


BOARD of SUPERVISORS



City Hall  
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## MEMORANDUM

TO: Sophia Kittler, Liaison to the Board of Supervisors, Mayor's Office  
Jon Givner, Deputy City Attorney, Office of the City Attorney  
John Arntz, Director, Department of Elections  
LeeAnn Pelham, Executive Director, Ethics Commission  
Naomi Kelly, City Administrator, Office of the City Administrator  
Kate Hartley, Director, Mayor's Office of Housing and Community Development  
Barbara Smith, Acting Executive Director, Housing Authority  
Vincent C. Matthews, Superintendent, San Francisco Unified School District

FROM:  Linda Wong, Assistant Clerk, Budget and Finance Committee  
Board of Supervisors

DATE: May 14, 2019

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Budget and Finance Committee has received the following proposed legislation, introduced by Mayor Breed on May 7, 2019:

**File No. 190501**

**Resolution determining and declaring that the public interest and necessity demand the construction, development, 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 in an amount not to exceed \$500,000,000; 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; adopting findings under the California Environmental Quality Act; and finding that the proposed bond is in conformity with the General Plan, and the eight priority policies of Planning Code, Section 101.1(b).**

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: [linda.wong@sfgov.org](mailto:linda.wong@sfgov.org).

c:     Andres Power, Mayor's Office  
        Rebecca Peacock, Mayor's Office  
        Patrick Ford, Ethics Commission  
        Lynn Khaw, Office of the City Administrator  
        Lihmeei Leu, Office of the City Administrator  
        Eugene Flannery, Mayor's Office of Housing and Community Development  
        Amy Chan, Mayor's Office of Housing and Community Development  
        Dariush Kayhan, Housing Authority  
        Linda Martin-Mason, Housing Authority  
        Viva Mogi, San Francisco Unified School District  
        Esther Casco, San Francisco Unified School District

1 [General Obligation Bonds - Affordable Housing - Not to Exceed \$500,000,000]

2  
3 **Resolution determining and declaring that the public interest and necessity demand**  
4 **the construction, development, acquisition, improvement, rehabilitation, preservation**  
5 **and repair of affordable housing improvements and related costs necessary or**  
6 **convenient for the foregoing purposes; to be financed through bonded indebtedness in**  
7 **an amount not to exceed \$500,000,000; authorizing landlords to pass-through 50% of**  
8 **the resulting property tax increase to residential tenants under Administrative Code,**  
9 **Chapter 37; providing for the levy and collection of taxes to pay both principal and**  
10 **interest on such bonds; adopting findings under the California Environmental Quality**  
11 **Act; and finding that the proposed bond is in conformity with the General Plan, and the**  
12 **eight priority policies of Planning Code, Section 101.1(b).**

13  
14 WHEREAS, The City and County of San Francisco (City) has been reported to have  
15 the highest median rent in the United States with a one-bedroom asking monthly rent of  
16 \$3,700 according to April 2019 National Rent Report on the rental listing website Zumper; and

17 WHEREAS, The City is also one of the highest-priced home ownership markets in the  
18 United States with a median home sales price of \$1.353 million, a 3% increase from the  
19 previous year according to the April 2019 report by real estate website Zillow; and

20 WHEREAS, The Mayor's Office of Housing and Community Development ("MOHCD")  
21 continues to see a widening affordability gap for extremely-low, low and middle-income  
22 households in both the rental and homeownership markets; and

23 WHEREAS, The affordability gap has the greatest impact on extremely-low and low-  
24 income households such as seniors, persons with disabilities, low-income working families,  
25 and veterans; and

1 WHEREAS, Limited state and federal resources and the high cost of housing  
2 development put a greater burden on local government to contribute their own limited  
3 resources, and consequently the City's supply of affordable housing has not kept pace with  
4 demand; and

5 WHEREAS, The housing need in the City is also particularly acute for middle-income  
6 households, for whom there are no federal and limited state financing programs that the City  
7 can leverage with its own subsidies; and

8 WHEREAS, The U.S. Department of Housing and Urban Development's contribution of  
9 funds to the San Francisco Housing Authority ("Housing Authority") for costs to operate public  
10 housing have seen a steady decrease in funding levels; and

11 WHEREAS, The average annual household income for Housing Authority residents  
12 and voucher-holders is less than \$20,000; and

13 WHEREAS, The housing affordability gap that has arisen and expanded in the local  
14 housing market inhibits the City from ensuring that economic diversity is maintained; and

15 WHEREAS, These high housing costs can inhibit healthy and balanced economic  
16 growth in our region; and

17 WHEREAS, The failure to build affordable housing close to job centers such as San  
18 Francisco results in long commutes, road congestion, and environmental harm as people  
19 seek affordable housing at ever-greater distances from where they work; now, therefore, be it

20 RESOLVED, The Board determines and declares that the public interest and necessity  
21 demand the construction, development, acquisition, improvement, rehabilitation, preservation  
22 and repair of affordable housing improvements in the City for extremely-low, low- and middle -  
23 income households, and the payment of related costs necessary or convenient for the  
24 foregoing purposes; and, be it  
25

1           FURTHER RESOLVED, Proceeds of the Bonds will be used to fund the costs of capital  
2 projects that will construct, develop, acquire, and preserve housing affordable to extremely-  
3 low, low and middle-income households through programs that will prioritize the City's  
4 vulnerable populations such as working families, veterans, seniors and persons with  
5 disabilities through (i) the acquisition, rehabilitation and preservation of existing affordable  
6 housing to prevent the displacement of City residents; (ii) the repair and reconstruction of  
7 distressed and dilapidated public housing developments and their underlying infrastructure;  
8 (iii) the construction of new 100% affordable rental housing and; (iv) provide assistance to the  
9 City's middle-income residents in obtaining affordable rental or home ownership opportunities  
10 including down payment loan assistance for San Francisco Unified School District educators  
11 and other middle-income working households ("San Francisco Affordable Housing Bond");  
12 and, be it

13           FURTHER RESOLVED, The estimated cost of \$500,000,000 for the San Francisco  
14 Affordable Housing Bond is and will be too great to be paid out of the ordinary annual income  
15 and revenue of the City, will require an expenditure greater than the amount allowed by the  
16 annual tax levy, and will require the incurrence of bonded indebtedness in an amount not to  
17 exceed \$500,000,000; and, be it

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

1 FURTHER RESOLVED, The Board finds and declares that the proposed Bond (i) was  
2 referred to the Planning Department in accordance with Charter, Section 4.105 and of the  
3 Administrative Code, Section 2A.53(f), (ii) is in conformity with the eight priority policies of  
4 Planning Code, Section 101.1(b), and (iii) is consistent with the General Plan, and adopts the  
5 findings of the Planning Department, as set forth in the General Plan Referral Report dated  
6 \_\_\_\_\_, a copy of which is on file with the Clerk of the Board in File No. \_\_\_\_\_ and  
7 incorporates such findings by this reference; and, be it

8 FURTHER RESOLVED, The time limit for approval of this resolution specified in  
9 Administrative Code, Section 2.34 is waived; and, be it

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

14 FURTHER RESOLVED, The City hereby declares its official intent to reimburse prior  
15 expenditures of the City incurred or expected to be incurred prior to the issuance and sale of  
16 any series of the Bonds in connection with the San Francisco Affordable Housing Bond. The  
17 Board hereby declares the City's intent to reimburse the City with the proceeds of the Bonds  
18 for the expenditures with respect to the San Francisco Affordable Housing Project (the  
19 "Expenditures" and each, an "Expenditure") made on and after that date that is no more than  
20 60 days prior to the adoption of this Resolution; and, be it

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

23 FURTHER RESOLVED, Each Expenditure was and will be either (a) of a type properly  
24 chargeable to a capital account under general federal income tax principles (determined in  
25



1 each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds,  
2 (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to  
3 a party that is not related to or an agent of the City so long as such grant does not impose any  
4 obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the  
5 City. The maximum aggregate principal amount of the Bonds expected to be issued for the  
6 Project is \$500,000,000. The City shall make a reimbursement allocation, which is a written  
7 allocation by the City that evidences the City's use of proceeds of the applicable series of  
8 Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on  
9 which the Expenditure is paid or the related portion of the Project is placed in service or  
10 abandoned, but in no event more than three years after the date on which the Expenditure is  
11 paid. The City recognizes that exceptions are available for certain "preliminary expenditures,"  
12 costs of issuance, certain de minimis amounts, expenditures by "small issuers" (based on the  
13 year of issuance and not the year of expenditure) and Expenditures for construction projects  
14 of at least 5 years; and, be it

15 FURTHER RESOLVED, Documents referenced in this resolution are on file with the  
16 Clerk of the Board of Supervisors in File No. \_\_\_\_\_, which is hereby declared to be a part of  
17 this resolution as if set forth fully herein.

18  
19 APPROVED AS TO FORM:

20 DENNIS J. HERRERA  
21 City Attorney

22  
23 By: 

24 MARK D. BLAKE  
25 Deputy City Attorney

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