

1 [General Obligation Bond Election - Amending Earthquake Loan Bond Program to Finance
2 Permanent Affordable Housing - \$350,000,000]

3 **Resolution determining and declaring that the public interest and necessity demand**
4 **the acquisition, improvement and rehabilitation and conversion of “at-risk” multi-unit**
5 **residential buildings to permanent affordable housing and performing needed seismic,**
6 **fire, health, and safety upgrades, and other major rehabilitation for habitability, to be**
7 **financed through bonded indebtedness in an amount not to exceed \$350,000,000;**
8 **providing for the levy and collection of taxes to pay both principal and interest on such**
9 **bonds; setting certain procedures and requirements for the election; adopting findings**
10 **under the California Environmental Quality Act; and finding that the proposed bond is**
11 **in conformity with the General Plan, and the eight priority policies of Planning Code,**
12 **Section 101.1.**

13
14 WHEREAS, On November 3, 1992, the voters of the City and County of San Francisco
15 approved the issuance of up to \$350,000,000 of General Obligation Bonds for a Seismic
16 Safety Loan Program (referred to herein as “Proposition A”) to provide loans for the seismic
17 strengthening of unreinforced masonry buildings, including specifically \$200,000,000 to be
18 allocated for “market-rate residential, commercial and institutional buildings . . . ” (the “Market
19 Rate Loan Program”); and

20 WHEREAS, Proposition A was intended to provide a source of financing for private
21 loans for strengthening unreinforced masonry affordable housing and other privately buildings
22 to withstand a strong earthquake to safeguard the health and safety of City residents; and

23 WHEREAS, Participation in the Market Rate Loan Program has been modest, and
24 there remains \$150,000,000 of authorized but unused bond capacity under such program;
25 and

1 WHEREAS, The City has the highest median rent in the country with a one-bedroom
2 asking rent of \$3,460, according to rental listing site Zumper, and the City continues to be one
3 of the highest-priced ownership markets in the country with a median home sales price in
4 2015 of \$1.1 million, a 19.4% increase from the previous year, according to the real estate
5 website Trulia; and

6 WHEREAS, The City continues to see a widening affordability gap for low- to
7 moderate-income households for both rental housing and homeownership; and

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

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

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

24 WHEREAS, The City has determined to present to the voters an amendment of
25 Proposition A to add to the purposes to which funds allocated to the Market Rate Loan

1 Program can be used to include as an additional purpose loans for the acquisition,
2 improvement, and rehabilitation of at-risk multi-unit residential properties for the purpose of
3 converting such properties to permanent affordable housing and performing needed seismic,
4 fire, health, and safety upgrades, and other major rehabilitation for habitability (as further
5 described in Section 3 below); and

6 WHEREAS, San Francisco has lost approximately 14,000 low-cost residential hotel
7 units over the last 40 years due to conversions, a number that is almost twice our current
8 homeless population; and

9 WHEREAS, The expansion of the Market Rate Loan program to accommodate loans to
10 at risk multi-unit buildings will help maintain affordable housing stock for City residents; and

11 WHEREAS, Amending the Market Rate Loan Program established under Proposition A
12 will provide a portion of the funding necessary to acquire, improve, rehabilitate, preserve, and
13 repair at risk multi-unit affordable housing in the City; now, therefore, be it

14 RESOLVED, By the Board of Supervisors:

15 Section 1. The Board of Supervisors determines and declares that the public interest
16 and necessity demand the acquisition, improvement, rehabilitation, and preservation of
17 affordable housing in the City for low- and middle-income households, and the payment of
18 related costs necessary or convenient for the foregoing purposes.

19 Section 2. The Bonds will fund capital projects that will prioritize vulnerable
20 populations such as the City's working families, veterans, seniors, and disabled persons and
21 will assist in the acquisition, rehabilitation, and preservation of affordable rental apartment
22 buildings to prevent the eviction of long-term residents; and will repair and reconstruct
23 dilapidated public housing.

24 Section 3. The estimated cost of \$350,000,000 of the Bonds previously authorized
25 under Proposition A is and will be too great to be paid out of the ordinary annual income and

1 revenue of the City, will require an expenditure greater than the amount allowed by the annual
2 tax levy, and will require the incurrence of bonded indebtedness in an amount not to exceed
3 \$350,000,000.

4 Section 4. The Board of Supervisors, having reviewed the proposed legislation,
5 makes the following findings in compliance with the California Environmental Quality Act
6 ("CEQA"), California Public Resources Code Sections 21000 et seq., the CEQA Guidelines,
7 15 Cal. Administrative Code Sections 15000 et seq., ("CEQA Guidelines"), and San Francisco
8 Administrative Code Chapter 31 ("Chapter 31"): The Environmental Review Officer
9 determined that this legislation is not defined as a project subject to CEQA because it is a
10 funding mechanism involving no commitment to any specific projects at any specific locations,
11 as set forth in CEQA Guidelines Section 15378.

12 Section 5. The Board of Supervisors finds and declares that the proposed Bond (a)
13 was referred to the Planning Department in accordance with Section 4.105 of the San
14 Francisco Charter and Section 2A.53(f) of the Administrative Code, (b) is in conformity with
15 the priority policies of Section 101.1(b) of the San Francisco Planning Code, and (c) is
16 consistent with the City's General Plan, and adopts the findings of the Planning Department,
17 as set forth in the General Plan Referral Report dated June 27, 2016, a copy of which is on
18 file with the Clerk of the Board of Supervisors in File No. 160557 and incorporates such
19 findings by this reference.

20 Section 6. The time limit for approval of this resolution specified in Administrative
21 Code Section 2.34 is waived.

22 Section 7. The City hereby declares its official intent to reimburse prior expenditures
23 of the City incurred or expected to be incurred prior to the issuance and sale of any series of
24 the Bonds in connection with the Project. The Board of Supervisors hereby declares the City's
25 intent to reimburse the City with the proceeds of the Bonds for the expenditures with respect

1 to the Project (the “Expenditures” and each, an “Expenditure”) made on and after that date
2 that is no more than 60 days prior to the adoption of this Resolution. The City reasonably
3 expects on the date hereof that it will reimburse the Expenditures with the proceeds of the
4 Bonds.

5 Each Expenditure was and will be either (a) of a type properly chargeable to a capital
6 account under general federal income tax principles (determined in each case as of the date
7 of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item
8 that is not customarily payable from current revenues, or (d) a grant to a party that is not
9 related to or an agent of the City so long as such grant does not impose any obligation or
10 condition, directly or indirectly, to repay any amount to or for the benefit of the City. The
11 maximum aggregate principal amount of the Bonds expected to be issued for the Project is
12 \$350,000,000. The City shall make a reimbursement allocation, which is a written allocation
13 by the City that evidences the City’s use of proceeds of the applicable series of Bonds to
14 reimburse an Expenditure, no later than 18 months after the later of the date on which the
15 Expenditure is paid or the related portion of the Project is placed in service or abandoned, but
16 in no event more than three years after the date on which the Expenditure is paid. The City
17 recognizes that exceptions are available for certain “preliminary expenditures,” costs of
18 issuance, certain de minimis amounts, expenditures by “small issuers” (based on the year of
19 issuance and not the year of expenditure) and Expenditures for construction projects of at
20 least five years.

21 Section 8. Documents referenced in this resolution are on file with the Clerk of the
22 Board of Supervisors in File No. 160557, which is hereby declared to be a part of
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24
25

1 this resolution as if set forth fully herein.

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

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7 By: _____

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9 MARK D. BLAKE
10 Deputy City Attorney
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