

LEGISLATIVE DIGEST

[General Obligation Bond Election - Affordable Housing - Not to Exceed \$300,000,000]

Ordinance calling and providing for a special election to be held in the City and County of San Francisco on Tuesday, March 5, 2024, for the purpose of submitting to San Francisco voters a proposition to incur bonded indebtedness of not to exceed \$300,000,000 subject to independent citizen oversight and regular audits, to finance the construction, development, acquisition, and/or rehabilitation of rental affordable housing, including workforce housing and senior housing, for households ranging from extremely low-income to moderate-income households; 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 Affordable Housing Bond expenditures; setting certain procedures and requirements for the election; affirming a determination under the California Environmental Quality Act; and finding that the proposed Bond is consistent with the General Plan, and with the eight priority policies of Planning Code, Section 101.1.

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 March 5, 2024 ballot:

"SAN FRANCISCO AFFORDABLE HOUSING BONDS. To construct, develop, acquire, and/or rehabilitate housing, including workforce housing and senior housing, that will be affordable to households ranging from extremely low-income to moderate-income households; shall the City and County of San Francisco issue \$300,000,000 in general obligation bonds, subject to independent citizen oversight and regular audits, with a duration of up to 30 years from the time of issuance, an estimated average tax rate of \$0.0057/\$100 of assessed property value, and projected average annual revenues of \$25,000,000?"

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

The City and County of San Francisco ("City")'s General Plan 2022 Housing Element ("2022 Housing Element") details the City's goals, objectives, and corresponding policies and programs to meet the housing needs of all San Francisco residents, with a focus on racial and social equity. This includes the objective to substantially expand the amount of affordable housing for extremely low- to moderate-income households (2022 Housing Element, Objectives 4.A and 4.B), as well as the requirement for San Francisco to plan for and support the production of 46,598 affordable housing units over the next eight years as mandated by the Regional Housing Needs Allocation Plan.

While City policies and programs provided temporary support, overwhelming demand far exceeded and continues to exceed the City's available resources. The City's economy is still recovering from the pandemic, and the impacts of the pandemic will have lasting effects, particularly for families and individuals that were disproportionately impacted by the pandemic (2022 Housing Element, Figure 33).

The proposed Bond will provide a portion of the critical funding necessary to construct, develop, acquire, and/or rehabilitate rental affordable housing projects in the City, including senior housing and workforce housing.

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.