

1 [General Obligation Bond Election - Affordable Housing - Not to Exceed \$600,000,000]

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3 **Ordinance calling and providing for a special election to be held in the City and County**  
4 **of San Francisco on Tuesday, November 5, 2019, for the purpose of submitting to**  
5 **San Francisco voters a proposition to incur bonded indebtedness not to exceed**  
6 **\$600,000,000 to finance the construction, development, acquisition, improvement,**  
7 **rehabilitation, preservation, and repair of affordable housing improvements, and**  
8 **related costs necessary or convenient for the foregoing purposes; authorizing**  
9 **landlords to pass-through 50% of the resulting property tax increase to residential**  
10 **tenants under Administrative Code, Chapter 37; providing for the levy and collection of**  
11 **taxes to pay both principal and interest on such Bonds; incorporating the provisions of**  
12 **the Administrative Code relating to the Citizens' General Obligation Bond Oversight**  
13 **Committee's review of Affordable Housing Bond expenditures; setting certain**  
14 **procedures and requirements for the election; adopting findings under the California**  
15 **Environmental Quality Act; and finding that the proposed Bonds are in conformity with**  
16 **the General Plan, and with the eight priority policies of Planning Code, Section**  
17 **101.1(b).**

18 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
19 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
20 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
21 **Board amendment additions** are in double-underlined Arial font.  
22 **Board amendment deletions** are in ~~strikethrough Arial font~~.  
23 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
24 subsections or parts of tables.

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

Section 1. Findings.

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

5           B.     The City is also one of the highest-priced home ownership markets in the United  
6 States with a median home sales price of \$1.353 million, a 3% increase from the previous  
7 year according to the April 2019 report by real estate website Zillow.

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

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

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

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

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

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

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

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

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

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

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

15 "SAN FRANCISCO AFFORDABLE HOUSING BONDS. \$600,000,000 to construct,  
16 develop, acquire, and preserve housing affordable to extremely-low, low- and middle-income  
17 households through programs that will prioritize vulnerable populations such as San  
18 Francisco's working families, veterans, seniors, and persons with disabilities; to assist in the  
19 acquisition, rehabilitation, and preservation of existing affordable housing to prevent the  
20 displacement of residents; to repair and reconstruct distressed and dilapidated public housing  
21 developments and their underlying infrastructure; to assist the City's middle-income residents  
22 or workers in obtaining affordable rental or home ownership opportunities including down  
23 payment assistance and support for new construction of affordable housing for San Francisco  
24 Unified School District and City College of San Francisco employees; and to pay related  
25 costs; with a duration of up to 30 years from the time of issuance, an estimated average tax

1 rate of \$0.019/\$100 of assessed property value, and projected average annual revenues of  
2 \$50,000,000, all subject to independent citizen oversight and regular audits; and authorizing  
3 landlords to pass-through to residential tenants in units subject to Administrative Code  
4 Chapter 37 (the "Residential Rent Stabilization and Arbitration Ordinance") 50% of the  
5 increase in the real property taxes attributable to the cost of the repayment of such Bonds.”

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

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

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

14 B. LOW INCOME HOUSING: \$220,000,000 of Bond proceeds will be allocated to  
15 construct, acquire, and rehabilitate rental housing serving extremely-low and low-income  
16 individuals and families. It is intended that a portion of proceeds of the Bonds will be used to  
17 assist members of the City’s workforce in jobs with traditionally low compensation levels, such  
18 as San Francisco Unified School District and City College of San Francisco employees,  
19 nonprofit workers, health care service workers, and service sector employees.

20 C. PRESERVATION AND MIDDLE INCOME HOUSING: \$60,000,000 of Bond  
21 proceeds will be allocated to preservation and middle income housing efforts. This allocation  
22 shall be comprised of the following: up to \$30 million of the Bond proceeds will be allocated to  
23 acquire and/or rehabilitate existing housing at risk of losing affordability, whether through  
24 market forces or a building’s physical disrepair, and a minimum of \$30 million of the Bond  
25 proceeds will be allocated to assist middle-income City residents or workers in obtaining

1 affordable homeownership or rental opportunities.

2 D. SENIOR HOUSING: \$150,000,000 of Bond proceeds will be allocated to  
3 acquire and construct new senior housing.

4 E. EDUCATOR HOUSING: \$20,000,000 of Bond proceeds will be allocated to  
5 support predevelopment and new construction of permanent affordable housing opportunities  
6 or projects serving San Francisco Unified School District and City College of San Francisco  
7 educators and employees earning between 30% and 140% of AMI at the time the bonds are  
8 issued.

9 F. CITIZENS’ OVERSIGHT COMMITTEE. A portion of the Bond shall be used to  
10 perform audits of the Bond, as further described in Section 4 and Section 15 below.

11 Section 4. BOND ACCOUNTABILITY MEASURES.

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

13 A. OVERSIGHT. The proposed Bond funds shall be subject to approval processes  
14 and rules described in the San Francisco Charter and Administrative Code. Pursuant to  
15 Administrative Code Section 5.31, the Citizens’ General Obligation Bond Oversight  
16 Committee shall conduct an annual review of Bond spending, and shall provide an annual  
17 report of the Bond program to the Mayor and the Board of Supervisors (“Board”).

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

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

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1 Resolution No. 308-19, on file with the Clerk of the Board in File No.  
2 190501 \$600,000,000.

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

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

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

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

20 Section 7. The Bond Special Election is consolidated with the General Election  
21 scheduled to be held in the City on Tuesday, November 5, 2019 ("General Election"). The  
22 voting precincts, polling places, and officers of election for the General Election are hereby  
23 adopted, established, designated, and named, respectively, as the voting precincts, polling  
24 places, and officers of election for the Bond Special Election called, and reference is made to  
25 the notice of election setting forth the voting precincts, polling places, and officers of election

1 for the General Election by the Director of Elections to be published in the official newspaper  
2 of the City on the date required under the laws of the State.

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

8 "SAN FRANCISCO AFFORDABLE HOUSING BONDS. To finance the construction,  
9 development, acquisition, and preservation of housing affordable to extremely-low, low and  
10 middle-income households through programs that will prioritize vulnerable populations such  
11 as San Francisco's working families, veterans, seniors, and persons with disabilities; to assist  
12 in the acquisition, rehabilitation, and preservation of existing affordable housing to prevent the  
13 displacement of residents; to repair and reconstruct distressed and dilapidated public housing  
14 developments and their underlying infrastructure; to assist the City's middle-income residents  
15 or workers in obtaining affordable rental or home ownership opportunities including down  
16 payment assistance and support for new construction of affordable housing for San Francisco  
17 Unified School District and City College of San Francisco employees; and to pay related  
18 costs; shall the City and County of San Francisco issue \$600,000,000 in general obligation  
19 bonds with a duration of up to 30 years from the time of issuance, an estimated average tax  
20 rate of \$0.019/\$100 of assessed property value, and projected average annual revenues of  
21 \$50,000,000, subject to independent citizen oversight and regular audits?"

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

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

4 Section 9. If at the Bond Special Election it shall appear that two-thirds of all the  
5 voters voting on the proposition voted in favor of and authorized the incurring of bonded  
6 indebtedness for the purposes set forth in such proposition, then such proposition shall have  
7 been accepted by the electors, and the Bonds authorized shall be issued upon the order of  
8 the Board. Such Bonds shall bear interest at a rate not exceeding that permitted by law.

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

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

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

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



1 Section 13. The Board, having reviewed the proposed legislation, makes the following  
2 findings in compliance with the California Environmental Quality Act ("CEQA"), California  
3 Public Resources Code Sections 21000 et seq., the CEQA Guidelines, 15 Cal. Administrative  
4 Code Sections 15000 et seq., ("CEQA Guidelines"), and San Francisco Administrative Code  
5 Chapter 31 ("Chapter 31"): The Environmental Review Officer determined that this legislation  
6 is not defined as a project subject to CEQA because it is a funding mechanism involving no  
7 commitment to any specific projects at any specific locations, as set forth in CEQA Guidelines  
8 Section 15378.

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

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

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

1           Section 16. The time requirements specified in Administrative Code Section 2.34 are  
2 waived.

3           Section 17. The City hereby declares its official intent to reimburse prior expenditures  
4 of the City incurred or expected to be incurred prior to the issuance and sale of any series of  
5 the Bonds in connection with the Project. The Board hereby declares the City's intent to  
6 reimburse the City with the proceeds of the Bonds for expenditures with respect to the Project  
7 (the "Expenditures" and each, an "Expenditure") made on and after that date that is no more  
8 than 60 days prior to the passage of this ordinance. The City reasonably expects on the date  
9 hereof that it will reimburse the Expenditures with the proceeds of the Bonds.

10           Each Expenditure was and will be either (a) of a type properly chargeable to a capital  
11 account under general federal income tax principles (determined in each case as of the date  
12 of the Expenditure), (b) a cost of issuance with respect to the Bonds, or (c) a nonrecurring  
13 item that is not customarily payable from current revenues. The maximum aggregate principal  
14 amount of the Bonds expected to be issued for the Project is \$600,000,000. The City shall  
15 make a reimbursement allocation, which is a written allocation by the City that evidences the  
16 City's use of proceeds of the applicable series of Bonds to reimburse an Expenditure, no later  
17 than 18 months after the later of the date on which the Expenditure is paid or the related  
18 portion of the Project is placed in service or abandoned, but in no event more than three years  
19 after the date on which the Expenditure is paid. The City recognizes that exceptions are  
20 available for certain "preliminary expenditures," costs of issuance, certain de minimis  
21 amounts, expenditures by "small issuers" (based on the year of issuance and not the year of  
22 expenditure) and Expenditures for construction projects of at least five years.

23           Section 18. Landlords may pass through to residential tenants under the Residential  
24 Rent Stabilization and Arbitration Ordinance (Administrative Code Chapter 37) 50% of any  
25 property tax increase that may result from the issuance of Bonds authorized by this ordinance.

1 The City may enact ordinances authorizing tenants to seek waivers from the pass-through  
2 based on financial hardship.

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

7 Section 20. Documents referenced in this ordinance are on file with the Clerk of the  
8 Board of Supervisors in File No. \_\_\_\_\_, which is hereby declared to be a part of this  
9 ordinance as if set forth fully herein.

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11 APPROVED AS TO FORM:  
12 DENNIS J. HERRERA,  
13 City Attorney

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14 By: \_\_\_\_\_  
15 MARK D. BLAKE  
16 Deputy City Attorney  
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