

1 [Supporting California Senate Bill No. 593 (Wiener) and Urging State Action to Increase
2 Funding for Affordable Replacement Housing in San Francisco]

3 **Resolution supporting California Senate Bill No. 593, introduced by State Senator Scott**
4 **Wiener, to authorize additional tax increment funding for affordable replacement**
5 **housing in the City and County of San Francisco.**

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7 WHEREAS, on February 15, 2023, State Senator Scott Wiener introduced Senate Bill
8 No. 593 which would authorize, subject to local and state review, the Successor Agency to the
9 Redevelopment Agency of the City and County of San Francisco (commonly known as the
10 Office of Community Investment and Infrastructure or “OCII”) to use a portion of
11 redevelopment tax increment revenues to finance the construction of 5,842 affordable
12 dwelling units in San Francisco; and

13 WHEREAS, Senate Bill No. 593’s authorization of tax increment financing would be a
14 valuable tool to help meet the daunting affordable housing production goals set forth in San
15 Francisco’s recently passed, State-approved, Housing Element as it would provide significant
16 amounts of affordable housing construction funding in the near term secured by property tax
17 revenues; and

18 WHEREAS, The Housing Element states that San Francisco has an unmet housing
19 need at every income level and mandates the creation of more than 82,000 units within the
20 City with approximately 46,000 of these units are targeted to extremely low- and moderate-
21 income households. To meet these affordability targets will require a substantial increase in
22 public funding to cover the gap between the cost of development and operations and the
23 reduced revenue due to lower rents and prices.

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1 WHEREAS, The Housing Element Objective 4.A at 47, estimates that meeting these
2 housing goals will require a range of additional investments for affordable housing from
3 between \$1.3 billion in 2023 and \$2.5 Billion in 2031; and

4 WHEREAS, On February 1, 2023, Governor Newsom trumpeted the California
5 Department of Housing and Community Development (“HCD”) certification of San Francisco’s
6 Housing Element 2022 Update and stated, that this “demonstrates our commitment to tackling
7 this housing crisis head-on by providing unprecedented funding and resources.”

8 WHEREAS, On February 1, 2023, Governor Newsom announced that the California
9 Department of Housing and Community Development (“HCD”) had certified San Francisco’s
10 Housing Element 2022 Update and stated, among other things, that this “announcement
11 demonstrates our commitment to tackling this housing crisis head-on by providing
12 unprecedented funding and resources.” Office of Governor Newsom, Governor Newsom
13 Announces Certification of San Francisco’s Plan for 82,000 Homes in the Next Eight Years;
14 and

15 WHEREAS, Under Senate Bill No. 593, to facilitate prudent financial decision-making,
16 the amount and timing of OCII’s financing of particular affordable housing projects would
17 occur over several years and would require approvals by the Successor Agency Commission,
18 its Oversight Board, the Board of Supervisors, and the California Department of Finance; and

19 WHEREAS, The Housing Element acknowledges that prior land use decisions and
20 other government actions in San Francisco, including federally-funded urban renewal
21 programs in the 1960s and 1970s carried out by the San Francisco Redevelopment Agency
22 (“Redevelopment Agency”), contributed to the current housing crisis, widespread
23 displacement of low-income households and the inequitable availability of housing for
24 American Indian, Black and other people of color; and

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1 WHEREAS, Prior to 1976, state law did not require redevelopment agencies to replace
2 affordable housing units destroyed or removed by redevelopment action. In 1975, the state
3 legislature adopted Chapter 970, Statutes of 1975, to obligate redevelopment agencies to
4 replace destroyed units with an equal number of units at affordable cost. Chapter 970 became
5 effective on January 1, 1976; and

6 WHEREAS, Prior to 1976, the Redevelopment Agency destroyed 14,207 units of
7 affordable housing and replaced only 7,498 of those units at affordable cost, leaving a
8 shortfall of 6,709 affordable units; and

9 WHEREAS, In the year 2000, the Redevelopment Agency sought and received state
10 legislative authority to continue funding for the development of affordable housing that would
11 replace those units destroyed and not replaced prior to 1976. Senate Bill No. 2113 (Burton)
12 (Statutes 2000, chapter 661) (“SB 2113”). SB 2113 required, among other things, that HCD
13 review and confirm the Redevelopment Agency’s pre-1976 destruction of affordable dwelling
14 units; and

15 WHEREAS, In 2003, HCD certified that the Redevelopment Agency had a net loss of
16 6,709 affordable units that the Agency must replace (the “Replacement Housing Obligation”);
17 and

18 WHEREAS, From 2005-2009, the Board of Supervisors adopted a series of ordinances
19 to implement SB 2113 and authorize the Redevelopment Agency to continue receiving
20 redevelopment tax increment for the Replacement Housing Obligation. (Ordinance No. 15-05
21 (Jan. 21, 2005); No. 115-07 (May 18, 2007); No. 316-08 (Dec. 19, 2008); and No. 256-09
22 (Dec. 18, 2009)); and

23 WHEREAS, On February 1, 2012, the State of California dissolved statewide all
24 redevelopment agencies and transferred certain obligations and rights to successor agencies,
25 including OCII; and

1 WHEREAS, At the time of its dissolution, the Redevelopment Agency had an
2 outstanding balance of 5,842 affordable units that needed to be funded and developed under
3 its Redevelopment Housing Obligation; and

4 WHEREAS, OCII and the City have persistently sought state approval through
5 administrative and legislative actions to fund the Replacement Housing Obligation, but to date
6 have not been unsuccessful; and

7 WHEREAS, The California Department of Finance has not approved replacement
8 housing as an enforceable obligation under Redevelopment Dissolution Law and Governor
9 Brown vetoed legislation that would have provided the redevelopment financing authority.
10 (Governor Brown, Veto of Senate Bill No.1404 (Leno) (Sep. 29, 2014)); now, therefore, be it

11 RESOLVED, That the San Francisco Board of Supervisors strongly urges the
12 California Legislature to approve Senate Bill No. 593 and authorize the Successor Agency to
13 the Redevelopment Agency of the City and County of San Francisco to use tax increment
14 financing to fulfill the Replacement Housing Obligation; and, be it

15 FURTHER RESOLVED, That the San Francisco Board of Supervisors strongly urges
16 Governor Gavin Newsom to support Senate Bill No. 593 and sign it into law upon its passage;
17 and, be it

18 FURTHER RESOLVED, The San Francisco Board of Supervisors requests the Clerk of
19 the Board to submit a copy of this Resolution to Governor Newsom, Senator Wiener,
20 Assemblymembers Phil Ting and Matt Haney.

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