

File No. 150489

Committee Item No. 10

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Sub-Committee

Date June 10, 2015

Board of Supervisors Meeting

Date _____

Cmte Board

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Completed by: Linda Wong Date June 5, 2015

Completed by: Linda Wong Date _____

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

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 of Supervisors in File No. 150489 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.

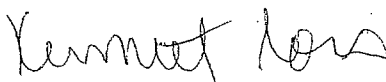
16 Section 8. The City hereby declares its official intent to reimburse prior expenditures
17 of the City incurred or expected to be incurred prior to the issuance and sale of any series of
18 the Bonds in connection with the Project. The Board hereby declares the City's intent to
19 reimburse the City 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. 15489, 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 By: 
22 _____
23 KENNETH DAVID ROUX
24 Deputy City Attorney

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



SAN FRANCISCO PLANNING DEPARTMENT

General Plan Referral

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

Date: May 11, 2015
Case 2015-005679GPR
Block/Lot No.: Various, Citywide
Project Sponsor: Mayor's Office of Housing
1 South Van Ness Avenue
San Francisco, CA 94103
Staff Contact: Menaka Mohan – (415) 575-9141
menaka.mohan@sfgov.org

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

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 \$250 million General Obligation Bond for the November 2015 ballot. The purpose of the Bond is to provide funding for the affordable housing, speed and complete the rebuilding of public housing, protect existing residents in rent-controlled housing, and expand rental and homeownership opportunities for San Francisco's workforce including first responders, educators, non-profit workers, and service employees.

The \$250 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 2015 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 2015 General Obligation Bond

Program Categories	General Obligation Fund
Public Housing	\$50-\$100 million
Affordable Housing (up to 80% AMI)	\$100-\$150 million
Middle-Income Housing (80% AMI and above)	\$50-\$100 million

Individual projects funded by the bond program will require additional project level General Plan Referral and Environmental Reviews 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/or 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 focuses on 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 in order 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 funding 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.

<p>RECOMMENDATION:</p> <p>Finding the General Obligation Bond, on balance, in-conformity with the General Plan</p> <p>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:</p> <ul style="list-style-type: none">▪ Demolition of buildings / structures▪ Construction of new buildings / structures▪ Additions to existing structures (enlargement)
--

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 \$250,000,00 General Obligation Bond for Transportation Improvements, proposed to be placed on the November 2014 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:

The proposed 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.

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: *EW* Mayor Edwin M. Lee *NW*
RE: General Obligation Bond Election - Affordable Housing
DATE: May 12, 2015

Attached for introduction to the Board of Supervisors is a resolution determining and declaring that the public interest and necessity demand the construction, 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; 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; setting certain procedures and requirements for the election; adopting findings under the California Environmental Quality Act (CEQA); and finding that the proposed bond is in conformity with the priority policies of Planning Code, Section 101.1(b) and with the General Plan.

Please note this item is co-sponsored by Supervisors Breed, Christensen, Cohen, Farrell, Tang, and Wiener.

I respectfully request that this item be calendared in Budget & Finance Committee on June 3rd, 2015.

Should you have any questions, please contact Nicole Elliott (415) 554-7940.

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