

1 [Housing Bond Approval Policy.]

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3 **Ordinance amending the San Francisco Administrative Code by adding Chapter 43.9,**  
4 **Sections 43.9.1 through 43.9.2, to adopt findings and a City policy requiring housing**  
5 **project sponsors to comply with certain City contracting programs in connection with**  
6 **the issuance of revenue bonds by joint exercise of powers authorities to finance**  
7 **private affordable housing projects within the City.**

8 Note: Additions are *single-underline italics Times New Roman*;  
9 deletions are *strikethrough italics Times New Roman*.  
10 Board amendment additions are double underlined.  
Board amendment deletions are ~~strikethrough normal~~.

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

12 Section 1. The San Francisco Administrative Code is hereby amended by adding  
13 Chapter 43.9, Sections 43.9.1 through 43.9.2, entitled "Housing Bond Approval Policy," to  
14 read as follows:

15 **SECTION 43.9.1. FINDINGS.**

16 *The City and County of San Francisco (the "City") promotes the financing and construction of*  
17 *new affordable and mixed income housing by, among other things, issuing multifamily housing revenue*  
18 *bonds or 501(c)(3) bonds for private projects. The proceeds of such bonds are loaned to a project*  
19 *sponsor to help it finance affordable and mixed income housing construction. The City is not liable for*  
20 *repayment of the bonds; the primary reason for the City's participation is that interest on qualifying*  
21 *City housing bonds is exempt from income taxation, reducing the project's cost of borrowing. In return*  
22 *for the City's issuance of the bonds, the sponsor agrees to, among other things, (i) repay the loan by*  
23 *making payments of debt service and other amounts payable in connection with the bonds, (ii) enter a*  
24 *regulatory agreement with the City that sets forth the structure and term of the affordability restrictions*  
25 *on the affordable housing units, and (iii) comply with certain other City contracting requirements that*

1 apply to contractors receiving City funds for project construction (the "City's Contracting  
2 Requirements"). The City's Contracting Requirements include, without limitation, provisions requiring  
3 compliance with the City's policies on nondiscrimination, equal benefits, minimum compensation,  
4 health care accountability, prevailing wage, local disadvantaged business enterprise subcontracting  
5 and jobs programs (such the City's First Source Hiring or City Build programs), as applicable. The  
6 San Francisco Redevelopment Agency (the "Agency") issues these housing revenue bonds as well and  
7 in doing so requires compliance with applicable Agency contracting requirements and policies, which  
8 are similar to the City's Contracting Requirements.

9 The City also supports affordable and mixed income housing construction through its  
10 membership in joint exercise of powers authorities such as the California Statewide Communities  
11 Development Authority and the Association of Bay Area Governments (all such joint powers authorities  
12 of which the City is a member shall be referred to herein individually as the "Authority"). Each  
13 Authority issues housing revenue bonds similar to the bonds described in the preceding paragraph.  
14 Under the terms of the City's membership in these Authorities, the City's Board of Supervisors (the  
15 "Board of Supervisors") must provide approval of the bond financing prior to its issuance. Again, the  
16 City is not liable for repayment of the bonds.

17 While the Authority and City transaction structures are similar on their face, in an Authority  
18 transaction the City is typically not a party to the transaction documents, and as such the project  
19 sponsors are not required to comply with the City's Contracting Requirements.

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22 **SECTION 43.9.2. DECLARATION OF POLICY.**

23 (a) This Board of Supervisors hereby declares that it is the policy of the City to require  
24 sponsors of private residential projects financed with multifamily housing revenue bonds or 501(c)(3)  
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1 bonds within the City to comply with the City's Contracting Requirements. If such bonds are to be  
2 issued by an Authority, it shall be the policy of the City to require an agreement by the project sponsor  
3 to be contractually bound by the City's Contracting Requirements as a condition to City's approval of  
4 the issuance of the bonds by the Authority. For bond-financed residential projects located within a  
5 redevelopment area, the Agency's policies and contracting requirements applicable to that  
6 redevelopment area may replace some or all of the City's Contracting Requirements for purposes of  
7 this section.

8 (b) For purposes of this section, the following terms shall have the following meanings:

9 (1) "Residential project" shall mean a residential development involving new  
10 construction, an addition, a conversion, or substantial rehabilitation that results in the creation or  
11 addition of ten or more residential units.

12 (2) "Substantial rehabilitation" shall mean rehabilitation that involves costs in  
13 excess of 75 percent of the value of the building after rehabilitation.

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15 **SECTION 43.9.3. APPLICABILITY.**

16 This Chapter is intended to have prospective effect only, and shall not be interpreted to apply to  
17 any residential project for which the Department of Building Inspection has issued the first site or  
18 building permit on or before the effective date of this Ordinance.

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

22 By: \_\_\_\_\_  
23 Michael J. Martin  
24 Deputy City Attorney

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