

1 [General Obligation Bond Election - Affordable Housing - Not to Exceed \$250,000,000]

2

3 **Resolution determining and declaring that the public interest and necessity demand**
4 **the construction, acquisition, improvement, rehabilitation, preservation, and repair of**
5 **affordable housing improvements and related costs necessary or convenient for the**
6 **foregoing purposes, to be financed through bonded indebtedness in an amount not to**
7 **exceed \$250,000,000; authorizing landlords to pass-through 50% of the resulting**
8 **property tax increase to residential tenants under Administrative Code, Chapter 37;**
9 **providing for the levy and collection of taxes to pay both principal and interest on such**
10 **bonds; setting certain procedures and requirements for the election; adopting findings**
11 **under the California Environmental Quality Act; and finding that the proposed bond is**
12 **in conformity with the General Plan, and with the eight priority policies of Planning**
13 **Code, Section 101.1(b).**

14

15 WHEREAS, The City and County of San Francisco (City) has the highest median rent
16 in the country with a one-bedroom asking rent of \$3,460, according to rental listing site
17 Zumper; and

18 WHEREAS, The City continues to be one of the highest-priced ownership markets in
19 the country with a median home sales price of \$1.1 million, a 19.4% increase from the
20 previous year, according to the real estate website Trulia; and

21 WHEREAS, The Mayor’s Office of Housing and Community Development continues to
22 see a widening affordability gap for low to moderate income households for both rental and
23 homeownership; and

24 WHEREAS, Limited state and federal resources and the high cost of housing
25 development puts a greater burden on local government to contribute their own limited

1 resources, and thus means that the City's supply of affordable housing has not kept pace with
2 demand; and

3 WHEREAS, Limited local funding for affordable housing can leverage federal, state
4 and private investment at a 3:1 rate; and

5 WHEREAS, The affordability gap has the greatest impact on low-income households
6 such as seniors, disabled persons, low-income working families, and veterans; and

7 WHEREAS, The housing need in the City is also particularly acute for moderate-
8 income households, for whom there are no federal or state financing programs that the City
9 can leverage with its own subsidies; and

10 WHEREAS, After federal sequestration took effect on March 1, 2013, the U.S.
11 Congress slashed the US Department of Housing and Urban Development's contribution to
12 the San Francisco Housing Authority (Housing Authority) from 92% to 82% of what it costs to
13 operate public housing, and its Section 8 housing voucher program from 94% to 72% of
14 operating costs; and

15 WHEREAS, The average annual household income for Housing Authority residents
16 and voucher-holders is \$15,858; and

17 WHEREAS, The housing affordability gap that has arisen and expanded in the local
18 housing market inhibits the City from ensuring that economic diversity can be maintained; and

19 WHEREAS, These high housing costs can inhibit healthy, balanced economic growth
20 regionally; and

21 WHEREAS, Individuals and families who are increasingly locked out of the local
22 housing market will be forced to leave the City and take on increasingly long employment
23 commutes; and

24
25

1 WHEREAS, The Affordable Housing General Obligation Bond (Bonds) will provide a
2 portion of the funding necessary to construct, acquire, improve, rehabilitate, preserve and
3 repair affordable housing in the City; now, therefore, be it

4 RESOLVED, By the Board:

5 Section 1. The Board determines and declares that the public interest and necessity
6 demand the construction, development, acquisition, and preservation of affordable housing in
7 the City for low- and middle-income households, and the payment of related costs necessary
8 or convenient for the foregoing purposes.

9 Section 2. The Bonds will fund capital projects that will prioritize vulnerable
10 populations such as the City's working families, veterans, seniors and disabled persons and
11 will assist in the acquisition, rehabilitation and preservation of affordable rental apartment
12 buildings to prevent the eviction of long-term residents; will repair and reconstruct dilapidated
13 public housing; finance the development of a middle-income rental program, and provide for
14 homeownership down payment assistance opportunities for educators and middle-income
15 households.

16 Section 3. The estimated cost of \$250,000,000 of the Bonds is and will be too great
17 to be paid out of the ordinary annual income and revenue of the City, will require an
18 expenditure greater than the amount allowed by the annual tax levy, and will require the
19 incurrence of bonded indebtedness in an amount not to exceed \$250,000,000.

20 Section 4. The Board, having reviewed the proposed legislation, makes the following
21 findings in compliance with the California Environmental Quality Act ("CEQA"), California
22 Public Resources Code Sections 21000 et seq., the CEQA Guidelines, 15 Cal. Administrative
23 Code Sections 15000 et seq., ("CEQA Guidelines"), and San Francisco Administrative Code
24 Chapter 31 ("Chapter 31"): The Environmental Review Officer determined that this legislation
25 is not defined as a project subject to CEQA because it is a funding mechanism involving no

1 commitment to any specific projects at any specific locations, as set forth in CEQA Guidelines
2 Section 15378.

3 Section 5. The Board finds and declares that the proposed Bond (i) was referred to
4 the Planning Department in accordance with Section 4.105 of the San Francisco Charter and
5 Section 2A.53(f) of the Administrative Code, (ii) is in conformity with the priority policies of
6 Section 101.1(b) of the San Francisco Planning Code, and (iii) is consistent with the City's
7 General Plan, and adopts the findings of the Planning Department, as set forth in the General
8 Plan Referral Report dated May 11, 2015, a copy of which is on file with the Clerk of the
9 Board in File No. _____ and incorporates such findings by this reference.

10 Section 6. The time limit for approval of this resolution specified in Administrative
11 Code Section 2.34 is waived.

12 Section 7. Under Administrative Code Section 2.40, the ordinance submitting this
13 proposal to the voters shall contain a provision authorizing landlords to pass-through 50% of
14 the resulting property tax increases to residential tenants in accordance with Administrative
15 Code Chapter 37.

16 Section 8. The City hereby declares its official intent to reimburse prior expenditures
17 of the City incurred or expected to be incurred prior to the issuance and sale of any series of
18 the Bonds in connection with the Project. The Board hereby declares the City's intent to
19 reimburse the City with the proceeds of the Bonds for the expenditures with respect to the
20 Project (the "Expenditures" and each, an "Expenditure") made on and after that date that is no
21 more than 60 days prior to the adoption of this Resolution. The City reasonably expects on the
22 date hereof that it will reimburse the Expenditures with the proceeds of the Bonds.

23 Each Expenditure was and will be either (a) of a type properly chargeable to a
24 capital account under general federal income tax principles (determined in each case as of
25 the date of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a

1 nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a
2 party that is not related to or an agent of the City so long as such grant does not impose any
3 obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the
4 City. The maximum aggregate principal amount of the Bonds expected to be issued for the
5 Project is \$250,000,000. The City shall make a reimbursement allocation, which is a written
6 allocation by the City that evidences the City's use of proceeds of the applicable series of
7 Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on
8 which the Expenditure is paid or the related portion of the Project is placed in service or
9 abandoned, but in no event more than three years after the date on which the Expenditure is
10 paid. The City recognizes that exceptions are available for certain "preliminary expenditures,"
11 costs of issuance, certain de minimis amounts, expenditures by "small issuers" (based on the
12 year of issuance and not the year of expenditure) and Expenditures for construction projects
13 of at least 5 years.

14 Section 9. Documents referenced in this resolution are on file with the Clerk of the
15 Board of Supervisors in File No. _____, which is hereby declared to be a part of
16 this resolution as if set forth fully herein.

17
18 APPROVED AS TO FORM:
19 DENNIS J. HERRERA
20 City Attorney

21
22 By: _____
23 KENNETH DAVID ROUX
24 Deputy City Attorney

25
n:\financ\as2015\1500660\01014380.doc