the election precincts, voting places and officers for the election; waiving**  
23 **the word limitation on ballot propositions imposed by San Francisco Municipal**  
24 **Elections Code Section 510; complying with Section 53410 of the California**  
25 **Government Code; incorporating the provisions of Article V of Chapter V of the San**

1 **Francisco Administrative Code; and waiving the time requirements specified in Section**  
2 **2.34 of the San Francisco Administrative Code.**

3 Note: Additions are single-underline italics Times New Roman;  
4 deletions are ~~striketrough italics Times New Roman~~.  
5 Board amendment additions are double underlined.  
6 Board amendment deletions are ~~striketrough-normal~~.

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

8 Section 1. Findings.

9 A. The San Francisco Department of Building Inspections caused to be prepared a  
10 report dated February 2009, entitled "Here Today---Here Tomorrow: Earthquake Safety for  
11 Soft Story Buildings" (the "Report").

12 B. The Report made several recommendations to mitigate the potential damage  
13 and destruction to multi-story wood-frame buildings, including the initiation of a program to  
14 finance the costs of seismic retrofits to such soft story buildings that are at significant risk for  
15 substantial damage and collapse during an earthquake.

16 C. The Report identified approximately 2,800 buildings constructed before 1974  
17 and consisting of three or more stories that have large perimeter wall openings (referred to in  
18 the Report and herein as "soft-story buildings") and which, therefore, are potentially most at  
19 significant risk of substantial damage and collapse during an earthquake.

20 D. Keeping San Franciscans in their homes after an earthquake is a vital public  
21 interest and would avert a post-earthquake shelter crisis and thereby reduce the demands  
22 placed upon emergency responders; and that keeping residents in their homes serves a valid  
23 public purpose resulting in significant public benefits.

24 E. The Mayor's Office of Housing, the San Francisco Redevelopment Agency and  
25 the U.S. Department of Housing and Urban Development funds 125 affordable housing multi-

1 story units which are at significant risk of substantial damage and collapse during and  
2 earthquake.

3 F. In addition, there are 31 potential soft-story buildings containing single room  
4 occupancy units that are owned by private parties, and such structures are at a significant risk  
5 of substantial damage and collapse during and earthquake.

6 G. The Mayor and this Board of Supervisors of the City and County of San  
7 Francisco (the "City") now wish to describe the terms of a ballot measure seeking approval for  
8 general obligation bonding authority for a Earthquake Safety Retrofit Loan Program (the  
9 "Bonds").

10 Section 2. A special election is hereby called and ordered to be held in the City on  
11 Tuesday, the 2nd day of November, 2010, for the purpose of submitting to the electors of the  
12 City a proposition to authorize the issuance of general obligation bonded indebtedness of the  
13 City for the project hereinafter described in the amount and for the purposes stated:

14 "EARTHQUAKE SAFETY RETROFIT LOAN PROGRAM GENERAL OBLIGATION  
15 BONDS, 2010. To provide loans to pay the costs for seismic retrofits of certain multi-story  
16 wood-frame buildings with vulnerable soft-story construction at significant risk of substantial  
17 damage and collapse during a major earthquake and funded by a qualified governmental  
18 housing finance agency for permanent or long-term affordability, or single room occupancy  
19 buildings owned by private parties, and pay related costs, shall the City issue up to  
20 \$39,140,000 of general obligation bonded indebtedness, subject to citizen oversight and  
21 regular audits?"

22  
23 The special election hereby called and ordered shall be referred to herein as the "Bond  
24 Special Election."  
25

1 Section 3. Subject to approval by the voters, the Seismic Safety Retrofit Loan Program  
2 General Obligation Bonds shall be authorized in the aggregate principal amount of  
3 \$39,140,000, shall be issued upon such terms and conditions permitted by law, and allocated  
4 as follows:

5 A. Public Agency Earthquake Retrofit Loan Program. The City is authorized to issue  
6 up to \$35,340,000 of general obligation bonds to be allocated to fund a loan program to pay  
7 the cost associated with seismic retrofits of affordable housing buildings constituting Soft  
8 Story Structures constructed on or before 1974 and funded by the Mayor's Office of Housing,  
9 San Francisco Redevelopment Agency or other affordable housing governmental finance  
10 agency (referred to herein as the "Public Agency Earthquake Safety Retrofit Loan Program").  
11 Such loans shall be made in accordance with the terms and conditions established by the  
12 implementing City agency; provided however that such terms and conditions shall require that  
13 such loans shall become immediately due and payable if the property is sold or otherwise  
14 transferred, in either case, resulting in a loss of affordability or income restrictions, and such  
15 repayments shall be used to repay the Bonds. The Board of Supervisors hereby finds that  
16 loans made from bond proceeds for the purpose of seismic retrofits to affordable housing  
17 buildings as authorized hereby constitute a public purpose resulting in significant public  
18 benefits.

19 B. Private Party Earthquake Safety Retrofit Loan Program. The City is authorized to  
20 issue up to \$3,800,000 of general obligation bonds to be allocated to fund a private party loan  
21 (referred to herein as the "Private Party Earthquake Safety Retrofit Loan Program") program  
22 to pay for seismic retrofits single occupancy residence buildings constituting Soft Story  
23 Structures constructed on or before 1974 that are at significant risk of substantial damage and  
24 destruction during an earthquake, and to administer said fund upon the terms set forth below.  
25

1 Loans made through the Private Party Earthquake Safety Retrofit Loan Program shall be  
2 upon the terms and conditions set forth by the implementing City agency; provided however,  
3 that such terms and conditions shall require that such loans become due and payable upon a  
4 sale or other transfer of the property if such sale or transfer would change the character or  
5 use of the building for single residence occupancy tenancy, and such repayments shall be  
6 used to repay the Bonds. The Board hereby finds that loans made from bond proceeds for  
7 the purpose of seismic retrofits to the buildings as authorized hereby constitute a public  
8 purpose resulting in significant public benefits.

9 C. All amounts loaned to private borrowers ("Borrowers") under the Private Party  
10 Earthquake Safety Retrofit Loan Program must be repaid in full on such other terms and  
11 conditions as the implementing City agency shall determine. It is the intent of the City that  
12 administrative fees be set such that no City funds are used to pay administrative costs of the  
13 Private Party Earthquake Safety Retrofit Loan Program, unless such funds are to be  
14 reimbursed by a Borrower. Administrative costs may be included as additional principal on a  
15 loan to be repaid as a separate fee payment obligation of the Borrower.

16 D. The City may impose the Earthquake Safety Retrofit Loan Program's repayment  
17 obligations on Borrowers through a loan agreement or the Borrower's agreement to pay any  
18 other special tax or special assessment that provides the City appropriate remedies should  
19 the Borrower fail to make loan payments as and when due. These remedies shall include the  
20 ability to assess late fees in amounts sufficient to repay the City for funds used to repay bond  
21 principal and/or interest in the event of a delinquency in repayment by such Borrower.

22 E. The City shall be entitled to pay costs of issuance related to the issuance of Bonds  
23 authorized hereby.  
24  
25

1 Section 5. The estimated cost of the Bond financed portion of the project described in  
2 Section 2 hereof was fixed by the Board of Supervisors of the City by the following resolution  
3 and in the amount specified below:

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

19  
20 Such resolution was passed by two-thirds or more of the Board of Supervisors and  
21 approved by the Mayor of the City. In such resolution it was recited and found that the sum of  
22 money specified is too great to be paid out of the ordinary annual income and revenue of the  
23 City in addition to the other annual expenses thereof or other funds derived from taxes levied  
24  
25



1 for those purposes and will require expenditures greater than the amount allowed therefor by  
2 the annual tax levy.

3 The method and manner of payment of the estimated costs described herein are by the  
4 issuance of bonds of the City not exceeding the principal amount specified.

5 Such estimate of costs as set forth in such resolution is hereby adopted and  
6 determined to be the estimated cost of such Bond financed improvements and financing, as  
7 designed to date.

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

15 Section 7. The Bond Special Election is hereby consolidated with the Statewide  
16 General Election scheduled to be held in the City on Tuesday, November 2, 2010. The  
17 voting precincts, polling places and officers of election for the November 2, 2010 Statewide  
18 General Election are hereby adopted, established, designated and named, respectively, as  
19 the voting precincts, polling places and officers of election for the Bond Special Election  
20 hereby called, and reference is hereby made to the notice of election setting forth the voting  
21 precincts, polling places and officers of election for the November 2, 2010 Statewide General  
22 Election by the Director of Elections to be published in the official newspaper of the City on  
23 the date required under the laws of the State of California.

1 Section 8. The ballots to be used at the Bond Special Election shall be the ballots to  
2 be used at the November 2, 2010 Statewide General Election. The word limit for ballot  
3 propositions imposed by San Francisco Municipal Elections Code Section 510 is hereby  
4 waived. On the ballots to be used at the Bond Special Election, in addition to any other matter  
5 required by law to be printed thereon, shall appear the following as a separate proposition:

6 " EARTHQUAKE SAFETY RETROFIT LOAN PROGRAM GENERAL OBLIGATION  
7 BOND , 2010.

8 To provide loans to pay the costs for seismic retrofits of certain multi-story wood-frame  
9 buildings with vulnerable soft-story construction at significant risk of substantial damage and  
10 collapse during a major earthquake and funded by a qualified governmental housing finance  
11 agency for permanent or long-term affordability, or single room occupancy buildings owned by  
12 private parties, and pay related costs, shall the City issue up to \$39,140,000 of general  
13 obligation bonded indebtedness, subject to citizen oversight and regular audits?"

14 Each voter to vote in favor of the issuance of the foregoing bond proposition shall mark  
15 the ballot in the location corresponding to a "YES" vote for the proposition, and to vote against  
16 the proposition shall mark the ballot in the location corresponding to a "NO" vote for the  
17 proposition.

18 Section 9. If at the Bond Special Election it shall appear that two-thirds of all the voters  
19 voting on the proposition voted in favor of and authorized the incurring of bonded  
20 indebtedness for the purposes set forth in such proposition, then such proposition shall have  
21 been accepted by the electors, and Bonds authorized thereby shall be issued upon the order  
22 of the Board of Supervisors. Such Bonds shall bear interest at a rate not exceeding  
23 applicable legal limits.

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

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

13           Section 11. This ordinance shall be published in accordance with any State law  
14 requirements, and such publication shall constitute notice of the Bond Special Election and no  
15 other notice of the Bond Special Election hereby called need be given.

16           Section 12. The Board of Supervisors having reviewed the proposed legislation, finds  
17 and declares that (i) the proposed Project is excluded from CEQA under CEQA Guidelines  
18 section 15378(b)(4) as the creation of a government funding mechanism that does not involve  
19 any commitment to any specific project, (ii) that the proposed project is in conformity with the  
20 priority policies of Section 101.1(b) of the City Planning Code and, (iii) in accordance with  
21 Section 2A.53(f) of the City Administrative Code, that the proposed project is consistent with  
22 the City's General Plan, and hereby adopts the findings of the City Planning Department, as  
23 set forth in the General Plan Referral Report, dated June 3, 2010, and incorporates said  
24 findings by reference.

1 Section 13. Pursuant to Section 53410 of the California Government Code, the Bonds  
2 shall be for the specific purpose authorized herein and the proceeds of such Bonds will be  
3 applied only to the project described herein. The City will comply with the requirements of  
4 Sections 53410(c) and 53410(d) of the California Government Code.


5 Section 14. The Bonds are subject to, and incorporate by reference, the applicable  
6 provisions of Article V of Chapter V of the San Francisco Administrative Code (the "Citizens'  
7 General Obligation Bond Oversight Committee"). Pursuant to Section 5.31 of the  
8 Administrative Code, to the extent permitted by law, one-tenth of one percent (0.1%) of the  
9 gross proceeds of the Bonds shall be deposited in a fund established by the Controller's  
10 Office and appropriated by the Board of Supervisors at the direction of the Citizens' General  
11 Obligation Bond Oversight Committee to cover the costs of said committee.

12 Section 15. The time requirements specified in Section 2.34 of the San Francisco  
13 Administrative Code are hereby waived.

14 ~~Section 16. The appropriate officers, employees, representatives and agents of the~~  
15 ~~City are hereby authorized and directed to do everything necessary or desirable to accomplish~~  
16 ~~the calling and holding of the Bond Special Election, and to otherwise carry out the provisions~~  
17 ~~of this ordinance.~~

18 Section 17. Documents referenced herein are on file with the Clerk of the Board of  
19 Supervisors in File No. <sup>100520</sup>, which is hereby declared to be a part of this ordinance as if set  
20 forth fully herein.

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

23 By:   
24 Mark D. Blake  
25 Deputy City Attorney

LEGISLATIVE DIGEST

[Earthquake Safety Retrofit Loan Program General Obligation Bond, 2010 Election.]

Ordinance calling and providing for a special election to be held in the City and County of San Francisco on Tuesday, November 2<sup>nd</sup> 2010, for the purpose of submitting to the voters of the City and County of San Francisco a proposition to authorize general obligation bonded debt of the City and County of San Francisco in the amount of Thirty Nine Million One Hundred Thousand and Forty Thousand Dollars (\$39,140,000), such amount to be used to (i) provide funds for a loan program to pay the cost of seismic retrofits to multi-story wood-frame affordable housing buildings funded by the Mayor's Office of Housing, San Francisco Housing Authority, and/or the U.S. Department of Housing and Urban Development or other governmental housing financing agency which are at significant risk of substantial damage and collapse during and earthquake (in an amount up to \$35,340,000), (ii) provide funds for a loan program for privately owned multi-story wood-frame single room occupancy buildings at substantial risk of damage and collapse during an earthquake (in an amount up to \$3,800,000), and (iii) provide funds to pay the costs of issuance relating to the bonds; finding that the estimated cost of such proposed project is and will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require expenditures greater than the amount allowed therefore by the annual tax levy; reciting the estimated cost of such proposed project; fixing the date of election and the manner of holding such election and the procedure for voting for or against the proposition; fixing the maximum rate of interest on such bonds and providing for the levy and collection of taxes to pay both principal and interest thereof; prescribing notice to be given of such election; finding that the proposed bond is not a project under the California Environmental Quality Act; finding that the proposed project is in conformity with the priority policies of Planning Code Section 101.1(b) and with the General Plan consistency requirement of Administrative Code Section 2A.53; consolidating the special election with the general election on the same date; establishing the election precincts, voting places and officers for the election; waiving the word limitation on ballot propositions imposed by San Francisco Municipal Elections Code Section 510; complying with Section 53410 of the California Government Code; incorporating the provisions of Article V of Chapter V of the San Francisco Administrative Code; and waiving the time requirements specified in Section 2.34 of the San Francisco Administrative Code.

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.

Mayor Newsom  
BOARD OF SUPERVISORS

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Ballot Proposition

This ordinance authorizes the following ballot proposition to be placed on the November 2, 2010 ballot:

"EARTHQUAKE SAFETY RETROFIT LOAN PROGRAM GENERAL OBLIGATION BOND, 2010. To provide loans to pay the costs for seismic retrofits of certain multi-story wood-frame buildings with vulnerable soft-story construction at significant risk of substantial damage and collapse during a major earthquake and funded by a qualified governmental housing finance agency for permanent or long-term affordability, or single room occupancy buildings owned by private parties, and pay related costs, shall the City issue up to \$39,140,000 of general obligation bonded indebtedness, subject to citizen oversight and regular audits?"

The Ordinance fixes the maximum rate of interest on the Bonds. The Ordinance provides for a levy and a 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.

Background Information

The San Francisco Department of Building Inspections caused to be prepared a report dated February 2009 entitled "Here Today---Here Tomorrow: Earthquake Safety for Soft Story Buildings" (the "Report"). The Report made several recommendations to mitigate the potential damage and destruction to multi-story wood-frame buildings (referred to in the Report as "soft-story buildings"), including the initiation of a program to finance the costs of seismic retrofits to such soft story buildings that are at risk for major damage and collapse during an earthquake. Without retrofits, the Report estimates that approximately one-third of soft-story buildings in San Francisco would collapse after a major seismic event on the San Andreas Fault; after retrofits, however, less than three percent of soft-story buildings would be expected to collapse.

The Mayor Office of Housing (MOH), the San Francisco Redevelopment Agency, and the U.S. Department of Housing and Urban Development or other governmental housing finance agency funds or supports 125 affordable housing multi-story structures that have large perimeter wall openings and which, therefore, are potentially at significant risk of substantial damage and destruction during an earthquake. In addition, there are up to 31 buildings containing single room occupancy units owned by private parties, and such buildings are at significant risk for substantial damage and destruction during an earthquake. Seismic retrofits to such buildings would mitigate the damage to such structures during an earthquake and keep vulnerable San Franciscans in their houses thereby reducing the post-earthquake emergency response and shelter needs. By mitigating structure collapse, the soft story

Mayor Newsom  
BOARD OF SUPERVISORS

FILE NO.

earthquake safety retrofit effort may also lead to a reduced demand on emergency services responding to fires in the time period immediately following a major seismic event.

The Board of Supervisors found that the amount of funding 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 therefore by the annual tax levy.





**CITY AND COUNTY OF SAN FRANCISCO**  
**BOARD OF SUPERVISORS**  
**BUDGET AND LEGISLATIVE ANALYST**

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292  
FAX (415) 252-0461

**REVISED 7/6/10**

July 1, 2010

**TO:** Budget and Finance Committee  
**FROM:** Budget and Legislative Analyst  
**SUBJECT:** July 9, 2010 Budget and Finance Committee Meeting

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\* Revisions are highlighted on page 3-2, 3-3, 3-7, and 3-8.

**Item 3**  
**File 10-0580**

**Department(s):**  
Mayor's Office of Housing (MOH)

## EXECUTIVE SUMMARY

### Legislative Objective

- Ordinance calling for a special election on November 2, 2010 to submit a proposition to San Francisco voters to authorize up to \$39,140,000 in Earthquake Safety Retrofit Loan Program General Obligation Bonds in order to provide for seismic retrofits for seismically vulnerable affordable housing buildings.

### Fiscal Impact

- The \$39,140,000 in Earthquake Safety Retrofit Loan Program General Obligation Bonds would be repaid through an increase in annual Property Taxes of approximately \$0.001365 per \$100 of assessed value, such that a single family residence assessed at \$500,000, assuming a homeowners exemption of \$7,000, would pay average additional Property Taxes of \$6.73 per year to the City.

### Key Points

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

the market rate units which are in the same building.

- On June 9, 2010, the Budget and Finance Subcommittee approved a resolution declaring that the public interest and necessity demand the seismic retrofitting of seismically vulnerable affordable housing units, and finding that the \$39,140,000 estimated costs would be too great to be paid out of the ordinary annual income and revenues of the City and will require the issuance of General Obligation Bonds (File 10-0581). The Budget and Finance Subcommittee also amended that resolution (File 10-0581) to replace the term “loan” with “deferred loan and grant” in order to more accurately reflect the fact the loan amounts would generally not be repaid by the property owners. As of the writing of this report, this resolution (File 10-0581) is currently pending before the Board of Supervisors.
- The proposed ordinance does not provide authority for landlords to pass-through any portion of the Property Tax increase, which would result from the proposed bond issuance, to residential tenants. In response to an inquiry by the Budget and Legislative Analyst regarding Section 2.40 of the City’s Administrative Code, which requires that a proposition to issue bonds include the authorization for landlords to pass-through 50 percent of the Property Tax increase to their residential tenants, Deputy City Attorney Mark Blake stated that the pass-through authorization should have been included in the proposed ordinance, but, inadvertently, was not included. Therefore, the Budget and Legislative Analyst recommends amending the proposed ordinance to authorize landlords to pass-through 50 percent of the Property Tax increase to their residential tenants.

#### **Recommendations**

- In order to (a) accurately reflect the fact that the loan amounts are generally not to be repaid to the City by the property owners, and (b) be consistent with the companion resolution as previously approved by the Budget and Finance Subcommittee (File 10-0581), amend the proposed ordinance to replace the term “loan”, in every instance and variation in which it occurs, with the term “deferred loan and grant”.
- In order to limit the use of bond proceeds to the benefit of affordable housing units, amend the proposed ordinance to specify that the maximum loan amount for each building to be retrofitted shall be equal to (a) the proportion of the total affordable housing units to the total housing units (affordable housing units plus the market rate units), times (b) the total cost of retrofitting that building.
- In order to conform to the requirements of Administrative Code Section 2.40, amend the proposed ordinance to authorize landlords to pass-through 50 percent of the Property Tax increase, which would result from the proposed bond issuance, to their residential tenants.
- Because the proposed issuance of General Obligation Bonds would provide City funding for capital improvements to privately-owned property, approval of the proposed ordinance, as amended, is a policy matter for the Board of Supervisors.

**MANDATE STATEMENT / BACKGROUND****Mandate Statement**

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

On June 9, 2010, the Budget and Finance Subcommittee approved a resolution (a) declaring that the public interest and necessity demand the seismic retrofitting of seismically vulnerable affordable housing units, and (b) finding that the \$39,140,000 in estimated costs would be too great to be paid out of the ordinary annual income and revenues of the City and will require the issuance of General Obligation Bonds (File 10-0581). As of the writing of this report, that resolution is currently pending before the Board of Supervisors.

The proposed ordinance would call for a special election on November 2, 2010 to submit to the voters a proposition to issue \$39,140,000 in General Obligation Bonds to fund such seismic retrofitting.

Section 2.40 of the City's Administrative Code requires that the proposed bond issuance, to be presented to the voters, includes the authorization for landlords to pass-through 50 percent of the Property Tax increase, which would result from the proposed bond issuance, to their residential tenants. The proposed ordinance does not include the required authorization for landlords to pass-through 50 percent of the Property Tax increase. In response to an inquiry by the Budget and Legislative Analyst regarding the requirements of Section 2.40 of the City's Administrative Code, Deputy City Attorney Mark Blake stated that the pass-through authorization should have been included in the proposed ordinance, but, inadvertently, was not included. Therefore, the Budget and Legislative Analyst recommends amending the proposed ordinance to authorize landlords to pass-through 50 percent of the Property Tax increase to their residential tenants.

Section 2.34 of the City's Administrative Code requires that an ordinance ordering a special election, as described above, be adopted no less than 99 days prior to the election. The proposed ordinance would waive this timing requirement.

Section 510 of the Municipal Election Code states that the general question posed to the San Francisco voters regarding the issuance of General Obligation Bonds not exceed 100 words. The proposed ordinance would waive this word limitation.

## Background

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

According to Mr. Elliott, as part of the Department of Building Inspection’s (DBI) Community Action Plan for Seismic Safety Project and subsequent to a competitive Request for Proposal process, in April of 2008, DBI awarded a \$928,716 contract<sup>1</sup> to Applied Technology Council, a nonprofit organization, to perform an analysis of soft-story wood-frame buildings in the City to include an evaluation of the range of vulnerabilities, development of potential seismic retrofit options, and estimated costs for such seismic retrofit options.

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

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

## DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would call for a special election on November 2, 2010 for the purpose of submitting to San Francisco voters a proposition to issue \$39,140,000 in Earthquake Safety Retrofit Loan Program General Obligation Bonds in order to provide for the cost of seismic retrofits to seismically vulnerable affordable housing buildings. According to Mr. Elliott, if the proposed General Obligation Bond proposition is approved by the voters, the City would provide retrofit funding to property owners through a new loan program to be established by the Mayor’s Office of Housing, under which the loan amounts are not to be repaid by the property owner unless the property owner reduces the affordability of the building.

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<sup>1</sup> The \$928,716 (original award amount of \$744,716 plus an amendment to increase the amount by \$184,000) contract with the Applied Technology Council was not subject to Board of Supervisors approval because it did not exceed the \$10,000,000 threshold established in Charter Section 9.118b.

### Loan Program

Through the new loan program's application process, the Mayor's Office of Housing would review (a) the building's eligibility for the program to verify that the building is seismically vulnerable and that the building provides affordable housing, and (b) the estimated cost to retrofit the property owner applicant's specific building. If approved, the applicant would receive funds in the amount of the estimated retrofit cost.

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

Mr. Elliott could not provide an estimate for (a) the cost to administer such a loan program, or (b) the cost to inspect properties to ensure the required retrofits are completed. However, Mr. Elliott stated that the Mayor's Office of Housing intends to offset all administrative costs by charging loan fees to loan recipients. The proposed ordinance would allow for such loan fees to be included in the total amount loaned to each property owner, such that the administrative costs would actually be paid by all property owners of San Francisco through increased Property Taxes, not solely by the property owners who receive the loans.

### Total Funds Available

Although the specific buildings to be retrofitted are not currently known, Mr. Elliott estimates that there are up to 156 privately owned soft-story wood-frame buildings which include affordable housing units that are in need of seismic retrofits, including (a) up to 125 buildings which have received City or Federal funding<sup>2</sup> to provide affordable housing and maintain contractual obligations with the City or the Federal government to maintain such affordable housing units, and (b) up to 31 single-room occupancy (SRO) buildings.

Mr. Elliott stated that the bond issuance in a not-to-exceed amount of \$39,140,000 is designed to provide sufficient funds to retrofit the currently estimated 156 affordable housing buildings, based on an average estimated retrofit cost calculated in the Applied Technology Council report discussed above (see Footnotes 3 and 4 for a discussion on the average retrofit cost calculations). As shown in Table 1 below, the proposed bond issuance would fund (a) \$38,100,000 in project costs for the retrofit of up to 156 buildings, and (b) \$1,040,000 in financing costs.

<sup>2</sup> Mr. Elliott stated that such funding is provided through either (a) the Mayor's Office of Housing, (b) the San Francisco Redevelopment Agency, or (c) the U.S. Department of Housing and Urban Development.

**Table 1: Uses of Bond Funds**

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

**FISCAL IMPACT**

According to Ms. Nadia Sesay, Director of the Controller's Office of Public Finance, the proposed not-to-exceed \$39,140,000 in General Obligation bonds would be issued for a term of 20 years at an interest rate of approximately 7.0 percent<sup>5</sup>. Debt service on the proposed bonds would total approximately \$72,807,931, including \$39,140,000 in principal and \$33,667,931 in interest, for average debt service of \$3,640,397 over the 20 year term of the bonds.

Such debt service would be repaid through an increase in annual Property Taxes of approximately \$0.001365 per \$100 of assessed value. Therefore a single family residence assessed at \$500,000, assuming a homeowners exemption of \$7,000, would pay average additional Property Taxes of \$6.73 per year to the City ( $\$500,000 \text{ less } \$7,000 \div \$100 \times \$0.001365$ ).

<sup>3</sup> According to Mr. Elliott, the total estimated retrofit cost for affordable housing buildings is actually \$34,396,500, not \$34,400,000 as shown in Table 1 above. Mr. Elliott stated that because the actual retrofit cost per building will vary based on the actual building conditions, the estimated cost of \$34,396,500 was rounded to \$34,400,000. The total unrounded estimated cost for the 125 buildings was calculated based on a per building average retrofit cost of \$275,172 including (a) \$93,000 in construction costs for seismic improvements as calculated in the Applied Technology Council's report, (b) \$27,900 to provide improvements required by the Americans with Disabilities Act, and (c) \$154,272 in soft costs (engineering, surveying, legal, and other associated costs).

<sup>4</sup> According to Mr. Elliott, the total estimated retrofit cost for Single Room Occupancy buildings is actually \$3,747,900, not \$3,700,000 as shown in Table 1 above. Mr. Elliott stated that because the actual retrofit cost per building will vary based on the actual building conditions, the estimated cost of \$3,747,900 was rounded to \$3,700,000. The total unrounded estimated cost for the 31 buildings was calculated based on a per building average retrofit cost of \$120,900 including (a) \$93,000 in construction costs for seismic improvements as calculated in the Applied Technology Council's report, and (b) \$27,900 to provide improvements required by the Americans with Disabilities Act. According to Mr. Elliott, soft costs were not included for SRO retrofits because municipal bond proceeds cannot be used to finance soft costs for improvements to buildings which do not have a contractual agreement with the City or HUD to provide affordable housing.

<sup>5</sup> Ms. Sesay noted that because the capital improvements would apply to privately owned property, some portion of the proposed General Obligation bonds would be taxable bonds, and could therefore incur a higher interest rate than the typically tax-exempt bonds issued by the City.

The proposed ordinance does not provide authority for landlords to pass-through any portion of the Property Tax increase which would result from the proposed bond issuance to residential tenants. However, as discussed above, the Budget and Legislative Analyst recommends amending the proposed ordinance to authorize landlords to pass-through 50 percent of the Property Tax increase in order to conform to the requirements of Section 2.40 of the Administrative Code.

## **POLICY CONSIDERATIONS**

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

As discussed above, although Mr. Elliott estimates that there are up to 156 privately owned soft-story wood-frame buildings which include affordable housing units that are in need of seismic retrofits, the specific buildings which would benefit from the proposed bond issuance have yet to be determined. Mr. Elliott stated that (a) bonds would only be issued after eligible buildings have been identified by the Mayor's Office of Housing for seismic retrofits, and (b) only that portion of the total proposed not-to-exceed bond authority of \$39,140,000 needed to cover the retrofit cost of specific buildings would be issued.

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

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

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

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

In order to limit the use of General Obligation bond proceeds to the benefit of affordable housing units, the Budget and Legislative Analyst recommends amending the proposed ordinance to specify the maximum loan amount for each building to be retrofitted shall be equal to (a) the proportion of the total affordable housing units to the total housing units (affordable housing units plus the market rate units), times (b) the total cost of retrofitting that building.

The Budget and Legislative Analyst does not recommend reducing the proposed General Obligation Bond not-to-exceed amount of \$39,140,000 because the number of market rate units, which would be included in the buildings to be seismically retrofitted, is not yet known.



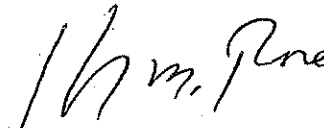
**The proposed ordinance refers to a “loan” program, but such a program would be more accurately described as a “deferred loan and grant” program.**

The proposed ordinance repeatedly states that the proposed bonds would be issued to provide “loans” to property owners in order to provide seismic retrofits to their buildings. As discussed above, the repayment to the City of such loaned funds is not required (unless the affordability of the property is reduced), such that this program would be more accurately described to the voters as a deferred loan and grant program, not a loan program. The Budget and Finance Subcommittee amended the prior resolution (File 10-0581) to replace the term “loan” with “deferred loan and grant” in order to more accurately reflect the fact the loan amounts would generally not be repaid by the property owners.

Therefore, in order to (a) more accurately reflect that the loan amounts are generally not to be repaid to the City by the property owners, and (b) be consistent with the companion resolution as previously approved by the Budget and Finance Subcommittee (File 10-0581), the Budget and Legislative Analyst recommends amending the proposed ordinance to replace the term “loans,” in every instance and variation in which it appears, with the term “deferred loan and grant”.

## RECOMMENDATIONS

1. In order to (a) accurately reflect the fact that the loan amounts are generally not to be repaid to the City by the property owners, and (b) be consistent with the companion resolution as previously approved by the Budget and Finance Subcommittee (File 10-0581), amend the proposed ordinance to replace the term “loan”, in every instance and variation in which it occurs, with the term “deferred loan and grant”.
2. In order to limit the use of bond proceeds to the benefit of affordable housing units, amend the proposed ordinance to specify that the maximum loan amount for each building to be retrofitted shall be equal to (a) the proportion of the total affordable housing units to the total housing units (affordable housing units plus the market rate units), times (b) the total cost of retrofitting that building.
3. In order to conform to the requirements of Administrative Code Section 2.40, amend the proposed ordinance to authorize landlords to pass-through 50 percent of the Property Tax increase, which would result from the proposed bond issuance, to their residential tenants.
4. Because the proposed issuance of General Obligation Bonds would provide City funding for capital improvements to privately-owned property, approval of the proposed ordinance, as amended, is a policy matter for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Avalos  
Supervisor Mirkarimi  
Supervisor Elsbernd  
Supervisor Maxwell  
Supervisor Campos  
President Chiu  
Supervisor Alioto-Pier  
Supervisor Chu  
Supervisor Daly  
Supervisor Dufty  
Supervisor Mar  
Clerk of the Board  
Cheryl Adams  
Controller  
Greg Wagner



TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Mayor Gavin Newsom  
RE: Earthquake Safety Retrofit Loan Program General Obligation Bond, 2010 Election  
DATE: May 11, 2010

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Dear Madame Clerk:

Attached for introduction to the Board of Supervisors are copies of the following legislation:

- 005801) Ordinance calling and providing for a special election to be held in the City and County of San Francisco on Tuesday, November 2nd 2010, for the purpose of submitting to the voters of the City and County of San Francisco a proposition to authorize general obligation bonded indebtedness of the City and County in the Amount of Thirty Nine Million One Hundred and Forty Thousand Dollars (\$39,140,000) to provide loans to pay the costs of seismic retrofits to multi-story wood structures that are at significant risk of substantial damage and collapse during an earthquake, finding that the estimated cost of such proposed project is and will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require expenditures greater than the amount allowed therefore by the annual tax levy; reciting the estimated cost of such proposed project; fixing the date of election and the manner of holding such election and the procedure for voting for or against the proposition; fixing the maximum rate of interest on such bonds and providing for the levy and collection of taxes to pay both principal and interest thereof; prescribing notice to be given of such election; finding that the proposed bond is not a project under the California Environmental Quality Act; finding that the proposed project is in conformity with the priority policies of Planning Code Section 101.1(b) and with the General Plan consistency requirement of Administrative Code Section 2A.53; consolidating the special election with the general election on the same date; establishing the election precincts, voting places and officers for the election; waiving the word limitation on ballot propositions imposed by San Francisco Municipal Elections Code Section 510; complying with Section 53410 of the California Government Code; incorporating the provisions of Article V of Chapter V of the San Francisco Administrative Code; and waiving the time requirements specified in Section 2.34 of the San Francisco Administrative Code.
- 005802) Resolution determining and declaring that the public interest and necessity demand the construction, improvement and seismic retrofitting of multi-story wood framed affordable housing soft-story buildings for earthquake safety funded by the City or other qualified governmental housing finance agency, or owned by private third-parties and the payment of related costs necessary or convenient for the foregoing purposes; finding that the estimated cost of \$39,140,000 for such improvements is and will be too great to be paid out of the ordinary annual income and revenue of the City and County and will require incurring bonded indebtedness; finding that a portion of the proposed bond is not a project under the California Environmental Quality Act ("CEQA") and adopting findings under CEQA, CEQA Guidelines, and San Francisco Administrative Code Chapter 31 for the remaining portion of the proposed bond; finding the proposed bond is in conformity with the priority policies of Planning Code Section 101.1(b) and with the General Plan consistency requirement of Charter Section 4.105 and Administrative Code Section 2A.53; and waiving the time limits set forth in Administrative Code Section 2.34.

I request that these items be calendared together in the Budget and Finance Sub-Committee.

Should you have any questions, please contact Starr Terrell (415) 554-5262.





June 1, 2010

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

To Whom It May Concern:

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

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

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

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

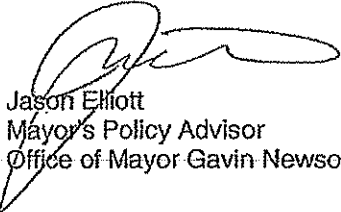
Cost is of course a concern. A small subset of the thousands of potential soft story buildings in San Francisco are also managed for long-term or permanent affordability by the Mayor's Office of Housing, the San Francisco Redevelopment Agency, or another qualified governmental funding agency, or are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



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

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

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



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



# SAN FRANCISCO PLANNING DEPARTMENT

## APPLICATION FOR GENERAL PLAN REFERRAL

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

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

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

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

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

### INSTRUCTIONS

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

### APPLICATION CHECKLIST FOR GENERAL PLAN REFERRAL

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

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

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

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

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

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





# SAN FRANCISCO PLANNING DEPARTMENT

## General Plan Referral Application

PLEASE TYPE OR PRINT

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

### 1. Site Information

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

Cross Streets: *N/A*

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

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

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

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

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

Present or Previous Use: *N/A*

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

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

### 3. Project Sponsor / Applicant Information

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

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

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

Dept: *N/A*

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

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

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

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

Dept: N/A

Address: N/A

Staff Name: N/A

Signature: N/A

Zip N/A

Telephone N/A

Date: N/A

5. Project Description - Circle All that Apply

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

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

**Affidavit**

I certify the accuracy of the following declarations:

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

Signed: \_\_\_\_\_ Date 6/1/2010

Applicant (If City Department, Project Manager)

Jason Elliott

(Print name in full)

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

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

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

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

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

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

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

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

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

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

No impact.

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

No impact.

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

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

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

7. That landmarks and historic buildings be preserved; and

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

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

No impact.

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

**SAN FRANCISCO CHARTER § 4.105**

**PLANNING COMMISSION**

....."Referral of Certain Matters

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

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

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

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

**ADMINISTRATIVE CODE**

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

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

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

**ADMINISTRATIVE CODE**  
**§ 2A.53 GENERAL PLAN REFERRALS**

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

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

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

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

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

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

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

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

**(f) Board of Supervisor Action**

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



# SAN FRANCISCO PLANNING DEPARTMENT

## General Plan Referral

**Date:** June 3, 2010  
**Case No.:** 2010.0416R  
**\$39,140,000 General Obligation Bond for Earthquake Safety Retrofit Loan Program For November 2010 Ballot Initiative**  
**Block/Lot No.:** No properties specified  
**Project Sponsor:** Mayor Gavin Newsom  
City Hall, Room 200  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102  
**Staff Contact:** Stephen Shotland – (415) 558-6308  
[stephen.shotland@sfgov.org](mailto:stephen.shotland@sfgov.org)  
Tara Sullivan – (415) 558-6257  
[tara.sullivan@sfgov.org](mailto:tara.sullivan@sfgov.org)  
**Recommendation:** Finding the proposed General Obligation Bond, on balance, is in conformity with the General Plan

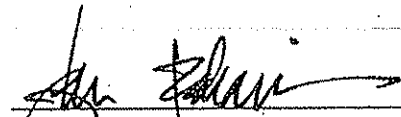
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Recommended  
By:

  
John Rahaim, Director of Planning

### PROJECT DESCRIPTION

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

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



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

**CASE NO. 2010.0416R**

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

**ENVIRONMENTAL REVIEW**

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

**GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION**

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

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

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

**COMMUNITY SAFETY ELEMENT**

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

**OBJECTIVE 1**

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

**POLICY 1.1**

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

**OBJECTIVE 2**

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

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

**POLICY 2.6**

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

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

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

**POLICY 2.7**

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

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

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

**POLICY 2.8**

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

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

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

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

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

**OBJECTIVE 3**

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

**HOUSING ELEMENT**

**OBJECTIVE 2**

**RETAIN THE EXISTING SUPPLY OF HOUSING.**

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

**POLICY 2.5**

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

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

**HOUSING AFFORDABILITY**

**POLICY 5.2**

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

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

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

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

**Eight Priority Policies Findings**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. That landmarks and historic buildings be preserved.

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

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

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

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

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