

1 [General Obligation Bond Election - Affordable Housing - Not to Exceed \$250,000,000]

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3 **Ordinance calling and providing for a special election to be held in the City and County**
 4 **of San Francisco (City) on Tuesday, November 3, 2015, for the purpose of submitting to**
 5 **San Francisco voters a proposition to incur the following bonded indebtedness**
 6 **(Bonds) of the City: not to exceed \$250,000,000 to finance the construction, acquisition,**
 7 **improvement, rehabilitation, preservation, and repair of affordable housing**
 8 **improvements, and related costs necessary or convenient for the foregoing purposes;**
 9 **authorizing landlords to pass-through 50% of the resulting property tax increase to**
 10 **residential tenants under Administrative Code, Chapter 37; providing for the levy and**
 11 **collection of taxes to pay both principal and interest on such Bonds; incorporating the**
 12 **provisions of the Administrative Code relating to the Citizens' General Obligation Bond**
 13 **Oversight Committee's review of the Bonds; setting certain procedures and**
 14 **requirements for the election; adopting findings under the California Environmental**
 15 **Quality Act; and finding that the proposed Bonds are in conformity with the General**
 16 **Plan, and with the eight priority policies of Planning Code, Section 101.1(b).**

17 Note: Additions are *single-underline italics Times New Roman*;
 18 deletions are ~~*striketrough italics Times New Roman*~~.
 19 Board amendment additions are double underlined.
 Board amendment deletions are ~~striketrough normal~~.

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

21 Section 1. Findings.

22 A. The City has the highest median rent in the country with a one-bedroom asking
 23 rent of \$3,460, according to rental listing site Zumper.

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1 B. The City continues to be one of the highest-priced ownership markets in the
2 country with a median home sales price of \$1.1 million, a 19.4% increase from the previous
3 year, according to the real estate website Trulia.

4 C. The Mayor’s Office of Housing and Community Development continues to see a
5 widening affordability gap for low to moderate income households for both rental and
6 homeownership.

7 D. Limited state and federal resources and the high cost of housing development
8 puts a greater burden on local government to contribute their own limited resources, and thus
9 means that the City’s supply of affordable housing has not kept pace with demand.

10 E. Limited local funding for affordable housing can leverage federal, state and
11 private investment at a 3:1 rate.

12 F. The affordability gap has the greatest impact on low-income households such as
13 seniors, disabled persons, low-income working families, and veterans.

14 G. The housing need in the City is also particularly acute for moderate-income
15 households, for whom there are no federal or state financing programs that the City can
16 leverage with its own subsidies.

17 H. After federal sequestration took effect on March 1, 2013, the U.S. Congress
18 slashed the US Department of Housing and Urban Development’s contribution to the San
19 Francisco Housing Authority (Housing Authority) from 92% to 82% of what it costs to operate
20 public housing, and its Section 8 housing voucher program from 94% to 72% of operating
21 costs.

22 I. The average annual household income for Housing Authority residents and
23 voucher-holders is \$15,858.

24 J. The housing affordability gap that has arisen and expanded in the local housing
25 market inhibits the City from ensuring that economic diversity can be maintained.

1 K. These high housing costs can inhibit healthy, balanced economic growth
2 regionally.

3 L. Individuals and families who are increasingly locked out of the local housing
4 market will be forced to leave the City and take on increasingly long employment commutes.

5 M. The Bonds will provide a portion of the funding necessary to construct, acquire,
6 improve, rehabilitate, preserve and repair affordable housing in the City (as further defined in
7 Section 3 below).

8 Section 2. A special election is called and ordered to be held in the City on Tuesday,
9 the 3rd day of November, 2015, for the purpose of submitting to the electors of the City a
10 proposition to incur bonded indebtedness of the City for the project described in the amount
11 and for the purposes stated:

12 "SAN FRANCISCO AFFORDABLE HOUSING BONDS. \$250,000,000 to construct,
13 develop, acquire, and preserve housing affordable to low- and middle-income households
14 through programs that will prioritize vulnerable populations such as San Francisco's working
15 families, veterans, seniors, and disabled persons; to assist in the acquisition, rehabilitation,
16 and preservation of affordable rental apartment buildings to prevent the eviction of long-term
17 residents; to repair and reconstruct dilapidated public housing, to finance the development of
18 a middle-income rental program; and to provide for homeownership down payment assistance
19 opportunities for educators and middle-income households; all subject to independent citizen
20 oversight and regular audits; and authorizing landlords to pass-through to residential tenants
21 in units subject to Administrative Code Chapter 37 (the "Residential Stabilization and
22 Arbitration Ordinance") 50% of the increase in the real property taxes attributable to the cost
23 of the repayment of such Bonds."

24 The special election called and ordered to be held hereby shall be referred to in this
25 ordinance as the "Bond Special Election."

1 Section 3. PROPOSED PROGRAM. All contracts that are funded with the proceeds
2 of Bonds authorized hereby shall be subject to the provisions of Chapter 83 of the
3 Administrative Code (the "First Source Hiring Program"), which fosters construction and
4 permanent employment opportunities for qualified economically disadvantaged individuals. In
5 addition, all contracts that are funded with the proceeds of Bonds authorized hereby also shall
6 be subject to the provisions of Chapter 14B of the Administrative Code (the "Local Business
7 Enterprise and Non-Discrimination in Contracting Ordinance"), which assists small and micro
8 local businesses to increase their ability to compete effectively for the award of City contracts,
9 to the extent the Local Business Enterprise and Non-Discrimination Contracting Ordinance
10 does not conflict with applicable state or federal law.

11 A. CITIZENS' OVERSIGHT COMMITTEE. A portion of the Bonds shall be used to
12 perform audits of the Bonds, as further described in Section 15.

13 Projects to be funded from the proceeds of the proposed Bonds may include but are
14 not limited to the following:

15 B. CONSTRUCT, DEVELOP AND REHABILITATE AFFORDABLE RENTAL
16 HOUSING. A portion of the Bonds may be allocated to finance the development, construction,
17 preservation and rehabilitation of affordable rental housing near established transit corridors
18 or within priority development areas.

19 C. ACQUIRE EXISTING RENTAL HOUSING AS AFFORDABLE HOUSING. A
20 portion of the Bonds may be allocated to acquire, rehabilitate, and preserve existing rental
21 housing in order to prevent the loss of rental housing stock and the displacement of long-time
22 residents of the City.

23 D. REPAIR AND RECONSTRUCT DILAPIDATED PUBLIC HOUSING. A portion of
24 the Bonds may be allocated to repair and reconstruct dilapidated public housing
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1 developments or provide infrastructure improvements that allow for the repair or improvement
2 of public housing sites.

3 E. CREATE A MIDDLE INCOME RENTAL HOUSING PROGRAM. A portion of the
4 Bonds may be allocated to finance the development of middle income rental housing units.

5 F. CREATE A MIDDLE INCOME HOME OWNERSHIP PROGRAM. A portion of
6 the Bonds may be allocated to assist City residents acquiring their first home in the City.

7 G. RENEW THE TEACHER NEXT DOOR PROGRAM. A portion of the Bonds may
8 be allocated to assist educators in purchasing their first home in the City.

9 Section 4. BOND ACCOUNTABILITY MEASURES.

10 The Bonds shall include the following administrative rules and principles:

11 A. OVERSIGHT. The proposed Bond funds shall be subjected to approval
12 processes and rules described in the San Francisco Charter and Administrative Code.
13 Pursuant to Administrative Code Section 5.31, the Citizens' General Obligation Bond
14 Oversight Committee shall conduct an annual review of Bond spending, and shall provide an
15 annual report of the Bond program to the Mayor of the City (Mayor) and the Board.

16 B. TRANSPARENCY. The City shall create and maintain a Web page outlining and
17 describing the bond program, progress, and activity updates. The City shall also hold an
18 annual public hearing and reviews on the bond program and its implementation before the
19 Capital Planning Committee and the Citizen's General Obligation Bond Oversight Committee.

20 Section 5. The estimated cost of the bond financed portion of the project described
21 in Section 2 above was fixed by the Board by the following resolution and in the amount
22 specified below:

23 Resolution No. _____, \$250,000,000.

24 Such resolution was passed by two-thirds or more of the Board and approved by the
25 Mayor. In such resolution it was recited and found by the Board that the sum of money

1 specified is too great to be paid out of the ordinary annual income and revenue of the City in
2 addition to the other annual expenses or other funds derived from taxes levied for those
3 purposes and will require expenditures greater than the amount allowed by the annual tax
4 levy.

5 The method and manner of payment of the estimated costs described in this ordinance
6 are by the issuance of Bonds of the City not exceeding the principal amount specified.

7 Such estimate of costs as set forth in such resolution is adopted and determined to be
8 the estimated cost of such bond financed improvements and financing, respectively.

9 Section 6. The Bond Special Election shall be held and conducted and the votes
10 received and canvassed, and the returns made and the results ascertained, determined and
11 declared as provided in this ordinance and in all particulars not recited in this ordinance such
12 election shall be held according to the laws of the State of California (State) and the Charter of
13 the City (Charter) and any regulations adopted under State law or the Charter, providing for
14 and governing elections in the City, and the polls for such election shall be and remain open
15 during the time required by such laws and regulations.

16 Section 7. The Bond Special Election is consolidated with the General Election
17 scheduled to be held in the City on Tuesday, November 3, 2015 (General Election). The
18 voting precincts, polling places and officers of election for the General Election are hereby
19 adopted, established, designated and named, respectively, as the voting precincts, polling
20 places and officers of election for the Bond Special Election called, and reference is made to
21 the notice of election setting forth the voting precincts, polling places and officers of election
22 for the General Election by the Director of Elections to be published in the official newspaper
23 of the City on the date required under the laws of the State.

24 Section 8. The ballots to be used at the Bond Special Election shall be the ballots to
25 be used at the General Election. The word limit for ballot propositions imposed by Municipal

1 Elections Code Section 510 is waived. On the ballots to be used at the Bond Special
2 Election, in addition to any other matter required by law to be printed thereon, shall appear the
3 following as a separate proposition:

4 "SAN FRANCISCO AFFORDABLE HOUSING BONDS. To finance the construction,
5 development, acquisition, and preservation of housing affordable to low- and middle-income
6 households through programs that will prioritize vulnerable populations such as San
7 Francisco's working families, veterans, seniors, disabled persons; to assist in the acquisition,
8 rehabilitation, and preservation of affordable rental apartment buildings to prevent the eviction
9 of long-term residents; to repair and reconstruct dilapidated public housing; to finance the
10 development of a middle-income rental program; and to provide for homeownership down
11 payment assistance opportunities for educators and middle-income households; shall the City
12 and County of San Francisco issue \$250 million in general obligation bonds, subject to
13 independent citizen oversight and regular audits?"

14 Each voter to vote in favor of the foregoing bond proposition shall mark the ballot in the
15 location corresponding to a "YES" vote for the proposition, and to vote against the proposition
16 shall mark the ballot in the location corresponding to a "NO" vote for the proposition.

17 Section 9. If at the Bond Special Election it shall appear that two-thirds of all the
18 voters voting on the proposition voted in favor of and authorized the incurring of bonded
19 indebtedness for the purposes set forth in such proposition, then such proposition shall have
20 been accepted by the electors, and the Bonds authorized shall be issued upon the order of
21 the Board. Such Bonds shall bear interest at a rate not exceeding that permitted by law.

22 The votes cast for and against the proposition shall be counted separately and when
23 two-thirds of the qualified electors, voting on the proposition, vote in favor, the proposition
24 shall be deemed adopted.

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1 Section 10. For the purpose of paying the principal and interest on the Bonds, the
2 Board shall, at the time of fixing the general tax levy and in the manner for such general tax
3 levy provided, levy and collect annually each year until such Bonds are paid, or until there is a
4 sum in the Treasury of the City, or other account held on behalf of the Treasurer of the City,
5 set apart for that purpose to meet all sums coming due for the principal and interest on the
6 Bonds, a tax sufficient to pay the annual interest on such Bonds as the same becomes due
7 and also such part of the principal thereof as shall become due before the proceeds of a tax
8 levied at the time for making the next general tax levy can be made available for the payment
9 of such principal.

10 Section 11. This ordinance shall be published in accordance with any State law
11 requirements, and such publication shall constitute notice of the Bond Special Election and no
12 other notice of the Bond Special Election hereby called need be given.

13 Section 12. The Board, having reviewed the proposed legislation, makes the following
14 findings in compliance with the California Environmental Quality Act ("CEQA"), California
15 Public Resources Code Sections 21000 et seq., the CEQA Guidelines, 15 Cal. Administrative
16 Code Sections 15000 et seq., ("CEQA Guidelines"), and San Francisco Administrative Code
17 Chapter 31 ("Chapter 31"): The Environmental Review Officer determined that this legislation
18 is not defined as a project subject to CEQA because it is a funding mechanism involving no
19 commitment to any specific projects at any specific locations, as set forth in CEQA Guidelines
20 Section 15378.

21 Section 13. The Board finds and declares that the proposed Bonds (i) were referred
22 to the Planning Department in accordance with Section 4.105 of the San Francisco Charter
23 and Section 2A.53(f) of the Administrative Code, (ii) are in conformity with the priority policies
24 of Section 101.1(b) of the San Francisco Planning Code, and (iii) are consistent with the City's
25 General Plan, and adopts the findings of the Planning Department, as set forth in the General

1 Plan Referral Report dated May 11, 2015, a copy of which is on file with the Clerk of the
2 Board of Supervisors in File No. 150490 and incorporates such findings by this reference.

3 Section 14. Under Section 53410 of the California Government Code, the Bonds shall
4 be for the specific purpose authorized in this ordinance and the proceeds of such Bonds will
5 be applied only for such specific purpose. The City will comply with the requirements of
6 Sections 53410(c) and 53410(d) of the California Government Code.

7 Section 15. The Bonds are subject to, and incorporate by reference, the applicable
8 provisions of Administrative Code Sections 5.30 – 5.36 (the "Citizens' General Obligation
9 Bond Oversight Committee"). Under Administrative Code Section 5.31, to the extent permitted
10 by law, one-tenth of one percent (0.1%) of the gross proceeds of the Bonds shall be deposited
11 in a fund established by the Controller's Office and appropriated by the Board of Supervisors
12 at the direction of the Citizens' General Obligation Bond Oversight Committee to cover the
13 costs of such committee.

14 Section 16. The time requirements specified in Administrative Code Section 2.34 are
15 waived.

16 Section 17. 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 expenditures with respect to the Project
20 (the "Expenditures" and each, an "Expenditure") made on and after that date that is no more
21 than 60 days prior to the passage of this Ordinance. The City reasonably expects on the date
22 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 18. The appropriate officers, employees, representatives and agents of the
15 City are hereby authorized and directed to do everything necessary or desirable to accomplish
16 the calling and holding of the Bond Special Election, and to otherwise carry out the provisions
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1 of this ordinance.

2 APPROVED AS TO FORM:
3 DENNIS J. HERRERA,
4 City Attorney

5 By: _____
6 Kenneth David Roux
7 Deputy City Attorney

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