

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

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3 **Resolution determining and declaring that the public interest and necessity demand**
4 **the construction, development, acquisition, and/or rehabilitation of rental affordable**
5 **housing projects, and related costs necessary or convenient for the foregoing**
6 **purposes; to be financed through bonded indebtedness in an amount not to exceed**
7 **\$300,000,000 subject to independent citizen oversight and regular audits; authorizing**
8 **landlords to pass-through 50% of the resulting property tax increase to residential**
9 **tenants under Administrative Code, Chapter 37; providing for the levy and collection of**
10 **taxes to pay both principal and interest on such bonds; affirming a determination**
11 **under the California Environmental Quality Act; and finding that the proposed Bond is**
12 **consistent with the General Plan, and with the eight priority policies of Planning Code,**
13 **Section 101.1**

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15 WHEREAS, The General Plan 2022 Housing Element (“2022 Housing Element”) of the
16 City and County of San Francisco (“City”) details the City’s goals, objectives, and
17 corresponding policies and programs to meet the housing needs of all San Francisco
18 residents, with a focus on racial and social equity; and

19 WHEREAS, This includes the objective to substantially expand the amount of
20 affordable housing for extremely low- to moderate-income households and expand housing
21 opportunities for middle-income households (as defined in Section 3 below) (2022 Housing
22 Element, Objectives 4.A and 4.B), as well as the requirement for San Francisco to plan for
23 and support the production of 46,598 affordable housing units over the next eight years as
24 mandated by the Regional Housing Needs Allocation Plan; and

1 WHEREAS, The U.S Department of Housing and Urban Development (HUD) considers
2 housing to be “affordable” when a household spends 30 percent or less of its income on
3 housing costs, including rent and utilities; and

4 WHEREAS, In 2022, the median rent for a 2-bedroom was \$3,800, affordable to a
5 household earning \$137,000; and

6 WHEREAS, Less than 40 percent of San Francisco households earn this income (2022
7 Housing Element, Goal 4); and

8 WHEREAS, The need for affordable housing was severely exacerbated during the
9 COVID-19 pandemic, when the City’s unemployment rate rose to 13 percent in April 2020
10 from 2.2 percent in February 2020; and

11 WHEREAS, As a result, the City invested in policies and programs to support residents
12 at risk of eviction, foreclosure, and displacement due to loss of income related to the
13 pandemic; and

14 WHEREAS, These investments included (i) establishment of the Emergency Rental
15 Assistance Program, (ii) expansion of the Homeowner Emergency Loan Program, and (iii)
16 issuance of a moratorium on evictions due to nonpayment of rent; and

17 WHEREAS, While these policies and programs provided temporary support,
18 overwhelming demand far exceeded and continues to exceed the City’s available resources;
19 and

20 WHEREAS, The City’s economy is still recovering from the pandemic, and the impacts
21 of the pandemic will have lasting effects, particularly for families and individuals that were
22 disproportionately impacted by the pandemic (2022 Housing Element, Figure 33); and

23 WHEREAS, The City’s ability to produce the affordable rental housing it needs has
24 been significantly impacted by the limited availability of state and federal resources; and
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1 WHEREAS, From 2018 to 2022, for every \$1 of local funding invested by the City to
2 create affordable housing, the City’s affordable housing projects received \$2 in funding from
3 state and federal sources; and

4 WHEREAS, As detailed in the 2024 Affordable Housing Bond Report, the economic
5 environment for affordable housing has changed significantly in recent years, with state
6 affordable housing funding programs becoming more competitive and severely
7 oversubscribed, including the state’s allocation of volume cap for tax-exempt housing revenue
8 bonds; and

9 WHEREAS, The City contributes significant resources to ensure project delivery; and

10 WHEREAS, San Francisco voters have approved measures to create local funds
11 dedicated to the construction, preservation, and rehabilitation of affordable housing, including
12 the 2012 Housing Trust Fund and affordable housing general obligation bonds in 2015 and
13 2019; and

14 WHEREAS, The City’s local funds from the 2015 and 2019 bonds are projected to be
15 exhausted by 2028 (2024 Affordable Housing Bond Report); and

16 WHEREAS, Additional sources of affordable housing funds from the City’s impact fees
17 have been decreasing due to the economic environment, such as the Jobs-Housing Linkage
18 Fee (Planning Code, Sec. 413), the Inclusionary Affordable Housing Program (Planning Code,
19 Sec. 415), various development agreements, and other impact fees; and

20 WHEREAS, Funding from such sources decreased by 95 percent between Fiscal Year
21 2019-2020 and Fiscal Year 2021-2022; and

22 WHEREAS, Moreover, the Office of the Controller’s FY 2023-2024 and 2024-2025
23 Revenue Letter projects only modest tax revenue growth over the coming years, severely
24 limiting the amount of resources the City will have to fund the development of affordable
25 housing; and

1 WHEREAS, The City’s economic future and ongoing recovery will ultimately depend on
2 its ability to produce and preserve enough affordable housing to ensure the City’s
3 economically diverse households can equitably access housing and remain stably housed in
4 San Francisco; and

5 WHEREAS, Failure to meet this need will result in the displacement of more
6 households to areas with more affordable housing; and

7 WHEREAS, This displacement could result in (i) greater disparity between above
8 moderate-income and lower-income households in the City with little change to the City’s
9 median income levels as determined by the U.S. Census Bureau; and (ii) long commutes,
10 road congestion, and environmental harm as people seek affordable housing at greater
11 distances from where they work; and

12 WHEREAS, The proposed Bond will provide a portion of the critical funding necessary
13 to construct, reconstruct, develop, acquire, improve, rehabilitate, repair, and preserve rental
14 affordable housing projects in the City, and to expand homeownership opportunities for San
15 Franciscans; now, therefore, be it

16 RESOLVED, The Board determines and declares that the public interest and necessity
17 demand the construction, development, acquisition, and/or rehabilitation of rental affordable
18 housing projects in the City for households ranging from extremely low-income to moderate-
19 income households, and the payment of related costs necessary or convenient for the
20 foregoing purposes; and, be it

21 FURTHER RESOLVED, Proceeds of the Bonds will be used to fund the costs of capital
22 projects that will (i) construct, develop, acquire, and/or rehabilitate new affordable rental
23 housing serving extremely low-income households, very low-income households, and lower-
24 income households; (ii) acquire, construct, develop, and/or rehabilitate rental housing, so as
25 to preserve it as affordable for lower-income households and moderate-income households;

1 and (iii) acquire, construct, develop, and/or rehabilitate housing for extremely-low income
2 households, very low-income households, and/or lower-income households who need safe
3 and stable housing and are experiencing (a) trauma-informed homelessness, (b) street
4 violence, (c) domestic violence and abuse, (d) sexual abuse and assault, and/or (e) human
5 trafficking; and, be it

6 FURTHER RESOLVED, The estimated cost of \$300,000,000 for the San Francisco
7 Affordable Housing Bond is and will be too great to be paid out of the ordinary annual income
8 and revenue of the City, will require an expenditure greater than the amount allowed by the
9 annual tax levy, and will require the incurrence of bonded indebtedness in an amount not to
10 exceed \$300,000,000 subject to independent citizen oversight and regular audits; and, be it

11 FURTHER RESOLVED, The Planning Department has determined that the actions
12 contemplated in this Resolution comply with the California Environmental Quality Act
13 (California Public Resources Code, Section 21000 et seq.); and, be it

14 FURTHER RESOLVED, Said determination is on file with the Clerk of the Board of
15 Supervisors in File No. 230972 and is incorporated herein by reference; and, be it

16 FURTHER RESOLVED, The Board affirms this determination; and, be it

17 FURTHER RESOLVED, On September 22, 2023, the Planning Department issued its
18 General Plan Referral Report finding that the actions contemplated in this resolution are
19 consistent, on balance, with the City's General Plan, and eight priority policies of Planning
20 Code, Section 101.1; and, be it

21 FURTHER RESOLVED, The Board adopts these findings as its own; and, be it

22 FURTHER RESOLVED, A copy of said General Plan Referral Report is on file with the
23 Clerk of the Board of Supervisors in File No. 230972, and is incorporated herein by reference;
24 and, be it

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1 FURTHER RESOLVED, The time limit for approval of this Resolution specified in
2 Administrative Code, Section 2.34 is waived; and, be it

3 FURTHER RESOLVED, Under Administrative Code, Section 2.40, the Ordinance
4 submitting this proposal to the voters shall contain a provision authorizing landlords to pass-
5 through 50% of the resulting property tax increases to residential tenants in accordance with
6 Administrative Code, Chapter 37; and, be it

7 FURTHER RESOLVED, The City hereby declares its official intent to reimburse prior
8 expenditures of the City incurred or expected to be incurred prior to the issuance and sale of
9 any series of the Bonds in connection with the San Francisco Affordable Housing Bond; the
10 Board hereby declares the City's intent to reimburse the City with the proceeds of the Bonds
11 for the expenditures with respect to the San Francisco Affordable Housing Project (the
12 "Expenditures" and each, an "Expenditure") made on and after that date that is no more than
13 60 days prior to the adoption of this Resolution; and, be it

14 FURTHER RESOLVED, The City reasonably expects on the date hereof that it will
15 reimburse the Expenditures with the proceeds of the Bonds; and, be it

16 FURTHER RESOLVED, Each Expenditure was and will be either (i) of a type properly
17 chargeable to a capital account under general federal income tax principles (determined in
18 each case as of the date of the Expenditure), (ii) a cost of issuance with respect to the Bonds,
19 (iii) a nonrecurring item that is not customarily payable from current revenues, or (iv) a grant to
20 a party that is not related to or an agent of the City so long as such grant does not impose any
21 obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the
22 City; the maximum aggregate principal amount of the Bonds expected to be issued for the
23 Project is \$300,000,000; the City shall make a reimbursement allocation, which is a written
24 allocation by the City that evidences the City's use of proceeds of the applicable series of
25 Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on

1 which the Expenditure is paid or the related portion of the Project is placed in service or
2 abandoned, but in no event more than three years after the date on which the Expenditure is
3 paid; the City recognizes that exceptions are available for certain "preliminary expenditures,"
4 costs of issuance, certain de minimis amounts, expenditures by "small issuers" (based on the
5 year of issuance and not the year of expenditure) and Expenditures for construction projects
6 of at least 5 years; and, be it

7 FURTHER RESOLVED, Documents referenced in this Resolution are on file with the
8 Clerk of the Board of Supervisors in File No. 230972, which is hereby declared to be a part of
9 this Resolution as if set forth fully herein.

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11 APPROVED AS TO FORM:
12 DAVID CHIU
13 City Attorney

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15 By: /s/ KENNETH D. ROUX
16 KENNETH D. ROUX
17 Deputy City Attorney
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