

File No. 210538

Committee Item No. 10

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Appropriations Committee

Date June 16, 2021

Board of Supervisors Meeting

Date _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
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| <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 |
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| <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 |
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OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong

Date June 11, 2021

Completed by: Linda Wong

Date _____

1 [Appropriation - Property Tax Revenue - Mayor’s Office of Housing and Community
2 Development - Rent Relief - \$13,350,000 - Social Housing - \$13,350,000 - FY2020-
3 2021]

4 **Ordinance appropriating \$13,350,000 from Property Tax Revenue to the Mayor’s**
5 **Office of Housing and Community Development for rent relief under the Rent**
6 **Resolution and Relief Fund; and appropriating \$13,350,000 for the acquisition,**
7 **creation and operation of affordable, social housing under the Housing Stability**
8 **Fund in Fiscal Year (FY) 2020-2021.**

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

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

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

17 **SOURCES Appropriation**

Fund /	Project &	Account	Description	Amount
Department ID	Activity /	Authority		
10020 / 230018	10026733-0001 /	410999	Property Tax	\$26,700,000
GF Continuing	10000	Unallocated	Revenue	
Authority Ctrl/ GEN	GE Administration/	Gen Property		
General City	Operating	Taxes		
Responsibility				

1	Fund /	Project &	Account	Description	Amount
2	Department ID	Activity /			
3		Authority			
4					
5	Total SOURCES Appropriation				<u>\$26,700,000</u>

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

11 **USES APPROPRIATION**

13	10020 GF	10037116 -0001,	535000	Rent relief	\$13,350,000
14	Continuing	Rent Resolution and	Other Current		
15	Authority Ctrl /	Relief Fund/	expenses -		
16	232065	21622	Budget		
17	Mayor's Office of	Rent Resolution			
18	Housing and	and Relief Fund			
19	Community				
20	Development				

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	10020 GF	10037117 –0001,	539200 Loans	Social Housing	\$13,350,000
4	Continuing	Housing Stability	Issued by the		
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	Total USES				\$26,700,000

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

19 Section 4. The Controller is authorized to record transfers between funds and
20 adjust the accounting treatment of sources and uses appropriated in this ordinance as
21 necessary to conform with Generally Accepted Accounting Principles and other laws, and
22 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

3
4 By: _____/s/_____
5 JON GIVNER
6 Deputy City Attorney

By: _____/s/_____
BEN ROSENFELD
Controller

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CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

June 11, 2021

TO: Budget and Appropriations Committee

FROM: Budget and Legislative Analyst



SUBJECT: June 16, 2021 Rescheduled Budget and Appropriations Committee Meeting

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10	21-0538 Appropriation - Property Tax Revenue - Mayor's Office of Housing and Community Development - Rent Relief - \$13,350,000 - Social Housing - \$13,350,000 - FY2020-2021	1

<p>Item 10 File 21-0538</p>	<p>Department: Mayor’s Office of Housing and Community Development (MOHCD)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed ordinance would appropriate \$26,700,000 from property tax revenues to the Mayor’s Office of Housing and Community Development, of which (a) \$13,350,000 would be appropriated for rent relief under the Rent Resolution and Relief Fund; and (b) \$13,350,000 would be appropriated for the acquisition, creation and operation of affordable, social housing under the Housing Stability Fund in FY 2020-21. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • In October 2020, the Board of Supervisors approved ordinances establishing two funds, the COVID-19 Rent Resolution and Relief Fund and the Housing Stability Fund, with the intent to deposit a portion of the revenues generated by the increase in the real estate transfer tax to each fund. According to the Controller’s Nine-Month Budget Status Report, the Controller is projecting a \$157.3 million General Fund surplus in FY 2020-21. • Funds in the Rent Resolution and Relief Fund may be used to provide grants to landlords to cover up to 50 percent of unpaid rent (and up to 65 percent for landlords with 10 or fewer units) related to COVID-19. Funds in the Housing Stability Fund would be used for the acquisition, preservation, and development of affordable social housing. MOHCD has not determined which projects would be funded by the Housing Stability Fund. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed ordinance would appropriate \$26,700,000 from property tax revenues to MOHCD, of which \$13,350,000 would be appropriated for rent relief under the Rent Resolution and Relief Fund and \$13,350,000 would be appropriated for the acquisition, creation and operation of affordable, social housing under the Housing Stability Fund. <p style="text-align: center;">Policy Consideration</p> <ul style="list-style-type: none"> • The total funds accumulated to date for rent relief are approximately \$101,687,829. This amount includes approximately \$91,637,829 in federal funding (provided both directly to the City and allocated by the State) and \$10,050,000 appropriated from the City’s General Fund in April 2021. Additional federal funding from the American Rescue Plan Act is anticipated that has not been administered from the State. MOHCD has not expended any of this funding and does not plan to expend any local funds until the federal funding is exhausted, which is estimated in approximately Summer 2022. • The existence of the State and City rental assistance programs, which cover up to 80 percent and 100 percent, respectively, of unpaid rent for households making up to 80 percent of Area Median Income (AMI), may disincentivize landlords to accept grants funded by the COVID-19 Rent Resolution and Relief Fund, which only covers 50-65 percent of unpaid rent. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approval of the proposed ordinance is a policy matter for the Board of Supervisors. 	

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

San Francisco voters approved Proposition I in November 2020, increasing the real estate transfer tax to 5.5 percent on transactions of \$10 million to \$25 million and to 6 percent on transactions of \$25 million or more, which according to the November 2020 Voter Guide, was estimated to increase real estate transfer tax revenues by \$196 million. The tax is a General Fund revenue.

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).¹ In October 2020, the Board of Supervisors approved two ordinances, amending the Administrative Code to establish two funds, the COVID-19 Rent Resolution and Relief Fund (File 20-0611) and the Housing Stability Fund (File 20-1183), with the intent to deposit a portion of the revenues generated by the increase in the real estate transfer tax to each fund. According to File 20-0611, 50 percent of the increased real property transfer tax revenues in calendar year (CY) 2021 and CY 2022 would be appropriated to the COVID-19 Rent Resolution and Relief Fund for the Mayor's Office of Housing and Community Development (MOHCD) to award grants until March 2023, and according to File 20-1183, increased real property transfer tax revenues would be appropriated to the Housing Stability Fund. Neither ordinance required the appropriation of increased real estate transfer tax revenues to the COVID-19 Rent Resolution and Relief Fund or the Housing Stability Fund.

According to the Controller's Nine-Month Budget Status Report, the Controller is projecting a \$157.3 million General Fund surplus in FY 2020-21. Although certain General Fund Revenues, such as business tax, sales tax, and hotel tax are projected to be lower than originally budgeted, these are more than offset by higher than budgeted property tax, excess Education Revenue Augmentation Fund (ERAF) receipts, and transfer taxes. According to that report, Proposition I is projected to generate \$46.8 million of General Fund revenues net of baseline transfers in FY 2020-21.

In April 2021, the Board of Supervisors approved an ordinance appropriating \$20,100,000 from property tax revenues to MOHCD, of which \$10,050,000 was appropriated for rent relief under the Rent Resolution and Relief Fund, and \$10,050,000 was appropriated for the acquisition, creation, and operation of affordable, social housing under the Housing Stability Fund (File 20-1364). According to Mr. Benjamin McCloskey, MOHCD Deputy Director of Finance and Administration, none of this appropriation has been spent to date. Net of the supplemental

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

appropriation already approved by the Board of Supervisors, \$26.7 million of unbudgeted General Fund revenues are attributable to Proposition I in FY 2020-21.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate \$26,700,000 from FY 2020-21 property tax revenues to MOHCD, of which (a) \$13,350,000 would be appropriated for rent relief under the Rent Resolution and Relief Fund; and (b) \$13,350,000 would be appropriated for the acquisition, creation, and operation of affordable, social housing under the Housing Stability Fund in FY 2020-21.

Funds in the 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 landlords with 10 or fewer units) up to \$3,000 per unit per month. Landlords must waive all unpaid rent for the period covered by the grant. As stated above, the previous \$10,500,000 appropriation to the Rent Resolution and Relief Fund has not been expended yet. Additionally, the City has received \$91,637,829 in federal funding for rent relief and will likely receive other funding from the March 2021 American Rescue Plan Act that was provided to the State of California but has not yet been allocated to county governments. According to Mr. McCloskey, MOHCD will not expend any local funds towards rent relief until all federal funding is exhausted, which he estimates will be in Summer 2022.

Funds in the Housing Stability Fund would be used for the acquisition, preservation, and development of affordable social housing. Administrative Code Section 10.100-78 defines social housing developments as restricted for households up to 80 percent of the median income in a zip code where the project is located, with the restriction lasting for the useful life of the property or at least 99 years. According to Mr. McCloskey, MOHCD has not determined which projects would be funded by the Housing Stability Fund.

FISCAL IMPACT

The proposed ordinance would appropriate \$26,700,000 from property tax revenues to MOHCD, of which (a) \$13,350,000 would be appropriated for rent relief under the Rent Resolution and Relief Fund; and (b) \$13,350,000 would be appropriated for the acquisition, creation and operation of affordable, social housing under the Housing Stability Fund in FY 2020-21. The specific uses of funds have not been determined.

POLICY CONSIDERATION

San Francisco voters approved Proposition I in November 2020, increasing the real estate transfer tax to 5.5 percent on transactions of \$10 million to \$25 million and to 6 percent on transactions of \$25 million or more. The Controller's FY 2020-21 Nine Month Budget Status Report estimates total real estate transfer tax revenues of \$326.3 million, an increase of \$188.3 million over the FY 2020-21 budget of \$138.0 million. According to the Nine Month Budget Status Report, these

increases are offset by reductions in other revenues, for projected General Fund revenues in FY 2020-21 of \$3.871 billion, which is approximately \$14.6 million less than the FY 2020-21 revised budget of \$3.885 billion.

As noted above, MOHCD has not expended any of the federal or local funds for rent relief. The total funds accumulated to date for rent relief are approximately \$101,687,829, as shown in Table 1 below.

Table 1: MOHCD Rent Relief Funding Available

Funding Source	Amount
December 2020 Federal COVID Relief – Direct to City	\$26,209,983
December 2020 Federal COVID Relief – via State	28,216,657
March 2021 Federal COVID Relief – Direct to City	37,211,189
Supplemental Appropriation (File 20-1364)	10,050,000
Total Funding Available	\$101,687,289

Approval of the proposed ordinance would increase the available funding for rent relief to approximately \$115,037,829. MOHCD will likely also receive additional funding from the March 2021 American Rescue Plan Act that has not yet been administered by the State of California. As stated above, MOHCD will not expend any local funds towards rent relief until all federal funding is exhausted, which Mr. McCloskey estimates will be in Summer 2022.

Grants from the COVID-19 Rent Resolution and Relief Fund would cover 50 to 65 percent of unpaid rent but landlords receiving grants must waive all unpaid rent. However, grants funded by federal funding, through the State Program, would cover up to 80 percent of unpaid rent incurred between April 2020 and March 2021. Furthermore, grants funded by the City Program, using direct federal funding, would cover up to 100 percent of rent for six months starting in April 2021.

The existence of the State and City rental assistance programs, which cover up to 80 percent and 100 percent, respectively, of unpaid rent for households making up to 80 percent of Area Median Income (AMI), may disincentivize landlords to accept grants funded by the COVID-19 Rent Resolution and Relief Fund.

RECOMMENDATION

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

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

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Signature of Sponsoring Supervisor:

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