File No. 190495 Committee Item No. 2
Board Item No. 1

COMMITTEE/BOARD OF SUPERVISORS

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Completed by: Linda Wong Date June 14, 2019
Completed by: Linda Wong Date July 5, 2019

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

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

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

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

Section 1. Findings.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

affordable homeownership or rental opportunities.

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

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

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

Section 4. BOND ACCOUNTABILITY MEASURES.

The Bonds shall include the following administrative rules and principles:

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

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

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

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Resolution No. _____, on file with the Clerk of the Board in File No. _____ $600,000,000.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 18. The appropriate officers, employees, representatives, and agents of the City are hereby authorized and directed to do everything necessary or desirable to accomplish the calling and holding of the Bond Special Election, and to otherwise carry out the provisions

of this ordinance.

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

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

By: _____
MARK D. BLAKE
Deputy City Attorney
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AMENDED IN COMMITTEE
6/13/2019

FILE NO. 190495

LEGISLATIVE DIGEST

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

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

Existing Law

General Obligation Bonds of the City and County of San Francisco may be issued only with the assent of two-thirds of the voters voting on the proposition.

Ballot Proposition

This ordinance authorizes the following ballot proposition to be placed on the November 5, 2019 ballot:

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

annual revenues of $50,000,000, subject to independent citizen oversight and regular audits?"

The ordinance fixes the maximum rate of interest on the Bonds, and provides for a levy and collection of taxes to repay both the principal and interest on the Bonds. The ordinance also describes the manner in which the Bond Special Election will be held, and the ordinance provides for compliance with applicable state and local laws. The proposed ordinance includes accountability and transparency measures.

Background Information

The City and County of San Francisco ("City") has been reported to have the highest rental and homeownership markets in the United States. The Mayor's Office of Housing and Community Development (MOHCD) continues to see a widening affordability gap for extremely-low, low and middle-income households in both the rental and homeownership markets. Moreover, the affordability gap continues to grow and has the greatest impact on extremely-low and low-income households such as seniors, persons with disabilities, low-income working families and veterans.

Given the limited state and federal resources, and the high cost of housing development, significant burdens have been placed on the limited resources of local government. As a consequence the City's supply of affordable housing has not kept pace with demand. This is particularly acute for middle-income households, for whom there are no federal and limited state financing programs that the City can leverage with its own subsidies.

The proposed Bonds will provide a portion of the critical funding necessary to construct, acquire, improve, rehabilitate, preserve, and repair affordable housing in the City, including $150,000,000 for public housing, $220,000,000 for low income housing, $60,000,000 for preservation and middle income housing, $150,000,000 for senior housing and $20,000,000 for educator housing (all as further described in the ordinance, and the 2019 Affordable Housing Bond Report prepared by MOHCD).

The Board of Supervisors found that the amount of money specified for this project is and will be too great to be paid out of the ordinary annual income and revenue of the City, and will require expenditures greater than the amount allowed therefor by the annual tax levy.

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Items 2 and 3 Files 19-0501 and 19-0495 *(Continued from the June 6, 2019)*	Department Mayor's Office of Housing and Community Development

EXECUTIVE SUMMARY

Legislative Objectives

File 19-0501: The proposed resolution would determine and declare that the public interest and necessity demand the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements to be financed through bonded indebtedness in an amount not-to-exceed $500,000,000.

File 19-0495: The proposed ordinance would call and provide for a special election to be held in San Francisco on November 5, 2019, in order to submit to San Francisco voters a proposition to incur not-to-exceed $500,000,000 of general obligation bonded indebtedness to finance the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements.

Key Points

- Proposition A, approved by the voters in 2015, provided for the issuance of $310 million in general obligation bonds for affordable housing development in the City. The proposed ordinance would approve placing a new proposition on the November 2019 ballot to approve the issuance of $500 million in general obligation bonds for affordable housing development in the City.
- Of the $500 million in new general obligation bonds: $150 million would be allocated to the rehabilitation of public housing; $210 million to construction/ acquisition/ rehabilitation of housing affordable to households with income up to 80 percent of the Area Median Income (AMI); $30 million to preservation of housing for households between 30 percent and 120 percent of AMI; $20 million to create housing opportunities for middle income households; and $90 million to senior housing.

Fiscal Impact

- Estimated repayment of the bonds over 20 years is $897 million, of which $397 million is interest and $500 million is principal. Average annual debt service is $40.7 million.
- The estimated additional property tax to a residence with an assessed value of $500,000 is $77.43 per year.
- The proposed issuances are consistent with the City's policies to keep the property tax rate for City general obligation bonds below the FY 2005-06 rate.

Recommendation

- Approval of the proposed ordinance and resolution is a policy decision for the Board of Supervisors.

MANDATE STATEMENT

According to Article 16, Section 18(a) of the State of California Constitution, no county, city, town, township, board of education, or school district, shall incur any indebtedness or liability for any purpose exceeding in any year the income and revenue provided for such year, without the approval of two-thirds of the voters of the public entity voting at an election to be held for that purpose.

Section 9.105 of the City's Charter provides that the Board of Supervisors is authorized to approve the issuance and sale of general obligation bonds in accordance with State law or local procedures adopted by ordinance.

BACKGROUND

On November 3, 2015, San Francisco voters approved Proposition A, which authorized the issuance of not-to-exceed $310,000,000 in taxable and tax-exempt general obligation bonds for affordable housing. The 2015 bond proceeds will be fully disbursed by July 2019. As shown in Table 1 below, the 2015 Affordable Housing General Obligation Bond resulted in the development or preservation of 1,613 housing units as affordable.

Table 1: 2015 Affordable Housing General Obligation Bond Budget

Description	Original Budget	New or Preserved Affordable Housing Units	Average Funding per Unit
Public Housing	$77,420,000	517	$149,749
Low-Income Housing	96,775,000	548	176,597
Mission Neighborhood Housing	48,385,000	273	177,234
Middle-Income Housing	77,420,000	275	281,527
Oversight and Cost of Bond Issuance	10,000,000	–	–
Total	**$310,000,000**	**1,613**	**$192,188**

DETAILS OF PROPOSED LEGISLATION

File 19-0495: The proposed ordinance would call and provide for a special election to be held in San Francisco on November 5, 2019, in order to submit to San Francisco voters a proposition to incur not-to-exceed $500,000,000 of general obligation bonded indebtedness to finance the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements.

File 19-0501: The proposed resolution would determine and declare that the public interest and necessity demand the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements to be financed through bonded indebtedness in an amount not-to-exceed $500,000,000.

Both the proposed ordinance (File 19-0495) and resolution (File 19-0501) would:

- Authorize landlords to pass-through 50 percent of the resulting property tax increase to residential tenants under Administrative Code, Chapter 37;
- Provide for the levy and collection of taxes to pay both principal and interest on the bonds;
- Adopt findings under the California Environmental Quality Act (CEQA); and
- Find that the proposed bonds are in conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

Possible uses of the bond proceeds are shown in Table 2 below.

Table 2: Possible Uses of the Proposed 2019 Affordable Housing Bond

Program	2019 Bond Budget	Eligible Uses	Populations Served
Public Housing	$150,000,000	Repair and rebuilding of distressed public housing and its underlying infrastructure	Existing public housing residents; new generations of residents earning 0-80% AMI; low-income families living in new units added to public housing sites
Low-Income Housing	210,000,000	Construction, acquisition, and rehabilitation of permanently affordable rental housing serving individuals and families earning from 0-80% AMI	Working families; veterans; seniors; people with disabilities; transitional aged youth; people experiencing homelessness
Affordable Housing Preservation	30,000,000	Acquisition and/or rehabilitation of rental housing at risk of losing affordability	Low- to middle-income households earning 30-120% AMI
Middle-Income Housing	20,000,000	Creation of new affordable housing opportunities through down payment assistance loans and the purchase of buildings or land for new affordable construction	Households earning 80-175% AMI; Teacher Next Door educators earning up to 200% AMI
Senior Housing	90,000,000	Creation of new affordable senior housing rental opportunities through new construction and acquisition	Seniors earning from 0-80% AMI
Total	$500,000,000		

FISCAL IMPACT

Rationale for Proposed Costs

According to Ms. Amy Chan, Director of Policy and Legislative Affairs at MOHCD, the program allocations and unit counts are based on typical per unit costs. Specific projects have not yet been detailed as they would be subject to CEQA review. The number of units estimated to be built or preserved under each program and the cost assumptions are shown in Table 3 below.

Table 3: Cost Assumptions for 2019 Affordable Housing Bond

Program	2019 Bond Budget	New or Preserved Units	Cost Assumption
Public Housing	$150,000,000	965	Rehabilitation cost of approximately $27,000 per unit (550 units); new construction average cost of approximately $325,000 per unit (415 units)
Low-Income Housing	210,000,000	1,000	New construction gap funding need of approximately $210,000 per unit
Affordable Housing Preservation	30,000,000	90	Acquisition/rehabilitation cost of approximately $330,000 per unit
Middle-Income Housing	20,000,000	60	Average down payment assistance loan of approximately $330,000
Senior Housing	90,000,000	300	New construction gap funding need of approximately $300,000 per unit
Total	**$500,000,000**	**2,415**	

If the proposed $500 million of affordable housing bonds is approved by voters, all issuances of the bonds and appropriations of the bond fund proceeds would be subject to Board of Supervisors approval, at which time CEQA review and approval of the specific projects would be required and the project costs would be identified.

Proposed Bond Financing Costs

If the proposed $500 million of general obligation bonds for affordable housing are approved by the San Francisco voters in November 2019, Mr. Vishal Trivedi, Financial Analyst in the Office of Public Finance, anticipates that these bonds would be sold in three issuances between 2020 and 2023. According to Mr. Trivedi, the affordable housing general obligation bonds are anticipated to be federally taxable and to have an annual interest rate of 6.5 percent over approximately 20 years, with estimated total debt service payments of $897 million, including approximately $397 million in interest and $500 million in principal, with estimated average annual debt service payments of $40,730,000.

Repayment of such annual debt service would be recovered through increases to the annual property tax rate. A single family residence with an assessed value of $500,000, assuming a homeowners exemption of $7,000, would pay average annual additional property taxes to the City of $77.43 per year to cover the debt service on the proposed $500,000,000 of affordable housing bonds.

Oversight and bond issuance costs are included in the amounts shown in Table 2 above. According to Mr. Trivedi, 0.2 percent of project funds would be allocated to the City Services Auditor audit function and 0.1 percent of the par would be allocated to the General Obligation Bond Oversight Committee. The Office of Public Finance typically assumes issuance costs of approximately $600,000 per issuance and a 1 percent underwriter's discount, although these costs are subject to change per transaction.

Debt Limit

Section 9.106 of the City Charter limits the amount of general obligation bonds the City can have outstanding at any given time to three percent of the total assessed value of property in San Francisco. The FY 2018-19 total assessed value of property in the City is approximately $259.3 billion, such that the general obligation debt limit is currently approximately $7.78 billion. According to Mr. Trivedi, as of June 30, 2019, there will be $2,293,487,973 of general obligation bonds outstanding, or approximately 0.9 percent of the total assessed value of property in the City. If the subject $500,000,000 of affordable housing bonds are issued as proposed, the outstanding general obligation bonds would total $2,793,487,973, or approximately 1.1 percent of the total assessed value of property.

The proposed issuances are consistent with the City's current debt management policy and the intent of the City's approved Ten Year Capital Plan, to keep the property tax rate for City general obligation bonds below the FY 2005-06 rate by issuing new bonds as older ones are retired and the tax base grows, though this property tax rate may vary based on other factors.

POLICY CONSIDERATION

Approval of the proposed resolution (File 19-0501) requires two-thirds or more of the Board of Supervisors approval and approval by the Mayor. In addition, approval of this $500,000,000 General Obligation Bond would require approval by at least two-thirds of San Francisco voters.

RECOMMENDATION

Approval of the proposed ordinance and resolution is a policy decision for the Board of Supervisors.

Items 4 and 5 Files 19-0501 and 19-0495	Department: Mayor's Office

EXECUTIVE SUMMARY

Legislative Objectives

File 19-0501: The proposed resolution would determine and declare that the public interest and necessity demand the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements to be financed through bonded indebtedness in an amount not-to-exceed $500,000,000.

File 19-0495: The proposed ordinance would call and provide for a special election to be held in San Francisco on November 5, 2019, in order to submit to San Francisco voters a proposition to incur not-to-exceed $500,000,000 of general obligation bonded indebtedness to finance the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements.

Key Points

- Proposition A, approved by the voters in 2015, provided for the issuance of $310 million in general obligation bonds for affordable housing development in the City. The proposed ordinance would approve placing a new proposition on the November 2019 ballot to approve the issuance of $500 million in general obligation bonds for affordable housing development in the City.
- Of the $500 million in new general obligation bonds: $150 million would be allocated to the rehabilitation of public housing; $210 million to construction/ acquisition/ rehabilitation of housing affordable to households with income up to 80 percent of the Area Median Income (AMI); $30 million to preservation of housing for households between 30 percent and 120 percent of AMI; $20 million to create housing opportunities for middle income households; and $90 million to senior housing.

Fiscal Impact

- Estimated repayment of the bonds over 20 years is $897 million, of which $397 million is interest and $500 million is principal. Average annual debt service is $40.7 million.
- The estimated additional property tax to a residence with an assessed value of $500,000 is $77.43 per year.
- The proposed issuances are consistent with the City's policies to keep the property tax rate for City general obligation bonds below the FY 2005-06 rate.

Recommendation

- Approval of the proposed ordinance and resolution is a policy decision for the Board of Supervisors.

MANDATE STATEMENT

According to Article 16, Section 18(a) of the State of California Constitution, no county, city, town, township, board of education, or school district, shall incur any indebtedness or liability for any purpose exceeding in any year the income and revenue provided for such year, without the approval of two-thirds of the voters of the public entity voting at an election to be held for that purpose.

Section 9.105 of the City's Charter provides that the Board of Supervisors is authorized to approve the issuance and sale of general obligation bonds in accordance with State law or local procedures adopted by ordinance.

BACKGROUND

On November 3, 2015, San Francisco voters approved Proposition A, which authorized the issuance of not-to-exceed $310,000,000 in taxable and tax-exempt general obligation bonds for affordable housing. The 2015 bond proceeds will be fully disbursed by July 2019. As shown in Table 1 below, the 2015 Affordable Housing General Obligation Bond resulted in the development or preservation of 1,613 housing units as affordable.

Table 1: 2015 Affordable Housing General Obligation Bond Budget

Description	Original Budget	New or Preserved Affordable Housing Units	Average Funding per Unit
Public Housing	$77,420,000	517	$149,749
Low-Income Housing	96,775,000	548	176,597
Mission Neighborhood Housing	48,385,000	273	177,234
Middle-Income Housing	77,420,000	275	281,527
Oversight and Cost of Bond Issuance	10,000,000	–	–
Total	**$310,000,000**	**1,613**	**$192,188**

DETAILS OF PROPOSED LEGISLATION

File 19-0495: The proposed ordinance would call and provide for a special election to be held in San Francisco on November 5, 2019, in order to submit to San Francisco voters a proposition to incur not-to-exceed $500,000,000 of general obligation bonded indebtedness to finance the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements.

File 19-0501: The proposed resolution would determine and declare that the public interest and necessity demand the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements to be financed through bonded indebtedness in an amount not-to-exceed $500,000,000.

Both the proposed ordinance (File 19-0495) and resolution (File 19-0501) would:

- Authorize landlords to pass-through 50 percent of the resulting property tax increase to residential tenants under Administrative Code, Chapter 37;
- Provide for the levy and collection of taxes to pay both principal and interest on the bonds;
- Adopt findings under the California Environmental Quality Act (CEQA); and
- Find that the proposed bonds are in conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

Possible uses of the bond proceeds are shown in Table 2 below.

Table 2: Possible Uses of the Proposed 2019 Affordable Housing Bond

Program	2019 Bond Budget	Eligible Uses	Populations Served
Public Housing	$150,000,000	Repair and rebuilding of distressed public housing and its underlying infrastructure	Existing public housing residents; new generations of residents earning 0-80% AMI; low-income families living in new units added to public housing sites
Low-Income Housing	210,000,000	Construction, acquisition, and rehabilitation of permanently affordable rental housing serving individuals and families earning from 0-80% AMI	Working families; veterans; seniors; people with disabilities; transitional aged youth; people experiencing homelessness
Affordable Housing Preservation	30,000,000	Acquisition and/or rehabilitation of rental housing at risk of losing affordability	Low- to middle-income households earning 30-120% AMI
Middle-Income Housing	20,000,000	Creation of new affordable housing opportunities through down payment assistance loans and the purchase of buildings or land for new affordable construction	Households earning 80-175% AMI; Teacher Next Door educators earning up to 200% AMI
Senior Housing	90,000,000	Creation of new affordable senior housing rental opportunities through new construction and acquisition	Seniors earning from 0-80% AMI
Total	$500,000,000		

FISCAL IMPACT

Rationale for Proposed Costs

According to Ms. Amy Chan, Director of Policy and Legislative Affairs at MOHCD, the program allocations and unit counts are based on typical per unit costs. Specific projects have not yet been detailed as they would be subject to CEQA review. The number of units estimated to be built or preserved under each program and the cost assumptions are shown in Table 3 below.

Table 3: Cost Assumptions for 2019 Affordable Housing Bond

Program	2019 Bond Budget	New or Preserved Units	Cost Assumption
Public Housing	$150,000,000	965	Rehabilitation cost of approximately $27,000 per unit (550 units); new construction average cost of approximately $325,000 per unit (415 units)
Low-Income Housing	210,000,000	1,000	New construction gap funding need of approximately $210,000 per unit
Affordable Housing Preservation	30,000,000	90	Acquisition/rehabilitation cost of approximately $330,000 per unit
Middle-Income Housing	20,000,000	60	Average down payment assistance loan of approximately $330,000
Senior Housing	90,000,000	300	New construction gap funding need of approximately $300,000 per unit
Total	$500,000,000	2,415	

If the proposed $500 million of affordable housing bonds is approved by voters, all issuances of the bonds and appropriations of the bond fund proceeds would be subject to Board of Supervisors approval, at which time CEQA review and approval of the specific projects would be required and the project costs would be identified.

Proposed Bond Financing Costs

If the proposed $500 million of general obligation bonds for affordable housing are approved by the San Francisco voters in November 2019, Mr. Vishal Trivedi, Financial Analyst in the Office of Public Finance, anticipates that these bonds would be sold in three issuances between 2020 and 2023. According to Mr. Trivedi, the affordable housing general obligation bonds are anticipated to be federally taxable and to have an annual interest rate of 6.5 percent over approximately 20 years, with estimated total debt service payments of $897 million, including approximately $397 million in interest and $500 million in principal, with estimated average annual debt service payments of $40,730,000.

Repayment of such annual debt service would be recovered through increases to the annual property tax rate. A single family residence with an assessed value of $500,000, assuming a homeowners exemption of $7,000, would pay average annual additional property taxes to the City of $77.43 per year to cover the debt service on the proposed $500,000,000 of affordable housing bonds.

Oversight and bond issuance costs are included in the amounts shown in Table 2 above. According to Mr. Trivedi, 0.2 percent of project funds would be allocated to the City Services Auditor audit function and 0.1 percent of the par would be allocated to the General Obligation Bond Oversight Committee. The Office of Public Finance typically assumes issuance costs of approximately $600,000 per issuance and a 1 percent underwriter's discount, although these costs are subject to change per transaction.

Debt Limit

Section 9.106 of the City Charter limits the amount of general obligation bonds the City can have outstanding at any given time to three percent of the total assessed value of property in San Francisco. The FY 2018-19 total assessed value of property in the City is approximately $259.3 billion, such that the general obligation debt limit is currently approximately $7.78 billion. According to Mr. Trivedi, as of June 30, 2019, there will be $2,293,487,973 of general obligation bonds outstanding, or approximately 0.9 percent of the total assessed value of property in the City. If the subject $500,000,000 of affordable housing bonds are issued as proposed, the outstanding general obligation bonds would total $2,793,487,973, or approximately 1.1 percent of the total assessed value of property.

The proposed issuances are consistent with the City's current debt management policy and the intent of the City's approved Ten Year Capital Plan, to keep the property tax rate for City general obligation bonds below the FY 2005-06 rate by issuing new bonds as older ones are retired and the tax base grows, though this property tax rate may vary based on other factors.

POLICY CONSIDERATION

Approval of the proposed resolution (File 19-0501) requires two-thirds or more of the Board of Supervisors approval and approval by the Mayor. In addition, approval of this $500,000,000 General Obligation Bond would require approval by at least two-thirds of San Francisco voters.

RECOMMENDATION

Approval of the proposed ordinance and resolution is a policy decision for the Board of Supervisors.

OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

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

June 4, 2019

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

Dear Ms. Calvillo,

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

a) In fiscal year (FY) 2020-2021, following issuance of the first series of bonds, and the year with the lowest tax rate, the best estimate of the tax required to fund this bond issue would result in a property tax rate of $0.00210 per $100 ($2.10 per $100,000) of assessed valuation.

b) In FY 2022-2023, following issuance of the last series of bonds, and the year with the highest tax rate, the best estimate of the tax required to fund this bond issue would result in a property tax rate of $0.01733 per $100 ($17.33 per $100,000) of assessed valuation.

c) The best estimate of the average tax rate for these bonds from FY 2020-2021 through FY 2041-2042 is $0.01177 per $100 ($11.77 per $100,000) of assessed valuation.

d) Based on these estimates, the highest estimated annual property tax cost for these bonds for the owner of a home with an assessed value of $600,000 would be approximately $102.76.

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

Sincerely,

Ben Rosenfield
Controller

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

SAN FRANCISCO
PLANNING DEPARTMENT

General Plan Referral

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Date:	May 3, 2019
Case	2019-006129GPR
Block/Lot No.:	Various, Citywide
Project Sponsor:	Mayor's Office of Housing 1 South Van Ness Avenue San Francisco, CA 94103
Staff Contact:	Mat Snyder – (415) 575-6891 *mathew.snyder@sfgov.org*
Recommendation:	Finding the proposed General Obligation Bond, on balance, in conformity with the General Plan.
Recommended By:	John Rahaim, Director of Planning

PROJECT DESCRIPTION

The City and County of San Francisco is proposing a $500 million General Obligation Bond for the November 2019 ballot. The purpose of the Bond is to: create new affordable homes, especially for the City's growing senior population; accelerate the rebuilding of distressed public housing sites for some of the City's most vulnerable residents; preserve affordability in existing housing at risk of market-rate conversion or loss due to physical decline; protect San Franciscans living in apartments at risk of displacement including those covered by rent control; and expand rental and homeownership opportunities for the City's middle-income workforce; including educators, non-profit workers, and service industry employees. It's the City's goal to reserve $200 million of the bond funds to serve extremely low-income households (30% AMI or less).

The $500 million general obligation bond acknowledges the City's well-documented affordability gap for both rental and ownership housing across a range of income levels and the capital investment in housing made possible by the GO bond will help stabilize existing neighborhoods and increase the livability of our city.

The 2019 Affordable Housing General Obligation Bond proposes three categories of investments, each of which supports a range of incomes.

Table 1: Program Categories and Funding Ranges for the General Obligation Bond

Program Categories	General Obligation Fund
Public Housing	$150 million
Low-Income Housing (up to 80% AMI)	$210 million
Affordable Housing Preservation (30% to 120% AMI)	$30 million (est.)
Middle-Income Housing (80% AMI up to 175% AMI)	$20 million (est.)
Senior Housing (up to 80% AMI)	$90 million (est.)
TOTAL	**$500 million**

Individual projects funded by the bond program may require additional project level analysis and review -possibly including General Plan Referrals - by the Planning Department as they are identified.

ENVIRONMENTAL REVIEW

Not a project under CEQA Guidelines Sections 15060(c) and 15378 because there is no direct or indirect physical change in the environment.

GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION

The proposed Bond to fund Affordable Housing is, on balance, in conformity with the General Plan, as described in the body of this Report. If the Bond is approved and funds for affordable housing become available, some projects may require project-level General Plan referrals, as required by San Francisco Charter §4.105 and § 2A.53 of the Administrative Code, Environmental Review and/and other discretionary actions by the Planning Department.

Note: General Plan Objectives are shown in BOLD UPPER CASE font; Policies are in Bold font; staff comments are in *italic* font.

HOUSING ELEMENT

OBJECTIVE 1
IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

POLICY 1.1
Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.

POLICY 1.10

Support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking and bicycling for the majority of daily trips.

Comment: The Bond includes building and maintaining San Francisco's affordable housing stock and would provide additional funds to construct and rehabilitate public housing as well as locating new affordable housing near transit.

OBJECTIVE 2
RETAIN EXISTING HOUSING UNITS, AND PROMOTE SAFETY AND MAINTENANCE STANDARDS, WITHOUT JEOPARDIZING AFFORDABILITY.

POLICY 2.4
Promote improvements and continued maintenance to existing units to ensure long term habitation and safety

Comment: The proposed Bond, if approved, would provide resources to maintain existing affordable housing units including rental units and to stabilize existing neighborhoods.

OBJECTIVE 4
FOSTER A HOUSING STOCK THAT MEETS THE NEEDS OF ALL RESIDENTS ACROSS LIFECYCLES.

POLICY 4.4
Encourage sufficient and suitable rental housing opportunities, emphasizing permanently affordable rental units wherever possible.

Comment: The proposed Bond if approved may acquire existing rental housing as affordable housing and preserve existing rental housing to prevent the loss of rental housing stock.

OBJECTIVE 7
SECURE FUNDING AND RESOURCES FOR PERMANENTLY AFFORDABLE HOUSING, INCLUDING INNOVATIVE PROGRAMS THAT ARE NOT SOLELY RELIANT ON TRADITIONAL MECHANISMS OR CAPITAL.

POLICY 7.1
Expand the financial resources available for permanently affordable housing, especially permanent sources.

POLICY 7.3
Recognize the importance of funds for operations, maintenance and services to the success of affordable housing programs

POLICY 7.6
Acquire and rehabilitate existing housing to maximize effective use of affordable housing resources.

POLICY 7.8
Develop, promote, and improve ownership models which enable households to achieve homeownership within their means, such as down-payment assistance, and limited equity cooperatives.

Comment: The proposed Bond, if approved, would provide finding to maintain and preserve existing affordable housing, acquire and construct new affordable units and promote homeownership for first time homeowners in San Francisco.

OBJECTIVE 8
BUILD PUBLIC AND PRIVATE SECTOR CAPACITY TO SUPPORT, FACILITATE, PROVIDE AND MAINTAIN AFFORDABLE HOUSING

POLICY 8.1
Support the production and management of permanently affordable housing.

POLICY 8.2
Encourage employers located within San Francisco to work together to develop and advocate for housing appropriate for employees.

Comment: If the Bond is approved, it will create new affordable housing units, speed the rehabilitation and reconstruction of public housing, protect existing residents in rent-controlled housing and expand rental and homeownership opportunities.

PROPOSITION M FINDINGS – PLANNING CODE SECTION 101.1

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project, the proposed $300,000,000 General Obligation Bond for affordable housing proposed to be placed on the November 2015 ballot, is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

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

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

   The project will not displace or restrict access to any existing neighborhood-serving or restrict future opportunities.

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

The project will enhance the economic diversity of our neighborhoods by increasing the production of affordable housing at a range of income levels, as well as preserving existing affordable rental housing.

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

The project will directly support the preservation and enhancement of the City's supply of affordable housing. The purpose of the bond is to create new affordable housing units, speed and complete the rebuilding of public housing, protect existing residents in rent-controlled housing, and expand rental and homeownership opportunities for our city's workforce.

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

The proposed project will not impede Muni transit service, nor overburden our streets or neighborhood parking.

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

The project will not displace any individual businesses.

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

The proposed project will not hinder earthquake preparedness efforts. Further, any new construction supported by proceeds from the Bond will be up to current seismic and safety codes and standards.

7. That landmarks and historic buildings be preserved.

The project would not have an adverse effect on landmarks or historic buildings. No specific projects have been identified and the Bond is a financing mechanism for future improvements.

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

The project will not impact parks and open spaces.

RECOMMENDATION: Finding the General Obligation Bond, on balance, in-conformity with the General Plan

If approved, the following types of projects funded by the Bond should be referred to the Planning Department to determine whether they require separate General Plan Referral(s), pursuant to Section 4.105 of the Charter and Sections 2A.52 and 2A.53 of the Administrative Code or other authorization:

- Demolition of buildings / structures
- Construction of new buildings / structures
- Additions to existing structures (enlargement)

BOARD of SUPERVISORS

City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

May 14, 2019

File No. 190501

Lisa Gibson
Environmental Review Officer
Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103

Dear Ms. Gibson:

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

File No. 190501

Resolution determining and declaring that the public interest and necessity demand the construction, development, acquisition, improvement, rehabilitation, preservation and repair of affordable housing improvements and related costs necessary or convenient for the foregoing purposes; to be financed through bonded indebtedness in an amount not to exceed $500,000,000; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants under Administrative Code, Chapter 37; providing for the levy and collection of taxes to pay both principal and interest on such bonds; adopting findings under the California Environmental Quality Act; and finding that the proposed bond is in conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

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

Attachment

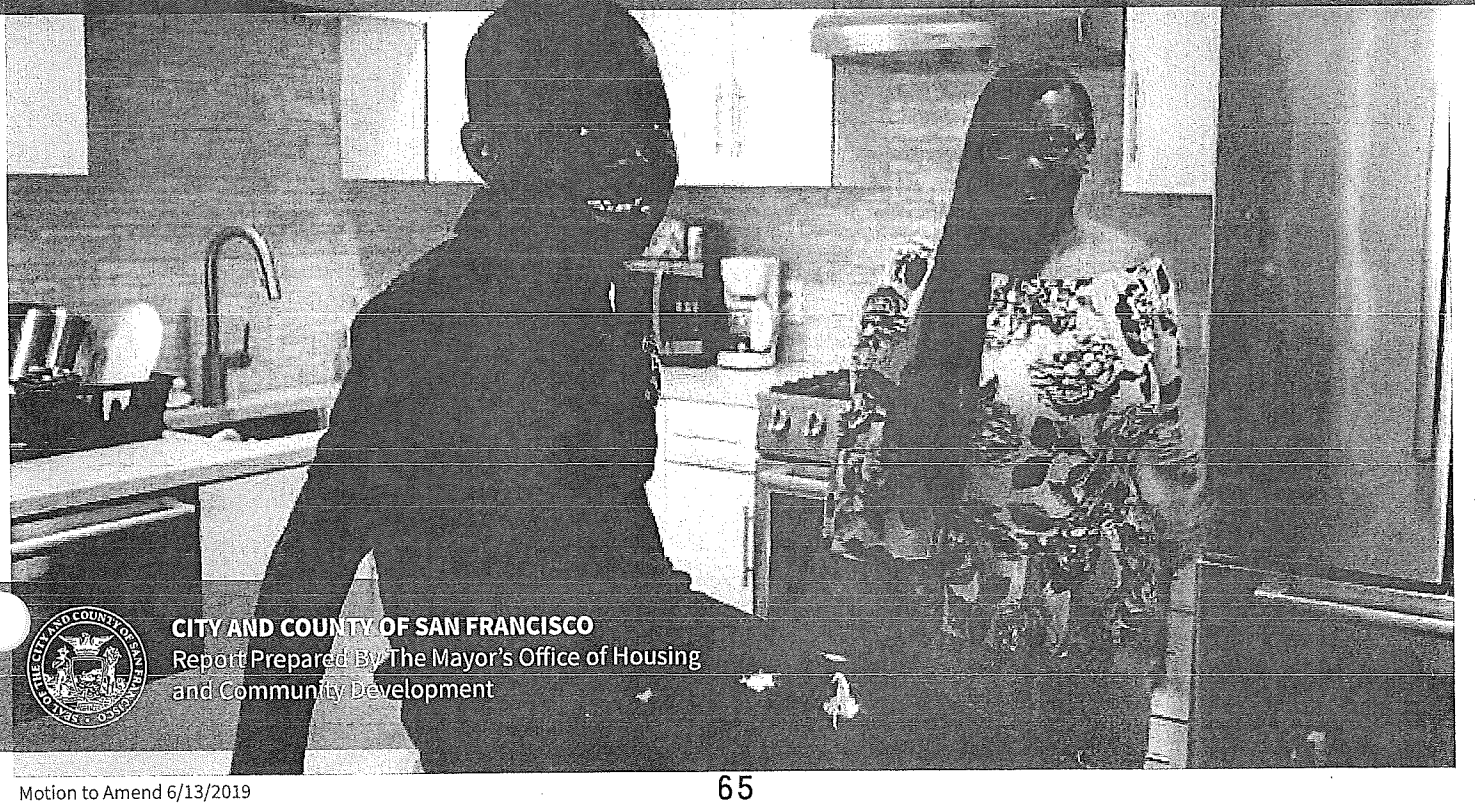
c: Joy Navarrete, Environmental Planner
Laura Lynch, Environmental Planner

Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it would not result in a direct or indirect physical change in the environment.

joy navarrete

Digitally signed by joy navarrete
DN: dc=org, dc=sfgov, dc=cityplanning, ou=CityPlanning, ou=Environmental Planning, cn=joy navarrete, email=joy.navarrete@sfgov.org
Date: 2019.05.30 10:22:14 -07'00'

2019 General Obligation Affordable Housing Bond Report



CITY AND COUNTY OF SAN FRANCISCO
Report Prepared By The Mayor's Office of Housing and Community Development

San Francisco Mayor's Office of Housing and Community Development

One South Van Ness Avenue, 5th Floor,
San Francisco, CA 94103

Tel 415-701-5500
Fax 415-701-5501

www.sfmohcd.org

Table of Contents

Key Housing Terms

Affordable Housing: Refers to housing with a rent or cost of ownership equal to 30% or less of the household's income and/or housing that is funded by the government, rented or sold at prices that are below the local market rate, and restricted to qualifying households with limited incomes

AMI: Area median income; for 2018 100% of AMI for an individual is $82,900, and for a family of four it is $118,400

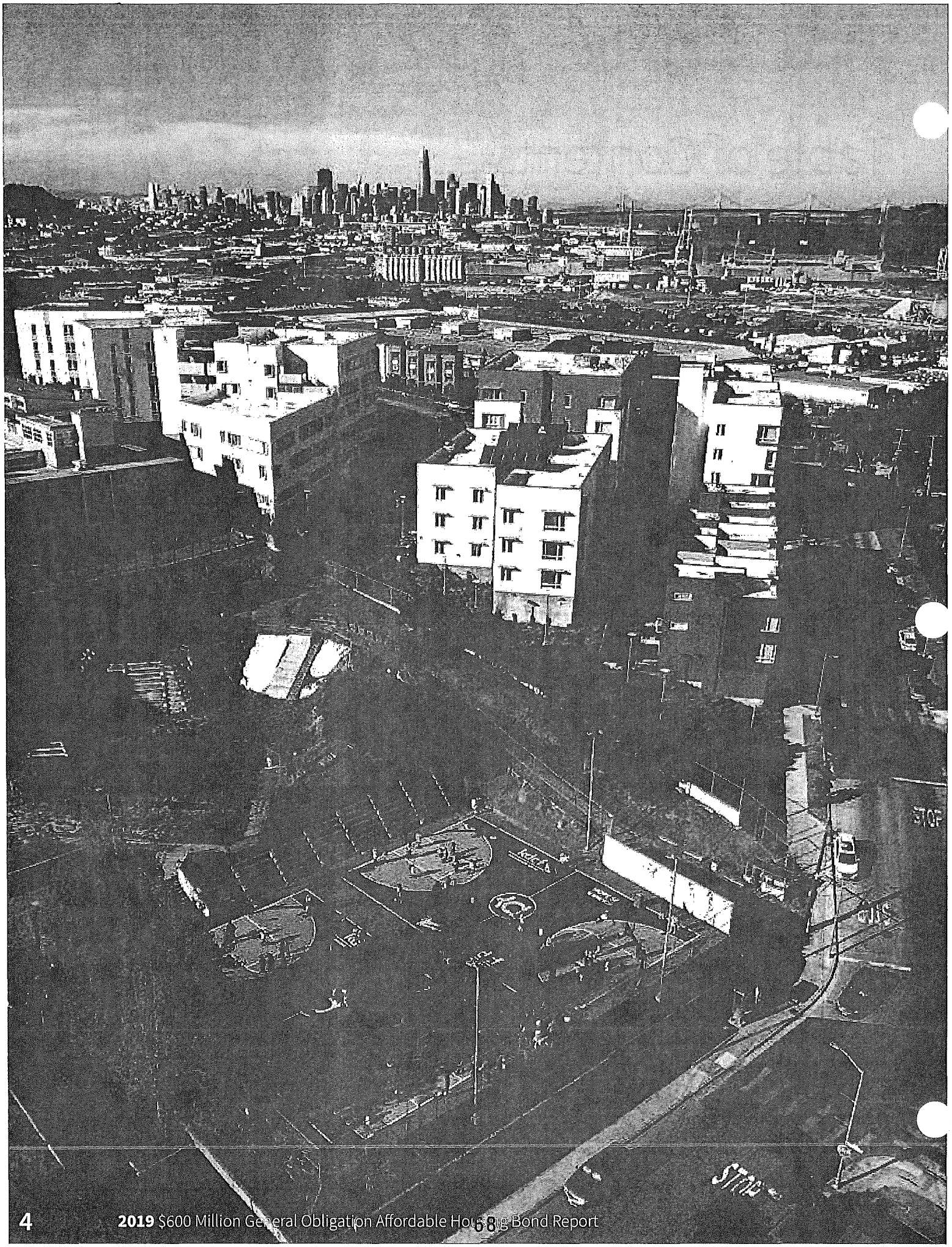
ELI: Extremely Low-Income; households earning 30% AMI or less

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

Middle-Income: Households earning between 80% and 200% AMI

Market-Rate Housing: No income limit restriction

Public Housing: Federally subsidized Low-Income housing restricted to households with incomes of up to 80% AMI



Executive Summary

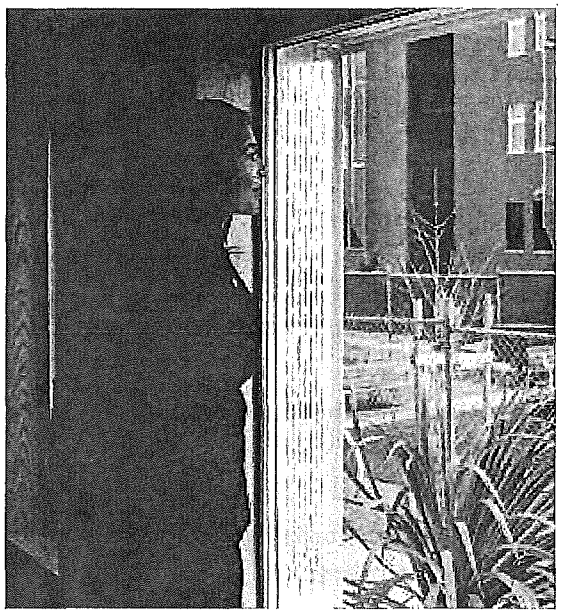
The City and County of San Francisco is proposing a $600 million General Obligation Affordable Housing Bond to address critical housing needs, protect residents, and stabilize communities. With this investment, the City can:

- **Create new affordable homes, especially for our growing senior population**
- **Accelerate the rebuilding of distressed public housing sites for some of the City's most vulnerable residents**
- **Preserve affordability in existing housing at risk of market-rate conversion or loss due to physical disrepair**
- **Protect San Franciscans living in apartments at risk of displacement, including those covered by rent-control**
- **Expand rental and homeownership opportunities for the City's middle-income residents and workforce, including educators, first responders, non-profit workers, and service industry employees**
- **Set a goal for $200M of the Bond's funds to serve extremely Low-Income households (30% AMI or less)**

The estimated funding program for the bond is as follows:

Program Categories	2019 GO Bond Funding
Public Housing	$150 Million
Low-Income Housing (up to 80% AMI)	$220 Million
Affordable Housing Preservation (30% to 120% AMI) & Middle-Income Housing (80% AMI to 175% AMI for first-time homebuyers and 80% to 200% AMI for Teacher Next Door Educators)	$60 Million: $30 Million (est.) - preservation $30 Million (est.) - middle-income
Senior Housing (up to 80% AMI)	$150 Million
Educator Housing (30% to 140% AMI)	$20 Million
TOTAL	$600 Million

Background

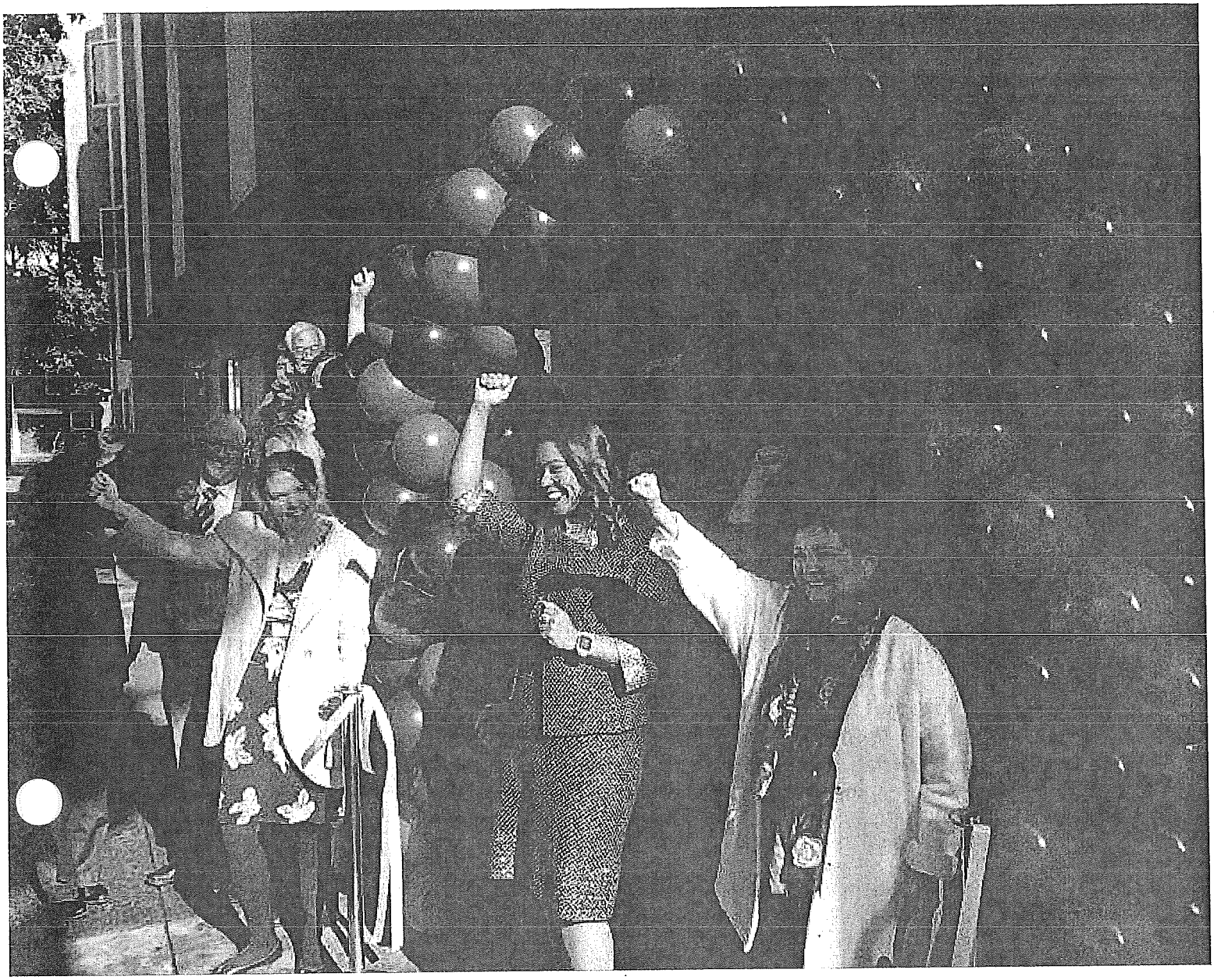


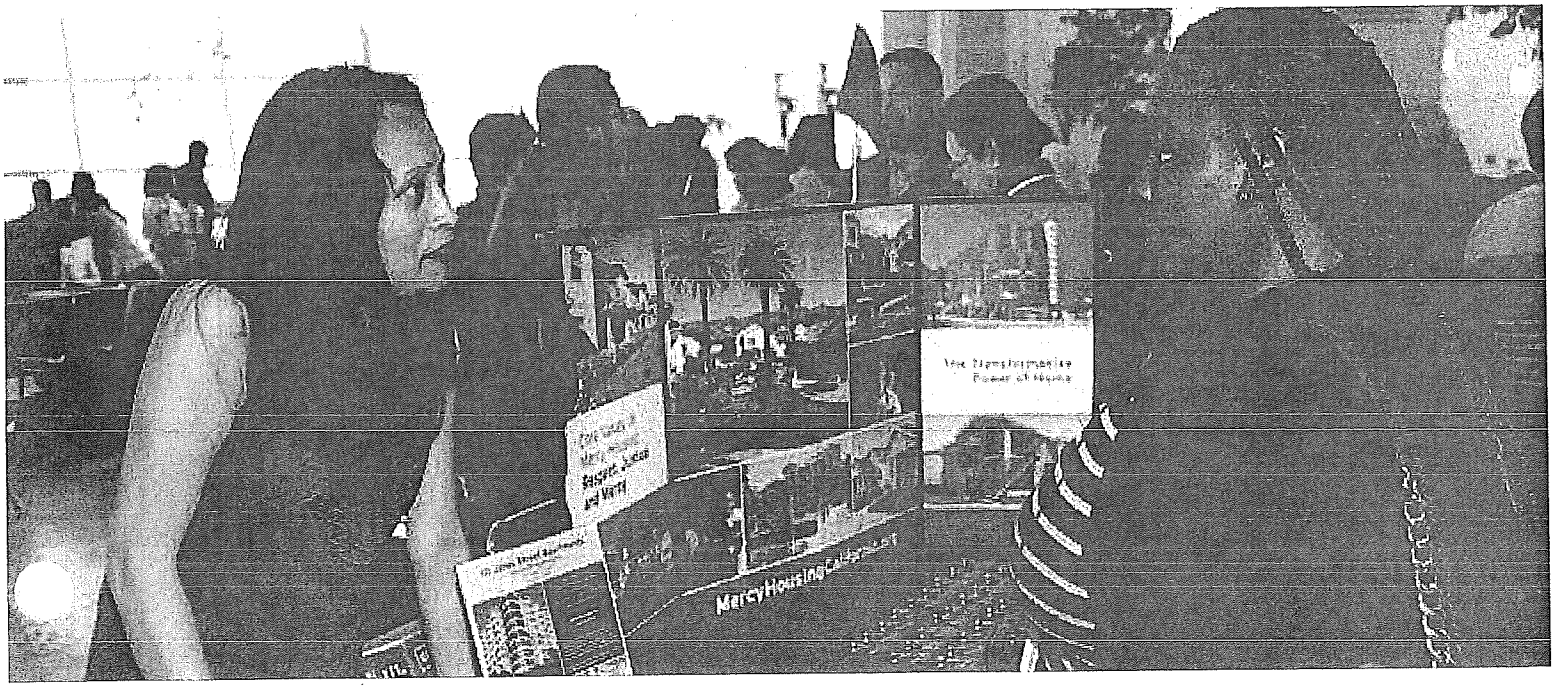
Since 2012, City leaders and voters have repeatedly demonstrated their support for policies and investments that address the housing needs of San Francisco's workforce and vulnerable residents. In 2012, voters approved the creation of the Housing Trust Fund. In 2015, 74% of voters approved Proposition A, a $310 million general obligation affordable housing bond. Then in 2016, voters passed Proposition C to repurpose $260 million in unused bond capacity to fund the Preservation and Seismic Safety (PASS) program to acquire, rehab, and convert at-risk buildings to permanent affordable housing. In 2018, over 60% of voters said yes to Proposition C, which created a gross receipts tax on high-earning corporations for the purpose of providing homelessness prevention measures, shelters, and permanent exits from homelessness.

Mayor London Breed has moved swiftly to expand and enhance these important efforts. With the partnership of Board of Supervisors President Norman Yee, they launched the 2019 Housing Bond proposal by convening a working group of over 100 affordable housing developers, neighborhood leaders, construction and finance experts, property owners, elected officials, tenant advocates, and business and philanthropic professionals to help define and prioritize the 2019 Affordable Housing Bond uses described in this report.

The 2019 Affordable Housing Bond builds upon the goals and successes of the 2015 Housing Bond. That earlier measure, which provided $310 million for low- and middle-income housing, public housing, and affordable housing built specifically in the Mission neighborhood, will be fully disbursed by July 2019 and produce or preserve over 1,600 affordable homes. The specific program breakdown and accomplishments of the 2015 Housing Bond follow below (dollar values in millions):

2015 General Obligation Housing Bond Program	Total Bond Funding	New or Preserved Affordable Housing Opportunities Created
Public Housing	$80 Million	517
Low-Income Housing	$100 Million	548
Affordable Housing in the Mission	$50 Million	273
Middle-Income Housing	$80 Million	275
TOTAL	$310 Million	1,613




MercyHousingCalifornia

2019 Housing Bond:

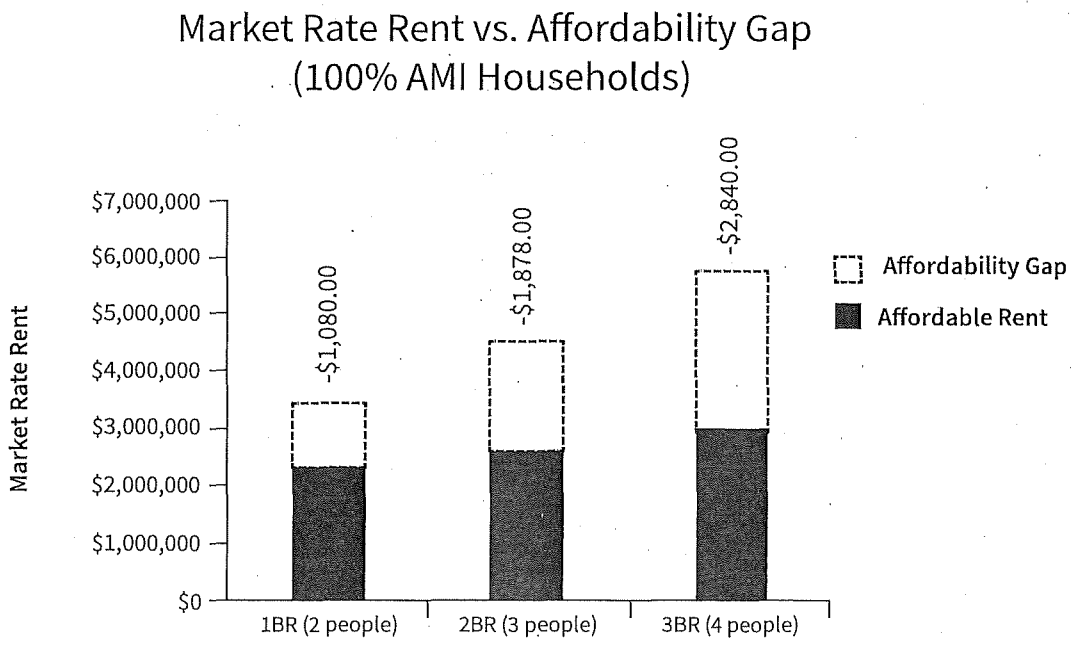
Need For The Investment

Since 2011, market-rate rental costs and homeownership prices have far outpaced income increases for most working households. This "Affordability Gap" leaves families and individuals vulnerable to displacement and homelessness. Though there has been significant affordable housing production and preservation in the last five years, a critical need for more affordable housing continues. High costs and low supply bring personal hardship, accelerate displacement, undermine balanced economic growth, and cause environmental damage as workers endure longer daily work commutes.

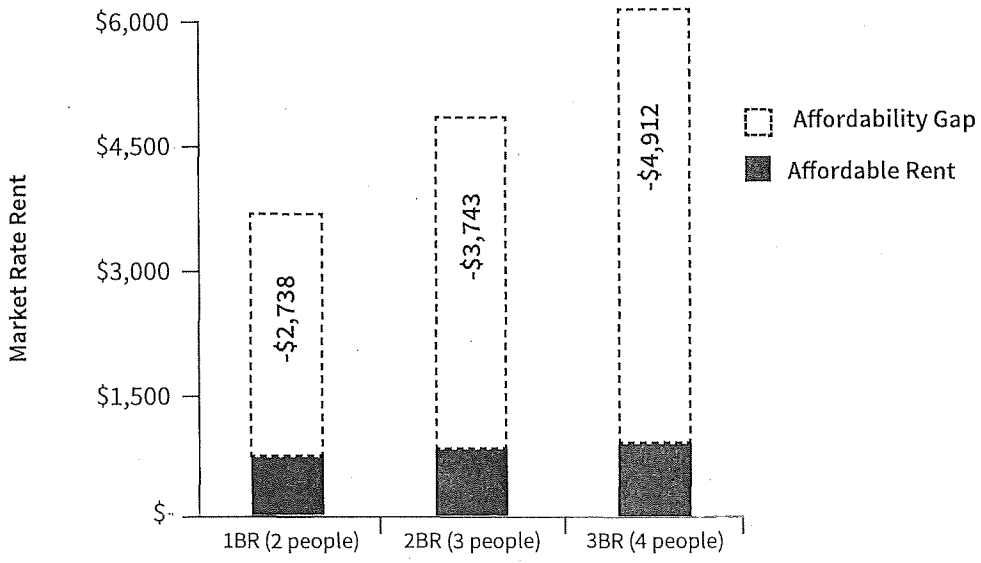
Sizing the Affordability Gap

The Affordability Gap is the difference between what housing costs and what households of various sizes can afford to pay. It is pegged to income level using the percentage of San Francisco's Area Median Income (AMI) and household size.

San Francisco has among the highest AMI in the nation, but for many it is still not enough to afford a market-rate apartment. For example, in 2018 the AMI was $94,700 for a two-person household, which translates to an affordable rent of approximately $2,368 for a one-bedroom apartment. Average one-bedroom market-rate apartments rent for $3,450, leaving a gap of approximately $1,080 more than is affordable. Larger households face an even greater Affordability Gap, and for those earning less than 100% AMI a market-rate apartment can be completely out of reach. For a household of four earning 30% of AMI, the monthly shortfall is nearly $5,000.

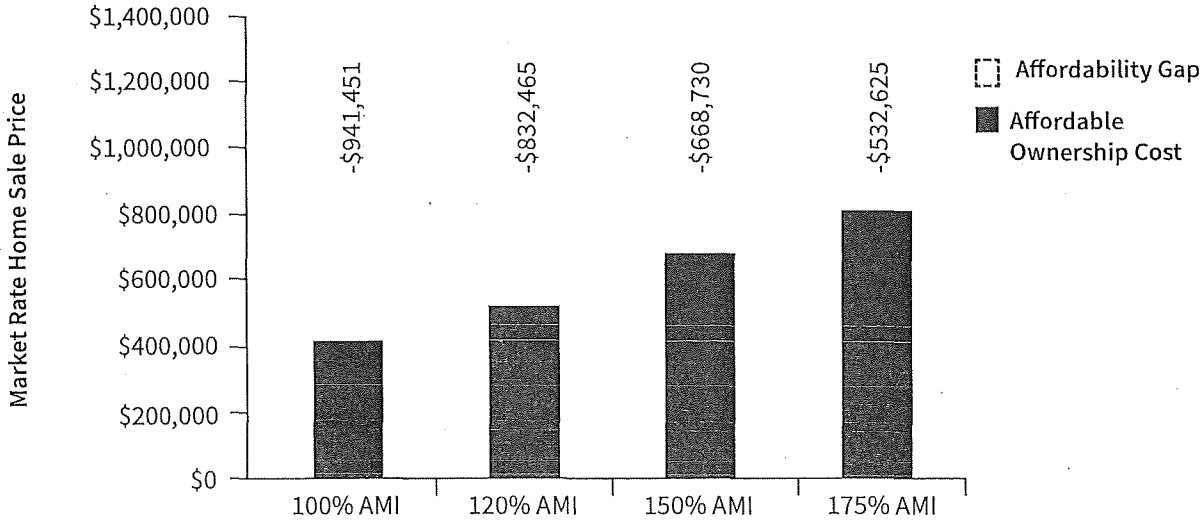


Market Rate Rent vs. Affordability Gap (30% AMI Households)



Homeownership is likewise out of reach for many. A household earning 100% AMI faces a nearly one million dollar homeownership gap. Even a household earning 175% AMI can only afford two-thirds of what it takes to become a homeowner.

Homeownership Gap

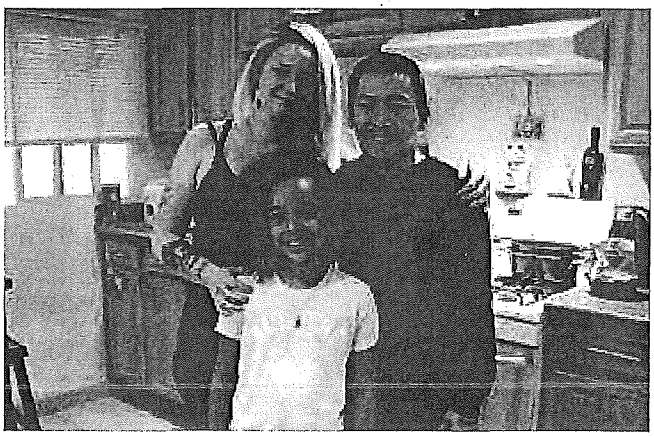


2019 Affordable Housing Bond Program Elements

To address the immediate and serious need for more affordable housing in San Francisco, the 2019 Affordable Housing Bond proposes five categories of investments, each of which supports people earning a range of incomes:

- Public housing
- Low-Income housing
- Affordable housing preservation & Middle-Income housing
- Senior housing
- Educator housing

For all investment categories, State Constitutional requirements regarding eligible uses of general obligation bond funding apply. For each investment, specific eligible uses will be prioritized with the overall goal of protecting our City's most vulnerable residents; stabilizing communities, especially neighborhoods in which there has been limited affordable housing production; enhancing the City's economic health; and planning for a future San Francisco that maintains its diversity and vibrancy.



1. Public Housing: $150 Million

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

Who is Served?

- Existing public housing residents, including families, seniors, and people with disabilities
- New generations of residents earning 0-80% AMI
- Low-Income families living in new units added to public housing sites
- Communities and neighborhoods in which the developments are located

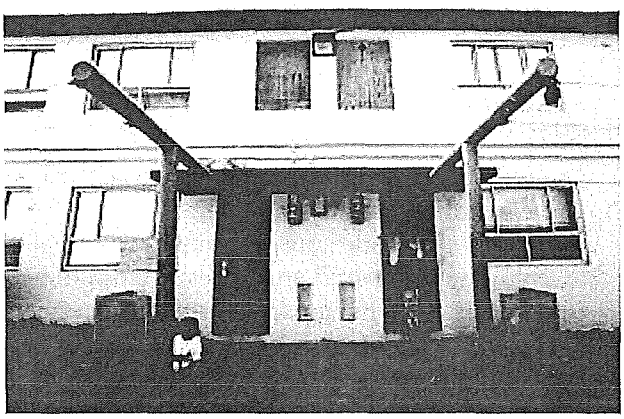
San Francisco has made tremendous progress towards fulfilling its commitment to renovate or rebuild all of the City's public housing. In 2013, the City, the San Francisco Housing Authority (SFHA), the U.S. Department of Housing and Urban Development (HUD), and San Francisco's affordable housing development community came together to convert 3,500 underfunded and dilapidated public housing apartments to nonprofit ownership. This conversion allowed the development teams to bring almost $800 million in rehab investments to the buildings, thereby preserving this critical affordable housing and improving residents' daily lives.

The City also launched a nationally-acclaimed public housing rebuilding effort known as HOPE SF. Commencing in 2008, two of the four developments identified for HOPE SF investments are largely complete, and the transformation is profound. Two additional HOPE SF sites, Sunnydale and Potrero, are underway, and the Bond will help keep construction moving forward without delay. SFHA has other, smaller developments that are also converting to private ownership with a substantial rehabilitation goal.
The Bond will help ensure that the habitability concerns of all remaining public housing residents can be addressed.

While SFHA has encountered financial issues, the City is committed to ensuring its public housing investment is efficiently managed and is providing full oversight and responsibility for SFHA's essential functions.

Priorities: Projects that address the following goals and needs will be prioritized:

- Urgent capital needs to address life safety risks, including:
  - Elevator repair
  - Mold remediation
  - Lead paint abatement
  - Plumbing repair
- Additional creation of net new homes
- Acceleration of long construction timelines
- Reduction of adverse community impacts caused by long construction timelines



Hunters View public housing before HOPE SF transformation

Hunters View public housing after HOPE SF transformation

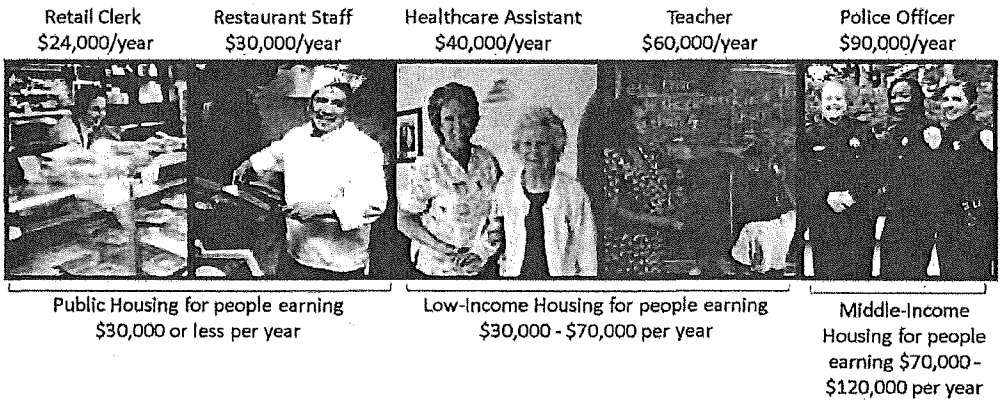
2. Low-Income Housing: $220 Million

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

Who is Served? Low-Income housing protects vulnerable populations, such as

- Working families
- Veterans
- Seniors
- People with disabilities
- Transitional aged youth
- People experiencing homelessness

Low-Income housing also serves vital members of the City's workforce in jobs with traditionally low pay scales, such as school district employees, nonprofit workers, health care attendants, and hotel, restaurant, and retail employees.



Priorities:

- At least $15 Million dedicated for site acquisition and pre-development of new housing projects either in neighborhoods which experience limited affordable housing production; or in neighborhoods facing both limited affordable housing production as well as a high number of housing units removed from protected status. If these funds are not allocated within four years from the date the Department of Elections certifies the passage of the Bond, these funds may be used for other eligible uses in the "Low-Income Housing" category. For the purposes of this Bond Report, an allocation shall have occurred when the Board of Supervisors passes legislation authorizing the issuance of bonds, the proceeds of which have been identified by the Controller's Office of Public Finance in its report to the Board as allocated to this specific priority
- Shovel-ready projects able to start construction within 4 years
- Pre-development funding to jump-start new construction with $10 Million reserved for permanent supportive housing development
- $5 Million dedicated to the acquisition of units to create permanent supportive housing through scattered-site, communal housing for people with chronic mental illness and/or substance use disorders
- Proximity to public transit
- Projects able to leverage City funds with the most additional resources, including state and federal funding and public land
- Projects located in neighborhoods with limited affordable housing production
- Projects within neighborhoods with the greatest loss of existing protected housing

3. Affordable Housing Preservation ($30M est.) & Middle-Income Housing ($30M est.): $60 Million

A. Affordable Housing Preservation Eligible Uses: The acquisition and/or rehabilitation of rental housing at risk of losing affordability, whether through market forces or a building's physical decline.

Who is Served? Low to middle-income households earning between approximately 30% and 120% of AMI, such as:

- Current residents living in housing at-risk of losing affordability (e.g. unlawful evictions and physical disrepair)
- Future generations of tenants

Priorities:

Acquisitions and/or rehabilitation

- To create or enhance permanent affordability
- For buildings at imminent risk of conversion to market-rate rents
- In neighborhoods with limited affordable housing production
- In neighborhoods with high documented eviction rates

B. Middle-Income Eligible Uses: The creation of new affordable housing opportunities through down payment assistance loans and the purchase of buildings or land for new affordable construction.

Who is Served?

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

Priorities:

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

4. Senior Housing: $150 Million

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

Who is Served? Seniors on fixed incomes earning from 0% AMI to 80% AMI, who are especially vulnerable in San Francisco's inflated housing market. Senior housing currently makes up only 12% of the City's pipeline for affordable housing, but 24% of residents are seniors living under the poverty line.

Priorities:

- At least $15 Million dedicated for site acquisition and pre-development of projects either in neighborhoods with limited affordable housing production; or in neighborhoods facing both limited affordable housing production as well as a high number of housing units removed from protected status. If these funds are not allocated within four years of the date the Department of Elections certifies the passage of the Bond, they may be used for other eligible uses in the "Senior Housing" category. For the purposes of this Bond report, an allocation shall have occurred when the Board of Supervisors passes legislation authorizing the issuance of bonds, the proceeds of which have been identified by the Controller's Office of Public Finance in its report to the Board as allocated to this specific priority
- New construction
- Projects able to leverage the most additional resources, including state and federal funding, public land, and especially ongoing rental subsidies for Extremely Low-Income seniors
- Developments located in neighborhoods with limited affordable senior housing production
- LGBTQ (Lesbian, Gay, Bisexual, Transgender, Queer)- welcoming senior projects
- Proximity to public transit

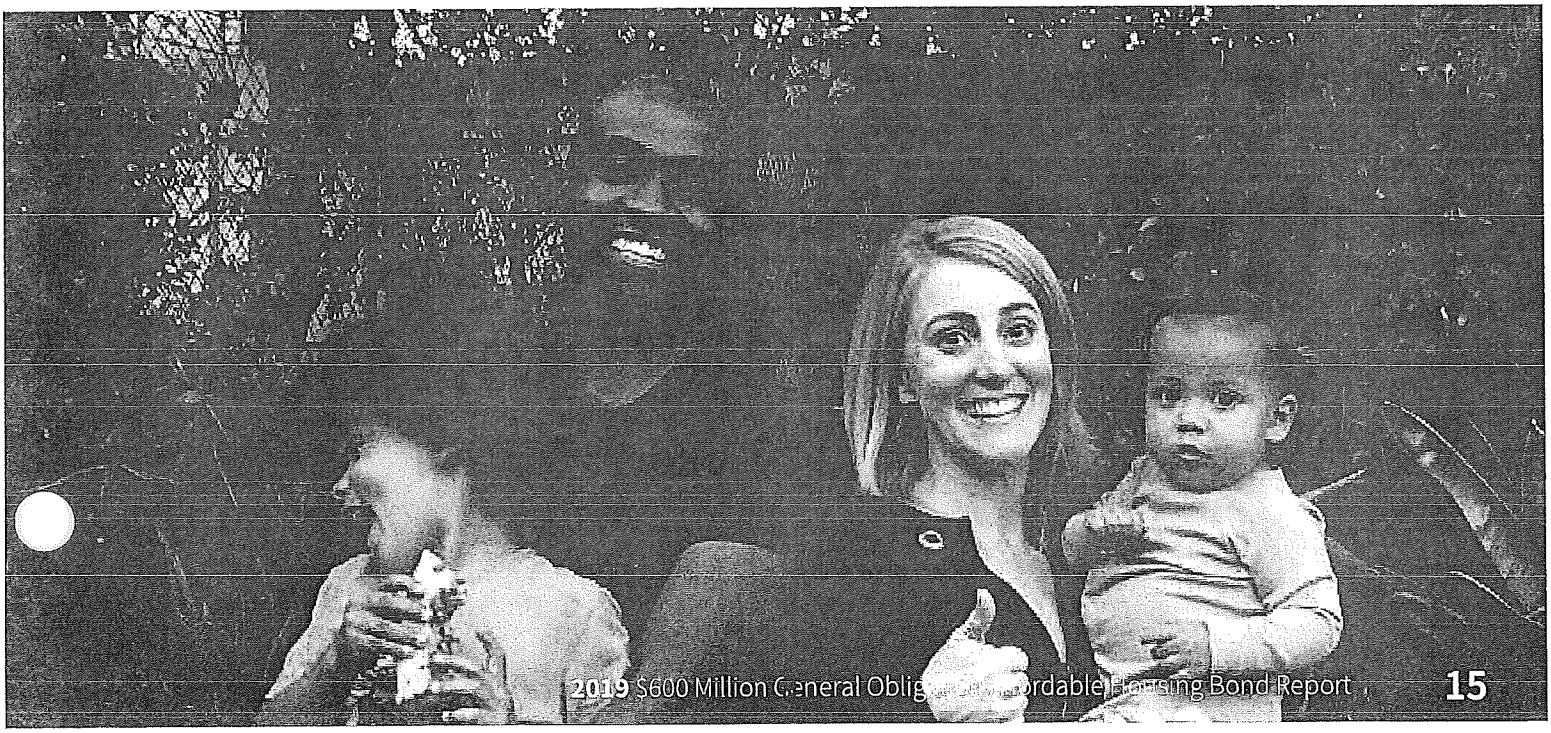
5. Educator Housing: $20 Million

Eligible Uses: Pre-development and construction of permanently affordable rental housing serving San Francisco Unified School District and City College of San Francisco educators and employees earning between 30% and 140% of AMI.

Who is Served? Low-Income San Francisco Unified School District and City College of San Francisco Educators and employees and their families, as well as middle-income San Francisco Unified School District and City College of San Francisco Educators and employees and their families.

Priorities:

- Shovel ready projects able to start construction within 4 years
- Projects able to leverage City funds with the most additional resources, including state and federal funding and public land
- Proximity to public transit
- Units located in an Educator Housing Development (projects that serve San Francisco Unified School District and City College of San Francisco educators and employees earning between 30% and 140% of AMI)
- If these funds are not allocated within four years of the date the Department of Elections certifies the passage of the bond, they may be re-allocated in the following manner:
    - 50% of any unallocated funds may be used to to assist qualified San Francisco Unified School District and City College of San Francisco educators earning up to 200% of AMI with Down Payment Assistance Loans and Teacher Next Door Down Payment Assistance. For the purposes of this Bond report, an allocation shall have occurred when the Board of Supervisors passes legislation authorizing the issuance of bonds, the proceeds of which have been identified by the Controller's Office of Public Finance in its report to the Board as allocated to this specific priority.
    - 50% of any unallocated funds may be used for any other eligible use in the "Low-Income Housing" category. For the purposes of this Bond report, an allocation shall have occurred when the Board of Supervisors passes legislation authorizing the issuance of bonds, the proceeds of which have been identified by the Controller's Office of Public Finance in its report to the Board as allocated to this specific priority.



Program Summary

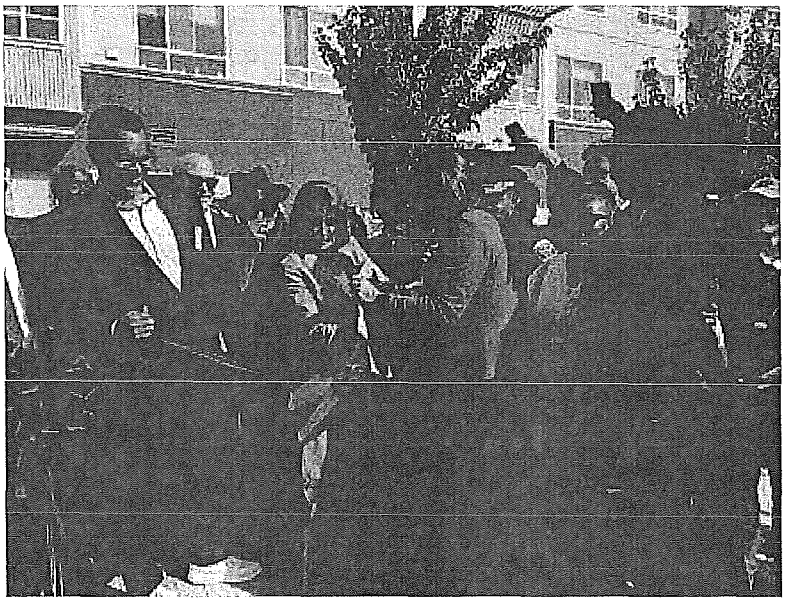
The table below summarizes the 2019 Affordable Housing Bond program and projected timeline for expenditures.

PROGRAM CATEGORY	VALUE	ELIGIBLE & PRIORITIZED USES	WHO IT SERVES	AFFORDABLE HOMES PRODUCED OR PRESERVED (est.)	TIMELINE
Public Housing	$150 Million	Repair and rebuilding of distressed public housing developments and their underlying infrastructure	• Existing public housing residents • New generations of assisted residents, at 10%-80% AMI • Low-Income families living in new units added	965 Projected: 550 Rehab 415 Newly rebuilt + infrastructure	2020-2025
Low-Income Housing	$220 Million	Construction, acquisition, and rehabilitation of affordable rental housing, focusing on shovel-ready projects and predevelopment for permanent supportive housing	• Extremely low- and Low-Income households • Chronically homeless households and other vulnerable populations ($10M is reserved for supportive housing predevelopment)	1,050 Assumes funding will primarily go to new construction. By leveraging outside funds, gap funding will be approximately $210,000 per unit.	2020-2024
Affordable Housing Preservation	$30 Million (est.)	Acquisitions and/ or rehabilitation of existing buildings at risk of losing affordability, either to market-rate rents or through physical decline	• Existing residents earning between approximately 30% and 120% AMI	90 Assumes an acquisition/ rehab cost of $330,000 per unit.	2020-2025
Middle-Income Housing	$30 Million (est.)	Housing opportunities for households earning between 80% and 200% AMI, focusing on DALP and TND	• Households earning between 80% and 200% AMI • First-time homebuyers earning between 80% and 175% AMI • SFUSD educators up to 200% AMI	90 Assumes an average down payment assistance loan of $330,000.	2020-2021
Senior Housing	$150 Million	New affordable senior rental opportunities	• Seniors on fixed incomes at 30% AMI or lower • Low-Income seniors up to 80% AMI	500 Assumes a new construction gap funding need of $300,000 per unit.	2020-2025
Educator Housing	$20 Million	Pre-development and construction for permanent affordable rental housing serving San Francisco Unified School District and City College of San Francisco educators and employees earning between 30% and 140% of AMI	• Low-Income San Francisco Unified School District and City College of San Francisco educators and employees and their families • Middle-Income San Francisco Unified School District and City College of San Francisco educators and employees and their families	60 Assumes a new construction gap funding need of $330,000 per unit.	2020-2025
TOTALS	$600 Million			2,755	

Accountability

The 2019 Affordable Housing Bond will include strict standards of accountability, fiscal responsibility, and transparency. In addition to California state bond accountability requirements, the Mayor's Office of Housing and Community Development (MOHCD), in collaboration with other relevant City departments, such as the Controller's Office and City Attorney's Office, will create a comprehensive public oversight and accountability process for the duration of the Bond program.

The following principles apply to all related programs funded through the 2019 Affordable Housing Bond:



Policy Compliance: The proposed bond funding levels complies with the City's policy to keep property taxes constrained at or below their 2006 level. The 2019 Affordable Housing Bond program is also consistent with the Housing Element of the San Francisco General Plan and with the eight priority policies set forth in Planning Code Section 101.1 of the Planning Code.

CGOBOC Audits: The City's Citizens' General Obligation Bond Oversight Committee (CGOBOC) is responsible for auditing the implementation of the 2019 Housing Bond per the Administrative Code (Section 5.30 to 5.36). This independent, nine member committee is appointed by the Mayor, the Board of Supervisors, the Controller, and the Civil Grand Jury. One-tenth of one percent (0.1%) of the bond funds would pay for the committee's audit and oversight functions. Should CGOBOC determine that any funds were not spent in accordance with the express will of the voters, they are empowered to deny subsequent issuances of bond funds.

Annual Public Review: The proposed bond funds are subject to the approval processes and rules described in the San Francisco Charter Administrative Code. The bond will be subject to annual public reviews before the Capital Planning Committee and Board of Supervisors.

Bond Accountability Reports: Per the Administrative Code (Section 2.70 to 2.74), 60 days prior to the issuance of any portion of the bond authority, MOHCD will submit a 2019 Affordable Housing Bond accountability report to the Clerk of the Board, the Controller, the Treasurer, the Director of Public Finance, and the Budget Analyst describing the current status and description of each project and whether it conforms to the express will of the voters.

Transparency: For project selections, MOHCD will issue and advertise transparent Requests for Proposals or Requests for Qualifications that clearly set forth selection criteria and rules, including objective means of prioritizing projects in conformance to the Affordable Housing Bond's express eligible and priority uses.

10-Year Capital Plan

Adopted through legislation by the Mayor and Board of Supervisors in 2005, the Capital Planning Committee was created to guide and prioritize capital needs citywide. The Capital Plan is developed by the committee and adopted annually by the Board of Supervisors prior to adoption of the City budget. The City invests significant General Fund dollars into the repair and rehabilitation of our capital assets every year. However, the City cannot rely on annual funds alone to address these critical infrastructure needs. Where annual funds are not adequate to pay the costs of major capital improvements, the Plan recommends using one of two sources of long-term debt financing:

- General Obligation (G.O.) bonds backed by property taxes upon approval by voters
- General Fund debt programs backed by the City's General Fund upon approval by the Board of Supervisors and the Mayor

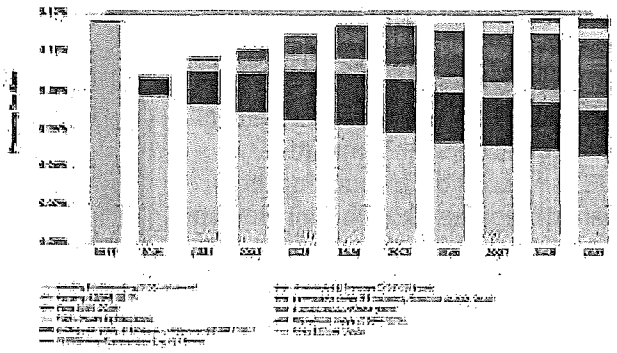
General Obligation bonds and General Fund debt programs are appropriate means of funding capital improvements as they spread the costs over their long, useful lives and across the generations of San Franciscans that will reap their benefits.

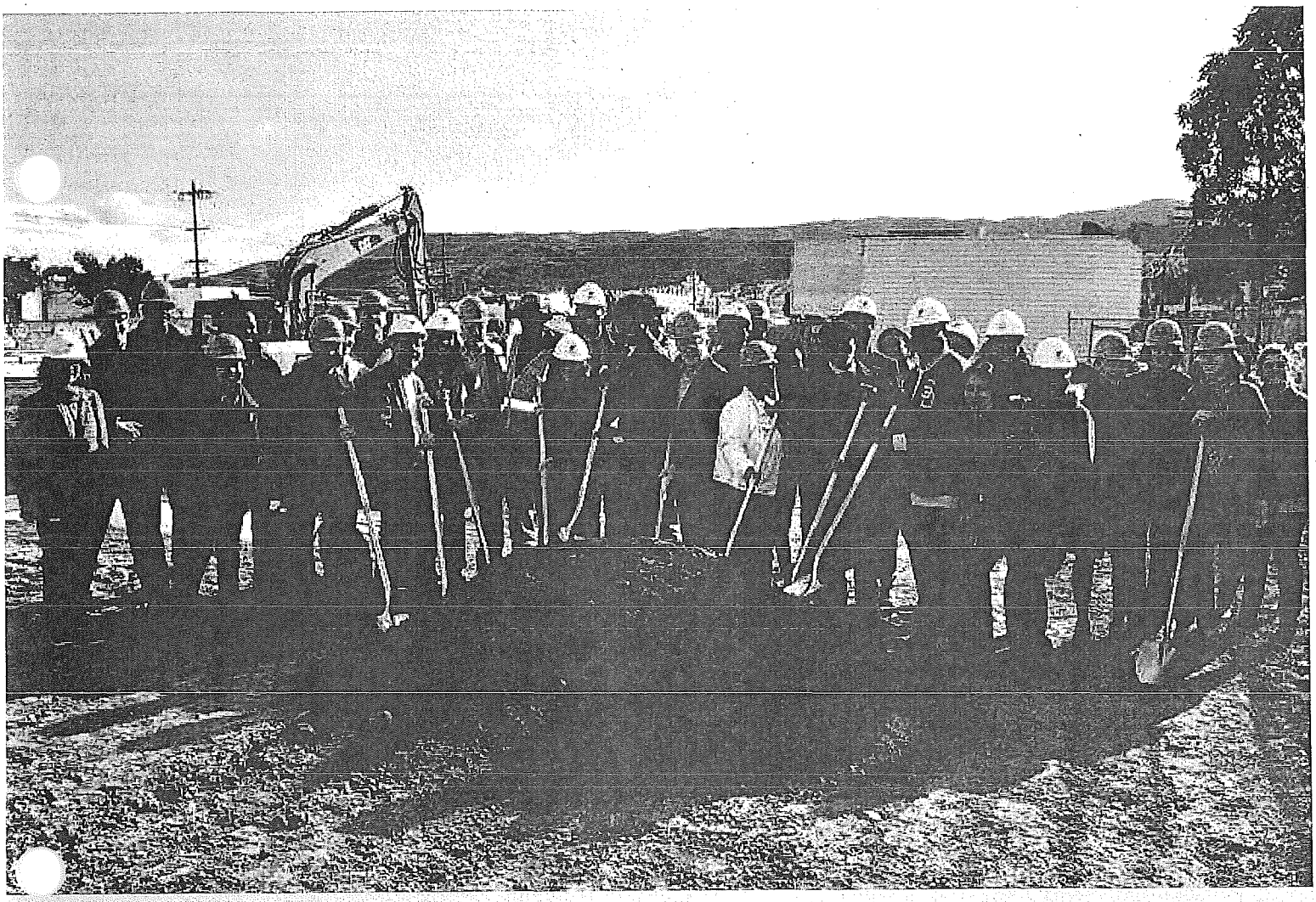
The Plan prioritizes critical capital projects to protect the public's safety and well-being; places a strong emphasis on accountability and transparency; and most importantly, demonstrates the highest levels of fiscal restraint and responsibility. Since its inception, the top priorities of the Capital Plan have been improvement of critical City infrastructure, including San Francisco's public health and safety, transportation, and parks and open space. As the City's unaffordability crisis has grown, affordable housing has entered the G.O. Bond Program, first in 2015. The most recent Capital Plan includes $500 million for the 2019 Affordable Housing Bond.

The Capital Plan G.O. Bond Program chart below illustrates the relationship between the G.O. Bond Program and the local tax rate, including existing and outstanding issuance and voted-approved bonds. This view shows the City's policy constraint that G.O. Bonds will not increase the property tax rate above 2006 levels.

For more information on the City's capital plan, please visit www.onesanfrancisco.org

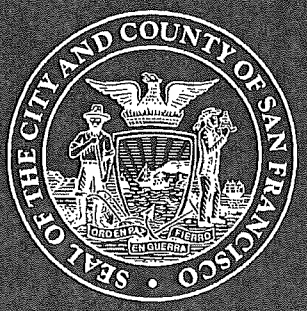
Capital Plan G.O. Bond Program (Certified AV 8-1-18) 2019-2029





Project Schedule

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


SEAL OF THE CITY AND COUNTY OF SAN FRANCISCO
ORDEN
EN GUERRA
FRUTTO

OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

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

June 4, 2019

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

Dear Ms. Calvillo,

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

a) In fiscal year (FY) 2020-2021, following issuance of the first series of bonds, and the year with the lowest tax rate, the best estimate of the tax required to fund this bond issue would result in a property tax rate of $0.00210 per $100 ($2.10 per $100,000) of assessed valuation.

b) In FY 2022-2023, following issuance of the last series of bonds, and the year with the highest tax rate, the best estimate of the tax required to fund this bond issue would result in a property tax rate of $0.01733 per $100 ($17.33 per $100,000) of assessed valuation.

c) The best estimate of the average tax rate for these bonds from FY 2020-2021 through FY 2041-2042 is $0.01177 per $100 ($11.77 per $100,000) of assessed valuation.

d) Based on these estimates, the highest estimated annual property tax cost for these bonds for the owner of a home with an assessed value of $600,000 would be approximately $102.76.

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

Sincerely,

Ben Rosenfield
Controller

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

CITY HALL • 1 DR. CARLTON B. GOODLETT PLACE • ROOM 316 • SAN FRANCISCO, CA 94102-4694
PHONE 415-554-7500 • FAX 415-554-7466

190495
190501

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

London N. Breed
Mayor

Kate Hartley
Director

June 6, 2019

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

Dear Mr. Mazzola, Jr.,

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

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

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

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

1 South Van Ness Avenue – Fifth Floor, San Francisco, CA 94103
Phone: (415) 701-5500 Fax: (415) 701-5501 TDD: (415) 701-5503 • www.sfmohcd.org

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

The table below provides a summary:

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

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

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

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

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

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

Sincerely yours,

Kate Hartley
Director
Mayor's Office of Housing and Community Development

File #190501, 190495, 190666
Received in Committee - 6/13/19.

2019 Affordable Housing Bond
Budget & Finance Committee

Mayor's Office of Housing and Community Development

June 13, 2019

CITY AND COUNTY OF
SAN FRANCISCO
MAYOR LONDON N. BREED

Original Program Categories

Program Categories	Estimated Funds
Public Housing	$150 million
Low-Income Housing (up to 80% AMI)	$210 million
	$50 million
Affordable Housing Preservation (30% to 120% AMI)	$30 million (est.)
& Middle-Income Housing (80%-175% AMI; up to 200% AMI for teacher households)	$20 million (est.)
Senior Housing (up to 80% AMI)	$90 million
TOTAL	$500 million

Recommended Allocation Change Summary

Program Categories	Original	Recommendation
Public Housing	$150 million	$150 million
Low-Income Housing	$210 million	$220 million
Affordable Housing Preservation	$30 million (est.)	$30 million (est.)
Middle-Income	$20 million (est.)	$30 million (est.)
Senior Housing	$90 million	$150 million
Educator Housing	--	$20 million
TOTAL	**$500 million**	**$600 million**

Recommended Allocation Priorities

Program Categories	Value	Allocation Priorities
Low-Income Housing	$230M	- $10M PSH predevelopment - $5M PSH scattered sites - $15M low production, or low production + high displacement neighborhoods
Senior Housing	$150M	- $15M low production, or low production + high displacement neighborhoods
Educator Housing	$20M	- New construction for SFUSD and CCSF educators and staff earning between 30-140% AMI

Additional Recommended Revisions – For Inclusion in the Bond Report

- If the Educator Housing category funds are unused after 4 years from the date of the election certification, the remaining funds will be reallocated: 50% to eligible low-income uses and 50% to Educator DALP and TND
- If funds allocated to achieve Geographic Balance in the Low-Income and Senior Housing categories are unused after 4 years from the date of the election certification, the funds will become available for any other eligible use in their respective categories
- Funds not otherwise geographically restricted should prioritize high displacement neighborhoods
- Senior housing project selection priorities should include LGBTQ-welcoming programs

190501
190495

2019 Affordable Housing Bond Budget & Finance Committee

Mayor's Office of Housing and Community Development

June 6, 2019

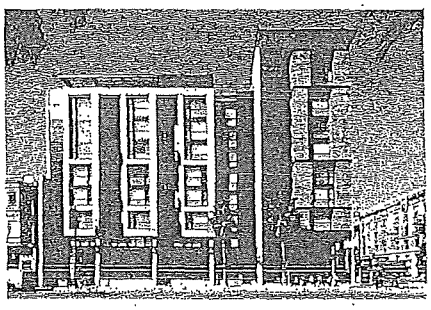
CITY AND COUNTY OF SAN FRANCISCO

MAYOR LONDON N. BREED

GO Bond Proposal

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

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



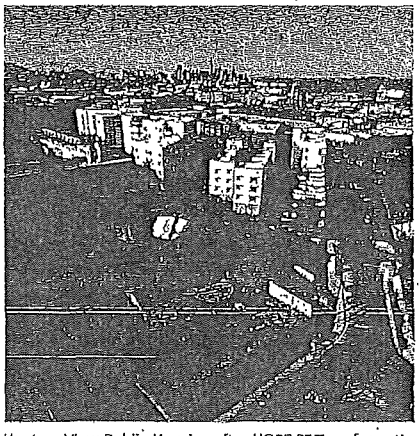
Bill Sorro Community

Original Program Categories

Program Categories	Estimated Funds
Public Housing	$150 million
Low-Income Housing (up to 80% AMI)	$210 million
	$50 million
Affordable Housing Preservation (30% to 120% AMI)	$30 million (est.)
& Middle-Income Housing (80% AMI to 175% AMI)	$20 million (est.)
Senior Housing (up to 80% AMI)	$90 million
TOTAL	**$500 million**

Public Housing Needs

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



Hunters View Public Housing after HOPE SF Transformation

Public Housing – $150 million (original)

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

Priorities:

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

Who is Served?

- Existing public housing residents, including families, seniors, and people with disabilities
- New generations of residents earning 0-80% AMI
- Low-income families living in new units added to public housing sites
- Communities and neighborhoods in which the developments are located

Low-Income Housing Needs

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

Family in their home in the Mission District

Low-Income Housing – $210 million (original)

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

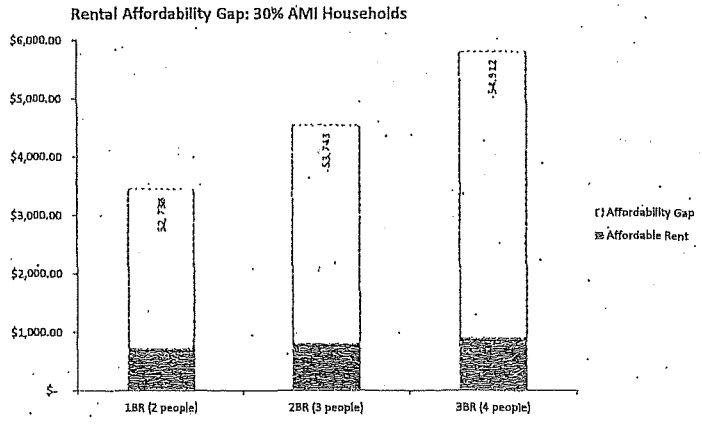
Priorities:

- Shovel-ready projects able to start construction within 4 years
- Predevelopment funding to jumpstart new construction with $10 million reserved for permanent supportive housing development
- Proximity to public transit
- Projects able to leverage City funds with the most additional resources, including state and federal funding and public land
- Projects located in neighborhoods with limited affordable housing production

Who is Served?

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

Rental Affordability Gap



Preservation Needs

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

Mayor Breed and residents announcing preservation of 4830 Mission Street

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

Eligible Uses: The acquisition and/or rehabilitation of rental housing at risk of losing affordability, whether through market forces or a building's physical decline.

Priorities –

Acquisitions and/or rehabilitation

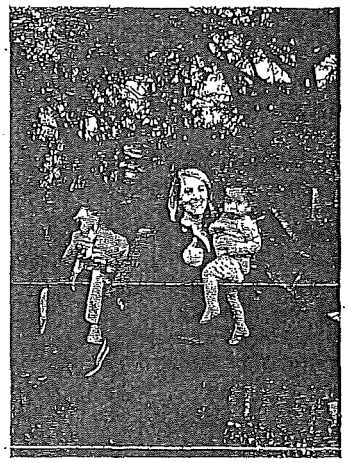
- To create or enhance permanent affordability
- For buildings at imminent risk of conversion to market-rate rents
- In neighborhoods with limited affordable housing production
- In neighborhoods with high documented eviction rates

Who is Served?

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

Middle-Income Housing Needs

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



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

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

Eligible Uses: The creation of new affordable housing opportunities through down payment assistance loans, and the purchase of buildings or land for new affordable construction.

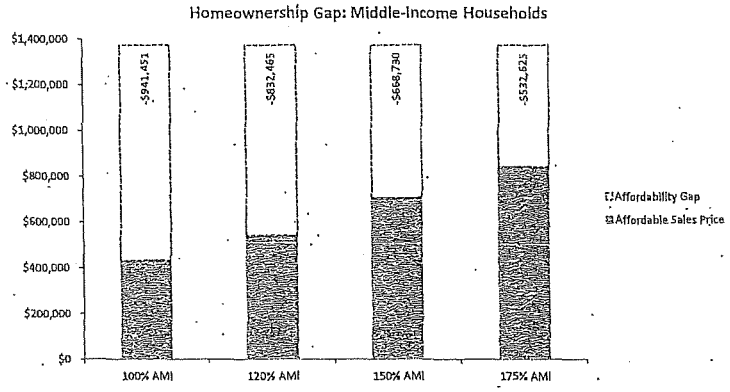
Priorities:

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

Who is Served?

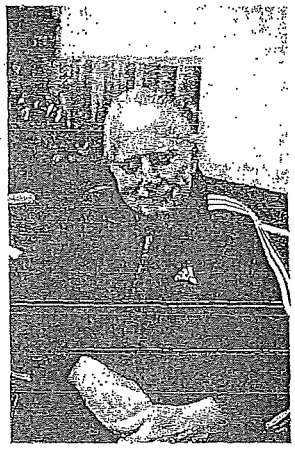
- Households earning between 80% and 175 % of AMI
- Teacher Next Door Educators earning up to 200% of AMI

Homeownership Affordability Gap



Senior Housing Needs

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



Senior resident at grand re-opening of 666 Ellis Street

Senior Housing – $90 million (original)

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

Priorities:

- New construction
- Projects able to leverage the most additional resources, including state and federal funding, public land, and especially ongoing rental subsidies for extremely low-income seniors
- Developments located in neighborhoods with limited affordable senior housing production
- Proximity to public transit

Who is Served?

- Seniors on fixed incomes earning from 0% AMI to 80% AMI who are especially vulnerable in San Francisco's inflated housing market.

Legislative Timeline

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

GO Bond Estimated Issuance Timeline

Year	Estimated Issuance Amount
2020	$200 million
2021	$200 million
2022	$200 million

2019 Affordable Housing Bond Capital Planning Committee

Mayor's Office of Housing and Community Development

May 6, 2019

CITY AND COUNTY OF SAN FRANCISCO

MAYOR LONDON N. BREED

BOARD of SUPERVISORS

City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

May 14, 2019

File No. 190495

Lisa Gibson
Environmental Review Officer
Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103

Dear Ms. Gibson:

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

File No. 190495

Ordinance calling and providing for a special election to be held in the City and County of San Francisco on Tuesday, November 5, 2019, for the purpose of submitting to San Francisco voters a proposition to incur bonded indebtedness not to exceed $500,000,000 to finance the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements, and related costs necessary or convenient for the foregoing purposes; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants under Administrative Code, Chapter 37; providing for the levy and collection of taxes to pay both principal and interest on such Bonds; incorporating the provisions regarding the Citizens' General Obligation Bond Oversight Committee's review of Affordable Housing Bond expenditures in Administrative Code, Sections 5.30-5.36; setting certain procedures and requirements for the election; adopting findings under the California Environmental Quality Act; and finding that the proposed Bonds are in conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

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

Attachment

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

BOARD of SUPERVISORS

City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

May 14, 2019

John Rahaim, Director
Planning Department
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Dear Director Rahaim:

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

File No. 190495

Ordinance calling and providing for a special election to be held in the City and County of San Francisco on Tuesday, November 5, 2019, for the purpose of submitting to San Francisco voters a proposition to incur bonded indebtedness not to exceed $500,000,000 to finance the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements, and related costs necessary or convenient for the foregoing purposes; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants under Administrative Code, Chapter 37; providing for the levy and collection of taxes to pay both principal and interest on such Bonds; incorporating the provisions regarding the Citizens' General Obligation Bond Oversight Committee's review of Affordable Housing Bond expenditures in Administrative Code, Sections 5.30-5.36; setting certain procedures and requirements for the election; adopting findings under the California Environmental Quality Act; and finding that the proposed Bonds are in conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

The proposed ordinance is being transmitted to the Planning Department for review and determination regarding consistency with the City's General Plan and eight priority policies of Planning Code Section 101.1. The ordinance is pending before the Budget and Finance Committee and will be scheduled for hearing following receipt of your response.

Angela Calvillo, Clerk of the Board

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

Attachment

c: Jonas Ionin, Director of Commission Affairs
Dan Sider, Director of Executive Programs
Aaron Starr, Manager of Legislative Affairs
AnMarie Rodgers, Director of Citywide Planning
Scott Sanchez, Acting Deputy Zoning Administrator
Corey Teague, Zoning Administrator
Lisa Gibson, Environmental Review Officer
Devyani Jain, Deputy Environmental Review Officer
Joy Navarrete, Environmental Planning
Laura Lynch, Environmental Planning

BOARD of SUPERVISORS

City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

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

FROM: Linda Wong, Assistant Clerk, Budget and Finance Committee
Board of Supervisors

DATE: May 16, 2019

SUBJECT: GENERAL OBLIGATION BOND INTRODUCED
November 5, 2019 Election

The Board of Supervisors' Budget and Finance Committee has received the following General Obligation Bond for the November 5, 2019, Election, introduced by Mayor Breed on May 7, 2019. These matters are being referred to you in accordance with Rules of Order 2.22.4.

File No. 190495

Ordinance calling and providing for a special election to be held in the City and County of San Francisco on Tuesday, November 5, 2019, for the purpose of submitting to San Francisco voters a proposition to incur bonded indebtedness not to exceed $500,000,000 to finance the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements, and related costs necessary or convenient for the foregoing purposes; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants under Administrative Code, Chapter 37; providing for the levy and collection of taxes to pay both principal and interest on such Bonds; incorporating the provisions regarding the Citizens' General Obligation Bond Oversight Committee's review of Affordable Housing Bond expenditures in Administrative Code, Sections 5.30-5.36; setting certain procedures and requirements for the election; adopting findings under the California Environmental Quality Act; and finding that the proposed Bonds are in conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

File No. 190501

Resolution determining and declaring that the public interest and necessity demand the construction, development, acquisition, improvement, rehabilitation, preservation and repair of affordable housing improvements and related costs necessary or convenient for the foregoing purposes; to be financed through bonded indebtedness in an amount not to exceed $500,000,000; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants under Administrative Code, Chapter 37; providing for the levy and collection of taxes to pay both principal and interest on such bonds; adopting findings under the California Environmental Quality Act; and finding that the proposed bond is in conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

Please review and prepare a financial analysis of the proposed measure prior to the first Budget and Finance Committee hearing.

If you have any questions or concerns, please call me at (415) 554-7719 or email: linda.wong@sfgov.org. To submit documentation, please forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Todd Rydstrom, Deputy City Controller
Peg Stevenson, City Performance Director
Natasha Mihal, City Services Auditor

BOARD of SUPERVISORS

City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: Sophia Kittler, Liaison to the Board of Supervisors, Mayor's Office
Jon Givner, Deputy City Attorney, Office of the City Attorney
John Arntz, Director, Department of Elections
LeeAnn Pelham, Executive Director, Ethics Commission
Naomi Kelly, City Administrator, Office of the City Administrator
Barbara Smith, Acting Executive Director, Housing Authority
Vincent C. Matthews, Superintendent, San Francisco Unified School District
Robert Collins, Executive Director, Rent Board
Alaric Degrafinreid, Assistant Director, Office of Contract Administration
Kate Hartley, Director, Mayor's Office of Housing and Community Development
Ben Rosenfield, City Controller, Office of the Controller
Brian Strong, Program Director, Capital Planning Program
Jose Cisneros, Treasurer, Office of the Treasurer & Tax Collector
Maura Lane, Committee Staff, Citizens General Obligation Bond Oversight Committee

FROM: Linda Wong, Assistant Clerk, Budget and Finance Committee
Board of Supervisors

DATE: May 14, 2019

SUBJECT: GENERAL OBLIGATION BOND INTRODUCED
November 5, 2019 Election

The Board of Supervisors' Budget and Finance Committee has received the following General Obligation Bond for the November 5, 2019, Election, introduced by Mayor Breed on May 7, 2019.

File No. 190495

Ordinance calling and providing for a special election to be held in the City and County of San Francisco on Tuesday, November 5, 2019, for the purpose of submitting to San Francisco voters a proposition to incur bonded indebtedness not to exceed $500,000,000 to finance the construction, development, acquisition, improvement, rehabilitation,

preservation, and repair of affordable housing improvements, and related costs necessary or convenient for the foregoing purposes; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants under Administrative Code, Chapter 37; providing for the levy and collection of taxes to pay both principal and interest on such Bonds; incorporating the provisions regarding the Citizens' General Obligation Bond Oversight Committee's review of Affordable Housing Bond expenditures in Administrative Code, Sections 5.30-5.36; setting certain procedures and requirements for the election; adopting findings under the California Environmental Quality Act; and finding that the proposed Bonds are in conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).

Please review and submit any reports or comments you wish to be included with the legislative file.

If you have any questions or concerns, please call me at (415) 554-7719 or email: linda.wong@sfgov.org. To submit documentation, please forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Andres Power, Mayor's Office
Rebecca Peacock, Mayor's Office
Patrick Ford, Ethics Commission
Lynn Khaw, Office of the City Administrator
Lihmeei Leu, Office of the City Administrator
Dariush Kayhan, Housing Authority
Linda Martin-Mason, Housing Authority
Viva Mogi, San Francisco Unified School District
Esther Casco, San Francisco Unified School District
Florence Kyaun, Office of Contract Administration
Eugene Flannery, Mayor's Office of Housing and Community Development
Amy Chan, Mayor's Office of Housing and Community Development
Todd Rydstrom, Office of the Controller
Natasha Mihal, Office of the Controller
Amanda Kahn Fried, Office of the Treasurer & Tax Collector

OFFICE OF THE MAYOR
SAN FRANCISCO

LONDON N. BREED
MAYOR

SK

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Sophia Kittler
RE: General Obligation Bond Election - Affordable Housing - Not to Exceed $500,000,000
DATE: May 7, 2019

Ordinance calling and providing for a special election to be held in the City and County of San Francisco on Tuesday, November 5, 2019, for the purpose of submitting to San Francisco voters a proposition to incur bonded indebtedness of not-to-exceed $500,000,000 to finance the construction, development, acquisition, improvement, rehabilitation, preservation, and repair of affordable housing improvements, and related costs necessary or convenient for the foregoing purposes; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants under Administrative Code Chapter 37; providing for the levy and collection of taxes to pay both principal and interest on such Bonds; incorporating the provisions of the Administrative Code, relating to the Citizens' General Obligation Bond Oversight Committee's review of Affordable Housing Bond expenditures; setting certain procedures and requirements for the election; adopting findings under the California Environmental Quality Act; and finding that the proposed Bonds are in conformity with the General Plan, and with the eight priority policies of Planning Code, Section 101.1(b).

Please note that Supervisors Yee, Brown, Safai, Walton, and Stefani are co-sponsors of this legislation.

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

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

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200
SAN FRANCISCO, CALIFORNIA 94102-4681
TELEPHONE: (415) 554-6141

File #190495
Received in Committee
6/13/19

A CALL TO ACTION FOR AFFORDABLE AND ACCESSIBLE SENIOR HOUSING

Dear President Yee and Members of the Board of Supervisors:

We write to urge you to take action to address the worsening impacts of the housing crisis on San Francisco's seniors. Our city's elders are being left behind not only by our city's growing prosperity and splendid rising skyline but also by the city's senior housing policies that exclude too many seniors who need such housing.

We raise these specific concerns about seniors without any claim that the needs of seniors supersede any other population. We believe that it is possible for the city to address the specific housing needs of seniors while also addressing the needs of homeless non-seniors, younger and intergenerational households with disabled persons, and other underserved communities.

The need for senior housing is obvious and apparent both from the numbers of seniors living on our streets and evicted from their homes. Senior homeless is rising. Twenty four percent (24%) of all persons living under the poverty line in San Francisco are sixty years of age or older. While our city's real median income rises faster than almost every other in the nation, most seniors can only rely upon fixed incomes that fall behind increasing market rents and the local cost of living.

Recognizing the special needs of seniors, our city's voters have repeatedly and generously supported expanding our city's affordable housing programs -- responding to campaigns that invariably promise more affordable housing for seniors. Yet the recent bond process revealed that only twelve percent (12%) of the present "pipeline" of future affordable housing units are planned for seniors. Such a disproportionately small growth in the development of senior housing, as evictions and rising rents displace hundreds of seniors, assures waiting lists with durations that often exceed senior life expectancies.

Census data has further revealed that almost all our city's recently developed "affordable" senior housing has been unaffordable to a majority of seniors who need housing. Because our city's housing policies disregard the actual economic conditions of San Francisco's seniors, the minimum income required for an affordable senior studio is higher than the income of a majority of seniors who live alone. Except for units set aside for the formerly homeless, city policies require that a single senior must earn more than $24,000 in order to qualify. But a majority of seniors living alone earn less than $22,000 a year. Senior renters are left even further behind with median incomes under $18,000 a year. The failure to align our city's housing policies with actual senior needs has meant a majority of San Francisco's seniors are ineligible our city's affordable housing.

The inability to access newly constructed senior housing has a particularly harsh impact on the more than one third of seniors who are also disabled. While we strongly support programs and policies that prevent displacement and keep seniors in place, many mobility impaired seniors have an urgent need to relocate into housing with fully accessible facilities. But our present unaffordable rent standards for senior housing stand in the way.

Thus there is a compelling need for more accessible and affordable senior housing. In order to address this growing need we urge you to take the following actions:

First, support and fully fund the SOS senior housing affordability demonstration program introduced by President Norman Yee. The SOS program is an essential first step for the city to remove the barriers that make most senior housing unaffordable to a majority of the city's seniors who need housing. While we support other rent subsidy programs only the SOS program will expand affordability in senior housing now in the senior housing pipeline. Launching the SOS program will require an investment of $5 million which will expand affordability in multiple senior housing developments through 2023.

Second, increase the commitment of the bond to build more truly affordable senior housing. While the current housing bond commitment of $90 million makes a positive step forward by increasing the present 'pipeline' for senior housing by 300 units, this falls short from our existing unmet need. The Senior Housing Bond committee recommended the bond be expanded by a minimum of an additional 750 units to bring senior housing production to parity with senior poverty levels. San Francisco needs more affordable housing to prevent seniors from being left out in the street.

Third, we need an ongoing public process responsive to the housing needs both of seniors and of non-seniors with disabilities. President Yee and Mayor Breed are to be credited for creating the public process of developing the 2019 affordable housing bond. The process was informative and revealing. But given the limited time there is more to consider. Thus we need an ongoing conversation to improve how our city addresses the unmet housing needs of our city's elders and of non-senior households with persons with disabilities.

We look forward to working with the Board, the Mayor, and city agencies in an ongoing process to make San Francisco a place where all our residents can thrive and live the remainder of their lives with dignity.

Sincerely,

Betty Traynor, President of the Board
SENIOR AND DISABILITY ACTION

Wing Hoo Leung, President
COMMUNITY TENANTS ASSOCIATION

DIGNITY FUND COALITION

Theresa Imperial
BILL SORROS HOUSING PROJECT

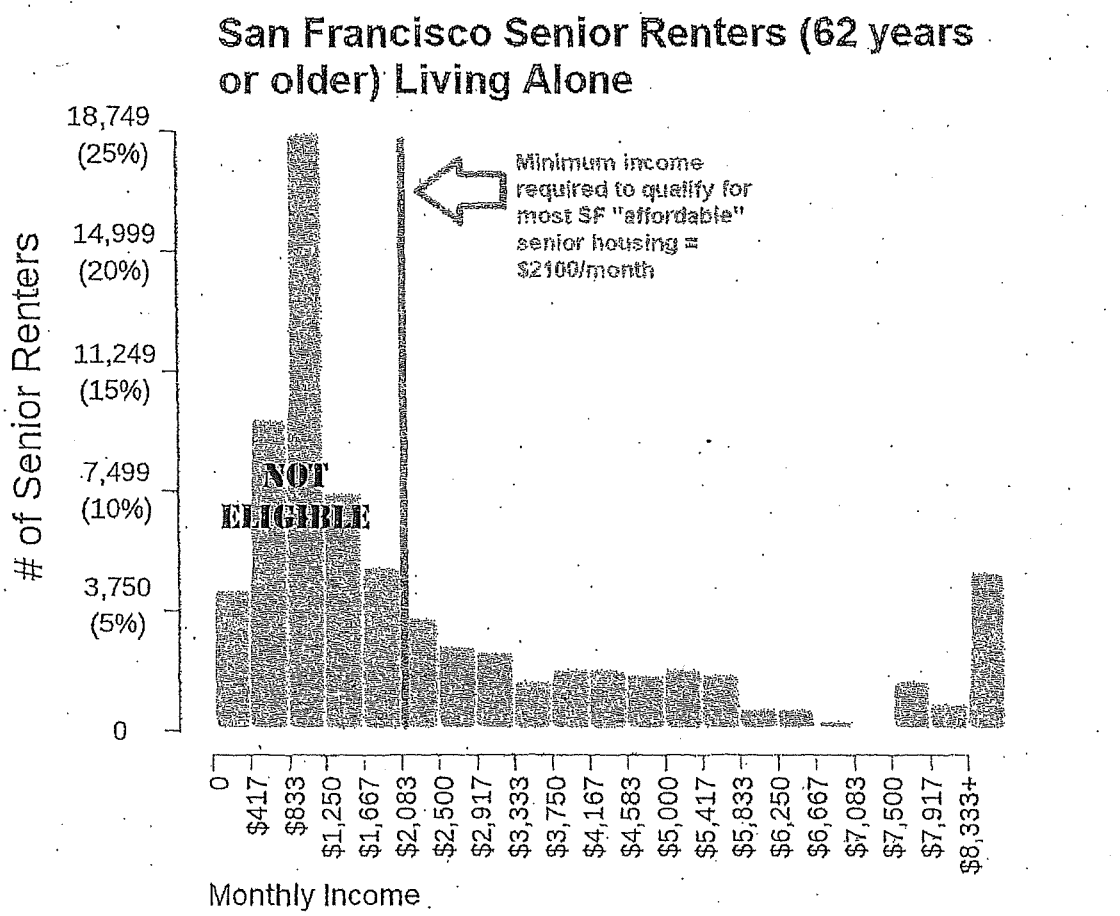
Rev. Norman Fong
CHINATOWN COMMUNITY DEVELOPMENT CENTER

Marie Jobling
COMMUNITY LIVING CAMPAIGN

Anni Chung
SELF HELP FOR THE ELDERLY

Michael Blecker
SWORDS TO PLOWSHARES

(Partial list of endorsers as of June 12, 2019)



Senior Housing Research Project-Dignity Fund Coalition
Source: Census 2017 ACS 5 Year

File 190501
190495

Wong, Linda (BOS)

From: pmonette-shaw <pmonette-shaw@earthlink.net>
Sent: Thursday, June 13, 2019 10:07 AM
To: Wong, Linda (BOS)
Cc: Young, Victor (BOS)
Subject: Fwd: Corrected Testimony: Board of Supes Budget and Finance Committee Must Fix Problems With 2019 Affordable Housing Bond on June 13
Attachments: Testimony to Budget and Finance Committee 19-06-12.pdf

Dear Ms. Wong,

Please add the PDF file attached to the permanent packet for this agenda item as Mr. Young kindly did last week.

Thank you.

Patrick Monette-Shaw

------ Forwarded Message ------
Subject: Corrected Testimony: Board of Supes Budget and Finance Committee Must Fix Problems With 2019 Affordable Housing Bond on June 13
Date: Wed, 12 Jun 2019 22:15:21 -0700
From:pmonette-shaw <pmonette-shaw@earthlink.net>
Reply-To:pmonette-shaw@earthlink.net
To: Sandra.Fewer@sfgov.org, Catherine.Stefani@sfgov.org, Rafael.Mandelman@sfgov.org, Hillary.Ronen@sfgov.org, Norman.Yee@sfgov.org
CC: Aaron.Peskin@sfgov.org, Gordon.Mar@sfgov.org, Vallie.Brown@sfgov.org, Matt.Haney@sfgov.org, Shamann.Walton@sfgov.org, Ahsha.Safai@sfgov.org, Tim.H.Ho@sfgov.org, Suhagey.Sandoval@sfgov.org, Jack.Gallagher@sfgov.org, Ian.Fregosi@sfgov.org, Angelina.Yu@sfgov.org, Percy.Burch@sfgov.org, Daisy.Quan@sfgov.org, Alan.Wong1@sfgov.org, Edward.W.Wright@sfgov.org, Juancarlos.Cancino@sfgov.org, Derek.Remski@sfgov.org, Tom.Temprano@sfgov.org, Courtney.McDonald@sfgov.org, Hepner, Lee (BOS) <lee.hepner@sfgov.org>, Erica.Maybaum@sfgov.org, Low, Jen (BOS) <jen.low@sfgov.org>, Ivy.Lee@sfgov.org

Patrick Monette-Shaw

975 Sutter Street, Apt. 6San Francisco, CA 94109
Phone: (415) 292-6969 • e-mail: pmonette-shaw@eartlink.net

June 12, 2019

Budget and Finance Committee, San Francisco Board of Supervisors
The Honorable Sandra Lee Fewer, Chairperson
The Honorable Catherine Stefani, Supervisor, District 2

The Honorable Rafael Mandelman, Supervisor, District 8
The Honorable Hillary Ronen, Supervisor, District 9
The Honorable Norman Yee, Supervisor, District 7

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

Re: **June 13 Agenda Items #2 & 3: General Obligation Bonds — Affordable Housing — Not to Exceed $500,000,000**

Dear Chairperson Fewer and Budget and Finance Committee Members,

This provides additional testimony to the Budget and Finance Committee regarding the need to re-allocate uses of the $5 million to $600 million proposed for the November 2019 Affordable Housing Bond, particularly to dedicate the potential $100 million increase to middle-income housing.

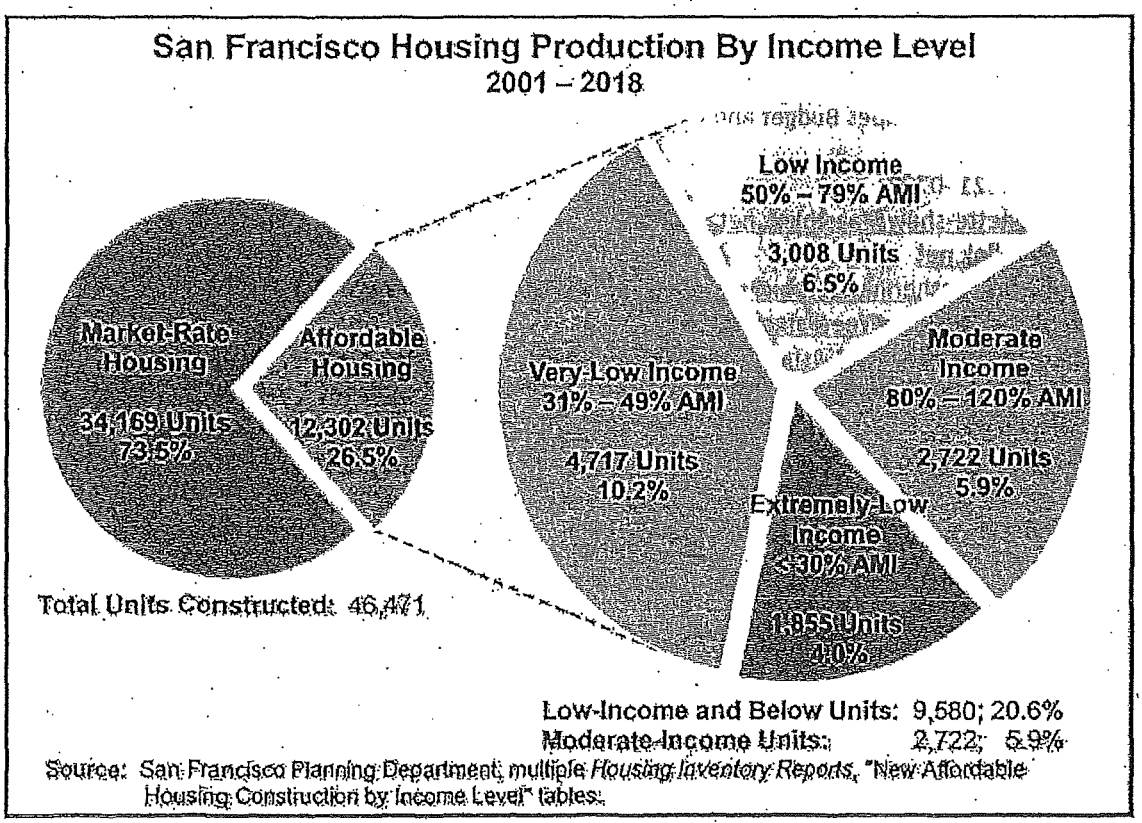
Moderate-Income Housing Has Been Short-Changed

As I previously testified, the Board of Supervisors needs to direct that a middle-income rental housing component be included in the November 2019 bond, in part because middle-income rental spending was improperly removed from planned spending of the 2015 Affordable Housing Bond, which had explicitly asked voters the question of whether the bond would include a middle-income rental program.

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

Figure 1 illustrates that successive Planning Department *Housing Inventory Reports* document that in the past 18 years, Moderate-Income households earning between 80% and 120% of AMI have seen just 2,722 units produced, only 5.9% of t total 46,471 total units produced during that period.

Figure 1: 18-Year Dearth of Moderate-Income Housing Production



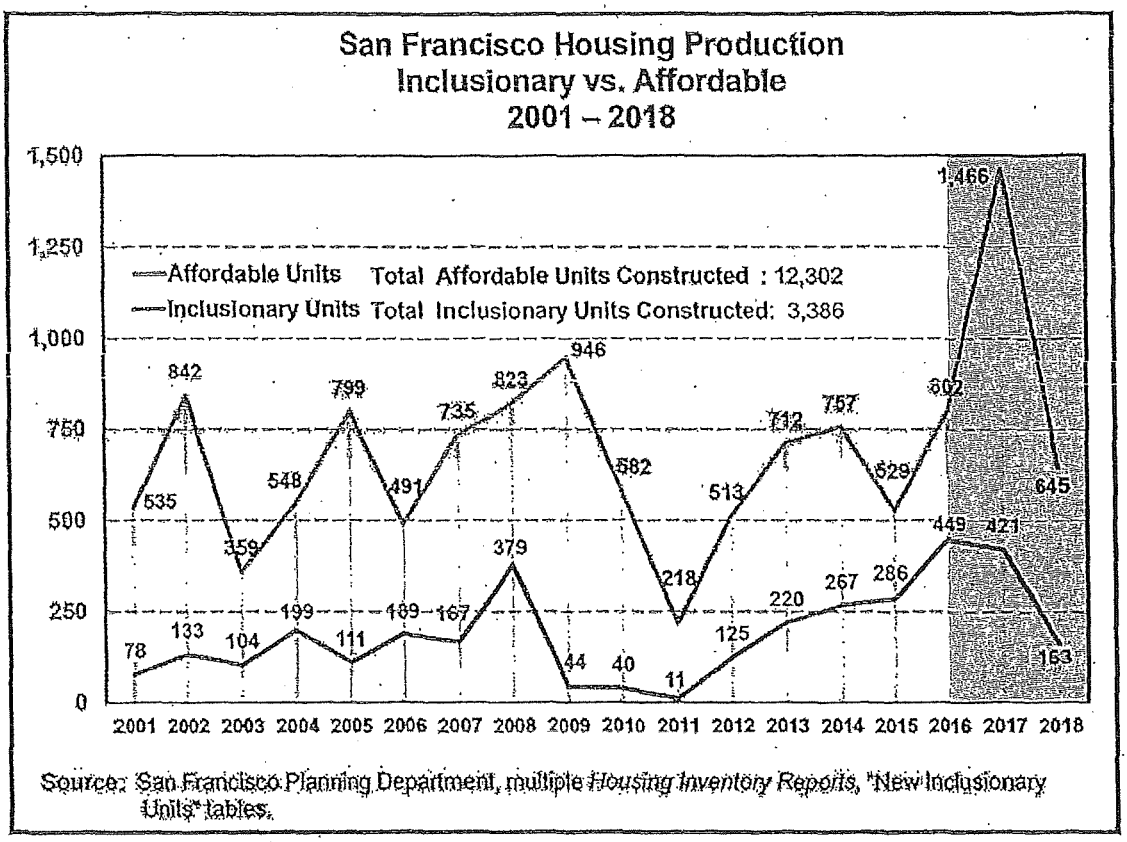
Looking closer at Figure 1, the 2,722 Moderate-Income units in that 18-year period represent 22% of the total 12,302 Affordable Housing units produced. The remaining 9,580 Affordable Housing units (78%) were for households in the low income and below categories.

There's no mention in the *Housing Inventory Reports* how many of the 2,722 units in the Moderate-Income category were ownership units, rather than for rental units, or how many of the Moderate-Income units were DALP or TND loans.

The Planning Department *Housing Inventory Reports* also document that in the past 18 years, of the 12,302 total Affordabl Housing units produced just 3,386 (27.5%) were funded by so-called "*inclusionary fees*."

That may be, in part, because MOHCD reported in its "*Big Tent*" PowerPoint presentation in April 2019 that there had bee shortfall in FY 18–19 of approximately $50 million in inclusionary housing fees generated from projected market-rate proj that subsequently stalled out due to rising construction costs.

Figure 2: Drop in Inclusionary Unit Production



Source: San Francisco Planning Department, multiple *Housing Inventory Reports*, "New Inclusionary Units" tables.

Some observers continue to wonder whether MOHCD made the right decision when it decided in July 2016 one month aft voters passed Proposition "C" in June 2016 that it could remove the *Middle-Income Rental* program from the 2015 Afford Housing Bond on the theory that increasing inclusionary percentages would actually result in additional rental units constructed.

That doesn't appear to have happened. Figure 2 illustrates a 63.7% drop — from 449 inclusionary housing units in 2016 to just 163 units — between 2016 and 2018, and it's unclear if the inclusionary units were rental, rather than ownership, un

The need for middle-income *rental* units may now be greater than previously known, or produced.

Require Disclosure of Cost Categories Before Approving November 2019 Bond

The Board of Supervisors should not approve the $500 million to $600 million November Affordable Housing bond unless and until, MOHCD reports itemizes what the bond will actually be spent on: 1) Construction of new housing units, 2) Rehabilitation and Acquisition of existing housing units, 3) Pre-development expenses separate from construction expense and 4) Infrastructure construction expenses separate from construction of actual housing units.

Respectfully submitted,

Patrick Monette-Shaw
Columnist
Westside Observer Newspaper

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

Patrick Monette-Shaw

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June 12, 2019

Budget and Finance Committee, San Francisco Board of Supervisors
The Honorable Sandra Lee Fewer, Chairperson
The Honorable Catherine Stefani, Supervisor, District 2
The Honorable Rafael Mandelman, Supervisor, District 8
The Honorable Hillary Ronen, Supervisor, District 9
The Honorable Norman Yee, Supervisor, District 7
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: **June 13 Agenda Items #2 & 3: General Obligation Bonds — Affordable Housing — Not to Exceed $500,000,000**

Dear Chairperson Fewer and Budget and Finance Committee Members,

This provides additional testimony to the Budget and Finance Committee regarding the need to re-allocate uses of the $500 million to $600 million proposed for the November 2019 Affordable Housing Bond, particularly to dedicate the potential $100 million increase to middle-income housing.

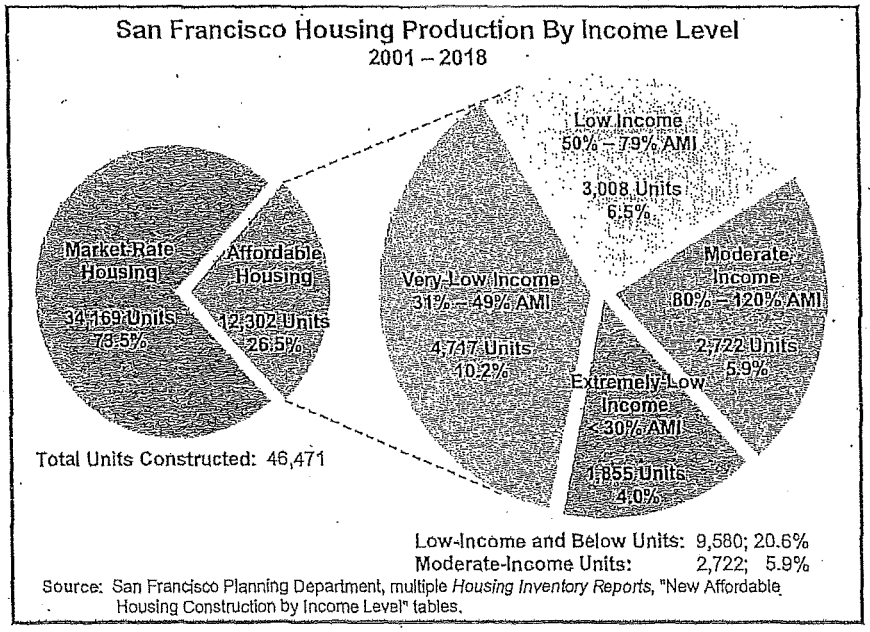
Moderate-Income Housing Has Been Short-Changed

As I previously testified, the Board of Supervisors needs to direct that a middle-income rental housing component be included in the November 2019 bond, in part because middle-income rental spending was improperly removed from planned spending of the 2015 Affordable Housing Bond, which had explicitly asked voters the question of whether the bond would include a middle-income rental program.

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

Figure 1 illustrates that successive Planning Department *Housing Inventory Reports* document that in the past 18 years, Moderate-Income households earning between 80% and 120% of AMI have seen just 2,722 units produced, only 5.9% of the total 46,471 total units produced during that period.

Figure 1: 18-Year Dearth of Moderate-Income Housing Production



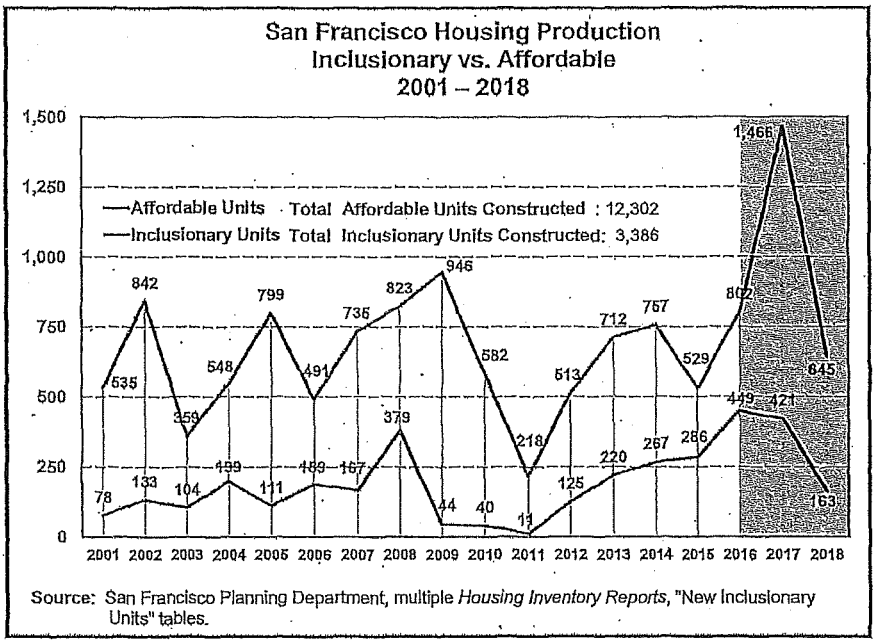
Looking closer at Figure 1, the 2,722 Moderate-Income units in that 18-year period represent 22% of the total 12,302 Affordable Housing units produced. The remaining 9,580 Affordable Housing units (78%) were for households in the low-income and below categories.

There's no mention in the *Housing Inventory Reports* how many of the 2,722 units in the Moderate-Income category were for ownership units, rather than for rental units, or how many of the Moderate-Income units were DALP or TND loans.

The Planning Department *Housing Inventory Reports* also document that in the past 18 years, of the 12,302 total Affordable Housing units produced just 3,386 (27.5%) were funded by so-called "*inclusionary fees*."

That may be, in part, because MOHCD reported in its "*Big Tent*" PowerPoint presentation in April 2019 that there had been a shortfall in FY 18–19 of approximately $50 million in inclusionary housing fees generated from projected market-rate projects that subsequently stalled out due to rising construction costs.

Figure 2: Drop in Inclusionary Unit Production



Source: San Francisco Planning Department, multiple *Housing Inventory Reports*, "New Inclusionary Units" tables.

Some observers continue to wonder whether MOHCD made the right decision when it decided in July 2016 one month after voters passed Proposition "C" in June 2016 that it could remove the *Middle-Income Rental* program from the 2015 Affordable Housing Bond on the theory that increasing inclusionary percentages would actually result in additional rental units constructed.

That doesn't appear to have happened. Figure 2 illustrates a 63.7% drop — from 449 inclusionary housing units in 2016 to just 163 units — between 2016 and 2018, and it's unclear if the inclusionary units were rental, rather than ownership, units.

The need for middle-income *rental* units may now be greater than previously known, or produced.

Require Disclosure of Cost Categories Before Approving November 2019 Bond

The Board of Supervisors should not approve the $500 million to $600 million November Affordable Housing bond unless, and until, MOHCD reports itemizes what the bond will actually be spent on: 1) Construction of new housing units, 2) Rehabilitation and Acquisition of existing housing units, 3) Pre-development expenses separate from construction expenses, and 4) Infrastructure construction expenses separate from construction of actual housing units.

Respectfully submitted,

Patrick Monette-Shaw
Columnist
Westside Observer Newspaper

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

Patrick Monette-Shaw

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June 5, 2019

Budget and Finance Committee, San Francisco Board of Supervisors
The Honorable Sandra Lee Fewer, Chairperson
The Honorable Catherine Stefani, Supervisor, District 2
The Honorable Rafael Mandelman, Supervisor, District 8
The Honorable Hillary Ronen, Supervisor, District 9
The Honorable Norman Yee, Supervisor, District 7
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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

Dear Chairperson Fewer and Budget and Finance Committee Members,

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

Correct Inaccurate Data About 2015 Affordable Housing Bond Accomplishments

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

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

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

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

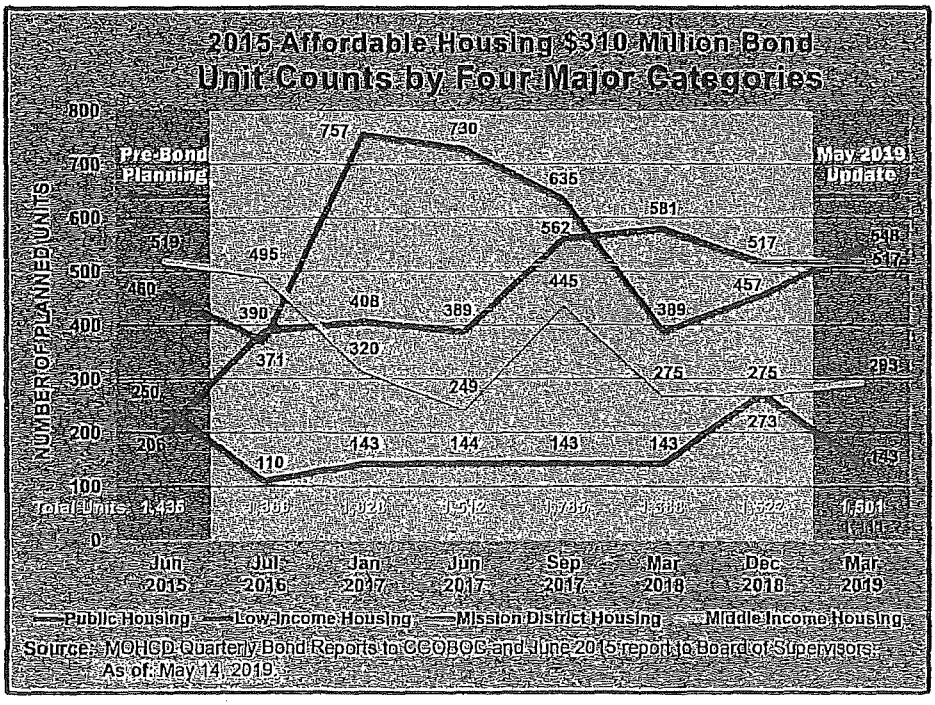


Figure 2: Total Units Shouldn't Be Inflated by Counting "Infrastructure"

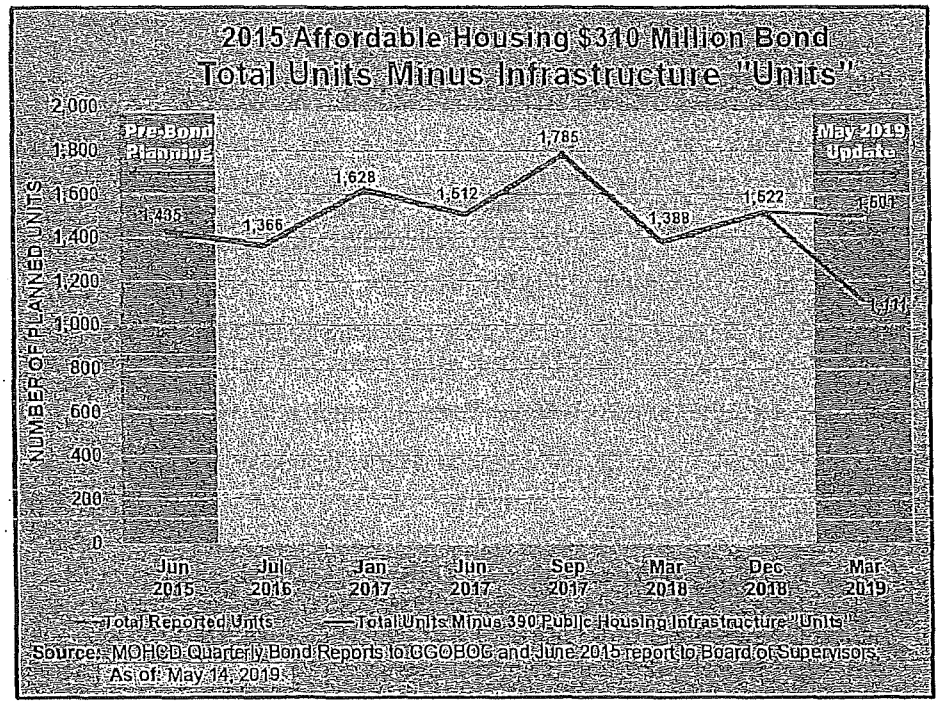


Figure 2 illustrates:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- **Change AMI Levels for Affordable Housing Preservation Category:** The AMI targets for the *Affordable Housing Preservation* category should be changed from 30%–120% of AMI, to 80%–120% of AMI. This is particularly true since the *Public Housing* and *Low-Income Housing* categories are already reserved for those households earning less than 80% of AMI. Allowing those who earn between 30% and 80% of AMI to access the *Affordable Housing Preservation* category essentially provides them with multiple categories of funding, pitting them against moderate-income households earning between 80% and 120% of AMI.

- **Expand AMI Levels for Senior Housing Category:** The AMI range for the Senior Housing units should be raised to 120% of AMI to assist moderate-income level seniors.

- **Require Breakouts of Senior Housing Category:** MOHCD should be required to determine now the number of proposed senior housing units being planned in each of the three categories for very-low income, low-income, and moderate-income seniors (80% to 120% of AMI), and require MOHCD to stick to it.

- **Types of Senior Housing Units:** MOHCD should be required to report now what types of housing will be developed for the $90 million Senior Housing category, and whether assisted living and board-and-care facilities will be included in the funding and will actually and eventually be developed.

- **Speed Up Bond Issuance:** One of the problems with the 2015 bond is that it was split into three tranches. The third tranche representing nearly one third of the $310 million bond is not expected to be issued until the Fall of 2019, four years after voters approved it in November 2015. Taking three to four years to issue bonds after voters have approved them is totally unacceptable in the middle of San Francisco's affordable housing crisis.

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

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

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

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

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

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

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

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

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

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

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

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

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

Respectfully submitted,

Patrick Monette-Shaw
Columnist
Westside Observer Newspaper

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

File # 190495

Wong, Linda (BOS)

rom: Board of Supervisors, (BOS)
Sent: Tuesday, July 9, 2019 11:04 AM
To: Somera, Alisa (BOS); Wong, Linda (BOS)
Cc: Calvillo, Angela (BOS)
Subject: FW: Testimony for July 9 — Problems on Proposed $600 million Affordable Housing Bond: We're at Nearly $1 Billion Between 2015 and 2019 Housing Bonds
Attachments: Testimony to Full Board of Supervisors on 19-07-08.pdf

Hello Alisa and Linda,

For the file please.

Thank you,

Eileen

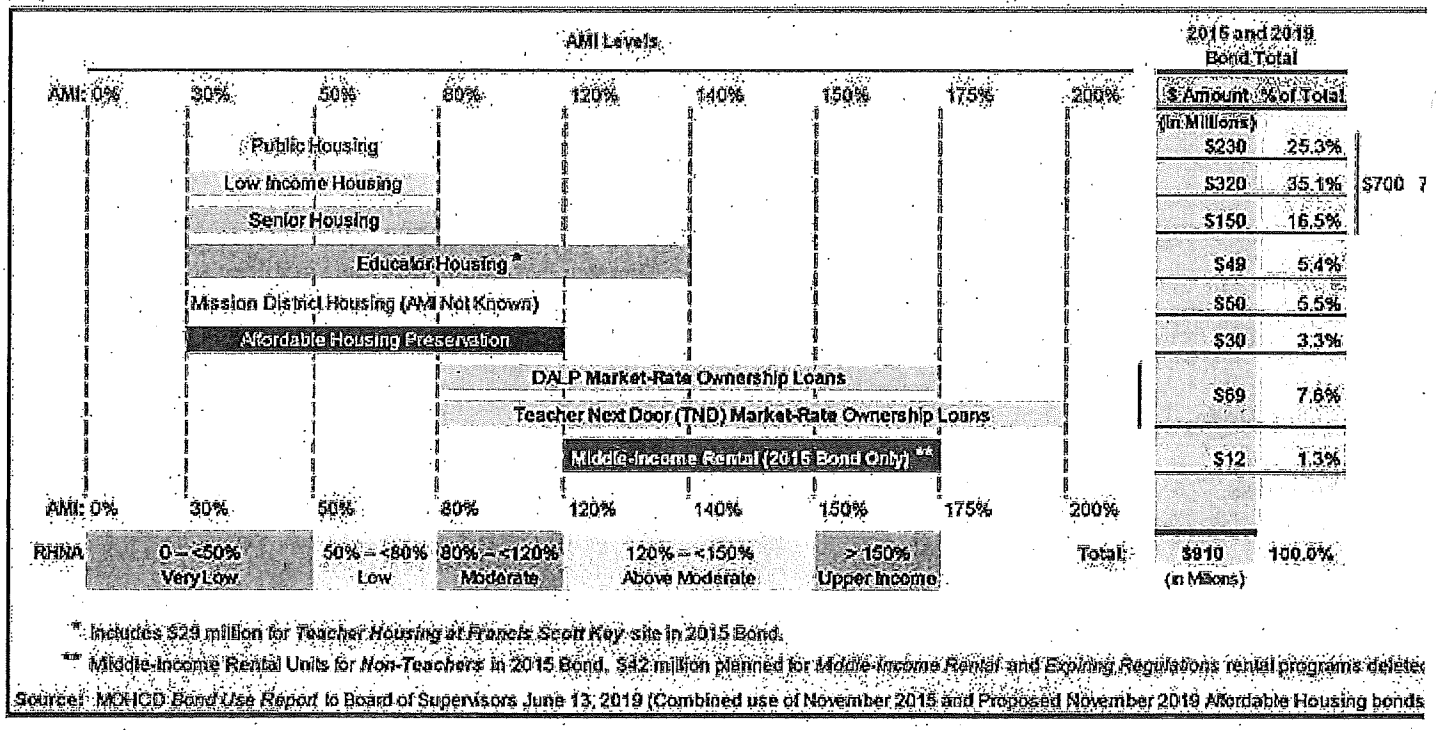
From: pmonette-shaw <pmonette-shaw@earthlink.net>
Sent: Monday, July 8, 2019 9:56 PM
To: Yee, Norman (BOS) <norman.yee@sfgov.org>; Fewer, Sandra (BOS) <sandra.fewer@sfgov.org>; Stefani, Catherine (BOS) <catherine.stefani@sfgov.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>; Mar, Gordon (BOS) <gordon.mar@sfgov.org>; Brown, Vallie (BOS) <vallie.brown@sfgov.org>; Haney, Matt (BOS) <matt.haney@sfgov.org>; Mandelman, Rafael (BOS) <rafael.mandelman@sfgov.org>; Ronen, Hillary <hillary.ronen@sfgov.org>; Walton, Shamann (BOS) <shamann.walton@sfgov.org>; Safai, Ahsha (BOS) <ahsha.safai@sfgov.org>
Cc: Ho, Tim (BOS) <tim.h.ho@sfgov.org>; Sandoval, Suhagey (BOS) <suhagey.sandoval@sfgov.org>; Fregosi, Ian (BOS) <ian.fregosi@sfgov.org>; Yu, Angelina (BOS) <angelina.yu@sfgov.org>; Burch, Percy (BOS) <percy.burch@sfgov.org>; Quan, Daisy (BOS) <daisy.quan@sfgov.org>; Wong, Alan (BOS) <alan.wong1@sfgov.org>; Wright, Edward (BOS) <edward.w.wright@sfgov.org>; Cancino, Juan Carlos (BOS) <juancarlos.cancino@sfgov.org>; Remski, Derek (BOS) <derek.remski@sfgov.org>; Temprano, Tom (BOS) <tom.temprano@sfgov.org>; Mcdonald, Courtney (BOS) <courtney.mcdonald@sfgov.org>; Hepner, Lee (BOS) <lee.hepner@sfgov.org>; Low, Jen (BOS) <jen.low@sfgov.org>; Lee, Ivy (BOS) <ivy.lee@sfgov.org>; Maybaum, Erica (BOS) <erica.maybaum@sfgov.org>; Calvillo, Angela (BOS) <angela.calvillo@sfgov.org>
Subject: Testimony for July 9 — Problems on Proposed $600 million Affordable Housing Bond: We're at Nearly $1 Billion Between 2015 and 2019 Housing Bonds

Dear Board of Supervisors,

We're at ***nearly $1 billion*** between two *Affordable Housing Bonds* across just four years ($910 million, to be more exact).

There are a number of problems with the proposed $600 million Affordable Housing Bond proposed for November 2019 that need to be fixed, including, 1) Correcting an error in MOHCD's June 13 updated *2019 Bond Report*, 2) Changing the title of the 2019 Bond measure, 3) Changing spending of the 2019 Bond to fund Middle-Income Rental Housing, and 4) Requiring MOHCD to seek Board approval before re-allocating up to $25 million in the *Senior Housing* and *Educator Housing* categories if not spent within four years.

Figure 1: Uses of the Combined November 2015 and November 2019 Housing Bonds



* Includes $29 million for *Teacher Housing at Francis Scott Key* site in 2015 Bond.

** Middle-Income Rental Units for *Non-Teachers* in 2015 Bond. $42 million planned for *Middle-Income Rental* and *Expiring Regulations* rental programs delete

Source: MOHCD *Bond Use Report* to Board of Supervisors June 13, 2019 (Combined use of November 2015 and Proposed November 2019 Affordable Housing bonds

Please read my attached testimony on the $600 million Affordable Housing Bond.

Patrick Monette-Shaw

Patrick Monette-Shaw

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July 8, 2019

San Francisco Board of Supervisors
The Honorable Norman Yee, Board President
The Honorable Sandra Lee Fewer, Supervisor, D-1
The Honorable Catherine Stefani, Supervisor, D-2
The Honorable Aaron Peskin, Supervisor, D-3
The Honorable Gordon Mar, Supervisor, D-4
The Honorable Vallie Brown, Supervisor, D-5
The Honorable Matt Haney, Supervisor, D-6
The Honorable Rafael Mandelman, Supervisor, D-8
The Honorable Hillary Ronen, Supervisor, D-9
The Honorable Shamann Walton, Supervisor, D-10
The Honorable Ahsha Safai, Supervisor, D-11
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: **Agenda Items 10 and 11 – $600 Million Affordable Housing Bond**

Dear President Yee and Members of the Board of Supervisors,

We're at ***nearly $1 billion*** in Affordable Housing Bond spending across just four years ($910 million to be more exact).

There are a number of problems with the proposed $600 million Affordable Housing Bond that need to be fixed.

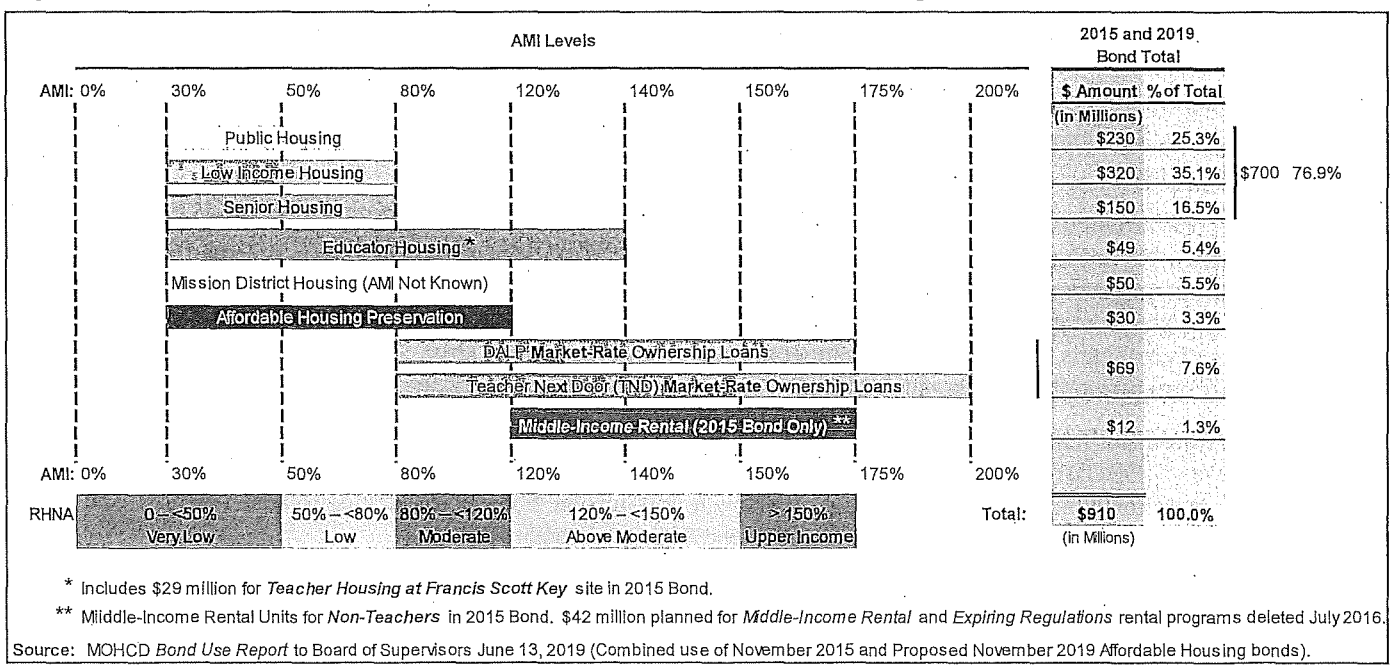
1. Error in Final 2019 MOHCD Bond Report

In both the June 13, 2019 updated *2019 Bond Report* and in a report to the Capital Planning Committee in May, MOHCD incorrectly asserts that 1,613 units of housing were (newly) produced, or preserved with the 2015 Housing Bond. That figure appears to be inflated by 7%, since MOHCD had reported to CGOBOC in May 2019 in its quarterly report dated March 2019 on progress on the 2015 Bond that just 1,501 units were produced or preserved (and even the 1,501 figure may be over-inflated by 390 Public Housing units that appear to be infrastructure projects — roads, sewers, etc. — rather than actual *net new housing* units or possibly units rehabilitated as replacement units). MOHCD may be relying on the number of units produced or preserved as its sole metric of bond success, but MOHCD appears to be fudging its data.

2. Change the Title of the Bond Measure

The proposed $600 million bond is titled an "*Affordable Housing Bond*," but as the graphic in Figure 1 illustrates fully 77% ($700 million) of the spending — combining the 2015 Bond and the proposed 2019 bond — is earmarked for low-income housing, including public housing, low-income housing, and senior housing for households earning less than 80% of AMI. Another 7.6 percent of the combined spending is for DALP and TND market-rate *ownership* units, that by definition, is not affordable housing but is instead market-rate housing.

Figure 1: Uses of the Combined November 2015 and November 2019 Housing Bonds



* Includes $29 million for *Teacher Housing at Francis Scott Key* site in 2015 Bond.

** Middle-Income Rental Units for *Non-Teachers* in 2015 Bond. $42 million planned for *Middle-Income Rental* and *Expiring Regulations* rental programs deleted July 2016.

Source: MOHCD *Bond Use Report* to Board of Supervisors June 13, 2019 (Combined use of November 2015 and Proposed November 2019 Affordable Housing bonds).

Since 84.5% of the combined spending is earmarked for low-income and below households and market-rate units, you should change the title of the bond measure to "*Low-Income and Market-Rate Housing Bond*," to reflect planned bond spending.

The data in Figure 1 combines the actual spending to date from the $310 million *Affordable Housing Bond* passed by voters in November 2015, and proposed spending categories for the November 2019 $600 million *Affordable Housing Bond.* Shown in more detail in Table 1, below.

3. Change Spending of Bond to Fund Middle-Income Rental Housing

Mayor Ed Lee observed in *Time* magazine in January 2014 that San Francisco has done a terrible job investing in anything other than low-income and public housing, indicating the City has done next to nothing to produce middle-income housing:

> *"Our city did pretty good in investing in low-income housing and trying to do as much as we could for the homeless. That was where our sentiments were. I don't think we paid any attention to the middle class. I think* ***everybody assumed the middle class was moving out.***"

As Table 1 further illustrates, when the 2015 Bond uses are combined with the proposed November 2019 Bond uses, only $12 million — 1.3% of the total $910 million in housing bond spending — has been allocated for middle-income rental households earning between 120% and 175% of AMI, and that was ***only*** in the *2015 Affordable Housing Bond.*

Table 1: Uses of the Combined November 2015 and November 2019 Housing Bonds

	November 2015 Bond			November 2019 Bond			Total	
	Amount	% of 2015 Bond	AMI	Amount	% of 2019 Bond	AMI	Amount	% of Total
	(Amounts in Millions)							
1 Public Housing	$ 80	25.8%	Unknown	$ 150	25.0%	Up to 80%	$ 230	25.3%
2 Low-Income Housing	$ 100	32.2%	Up to 80%	$ 220	36.7%	Up to 80%	$ 320	35.1%
3 Senior Housing				$ 150	25.0%	< 30% and up to 80%	$ 150	16.5%
4 Educator Housing: **2015 Bond** Includes 43rd & Irving Teacher Housing Project	$ 29	9.3%	80% – 200%	$ 20	3.3%	< 30% and up to 140%	$ 49	5.4%
5 Mission District Housing	$ 50	16.1%	Unknown				$ 50	5.5%
6 Affordable Housing Preservation				$ 30	5.0%	30% – 120%	$ 30	3.3%
7 Middle-Income Housing: DALP and TND Maket-Rate Ownership Loans	$ 39	12.7%	80% – 200%	$ 30	5.0%	80% – 175% DALP 80% – 200% TND	$ 69	7.6%
8 Middle-Income Housing: Rental Housing (Other Than Teachers) *	$ 12	3.9%	120% – 175%				$ 12	1.3%
Total (in millions):	$ 310	100.0%		$ 600	100.0%		$ 910	100.0%
							(in millions)	

* $42 million for *Middle-Income Rental* and *Expiring Regulations Preservation* rental programs deleted July 2016, following Prop. "C" passage June 2016.
Yellow Highlighting: 2019 Affordable Housing Bond documents indicate an "estimated" — not a guaranteed — funding amount.

Source: MOHCD quarterly report to CGOBOC March 2019, and updated MOHCD *Bond Use Report* to Board of Supervisors June 13, 2019.

In July 2016 MOHCD abruptly eliminated $42 million from planned spending of the $310 million November 2015 Affordable Housing Bond that had been set aside for a *Middle-Income Rental* category and an *Expiring Regulations Preservation* category.

Given the temporal proximity in time, some observers wondered whether MOHCD may have decided that after voters passed Proposition "C" in June 2016 that MOHCD could remove the *Middle-Income Rental* program from the Affordable Housing Bond a month later in July 2016. That was patently ridiculous, because Prop. "C" only dealt with setting the inclusionary percentages of affordable units available in market-rate development projects, including both ownership units for purchase and rental units. It's ludicrous to believe the inclusionary aspects of Prop. "C" in any way solved or achieved affordable *rents* designed to be addressed through the bond's *Middle-Income Rental program.*

Then there's the need for rental units demonstrated by the affordable housing lotteries MOHCD conducted during Fiscal Year 2017–2018. MOHCD's *Annual Progress Report 2017–2018* reports MOHCD conducted 101 housing lotteries for 490 "affordable" homes, including 399 *rental* units for very-low to low-income households earning less than 80% of AMI. The other 91 homes were for low- to moderate-income *ownership* (not rental) units.

There were 42,364 applications for the 399 rental units — averaging 106 applications per unit — despite the City's focus on funding low-income housing. Unfortunately, MOHCD did not indicate whether any of its 101 housing lotteries were for middle-income units to help estimate the need.

4. Require Stronger Compliance by MOHCD

Given MOHCD's track record of having unilaterally re-allocated planned uses of the 2015 Affordable Housing Bond, the Board of Supervisors needs to strengthen oversight of MOHCD on the proposed 2019 housing bond.

In particular, before MOHCD is allowed to 1) Re-allocate any portion of the $15 million in *Senior Housing* funding category reserved for neighborhoods with limited affordable housing production or units removed from protected status if that $15 million isn't allocated within four years, and before MOHCD is 2) Allowed to re-allocate up to 50% of the $20 millon of the *Educator Housing* funding category set-aside to the *Low-Income Housing* category if is not allocated within four years, the Board of Supervisors should mandate that MOHCD be required to obtain Board of Supervisors approval during a public hearing ***before*** it is allowed to re-allocate that approximate $25 million in funding.

I submit these recommendations as someone who earns approximately 54% of AMI.

Respectfully submitted,

Patrick Monette-Shaw, *Columnist, Westside Observer* Newspaper

cc: Angela Calvillo, Clerk of the Board
Lee Hepner, Legislative Aide to Supervisor Peskin
Tim Ho, Legislative Aide to Supervisor Safai
Angelina Yu, Legislative Aide to Supervisor Fewer
Daisy Quan, Legislative Aide to Supervisor Mar
Percy Burch, Legislative Aide to Supervisor Walton
Jen Low, Legislative Aide to Norman Yee
Erica Maybaum, Legislative Aide to Norman Yee
Jarlene Choy, Legislative Aide to Norman Yee

File # 190495

Wong, Linda (BOS)

rom:	Somera, Alisa (BOS)
Sent:	Tuesday, July 9, 2019 1:31 PM
To:	Wong, Linda (BOS); BOS Legislation, (BOS)
Cc:	Kittler, Sophia (MYR)
Subject:	FW: For board file 190501
Attachments:	MOHCD Ltr to BCTC_060619_Update070819.pdf

Linda... please make sure to include this letter in both files for the BO Bond. Thanks.

Alisa Somera
Legislative Deputy Director
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102
415.554.7711 direct | 415.554.5163 fax
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From: Kittler, Sophia (MYR)
Sent: Tuesday, July 09, 2019 1:27 PM
To: Somera, Alisa (BOS) <alisa.somera@sfgov.org>
Cc: BOS Legislation, (BOS) <bos.legislation@sfgov.org>
Subject: For board file 190501

See attached Housing Bond Letter, reflecting the allocation of the additional $100M towards senior housing, low income housing, middle income housing and educator housing.
Please add to the file for 190501.

Thank you,

Sophia Kittler

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

London N. Breed
Mayor

Kate Hartley
Director

July 8, 2019

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

Dear Mr. Mazzola, Jr.,

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

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

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

1) Public Housing Transformation Work: valued at $150 million
2) New Construction Low-Income Housing, valued at $220 million
3) New Construction Senior Housing: valued at $150 million
4) New Construction Educator Housing: valued at $20 million

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The balance of the bond funds will be used for middle-income down payment assistance loans, which involve no construction, and the preservation of existing buildings as 100% affordable housing. *These updated values reflect a change since our earlier correspondence on these issues dated June 6, 2019.*

The table below provides a summary:

SPENDING CATEGORY	ESTIMATED VALUE	COVERED WORK?
Public Housing	$150 million	Yes
Low-Income Housing	$220 million	Yes
Senior Housing	$150 million	Yes
Middle-Income	$30 million	No
Preservation	$30 million	No
Educator Housing	$20 million	Yes
Total	$600 million	Percent Covered Work: approximately 90%

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

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

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

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

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

Sincerely yours,

Kate Hartley
Director
Mayor's Office of Housing and Community Development