

File No. 201364

Committee Item No. 1

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget & Appropriations Committee

Date March 23, 2021

Board of Supervisors Meeting

Date \_\_\_\_\_

#### Cmte Board

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|-------------------------------------|--------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Resolution                                   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Introduction Form                            |
| <input type="checkbox"/>            | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Public Correspondence                        |

#### OTHER (Use back side if additional space is needed)

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|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Youth Commission Resolution No. 2021-AL-05</u> |
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Completed by: Linda Wong

Date March 19, 2021

Completed by: Linda Wong

Date \_\_\_\_\_

1 [Appropriation - ~~General Reserve~~ Property Tax Revenue \$20,100,000 - Mayor's Office  
2 of Housing and Community Development - ~~\$5,700,000~~ \$10,050,000 for Rent Relief -  
3 ~~\$5,700,000~~ \$10,050,000 for Social Housing - FY2020-2021]

4 **Ordinance appropriating ~~\$5,700,000~~ \$10,050,000 from the ~~General Reserve~~  
5 Property Tax Revenue to the Mayor's Office of Housing and Community  
6 Development for rent relief under the Rent Resolution and Relief Fund and  
7 ~~\$5,700,000~~ \$10,050,000 for the acquisition, creation and operation of affordable,  
8 social housing under the Housing Stability Fund in Fiscal Year (FY) 2020-2021.**

9 Note: Additions are *single-underline italics Times New Roman*;  
10 deletions are *strikethrough italics Times New Roman*.  
11 Board amendment additions are double underlined.  
12 Board amendment deletions are ~~strikethrough normal~~.

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

14 Section 1. The sources of funding outlined below are herein appropriated to  
15 reflect the projected sources of funding for FY2020-2021.

16 **SOURCES Appropriation**

18 Fund /	19 Project &	20 Account	21 Description	22 Amount
23 Department ID	24 Activity /	25 Authority		
10020/ 230018	<del>10023237 - 0001/</del>	598040	Designated	\$11,400,000
GF Continuing	17064	Designated	For General	<u>\$20,100,000</u>
Authority Ctrl/ GEN	<del>General Reserve/</del>	For General	Reserve <u>Property</u>	
General City	<del>General Reserve</del>	Reserve	<u>Tax</u>	
Responsibility	<u>10026733-0001 /</u>	<u>410999</u>	<u>Revenue</u>	

1	Fund /	Project &	Account	Description	Amount
2	Department ID	Activity /			
3		Authority			
4		<u>10000</u>	<u>Unallocated</u>		
5		<u>GE Administration</u>	<u>Gen Property</u>		
6		<u>/</u>	<u>Taxes</u>		
7		<u>Operating</u>			
8					
9	<b>Total SOURCES Appropriation</b>				<b>\$11,400,000</b>
10					<b><u>\$20,100,000</u></b>

11 Section 2. The uses of funding outlined below are herein appropriated in the  
12 Mayor's Office of Housing and Community Development to provide rent relief and social  
13 housing.

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15 **USES APPROPRIATION**

17	10020 GF	10037116 -0001,	535000	Rent relief	\$5,700,000
18	Continuing	Rent Resolution and	Other Current		<u>\$10,050,000</u>
19	Authority Ctrl /	Relief Fund/	expenses -		
20	232065	21622	Budget		
21	Mayor's Office of	Rent Resolution			
22	Housing and	and Relief Fund			
23	Community				
24	Development				
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	10020 GF	10037117 –0001,	539200 Loans	Social Housing	\$5,700,000
4	Continuing	Housing Stability	Issued by the		<u>\$10,050,000</u>
5	Authority Ctrl /	Fund/	City		
6	232065	21633			
7	Mayor's Office of	Housing Stability			
8	Housing and	Fund			
9	Community				
10	Development				
11					
12	<b>Total USES</b>				<b>\$11,400,000</b>
13					<b><u>\$20,100,000</u></b>

15           Section 3. The Mayor's Office of Housing and Community Development shall  
16 provide a report to the Board of Supervisors regarding the final implementation rules for  
17 the distribution of the direct allocation of federal rent relief funding.

20           Section 34. The Controller is authorized to record transfers between funds and  
21 adjust the accounting treatment of sources and uses appropriated in this ordinance as  
22 necessary to conform with Generally Accepted Accounting Principles and other laws, and  
23 adjust sources and uses amounts to reflect local baseline funding mandates.

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

FUNDS AVAILABLE:  
BEN ROSENFELD, Controller

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4 By: \_\_\_\_\_/s/\_\_\_\_\_  
5 JON GIVNER  
6 Deputy City Attorney

By: \_\_\_\_\_/s/\_\_\_\_\_  
BEN ROSENFELD  
Controller

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<p><b>Item 1</b>  <b>File 20-1364</b>  <i>(Continued from February 24, 2021)</i></p>	<p><b>Department:</b>                  Mayor’s Office of Housing &amp; Community Development</p>
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**EXECUTIVE SUMMARY**

**Legislative Objectives**

- The proposed ordinance would appropriate \$20.1 million from the General Reserve and transfer \$10.05 million to the COVID-19 Rent Resolution and Relief Fund and \$10.05 million to the Housing Stability Fund.

**Key Points**

- In November 2020, San Francisco voters approved Proposition I, which increased the transfer tax on high-value property transactions. According to the Controller’s FY 2020-21 Six-Month Budget Status Report, this tax is expected to generate \$20.1 million in new General Fund revenues net of baseline allocations in FY 2020-21 and these revenues were not included in the FY 2020-21 appropriation ordinance.
- In August 2020, the Board of Supervisors approved a resolution stating the Board’s intention to appropriate revenue generated by Proposition I to the COVID-19 Rent Resolution and Relief Fund and the Housing Stability Fund.

**Fiscal Impact**

- The \$20.1 appropriation is the amount of new General Fund revenue expected to be generated by Proposition I in FY 2020-21.

**Policy Consideration**

- The proposed ordinance would provide \$10.05 million to the COVID-19 Rent Resolution and Relief Fund to provide grants to landlords who have unpaid rent related to COVID-19. Under that fund’s enabling legislation, such grants could cover 50 to 65 percent of unpaid rent but landlords receiving grants must waive all unpaid rent. However, the City has received rent relief funding from the federal government and the State will also administer a program in San Francisco with rent relief funds received from the federal government. The City’s program rules are expected to be finalized in late April 2021 or May 2021. The State program would forgive 80 percent of unpaid rent for households making up to 80 percent of area median income and who have been unemployed for more than ninety days. Because they may provide greater relief to landlords, the federally funded rent relief grants may reduce participation in grant program funded by the COVID-19 Rent Resolution and Relief Fund.

**Recommendations**

- Because the proposed ordinance is consistent with Board of Supervisors policy, we recommend approval of the proposed ordinance. However, we recommend that the Board of Supervisors request a report back from MOHCD regarding the final implementation rules for the distribution of the direct allocation of federal rent relief funding.

**MANDATE STATEMENT**

City Charter Section 9.105 states that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

**BACKGROUND**

According to the Controller's Six-Month Budget Status Report, the Controller is projecting a \$125.2 million General Fund Surplus in FY 2020-21. Although certain General Fund revenues, such as business taxes, sales tax, hotel room tax, are projected to be lower than originally budgeted, these are more than offset by higher than budgeted property taxes, excess Education Revenue Augmentation Fund receipts, and transfer taxes.

Since the issuance of the Controller's FY 2020-21 Six-Month Budget Status Report, the Board of Supervisors has approved or is considering legislation that would impact the FY 2020-21 General Fund budget, summarized in Exhibit 1 below.

**Exhibit 1: Legislation Altering the FY 2020-21 General Fund Budget**

<b>File</b>	<b>Description</b>	<b>Estimated Cost FY 2020-21 (\$ million)</b>
Approved by Board, Pending Mayor signature		
	Waiver of Business Registration Fees and Certain	
20-1415	License Fees	(15.0)
21-0031	Accessory Dwelling Unit permit services	(0.2)
<b>Subtotal, Approved by Board, Pending Mayor Signature</b>		<b>(15.2)</b>
March 17, 2021 Budget & Appropriations		
20-1364	Rent Relief & Social Housing	(20.1)
21-0138	Business Registration Fees Deferral	(32.0)
21-0177	Small Business Grants & Loans	(20.0)
21-0178	Arts Appropriation	(17.0)
21-0215	Summer Youth Programming	(15.0)
<b>Subtotal, March 17, 2021 Budget &amp; Appropriations</b>		<b>(104.1)</b>
Not Yet Calendared		
21-0214	Fentanyl Task Force & Overdose Prevention	(6.7)
<b>Subtotal, Not Yet Calendared</b>		<b>(6.7)</b>
<b>Total</b>		<b>(126.0)</b>

Source: Budget & Legislative Analyst

Notes: File 21-0138 would defer revenues until FY 2021-22. Files 21-0031 & 21-1364 draw from the General Reserve, which, per Administrative Code Section 10.60, must be restored in the subsequent fiscal year.

As shown above, the Board of Supervisors has approved legislation that would reduce the projected \$125.1 FY 2020-21 General Fund surplus by \$15.2 million, leaving a projected FY 2020-21 General Fund surplus \$110 million. The March 17, 2021 Budget & Appropriations Committee is considering FY 2020-21 General Fund supplemental appropriations totaling \$104.1 million and legislation introduced but not yet calendared would reduce the FY 2020-21 General Fund surplus by \$6.7 million. If all the legislation in Exhibit 1 above is approved, the entire projected FY 2020-21 General Fund surplus would be appropriated, used to backfill decreased revenues, or committed to restoring the General Reserve.

### **Unpaid Residential Rent in San Francisco**

In the October 27, 2020 Budget and Legislative Analyst's Office report, "Estimate of unpaid residential rent in San Francisco due to COVID-19 pandemic and related public health orders", we estimated that the unpaid residential rent in San Francisco between April 2020 and September 2020 totaled between \$81.3 million and \$196.2 million. Given the ongoing above average unemployment rate in the City, the actual amount of unpaid rent from September 2020 to present is likely higher than those estimates. In response to the pandemic, the Board of Supervisors has taken the following actions.

### **Funds**

In November 2020, the Board of Supervisors amended Chapter 10 of the Administrative Code to create two funds: The Housing Stability Fund (File 20-1183) and the COVID-19 Rent Resolution and Relief Fund (File 20-0611).

### **Dedication of New General Revenues**

In November 2020, San Francisco voters approved Proposition I, which increased the transfer tax on high-value property transactions. According to the Controller's FY 2020-21 Six-Month Budget Status Report, this tax is expected to generate \$20.1 million in new General Fund revenues net of baseline allocations in FY 2020-21, which were not included in the FY 2020-21 appropriation ordinance. The Controller's Statement on Proposition I in the November 2020 ballot estimates that the tax could generate \$196 million per year, on average, but that the revenue would likely be extremely volatile and could generate between \$13 million and \$346 million annually.

In August 2020, the Board of Supervisors approved a resolution stating the Board's intention to appropriate revenue generated by Proposition I to the COVID-19 Rent Resolution and Relief Fund and a Social Housing Program Fund (File 20-0708).<sup>1</sup>

## **DETAILS OF PROPOSED LEGISLATION**

The proposed ordinance would appropriate \$20.1 million from the General Reserve and transfer \$10.05 million to the COVID-19 Rent Resolution and Relief Fund and \$10.05 million to the Housing Stability Fund.

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<sup>1</sup> In File 20-1183, the Housing Stability Fund was originally titled the Social Housing Program Fund.



Monies in the Housing Stability Fund may be used for the acquisition, preservation, and development of affordable housing. The Mayor's Office of Housing and Community Development (MOHCD) has the authority to create rules and regulations for use of monies in the Housing Stability Fund, which are also subject to recommendations from an oversight board.

Monies in the COVID-19 Rent Resolution and Relief Fund may be used to provide grants to landlords who agree to waive unpaid rent related to COVID-19. Such grants may cover up to 50 percent of unpaid rent (and up to 65 percent for landlord with ten or fewer units) up to \$3,000 per unit per month. Landlords must waive all unpaid rent for the period covered by the grant.

#### **Existing MOHCD COVID-19 Emergency Rental Assistance Program**

In response to the pandemic, the Mayor's Office of Housing and Community Development (MOHCD) has provided \$10.2 million in grants to ten existing MOCHD non-profit service providers to distribute emergency rental assistance.<sup>2</sup> In addition, MOHCD provided \$10.4 million to non-profit service providers to provide eviction-related legal services (Tenant Right to Counsel Program). Non-profits receiving grants identify and prioritize clients for receiving rental assistance.

#### **Federal Rental Assistance Funding**

The 2021 Consolidated Appropriations Act (second COVID relief bill), enacted in December 2020, provided \$25 billion for rental assistance, with distributions to states and to directly to large counties for distribution to renters and landlords. San Francisco received \$26.2 million in direct federal funding. MOHCD is the City's lead agency for distributing the direct federal rental assistance and is currently developing implementation procedures, which are expected to be final in late April 2021 or May 2021.

In addition, the State of California received \$1.5 billion of which \$28.2 million is reserved for its program to serve San Francisco tenants and landlords. The State program rules prioritize households making 50% of area median income or below but grants may go to household making up to 80% area median income. In addition, households must have been unemployed for 90 or more days. The relief may be applied to unpaid rent incurred between April 2020 and March 2021. Grants will cover 80% of unpaid rent if landlords agree to forgive the remaining 20% of unpaid rent. If not, tenants would receive grants of 25% of the amount of unpaid rent.

As of this writing, Congress approved a third COVID relief package that includes additional funding for rental assistance to be allocated to states and high-need localities. The funding has similar household income and hardship requirements to the State-allocated funding rules. Final allocations to the City are uncertain as of this writing, but MOHCD estimates that the City could receive an additional \$21 million directly and the State an additional \$1.2 billion of which \$22.6

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<sup>2</sup> The ten non-profit providers are Catholic Charities, Collective Impact, Eviction Defense Collaborative, Homies Organizing the Mission to Empower Youth (HOMEY), La Raza Community Resource Center, Mission Neighborhood Centers, Native American Health Center, Q Foundation, Rafiki Coalition for Health & Wellness, and Young Community Developers.

million will be reserved for San Francisco, for a total of \$98 million of federal funding for San Francisco rent relief.

**FISCAL IMPACT**

As noted above, the proposed ordinance will appropriate \$20.1 million from the General Reserve and transfer \$10.05 million to the COVID-19 Rent Resolution and Relief Fund and \$10.05 million to the Housing Stability Fund. The \$20.1 million appropriation is the amount of new General Fund revenue expected to be generated by Proposition I in FY 2020-21.

**POLICY CONSIDERATION**

The proposed ordinance would provide \$10.05 million to the COVID-19 Rent Resolution and Relief Fund to provide grants to landlords who have unpaid rent related to COVID-19. Exhibit 1 below summarizes the three rent relief funding sources in San Francisco and their funding sources, eligibility rules, and impact on unpaid rents. If the Board of Supervisors approves the proposed ordinance, total available funds to provide rent relief to San Francisco residents would be \$64.5 million, not including the estimated \$43.6 million from the third COVID relief bill.

**Exhibit 1: Rent Relief Funding Sources**

<b>Funding Source</b>	<b>Known Amount (\$ million)</b>	<b>Household Eligibility</b>	<b>Impact on Unpaid Rent</b>
COVID-19 Rent Resolution and Relief Fund	\$10.05	No restrictions	50% of unpaid rent (or 65% if small landlord) up to \$3,000 per month per unit
State	\$28.20	Up to 80% AMI and 90+ days of unemployment	80% of unpaid rent (or 25% paid to tenants if landlord does not forgive unpaid rent), April 2020 – March 2021
Federal (Direct to City)	\$26.20	Under development by MOHCD	Under development by MOHCD

Source: Budget & Legislative Analyst

Note: Exhibit 1 above does not include the estimated \$43.6 million from the third COVID relief bill, as the amounts allocated directly to the City and the via the State is not yet final. Funds from the third COVID relief bill would increase available rent relief funding to an estimated \$108.05 million.

As noted above, grants from the COVID-19 Rent Resolution and Relief Fund could cover 50 to 65 percent of unpaid rent but landlords receiving grants must waive all unpaid rent. However, grants funded by direct federal funding could cover up to 100 percent of unpaid rent, depending on local implementation procedures, which are currently under development by MOHCD. State-administered federal funding may be used to forgive 80% of unpaid rent incurred between April 2020 and March 2021.

The existence of the State rental assistance program, which forgives up to 80 percent of unpaid rent for households making up to 80 percent area median income, may reduce incentive for landlords to accept grants funded by the COVID-19 Rent Resolution and Relief Fund. As of this writing, MOCHD is developing rules for distributing the direct federal funds but expects they will be final in late April 2021 or May 2021. Depending on the final implementation rules, this program may also reduce landlord willingness to receive grants from the COVID-19 Rent Resolution and Relief Fund.

Because the proposed ordinance is consistent with Board of Supervisors policy, we recommend approval of the proposed ordinance. However, we recommend that the Board of Supervisors request a report back from MOHCD regarding the final implementation rules for the distribution of the direct allocation of federal rent relief funding.

### **RECOMMENDATIONS**

1. Request a report back from MOHCD regarding the final implementation rules it is developing for the distribution of direct allocation of federal rent relief funding.
2. Approve the proposed ordinance.

<p><b>Item 9</b>  <b>File 20-1364</b>  <i>(Continued from February 10, 2021)</i></p>	<p><b>Department:</b>                  Mayor’s Office of Housing &amp; Community Development</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed ordinance would appropriate \$11.4 million from the General Reserve and transfer \$5.7 million to the COVID-19 Rent Resolution and Relief Fund and \$5.7 million to the Housing Stability Fund.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• In November 2020, San Francisco voters approved Proposition I, which increased the transfer tax on high-value property transactions. According to the Controller’s FY 2020-21 Three-Month Budget Status Report, this tax is expected to generate \$11.4 million in new General Fund revenues net of baseline allocations in FY 2020-21 and these revenues were not included in the FY 2020-21 appropriation ordinance.</li> <li>• In August 2020, the Board of Supervisors approved a resolution stating the Board’s intention to appropriate revenue generated by Proposition I to the COVID-19 Rent Resolution and Relief Fund and the Housing Stability Fund.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The \$11.4 appropriation is the amount of new General Fund revenue expected to be generated by Proposition I in FY 2020-21.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>• San Francisco is expected to receive \$26.2 million in federal rental assistance funding. MOCHD is the City’s lead agency for distributing the federal rental assistance and is currently developing implementation procedures to build upon the City’s existing COVID-19 emergency rental assistance program.</li> <li>• The proposed ordinance would provide \$5.7 million to the COVID-19 Rent Resolution and Relief Fund to provide grants to landlords who have unpaid rent related to COVID-19. Under the fund’s enabling legislation, such grants could cover 50 to 65 percent of unpaid rent but landlords receiving grants must waive all unpaid rent. However, grants funded by the federal rental assistance funding could cover up to 100 percent of unpaid rent, depending on local implementation procedures, which are currently under development by MOHCD. Depending on how the federal funds are distributed, the existence of the federal rental assistance program may reduce incentive for landlords to accept grants funded by the COVID-19 Rent Resolution and Relief Fund.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Because the proposed ordinance is consistent with Board of Supervisors policy and because the incoming federal rental assistance will likely not be sufficient to cover all unpaid residential rent in San Francisco related to COVID-19, we recommend approval of the proposed ordinance.</li> </ul>	

## MANDATE STATEMENT

City Charter Section 9.105 states that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

## BACKGROUND

### Unpaid Residential Rent in San Francisco

In the October 27, 2020 Budget and Legislative Analyst's Office report, "Estimate of unpaid residential rent in San Francisco due to COVID-19 pandemic and related public health orders", we estimated that the unpaid residential rent in San Francisco between April 2020 and September 2020 totaled between \$81.3 million and \$196.2 million. Given the ongoing above average unemployment rate in the City, the actual amount of unpaid rent from September 2020 to present is likely higher than those estimates. In response to the pandemic, the Board of Supervisors has taken the following actions.

### Funds

In November 2020, the Board of Supervisors amended Chapter 10 of the Administrative Code to create two funds: The Housing Stability Fund (File 20-1183) and the COVID-19 Rent Resolution and Relief Fund (File 20-0611).

### Dedication of New General Revenues

In November 2020, San Francisco voters approved Proposition I, which increased the transfer tax on high-value property transactions. According to the Controller's FY 2020-21 Three-Month Budget Status Report, this tax is expected to generate \$11.4 million in new General Fund revenues net of baseline allocations in FY 2020-21, which were not included in the FY 2020-21 appropriation ordinance. The Controller's Statement on Proposition I in the November 2020 ballot estimates that the tax could generate \$196 million per year, on average, but that the revenue would likely be extremely volatile and could generate between \$13 million and \$346 million annually.

In August 2020, the Board of Supervisors approved a resolution stating the Board's intention to appropriate revenue generated by Proposition I to the COVID-19 Rent Resolution and Relief Fund and a Social Housing Program Fund (File 20-0708).<sup>1</sup>

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<sup>1</sup> In File 20-1183, the Housing Stability Fund was originally titled the Social Housing Program Fund.

## DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate \$11.4 million from the General Reserve and transfer \$5.7 million to the COVID-19 Rent Resolution and Relief Fund and \$5.7 million to the Housing Stability Fund.

Monies in the Housing Stability Fund may be used for the acquisition, preservation, and development of affordable housing. The Mayor's Office of Housing and Community Development (MOHCD) has the authority to create rules and regulations for use of monies in the Housing Stability Fund, which are also subject to recommendations from an oversight board.

Monies in the COVID-19 Rent Resolution and Relief Fund may be used to provide grants to landlords who agree to waive unpaid rent related to COVID-19. Such grants may cover up to 50 percent of unpaid rent (and up to 65 percent for landlord with ten or fewer units) up to \$3,000 per unit per month. Landlords must waive all unpaid rent for the period covered by the grant.

### Existing MOHCD COVID-19 Emergency Rental Assistance Program

In response to the pandemic, the Mayor's Office of Housing and Community Development (MOHCD) has provided \$10.2 million in grants to ten existing MOCHD non-profit service providers to distribute emergency rental assistance.<sup>2</sup> In addition, MOHCD provided \$10.4 million to non-profit service providers to provide eviction-related legal services (Tenant Right to Counsel Program). Non-profits receiving grants identify and prioritize clients for receiving rental assistance.

### Federal Rental Assistance Funding

A bill passed by Congress in December 2020 provided \$25 billion for rental assistance, with distributions directly to large counties for distribution to renters and landlords. San Francisco is expected to receive \$26.2 million. MOHCD is the City's lead agency for distributing the federal rental assistance and is currently developing implementation procedures to build upon its existing COVID-19 emergency rental assistance program. According to federal guidelines, households receiving assistance must have experienced financial hardship due to COVID-19, be at risk for housing instability, and have income at or below 80 percent of area median income.

## FISCAL IMPACT

As noted above, the proposed ordinance will appropriate \$11.4 million from the General Reserve and transfer \$5.7 million to the COVID-19 Rent Resolution and Relief Fund and \$5.7

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<sup>2</sup> The ten non-profit providers are Catholic Charities, Collective Impact, Eviction Defense Collaborative, Homies Organizing the Mission to Empower Youth (HOMEY), La Raza Community Resource Center, Mission Neighborhood Centers, Native American Health Center, Q Foundation, Rafiki Coalition for Health & Wellness, and Young Community Developers.

million to the Housing Stability Fund. The \$11.4 appropriation is the amount of new General Fund revenue expected to be generated by Proposition I in FY 2020-21.

#### **POLICY CONSIDERATION**

The proposed ordinance would provide \$5.7 million to the COVID-19 Rent Resolution and Relief Fund to provide grants to landlords who have unpaid rent related to COVID-19. As noted above, such grants could cover 50 to 65 percent of unpaid rent but landlords receiving grants must waive all unpaid rent. However, grants funded by the federal rental assistance funding could cover up to 100 percent of unpaid rent, depending on local implementation procedures, which are currently under development by MOHCD. Depending on how the federal funds are distributed, the existence of the federal rental assistance program may reduce incentive for landlords to accept grants funded by the COVID-19 Rent Resolution and Relief Fund.

Because the proposed ordinance is consistent with Board of Supervisors policy and because the incoming federal rental assistance will likely not be sufficient to cover all unpaid residential rent in San Francisco related to COVID-19, we recommend approval of the proposed ordinance.

#### **RECOMMENDATION**

Approve the proposed ordinance.

<b>Item 11</b> <b>File 20-1364</b> <i>(Continued from January 27, 2021)</i>	<b>Department:</b> Mayor's Office of Housing & Community Development
<b>EXECUTIVE SUMMARY</b>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed ordinance would appropriate \$11.4 million from the General Reserve and transfer \$5.7 million to the COVID-19 Rent Resolution and Relief Fund and \$5.7 million to the Housing Stability Fund.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• In November 2020, San Francisco voters approved Proposition I, which increased the transfer tax on high-value property transactions. According to the Controller's FY 2020-21 Three-Month Budget Status Report, this tax is expected to generate \$11.4 million in new General Fund revenues net of baseline allocations in FY 2020-21 and these revenues were not included in the FY 2020-21 appropriation ordinance.</li> <li>• In August 2020, the Board of Supervisors approved a resolution stating the Board's intention to appropriate revenue generated by Proposition I to the COVID-19 Rent Resolution and Relief Fund and the Housing Stability Fund.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The \$11.4 appropriation is the amount of new General Fund revenue expected to be generated by Proposition I in FY 2020-21.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>• San Francisco is expected to receive \$26.2 million in federal rental assistance funding. MOCHD is the City's lead agency for distributing the federal rental assistance and is currently developing implementation procedures to build upon the City's existing COVID-19 emergency rental assistance program.</li> <li>• The proposed ordinance would provide \$5.7 million to the COVID-19 Rent Resolution and Relief Fund to provide grants to landlords who have unpaid rent related to COVID-19. Under the fund's enabling legislation, such grants could cover 50 to 65 percent of unpaid rent but landlords receiving grants must waive all unpaid rent. However, grants funded by the federal rental assistance funding could cover up to 100 percent of unpaid rent, depending on local implementation procedures, which are currently under development by MOHCD. Depending on how the federal funds are distributed, the existence of the federal rental assistance program may reduce incentive for landlords to accept grants funded by the COVID-19 Rent Resolution and Relief Fund.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Because the proposed ordinance is consistent with Board of Supervisors policy and because the incoming federal rental assistance will likely not be sufficient to cover all unpaid residential rent in San Francisco related to COVID-19, we recommend approval of the proposed ordinance.</li> </ul>	



## MANDATE STATEMENT

City Charter Section 9.105 states that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

## BACKGROUND

### Unpaid Residential Rent in San Francisco

In the October 27, 2020 Budget and Legislative Analyst's Office report, "Estimate of unpaid residential rent in San Francisco due to COVID-19 pandemic and related public health orders", we estimated that the unpaid residential rent in San Francisco between April 2020 and September 2020 totaled between \$81.3 million and \$196.2 million. Given the ongoing above average unemployment rate in the City, the actual amount of unpaid rent from September 2020 to present is likely higher than those estimates. In response to the pandemic, the Board of Supervisors has taken the following actions.

### Funds

In November 2020, the Board of Supervisors amended Chapter 10 of the Administrative Code to create two funds: The Housing Stability Fund (File 20-1183) and the COVID-19 Rent Resolution and Relief Fund (File 20-0611).

### Dedication of New General Revenues

In November 2020, San Francisco voters approved Proposition I, which increased the transfer tax on high-value property transactions. According to the Controller's FY 2020-21 Three-Month Budget Status Report, this tax is expected to generate \$11.4 million in new General Fund revenues net of baseline allocations in FY 2020-21, which were not included in the FY 2020-21 appropriation ordinance. The Controller's Statement on Proposition I in the November 2020 ballot estimates that the tax could generate \$196 million per year, on average, but that the revenue would likely be extremely volatile and could generate between \$13 million and \$346 million annually.

In August 2020, the Board of Supervisors approved a resolution stating the Board's intention to appropriate revenue generated by Proposition I to the COVID-19 Rent Resolution and Relief Fund and a Social Housing Program Fund (File 20-0708).<sup>1</sup>

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<sup>1</sup> In File 20-1183, the Housing Stability Fund was originally titled the Social Housing Program Fund.

## DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate \$11.4 million from the General Reserve and transfer \$5.7 million to the COVID-19 Rent Resolution and Relief Fund and \$5.7 million to the Housing Stability Fund.

Monies in the Housing Stability Fund may be used for the acquisition, preservation, and development of affordable housing. The Mayor's Office of Housing and Community Development (MOHCD) has the authority to create rules and regulations for use of monies in the Housing Stability Fund, which are also subject to recommendations from an oversight board.

Monies in the COVID-19 Rent Resolution and Relief Fund may be used to provide grants to landlords who agree to waive unpaid rent related to COVID-19. Such grants may cover up to 50 percent of unpaid rent (and up to 65 percent for landlord with ten or fewer units) up to \$3,000 per unit per month. Landlords must waive all unpaid rent for the period covered by the grant.

### **Existing MOHCD COVID-19 Emergency Rental Assistance Program**

In response to the pandemic, the Mayor's Office of Housing and Community Development (MOHCD) has provided \$10.2 million in grants to ten existing MOCHD non-profit service providers to distribute emergency rental assistance.<sup>2</sup> In addition, MOHCD provided \$10.4 million to non-profit service providers to provide eviction-related legal services (Tenant Right to Counsel Program). Non-profits receiving grants identify and prioritize clients for receiving rental assistance.

### **Federal Rental Assistance Funding**

A bill passed by Congress in December 2020 provided \$25 billion for rental assistance, with distributions directly to large counties for distribution to renters and landlords. San Francisco is expected to receive \$26.2 million. MOHCD is the City's lead agency for distributing the federal rental assistance and is currently developing implementation procedures to build upon its existing COVID-19 emergency rental assistance program. According to federal guidelines, households receiving assistance must have experienced financial hardship due to COVID-19, be at risk for housing instability, and have income at or below 80 percent of area median income.

## FISCAL IMPACT

As noted above, the proposed ordinance will appropriate \$11.4 million from the General Reserve and transfer \$5.7 million to the COVID-19 Rent Resolution and Relief Fund and \$5.7

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<sup>2</sup> The ten non-profit providers are Catholic Charities, Collective Impact, Eviction Defense Collaborative, Homies Organizing the Mission to Empower Youth (HOMEY), La Raza Community Resource Center, Mission Neighborhood Centers, Native American Health Center, Q Foundation, Rafiki Coalition for Health & Wellness, and Young Community Developers.

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#### **POLICY CONSIDERATION**

The proposed ordinance would provide \$5.7 million to the COVID-19 Rent Resolution and Relief Fund to provide grants to landlords who have unpaid rent related to COVID-19. As noted above, such grants could cover 50 to 65 percent of unpaid rent but landlords receiving grants must waive all unpaid rent. However, grants funded by the federal rental assistance funding could cover up to 100 percent of unpaid rent, depending on local implementation procedures, which are currently under development by MOHCD. Depending on how the federal funds are distributed, the existence of the federal rental assistance program may reduce incentive for landlords to accept grants funded by the COVID-19 Rent Resolution and Relief Fund.

Because the proposed ordinance is consistent with Board of Supervisors policy and because the incoming federal rental assistance will likely not be sufficient to cover all unpaid residential rent in San Francisco related to COVID-19, we recommend approval of the proposed ordinance.

#### **RECOMMENDATION**

Approve the proposed ordinance.

<b>Item 8</b> <b>File 20-1364</b>	<b>Department:</b> Mayor's Office of Housing & Community Development
<b>EXECUTIVE SUMMARY</b>	
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#### **POLICY CONSIDERATION**

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Because the proposed ordinance is consistent with Board of Supervisors policy and because the incoming federal rental assistance will likely not be sufficient to cover all unpaid residential rent in San Francisco related to COVID-19, we recommend approval of the proposed ordinance.

#### **RECOMMENDATION**

Approve the proposed ordinance.

**From:** [Quan, Daisy \(BOS\)](#)  
**To:** [Smeallie, Kyle \(BOS\)](#); [BOS Legislation, \(BOS\)](#)  
**Cc:** [Wong, Linda \(BOS\)](#)  
**Subject:** Re: Please add Sup. Mar as co-sponsor to file No 201364  
**Date:** Monday, January 25, 2021 11:36:20 AM

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Confirming!

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**From:** "Smeallie, Kyle (BOS)" <kyle.smeallie@sfgov.org>  
**Date:** Monday, January 25, 2021 at 11:29 AM  
**To:** "BOS Legislation, (BOS)" <bos.legislation@sfgov.org>  
**Cc:** "Wong, Linda (BOS)" <linda.wong@sfgov.org>, "Quan, Daisy (BOS)" <daisy.quan@sfgov.org>  
**Subject:** Please add Sup. Mar as co-sponsor to file No 201364

Good morning,

Please add Supervisor Mar as a co-sponsor to File No. 201364 ([Appropriation - General Reserve - Mayor's Office of Housing and Community Development - \$5,700,000 for Rent Relief - \$5,700,000 for Social Housing - FY2020-2021]).

Copying Daisy from Sup. Mar's office to confirm.

Thank you all!

Kyle Smeallie

Legislative Aide

District 5 Supervisor Dean Preston



# Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor  inquiries"
- 5. City Attorney Request.
- 6. Call File No.  from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.**

Sponsor(s):

Subject:

The text is listed:

Signature of Sponsoring Supervisor:

For Clerk's Use Only

1 [Social Housing - 598 Portola Dr. and Juvenile Hall]

2

3 **Resolution urging the City and County of San Francisco to prioritize affordable social**  
4 **housing, including for youth and families, on City-owned property generally, and**  
5 **specifically at 598 Portola Dr. and Juvenile Hall.**

6

7 WHEREAS, The City and County of San Francisco (the “City”) owns property at 598  
8 Portola Dr. currently leased to Twin Peaks Petroleum, Inc., doing business as Twin Peaks  
9 Auto Care, and operated as a gasoline service station; and

10 WHEREAS, In late 2020, the Board of Supervisors (the “Board”) considered a  
11 proposed resolution, contained in BOS File No. 200965, to authorize a new 25-year lease for  
12 the aforementioned property as a gasoline service station, with one five-year option to extend;  
13 and

14 WHEREAS, However, on October 6, 2020, the Board sent the resolution in question  
15 back to committee due to concerns about the long-term impact of leasing City property to be  
16 operated as a gasoline service station; and

17 WHEREAS, According to the San Francisco Examiner, it is possible for the City-owned  
18 property at 598 Portola Dr. to be developed as housing, since “a 2013 appraisal of the  
19 property found the highest value of the property, at \$1.8 million, was as a residential or mixed  
20 commercial and residential development of up to 26 units;” and

21 WHEREAS, Provided that the City conducts thorough and extensive environmental  
22 remediation of the site, given its past and present use as a gasoline service station, housing  
23 would be a better use of the City-owned property at 598 Portola Dr. than the current use; and

24 WHEREAS, The current gasoline service station at 598 Portola Dr. sits on a large  
25 parcel of City-owned property that also includes the Youth Guidance Center, also known as

1 Juvenile Hall, which is required to close by December 31, 2021 as a result of Ordinance No.  
2 117-19, contained in BOS File No.190392, effective July 2, 2019; and

3 WHEREAS, The Youth Commission strongly supports the closure of Juvenile Hall and  
4 alternatives to incarceration for youth, as set out in YC File No. 1819-RBM-13; and

5 WHEREAS, The current so-called public safety mechanisms of policing and  
6 incarceration, such as Juvenile Hall, do not achieve real public safety, and actively harm Black  
7 and Indigenous, and other communities of color that have and continue to experience the  
8 impacts racially motivated and systemic police brutality and mass incarceration policies; and

9 WHEREAS, Juvenile Hall is currently very underutilized, with only 11 youth detained as  
10 of April 2020 due to a long-term decrease in youth arrests, as well as to releases during the  
11 Covid-19 pandemic; and

12 WHEREAS, As of November 30, 2019, of 40 youth detained at Juvenile Hall, 72.5%  
13 were African American and 20.0% were Latino, compared to 5.2% and 15.2% respectively in  
14 the San Francisco population at-large; and

15 WHEREAS, A 2019 report by the Young Women's Freedom Center found that youth  
16 participants involved in the foster care, juvenile justice, and adult justice systems experienced  
17 extreme housing instability between the ages of 13 and 21, moving an average of 20.8 times  
18 between the ages of 13 and 17, and an average of 16.3 times between the ages of 18 and 21;  
19 and

20 WHEREAS, Affordable housing and Section 8 voucher waitlists remain a significant  
21 barrier to accessing stable housing for system involved youth, and the absence of a  
22 coordinated entry into systems of care, such as housing and supportive mental and behavioral  
23 health services, further perpetuates hardship and inequity faced by system involved youth;  
24 and

25

1           WHEREAS, Adequately funding social services, including truly affordable housing, has  
2 the potential to create real public safety for all youth and their communities in San Francisco;  
3 and

4           WHEREAS, On November 3, 2020, San Francisco voters approved Propositions I and  
5 K, which respectively approved a increase to the real estate transfer tax on transactions of  
6 over \$10 million in order to fund rent relief and affordable municipally-run social housing, and  
7 an authorization for the City to own, develop, construct, acquire or rehabilitate up to 10,000  
8 units of low-income rental housing in San Francisco, by 57.55% and 73.52% respectively; and

9           WHEREAS, The proposed ordinance contained in BOS File No. 201364, currently  
10 being considered by the Board, would appropriate \$5,700,000 for the acquisition, creation and  
11 operation of affordable, social housing under the Housing Stability Fund in Fiscal Year 2020-  
12 2021; and

13           WHEREAS, In April 2019, the Board adopted a resolution authored by Supervisor  
14 Mandelman, contained in BOS File No. 190222, declaring a climate emergency and urging  
15 San Francisco to achieve emissions reductions at emergency speed, thus signaling a wind  
16 down of fossil fuels; and

17           WHEREAS, In 2018, Governor Brown signed executive order B-55-18 pledging that  
18 California must reach carbon neutrality no later than 2045, and then become carbon negative,  
19 by reducing greenhouse gas emissions; and

20           WHEREAS, By providing a below market rate lease for the property at 598 Portola Dr  
21 to be operated as a gasoline service station, San Francisco is effectively reinvesting and  
22 continuing to subsidize the fossil fuel sector and fossil fuel infrastructure; and

23           WHEREAS, Instead, San Francisco should be a leader in the climate change  
24 movement and be committing by its actions to tackling climate change; and

25

1           WHEREAS, Additionally, according to a 2017 report by the Planning Department  
2 entitled Housing for Families with Children, San Francisco ranks lowest among large cities in  
3 the United States by percentage of households that are families, with only 18% compared to  
4 the nationwide average of 29.4%; and

5           WHEREAS, According to the 2019 Point in Time Count, 18% of individuals  
6 experiencing homelessness in San Francisco on any given night are Transitional-Aged Youth  
7 (“TAY”) between the ages of 18 and 24, and yet affordable housing and Section 8 voucher  
8 waitlists remain long and the City has still not met its goal of operating 400 units of permanent  
9 supportive housing for TAY by 2015, raising doubts about the long-term stability of youth  
10 exiting homelessness beyond the supportive system; and

11           WHEREAS, Existing housing production strategies have failed to provide for low-  
12 income households, as well as for families, who are increasingly priced out of the City due to  
13 the high cost of living; and

14           WHEREAS, A municipally-operated social housing program would decouple production  
15 of affordable housing from market fluctuations by moving beyond existing funding  
16 mechanisms that have, by and large, completely failed to anticipate or respond to the housing  
17 crisis; and

18           WHEREAS, Insofar as the existing uses on the City-owned parcel at 598 Portola Dr.  
19 and Juvenile Hall are contrary to City and State policy on the climate crisis and transformative  
20 justice, the City has the opportunity to invest in new strategies for progressive and sustainable  
21 housing policy by developing the aforementioned properties as affordable social housing;  
22 now, therefore, be it

23           RESOLVED, That the Youth Commission urges the City to prioritize affordable social  
24 housing, including for youth and families, on City-owned property at 598 Portola Dr. and  
25

1 Juvenile Hall, provided that the City conducts thorough environmental remediation of the land  
2 upon which the gasoline service station currently stands; and, be it

3 FURTHER RESOLVED, That the Youth Commission urges the City to explore issuing  
4 housing vouchers for youth formerly and currently detained at Juvenile Hall to have priority  
5 access to deeply affordable housing, including a period of rent-free housing for system  
6 involved youth to find stable employment and support; and, be it

7 FURTHER RESOLVED, That the Youth Commission urges the City to confront the  
8 failures of existing planning and funding mechanisms for affordable housing, and to explore  
9 and invest in non-market based and countercyclical housing production strategies, particularly  
10 emphasizing municipal operation and ownership; and, be it

11 FURTHER RESOLVED, That the Youth Commission urges the City to systematically  
12 prioritize land for affordable and social housing on all City-owned parcels throughout San  
13 Francisco.

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Nora Hylton, Chair

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Adopted on February 22, 2021

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2020-2021 San Francisco Youth Commission

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**From:** [Carlee Gomes](#)  
**To:** [Wong, Linda \(BOS\)](#)  
**Subject:** Public Comment on Item 1 for Budget + Appropriations Committee Meeting 3/17  
**Date:** Wednesday, March 17, 2021 2:07:42 PM

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This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Hello Supervisors,

My name is Carlee Gomes, I live/work in District 6, Chair Haney's District, and I am a member of DSA SF Homelessness Working Group. I am writing to call for support Supervisor Preston's ordinance (inclusive of his recent amendment) for Prop I funds to be allocated to rent relief and social housing in the city, and for the funds to be utilized in the way that voters intended, and frankly in the way that benefits the most people who live in this city of ours, particularly those who have been the most materially impacted by the pandemic.

In terms of rent relief, estimated total unpaid rents during the pandemic range from \$13 million to \$32 million per month.

Given that the city has no other plan to relieve ordinary tenants as well as many landlords of their rent burden, Prop I funds are our only option and the option that will have the most positive impact on our community right now and long-term, which is absolutely necessary as we prioritize solutions for response to crises at the local, state, and federal government level.

In terms of social housing, It's beyond clear the private housing market has failed time and time again to provide housing to meet the needs of low and moderate income renters and continues to put profit over people. Low and moderate income renters are citizens, they're our neighbors. If we have funds available to help the people in our community in need, it is the city's duty to do so.

We must live in society where survival is not a commodity, and where we grant people the dignity to live and thrive regardless of race, class, gender identity, or geography.

Thank you,  
Carlee

**From:** [Jennifer Feng](#)  
**To:** [Wong, Linda \(BOS\)](#)  
**Subject:** Public comment: Support for appropriating Prop I funds toward rent relief and social housing  
**Date:** Wednesday, March 17, 2021 1:22:41 PM

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This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Budget Committee,

My name is Jennifer, I live in District 3, and I am a member of DSA SF Ecosocialist Committee. I am calling to support Supervisor Preston's ordinance calling for Prop I funds to be split between rent relief and social housing.

As an ecosocialist, I **know** we need to decommodify survival. The private market has failed to adequately house thousands of San Franciscans. Gentrification and the rapidly worsening global climate crisis are already causing mass displacement, with the greatest impact on poor communities of color. We must build a society where housing is no longer a commodity and everybody lives in safe, affordable, sustainable housing, without fear of eviction or displacement. That's why I demand the Board appropriate Prop I funds for rent relief and social housing.

This issue is personal--the majority of my friends who are my age (mid-20s) live at home with their parents. They've applied to literally hundreds of jobs, but in this economy, employers aren't biting. If I had just a little less luck in finding a job I'd be in that situation as well. Having parents who can provide housing while we look for work is a relative privilege, but having housing shouldn't have to depend on having parents with stable housing. That is not even to mention the people who have become unemployed due to Covid and have no other option than to wait for their stimulus check to arrive to pay rent, if it ever does. People are hanging on by a *finger nail*, and if they fall they will end up homeless.

If rent relief isn't provided soon, up to 33,000 renters may be unable to pay rent due to lost income. But rental relief is a band-aid to help us limp along for the time being. For a *real* solution for the long term, we need a social housing program that addresses our need for safe, green, and affordable homes.

It is critical that we act *now* to decommodify housing, using proven strategies to provide housing as a human right. If we don't act, Big Real Estate will, leading to the further consolidation of the market into large investment portfolios that push prices ever upward. And working class people will continue to suffer.

Please listen to the will of the voters and use this money from the largest real estate transactions to ensure housing stability for all San Franciscans.

Sincerely,  
Jennifer Feng