


BOARD of SUPERVISORS



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MEMORANDUM

TO: Ben Rosenfield, City Controller, Office of the Controller

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

DATE: June 18, 2019

SUBJECT: AMENDED GENERAL OBLIGATION BOND INTRODUCED
November 5, 2019 Election

The Board of Supervisors' Budget and Finance Committee has received the following amended General Obligation Bond for the November 5, 2019, Election, introduced by Mayor Breed on June 13, 2019. These matters are being referred to you in accordance with Rules of Order 2.22.4.

File No. 190501-2

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 \$600,000,000; 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).

Please review and prepare a financial analysis of the proposed measure prior to the first Budget and Finance Committee hearing.

If you have any questions or concerns, please call me at (415) 554-7719 or email: linda.wong@sfgov.org. To submit documentation, please forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Todd Rydstrom, Deputy City Controller
Peg Stevenson, City Performance Director
Natasha Mihal, City Services Auditor

1 [General Obligation Bonds - Affordable Housing - Not to Exceed \$600,000,000]

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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 \$600,000,000; 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).**

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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

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

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

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

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

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

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

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

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

23 RESOLVED, The Board determines and declares that the public interest and necessity
24 demand the construction, development, acquisition, improvement, rehabilitation, preservation
25 and repair of affordable housing improvements in the City for extremely-low, low- and middle -

1 income households, and the payment of related costs necessary or convenient for the
2 foregoing purposes; and, be it

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

15 FURTHER RESOLVED, The estimated cost of \$600,000,000 for the San Francisco
16 Affordable Housing Bond is and will be too great to be paid out of the ordinary annual income
17 and revenue of the City, will require an expenditure greater than the amount allowed by the
18 annual tax levy, and will require the incurrence of bonded indebtedness in an amount not to
19 exceed \$600,000,000; and, be it

20 FURTHER RESOLVED, The Board, having reviewed the proposed legislation, makes
21 the following findings in compliance with the California Environmental Quality Act ("CEQA"),
22 California Public Resources Code, Sections 21000 et seq., the CEQA Guidelines, 15 Cal.
23 Administrative Code, Sections 15000 et seq., ("CEQA Guidelines"), and San Francisco
24 Administrative Code, Chapter 31 ("Chapter 31"): The Environmental Review Officer
25 determined that this legislation is not defined as a project subject to CEQA because it is a

1 funding mechanism involving no commitment to any specific projects at any specific locations,
2 as set forth in CEQA Guidelines, Section 15378; and, be it

3 FURTHER RESOLVED, The Board finds and declares that the proposed Bond (i) was
4 referred to the Planning Department in accordance with Charter, Section 4.105 and of the
5 Administrative Code, Section 2A.53(f), (ii) is in conformity with the eight priority policies of
6 Planning Code, Section 101.1(b), and (iii) is consistent with the General Plan, and adopts the
7 findings of the Planning Department, as set forth in the General Plan Referral Report dated
8 May 3, 2019, a copy of which is on file with the Clerk of the Board of Supervisors in File No.
9 190501 and incorporates such findings by this reference; and, be it

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

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

16 FURTHER RESOLVED, The City hereby declares its official intent to reimburse prior
17 expenditures of the City incurred or expected to be incurred prior to the issuance and sale of
18 any series of the Bonds in connection with the San Francisco Affordable Housing Bond. The
19 Board hereby declares the City's intent to reimburse the City with the proceeds of the Bonds
20 for the expenditures with respect to the San Francisco Affordable Housing Project (the
21 "Expenditures" and each, an "Expenditure") made on and after that date that is no more than
22 60 days prior to the adoption of this Resolution; and, be it

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

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1 FURTHER RESOLVED, Each Expenditure was and will be either (a) of a type properly
2 chargeable to a capital account under general federal income tax principles (determined in
3 each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds,
4 (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to
5 a party that is not related to or an agent of the City so long as such grant does not impose any
6 obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the
7 City. The maximum aggregate principal amount of the Bonds expected to be issued for the
8 Project is \$600,000,000. The City shall make a reimbursement allocation, which is a written
9 allocation by the City that evidences the City's use of proceeds of the applicable series of
10 Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on
11 which the Expenditure is paid or the related portion of the Project is placed in service or
12 abandoned, but in no event more than three years after the date on which the Expenditure is
13 paid. The City recognizes that exceptions are available for certain "preliminary expenditures,"
14 costs of issuance, certain de minimis amounts, expenditures by "small issuers" (based on the
15 year of issuance and not the year of expenditure) and Expenditures for construction projects
16 of at least 5 years; and, be it

17 FURTHER RESOLVED, Documents referenced in this resolution are on file with the

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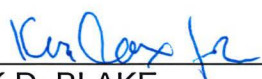
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1 Clerk of the Board of Supervisors in File No. 190501, which is hereby declared to be a
2 part of this resolution as if set forth fully herein.
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4 APPROVED AS TO FORM:
5 DENNIS J. HERRERA
6 City Attorney
7

8 By: 
9 MARK D. BLAKE
10 Deputy City Attorney
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