

LEGISLATIVE DIGEST

[General Obligation Bond Election - Health and Recovery - Not to Exceed \$438,500,000]

Ordinance calling and providing for a special election to be held in the City and County of San Francisco on Tuesday, November 3, 2020, for the purpose of submitting to San Francisco voters a proposition to incur bonded indebtedness of not to exceed \$438,500,000 to finance the acquisition or improvement of real property, including: facilities to deliver services for persons experiencing mental health challenges, substance use disorder, and/or homelessness; parks, open space, and recreation facilities, including green and climate resilient infrastructure; and streets, curb ramps, street structures and plazas, 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 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 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 3, 2020 ballot:

“HEALTH AND RECOVERY BONDS. \$438,500,000 to acquire or improve real property, including to: stabilize, improve, and make permanent investments in supportive housing facilities, shelters, and/or facilities that deliver services to persons experiencing mental health challenges, substance use disorder, and/or homelessness; improve the accessibility, safety and quality of parks, open spaces and recreation facilities; improve the accessibility, safety and condition of the City's streets and other public right-of-way and related assets; and to pay related costs; with a duration of up to 30 years from the time of issuance, an estimated average tax rate of \$0.011/\$100 of assessed property value, and projected average annual revenues of \$35,000,000, 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 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.

The ordinance allows landlords to pass through to residential tenants 50% of any property tax increase to tenants under the under the Residential Rent Stabilization and Arbitration Ordinance, and authorizes the Board of Supervisors' to adopt future ordinances authorizing tenants to seek waivers from the pass-through based on financial hardship.

Background Information

Limited state and federal resources and the high cost of construction put a greater burden on local governments to contribute their own limited resources to produce more facilities to serve those struggling with behavioral health and substance use disorders, temporary shelters, and permanent supportive housing, and consequently the City and County of San Francisco's ("City's") supply of these resources has not kept pace with demand. The COV-19 Public Health Emergency brought with it City unemployment levels approaching 10% within three weeks of the first Shelter in Place Public Health Order and full or partial job loss impacts on industries with an estimated 166,936 employees, creating an urgent need to invest in projects that create jobs and support the City's economic recovery. The City's most recent 10-year capital plan identifies a deferred maintenance backlog of \$799 million for streets and General Fund facilities, and the Recreation and Parks Department's more recent facilities condition assessment shows \$950 million in deferred maintenance.

The proposed Health and Recovery Bond ("Bond") will provide a portion of the critical funding necessary to acquire or improve real property, including permanent supportive housing and shelters, and existing and potential new behavioral health facilities and institutions. The Bond will also provide a portion of the critical funding necessary to acquire or improve real property, including to improve the safety and quality of neighborhood, citywide and waterfront parks and open spaces and recreation facilities under the jurisdiction of the Recreation and Park Commission. Finally, the Bond will provide a portion of the funding necessary to acquire or improve real property, including to improve access for the disabled and the condition of the City's streets and other public right-of-way and related assets.

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.