

1 [General Obligation Bond Election - Affordable Housing - Not to Exceed \$300,000,000]

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3 **Resolution determining and declaring that the public interest and necessity demand**  
4 **the construction, reconstruction, development, acquisition, improvement,**  
5 **rehabilitation, preservation, and repair of rental affordable housing projects, and the**  
6 **expansion of homeownership opportunities through the Downpayment Assistance**  
7 **Loan Program, and related costs necessary or convenient for the foregoing purposes;**  
8 **to be financed through bonded indebtedness in an amount not to exceed \$300,000,000;**  
9 **authorizing landlords to pass-through 50% of the resulting property tax increase to**  
10 **residential tenants under Administrative Code, Chapter 37; providing for the levy and**  
11 **collection of taxes to pay both principal and interest on such bonds; affirming a**  
12 **determination under the California Environmental Quality Act; and finding that the**  
13 **proposed Bond is consistent with the General Plan, and with the eight priority policies**  
14 **of Planning Code, Section 101.1**

15  
16 WHEREAS, The City and County of San Francisco (“City”)’s General Plan 2022  
17 Housing Element (“2022 Housing Element”) details the City’s goals, objectives, and  
18 corresponding policies and programs to meet the housing needs of all San Francisco  
19 residents, with a focus on racial and social equity; and

20 WHEREAS, This includes the objective to substantially expand the amount of  
21 affordable housing for extremely low- to moderate-income households and expand housing  
22 opportunities for middle-income households (as defined in Section 3 below) (2022 Housing  
23 Element, Objectives 4.A and 4.B), as well as the requirement for San Francisco to plan for  
24 and support the production of 46,598 affordable housing units over the next eight years as  
25 mandated by the Regional Housing Needs Allocation Plan; and.

1           WHEREAS, The U.S Department of Housing and Urban Development (HUD) considers  
2 housing to be “affordable” when a household spends 30 percent or less of its income on  
3 housing costs, including rent and utilities; and

4           WHEREAS, By this definition, the median condominium price of \$1.2 million is  
5 affordable to households making \$222,000 annually; and

6           WHEREAS, Less than 25 percent of San Francisco households earn this income and  
7 less than 10 percent of San Francisco workers have this salary; and

8           WHEREAS, In 2022, the median rent for a 2-bedroom was \$3,800, affordable to a  
9 household earning \$137,000; and

10           WHEREAS, Less than 40 percent of San Francisco households earn this income (2022  
11 Housing Element, Goal 4); and

12           WHEREAS, The need for affordable housing was severely exacerbated during the  
13 COVID-19 pandemic, when the City’s unemployment rate rose to 13 percent in April 2020  
14 from 2.2 percent in February 2020; and

15           WHEREAS, As a result, the City invested in policies and programs to support residents  
16 at risk of eviction, foreclosure, and displacement due to loss of income related to the  
17 pandemic; and

18           WHEREAS, These investments included (i) establishment of the Emergency Rental  
19 Assistance Program, (ii) expansion of the Homeowner Emergency Loan Program, and (iii)  
20 issuance of a moratorium on evictions due to nonpayment of rent; and

21           WHEREAS, While these policies and programs provided temporary support,  
22 overwhelming demand far exceeded and continues to exceed the City’s available resources;  
23 and

24           WHEREAS, The City’s economy is still recovering from the pandemic, and the impacts  
25 of the pandemic will have lasting effects, particularly for families and individuals that were

1 disproportionately impacted by the pandemic (2022 Housing Element, Figure 33); and

2 WHEREAS, The City’s ability to produce the affordable rental housing it needs has  
3 been significantly impacted by the limited availability of state and federal resources; and

4 WHEREAS, From 2018 to 2022, for every \$1 of local funding invested by the City to  
5 create affordable housing, the City’s affordable housing projects received \$2 in funding from  
6 state and federal sources; and

7 WHEREAS, As detailed in the 2024 Affordable Housing Bond Report, the economic  
8 environment for affordable housing has changed significantly in recent years, with state  
9 affordable housing funding programs becoming more competitive and severely  
10 oversubscribed, including the state’s allocation of volume cap for tax-exempt housing revenue  
11 bonds; and

12 WHEREAS, The City contributes significant resources to ensure project delivery; and

13 WHEREAS, San Francisco voters have approved measures to create local funds  
14 dedicated to the construction, preservation, and rehabilitation of affordable housing, including  
15 the 2012 Housing Trust Fund and affordable housing general obligation bonds in 2015 and  
16 2019; and

17 WHEREAS, The City’s local funds from the 2015 and 2019 bonds are projected to be  
18 exhausted by 2028 (2024 Affordable Housing Bond Report); and

19 WHEREAS, Additional sources of affordable housing funds from the City’s impact fees  
20 have been decreasing due to the economic environment, such as the Jobs-Housing Linkage  
21 Fee (Planning Code, Sec. 413), the Inclusionary Affordable Housing Program (Planning Code,  
22 Sec. 415), various development agreements, and other impact fees; and

23 WHEREAS, Funding from such sources decreased by 95 percent between Fiscal Year  
24 2019-2020 and Fiscal Year 2021-2022; and

25

1           WHEREAS, Moreover, the Office of the Controller’s FY 2023-2024 and 2024-2025  
2 Revenue Letter projects only modest tax revenue growth over the coming years, severely  
3 limiting the amount of resources the City will have to fund the development of affordable  
4 housing; and

5           WHEREAS, The City’s economic future and ongoing recovery will ultimately depend on  
6 its ability to produce and preserve enough affordable housing to ensure the City’s  
7 economically diverse households can equitably access housing and remain stably housed in  
8 San Francisco; and

9           WHEREAS, Failure to meet this need will result in the displacement of more  
10 households to areas with more affordable housing; and

11           WHEREAS, This displacement could result in (i) greater disparity between above  
12 moderate-income and lower-income households in the City with little change to the City’s  
13 median income levels as determined by the U.S. Census Bureau; and (ii) long commutes,  
14 road congestion, and environmental harm as people seek affordable housing at greater  
15 distances from where they work; and

16           WHEREAS, The proposed Bond will provide a portion of the critical funding necessary  
17 to construct, reconstruct, develop, acquire, improve, rehabilitate, repair, and preserve rental  
18 affordable housing projects in the City, and to expand homeownership opportunities for San  
19 Franciscans; now, therefore, be it

20           RESOLVED, The Board determines and declares that the public interest and necessity  
21 demand the construction, reconstruction, development, acquisition, improvement,  
22 rehabilitation, repair, and preservation of rental affordable housing projects in the City for  
23 households ranging from extremely low-income to moderate-income households, and the  
24 expansion of homeownership opportunities for eligible households, including middle-income  
25 households, to support first-time homebuyers who would otherwise not be able to purchase a

1 primary residence in San Francisco, and the payment of related costs necessary or  
2 convenient for the foregoing purposes; and, be it

3 FURTHER RESOLVED, Proceeds of the Bonds will be used to fund the costs of capital  
4 projects that will (i) construct, reconstruct, develop, acquire, rehabilitate, repair, and improve  
5 new affordable rental housing serving extremely low-income households, very low-income  
6 households, and lower-income households; (ii) acquire, construct, reconstruct, repair,  
7 develop, and rehabilitate, and improve rental housing, so as to preserve it as affordable for  
8 lower-income households and moderate-income households; and (iii) to expand the City's  
9 Downpayment Assistance Loan Program to assist prospective first-time homebuyers who  
10 would otherwise not be able to purchase a market-rate residence in San Francisco; and, be it

11 FURTHER RESOLVED, This portion of the Bond shall be allocated to MOHCD's  
12 existing programs that provide downpayment assistance loans to eligible households earning  
13 up to 200 percent of Median Income, including loans to assist middle-income households  
14 described in 2022 Housing Element Objective 4.B. (collectively, "San Francisco Affordable  
15 Housing Bond"); and, be it

16 FURTHER RESOLVED, The estimated cost of \$300,000,000 for the San Francisco  
17 Affordable Housing Bond is and will be too great to be paid out of the ordinary annual income  
18 and revenue of the City, will require an expenditure greater than the amount allowed by the  
19 annual tax levy, and will require the incurrence of bonded indebtedness in an amount not to  
20 exceed \$300,000,000; and, be it

21 FURTHER RESOLVED, The Planning Department has determined that the actions  
22 contemplated in this resolution comply with the California Environmental Quality Act  
23 (California Public Resources Code, Section 21000 et seq.); and, be it

24 FURTHER RESOLVED, Said determination is on file with the Clerk of the Board of  
25 Supervisors in File No. 230970 and is incorporated herein by reference; and be it

1 FURTHER RESOLVED, The Board affirms this determination; and, be it

2 FURTHER RESOLVED, On August 17, 2023, the Planning Department issued its  
3 General Plan Referral Report finding that the actions contemplated in this resolution are  
4 consistent, on balance, with the General Plan, and eight priority policies of Planning Code,  
5 Section 101.1; and, be it

6 FURTHER RESOLVED, The Board adopts these findings as its own; and, be it

7 FURTHER RESOLVED, A copy of said General Plan Referral Report is on file with the  
8 Clerk of the Board of Supervisors in File No. 230970, and is incorporated herein by reference

9 FURTHER RESOLVED, The time limit for approval of this resolution specified in  
10 Administrative Code, Section 2.34 is waived; and, be it

11 FURTHER RESOLVED, Under Administrative Code, Section 2.40, the ordinance  
12 submitting this proposal to the voters shall contain a provision authorizing landlords to pass-  
13 through 50% of the resulting property tax increases to residential tenants in accordance with  
14 Administrative Code, Chapter 37; and, be it

15 FURTHER RESOLVED, The City hereby declares its official intent to reimburse prior  
16 expenditures of the City incurred or expected to be incurred prior to the issuance and sale of  
17 any series of the Bonds in connection with the San Francisco Affordable Housing Bond. The  
18 Board hereby declares the City's intent to reimburse the City with the proceeds of the Bonds  
19 for the expenditures with respect to the San Francisco Affordable Housing Project (the  
20 "Expenditures" and each, an "Expenditure") made on and after that date that is no more than  
21 60 days prior to the adoption of this Resolution; and, be it

22 FURTHER RESOLVED, The City reasonably expects on the date hereof that it will  
23 reimburse the Expenditures with the proceeds of the Bonds; and, be it

24 FURTHER RESOLVED, Each Expenditure was and will be either (a) of a type properly  
25 chargeable to a capital account under general federal income tax principles (determined in

1 each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds,  
2 (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to  
3 a party that is not related to or an agent of the City so long as such grant does not impose any  
4 obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the  
5 City;the maximum aggregate principal amount of the Bonds expected to be issued for the  
6 Project is \$300,000,000; the City shall make a reimbursement allocation, which is a written  
7 allocation by the City that evidences the City’s use of proceeds of the applicable series of  
8 Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on  
9 which the Expenditure is paid or the related portion of the Project is placed in service or  
10 abandoned, but in no event more than three years after the date on which the Expenditure is  
11 paid; the City recognizes that exceptions are available for certain “preliminary expenditures,”  
12 costs of issuance, certain de minimis amounts, expenditures by “small issuers” (based on the  
13 year of issuance and not the year of expenditure) and Expenditures for construction projects  
14 of at least five years; and, be it

15 FURTHER RESOLVED, Documents referenced in this resolution are on file with the  
16 Clerk of the Board of Supervisors in File No. 230970, which is hereby declared to be a part of  
17 this resolution as if set forth fully herein.

18 APPROVED AS TO FORM:  
19 DAVID CHIU  
20 City Attorney

21 By: /s/ KENNETH D. ROUX  
22 KENNETH D. ROUX  
23 Deputy City Attorney  
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