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

Resolution determining and declaring that the public interest and necessity demand the acquisition, improvement and rehabilitation and conversion of "at-risk" multi-unit residential buildings to permanent affordable housing and performing needed seismic, fire, health, and safety upgrades, and other major rehabilitation for habitability, to be financed through bonded indebtedness in an amount not to exceed $350,000,000; providing for the levy and collection of taxes to pay both principal and interest on such bonds; setting certain procedures and requirements for the election; 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.

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

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

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

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

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

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

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

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

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

WHEREAS, These high housing costs can inhibit healthy, balanced economic growth regionally; and

WHEREAS, Individuals and families who are increasingly locked out of the local housing market will be forced to leave the City and take on increasingly long employment commutes; and

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

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

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

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

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

RESOLVED, By the Board of Supervisors:

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

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

Section 3. The estimated cost of $350,000,000 of the Bonds previously authorized under Proposition A is and will be too great to be paid out of the ordinary annual income and revenue of the City, will require an expenditure greater than the amount allowed by the annual tax levy, and will require the incurrence of bonded indebtedness in an amount not to exceed $350,000,000.

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

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

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

Section 7. The City hereby declares its official intent to reimburse prior expenditures of the City incurred or expected to be incurred prior to the issuance and sale of any series of the Bonds in connection with the Project. The Board of Supervisors hereby declares the City's intent to reimburse the City with the proceeds of the Bonds for the expenditures with respect to the Project (the “Expenditures” and each, an “Expenditure”) made on and after that date that is no more than 60 days prior to the adoption of this Resolution. The City reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds.

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

Section 8. Documents referenced in this resolution are on file with the Clerk of the Board of Supervisors in File No. _______________, which is hereby declared to be a part of this resolution as if set forth fully herein.

APPROVED AS TO FORM:
DENNIS J. HERRERA
City Attorney

By:___________________________
MARK D. BLAKE
Deputy City Attorney
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