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FY2020-29 Capital Plan Off-Year Update November 2020 Health and Recovery G.O. Bond

May 11, 2020

Plan Funding Principles and Resilience Challenges

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Capital Funding Principles



Resilience Challenges



EARTHQUAKES

There is a 76% chance the Bay Area will experience a 7.0 magnitude earthquake in the next 30 years. Even the relatively moderate and distant 1989 Loma Prieta Earthquake (6.9) caused substantial damage to our city. It is imperative to the survival of San Francisco that we continue working to prepare and recover from the "big one."



INFRASTRUCTURE

Infrastructure is central to our daily lives—from the roads and pipes we use every day, to the larger systems, like food and social networks and housing that we rely on as lifelines. Sometimes these systems continue to operate past their intended life span and sometimes they are inadequate all together to meet the needs of a growing and vibrant city.



CLIMATE CHANGE

The impacts of global climate change are already being felt in the form of drought and increasingly severe storm events. We must secure our city's future through mitigation, while recognizing the likely impacts of climate change by beginning to adapt today rather than when it is too late.



SOCIAL INEQUITY

San Francisco embraces equality and equity in all policies but this work is never done. Social equity and inclusiveness needs to be at the core of what makes a city thrive.



SEA LEVEL RISE

We expect a total in 66" of sea level rise to impact our shores by 2100. As we plan for the growth of our city, we need to adapt to this challenge that threatens not only our waterfront but also our way of life in San Francisco and regionally.



UNAFFORDABILITY

Forty-five percent of renters in San Francisco pay more than 30% of their household income in rent. Median home prices are continuing to rise, making it a challenge for first time home buyers. San Francisco is becoming out of reach for many of the people who made the city what it is today.

Off-Year Update Context: Highest Priorities & Building Recovery

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In November of 2019 Mayor Breed asked City Administrator Kelly to re-prioritize the G.O. Bond Program to reflect and address the urgency of San Francisco's mental health crisis.

More recently, with the rise of the COVID-19 and associated leap in unemployment, an urgent need to invest in shovel-ready projects and programs has arisen.

- *Bonds must be used for capitalizable assets, cannot be used for leased facilities, services, or temporary investments.*
- *Every \$1 million in construction spending creates an estimated 5.93 jobs.*
- *Bonds enable construction, are an important local counter-recessionary tool.*
- *Deferred right-of-way and facilities maintenance would otherwise go unfunded in recession and budget cuts climate.*

Off-Year Update Context: Affordable Housing in the Capital Plan

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In April of 2019, the Board of Supervisors added two Whereas clauses to the resolution approving the City’s Capital Plan:

- **Add Affordable Housing as part of the City’s capital planning process** beginning in the next off-year Capital Plan update; and
- **Build a reliable set of funding sources** for affordable housing, including but not limited to another Affordable Housing General Obligation Bond in the G.O. Bond program.

Joint effort between MOHCD, Capital Planning, Planning, Controller, TIDA, and OCII.

Planned GO Bonds from FY2020-29 Capital Plan

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Election Date	Program	\$M	Notes
Nov 2019	Affordable Housing	500*	Revised up to \$600M
Mar 2020	Earthquake Safety & Emergency Response	628.5	
Nov 2020	Parks and Open Space	255	
Jun 2022	Transportation	500	
Nov 2023	Public Health	220	
Nov 2026	Waterfront Safety	150	
Nov 2027	Earthquake Safety & Emergency Response	271.5	
Nov 2028	Parks and Open Space	200	
	TOTAL	2,725	

Proposed November 2020 Bond Program

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Program Area	\$M
Mental Health and Homelessness	197
Parks	200
Streets and Right-of-Way	41.5
TOTAL	438.5

Proposed November 2020 Bond Program: Health and Homelessness

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Investment Priorities	\$197M
Permanent supportive housing units and shelters	
Locked sub-acute treatment facilities, residential treatment facilities, and/or residential stepdown facilities	
Behavioral health respite facilities	
Detox facilities	
A new centralized Behavioral Health Access Center	
Existing community health facilities delivering behavioral health to vulnerable communities	
Facilities for long-term placements, such as board and care and other residential care	

Proposed November 2020 Bond Program: Recovery/Parks

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Investment Priorities			\$200M
NAMED PROJECTS	121	PROGRAMS	77
Buchanan Street Mall	2	Citywide Parks (Golden Gate Park, Lake Merced, McLaren)	18
Gene Friend Rec Center*	50	Recovery Parks (Priorities include Crocker Amazon, Buena Vista)	18
Herz Playground/Sunnydale HOPE SF	10	Sustainability	20
India Basin	29	Playgrounds	10
Japantown Peace Plaza	25	Community Opportunity Fund	6
Contingency – Projects	5	Trails	2
*If timely impact fees or other sources become available without slowing construction, funds here could support other Area Plan projects, e.g. Jackson Playground or Buchanan Mall.		Mini-Parks	1
		Community Gardens	.6
		Contingency - Programs	1.4
		ADMINISTRATION	2

Proposed November 2020 Bond Program: Recovery/Streets and Right-of-Way

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Investment Priorities	\$41.5M
Streets	31.5
Curb Ramps	5
Street Structures	5
TOTAL	41.5

GO Bond Program Proposed Off-Year Update

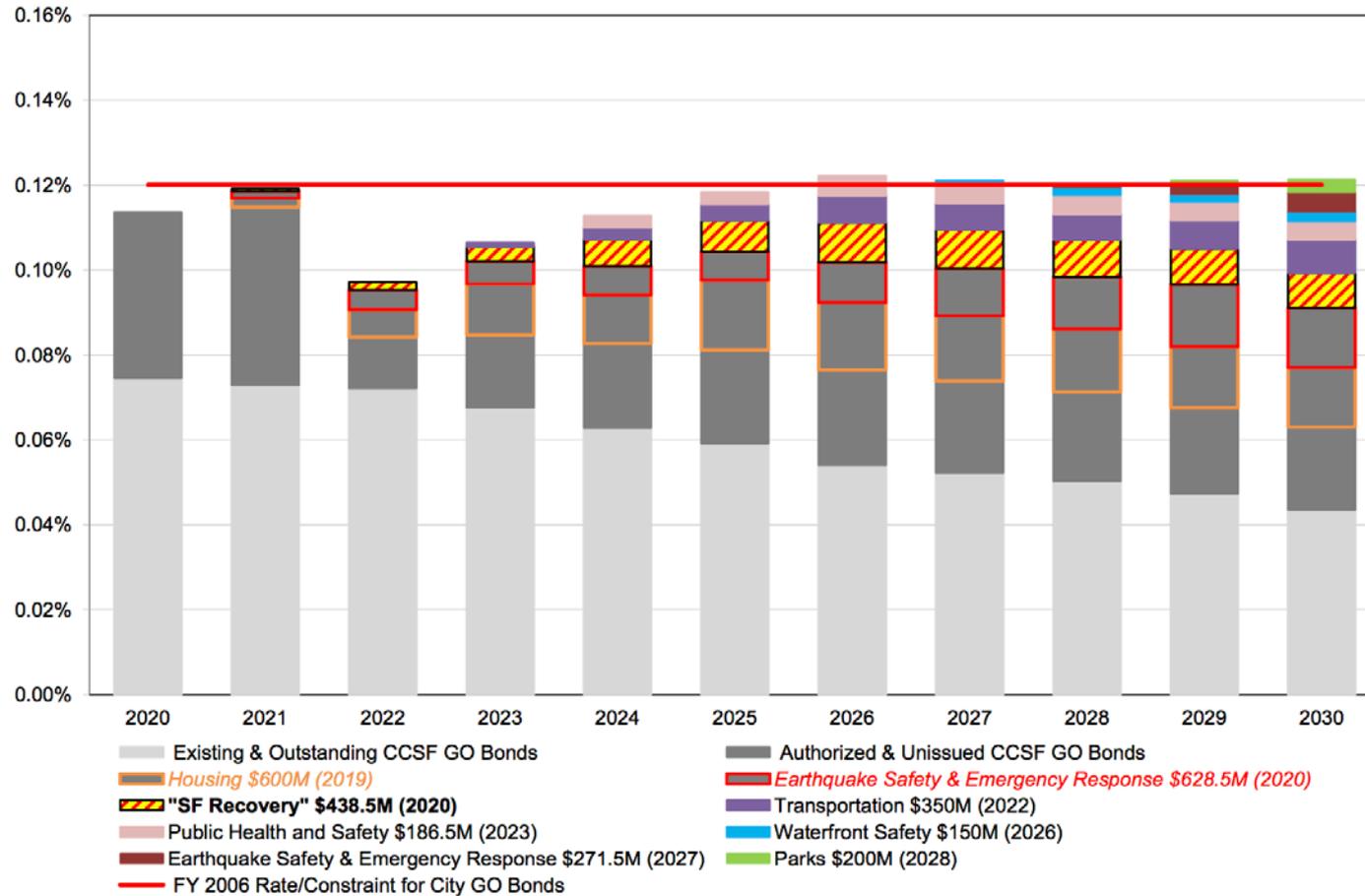
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Election Date	Program	\$M	Change
Nov 2019	Affordable Housing	600	
Mar 2020	ESER	628.5	
Nov 2020	Health and Recovery (was Parks)	(was 255) 438.5	+ \$183.5M
Jun 2022	Transportation	(was 500) 350	- \$150M
Nov 2023	Public Health	(was 220) 186.5	- \$33.5M
Nov 2024	Affordable Housing	TBD	
Nov 2026	Waterfront Safety	150	
Nov 2027	ESER	272	
Nov 2028	Parks and Open Space	200	
	TOTAL	2,825	

Proposed GO Bond Curve Revised

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Proposed Capital Plan Update GO Bond Program
(Recovery Bond, FY21 debt service, April 2020 Updated AV Projections¹)



1) Projected AV Roll growth rates of 2.31%, 0.07%, 5.65%, 5.95% in FY21-24, respectively, and 3.5% from FY25 on.

Amending Resolution Language for the G.O. Bond Program

WHEREAS, At the _____, 2020 meeting the Committee [unanimously] adopted an amended ten-year capital plan for FYs 2020-2029 to **replace the Parks and Open Space Bond with a proposed Health and Recovery bond in an amount of \$438,500,000 for the November 2020 election**; and

WHEREAS, At the same meeting the Committee [unanimously] adopted an amended ten-year capital plan for FYs 2020-2029 to **reduce the amount of the Transportation Bond to \$350,000,000 and the amount of the Public Health Bond to \$186,500,000** for their respective elections; and,

WHEREAS, At the same meeting the Committee [unanimously] adopted an amended ten-year capital plan for FYs 2020-2029 to **include in the General Obligation Bond program an Affordable Housing general obligation bond measure for the November 2024 election in an amount to be determined in future capital plan updates as additional assessed value is identified and/or trade-offs are made within the Program’s constraint**;

Amending Language for Incorporating Affordable Housing into the full Plan

WHEREAS, An **affordable housing narrative** that will incorporate available information, including, but not limited to definitions of **key terms** on affordable housing consistent with the 2019 Affordable Housing Bond, **documentation of funding and feasibility principles** for the City’s capital investments in affordable housing projects, the total **housing production and preservation needs for very low, low, and moderate-income renters and homebuyer households** as informed by the City’s General Plan Housing Element and the Planning Department’s Housing Balance Report, and an **all-sources view** of the City’s commitment to growing and protecting affordable housing production and preservation **is expected to be part of the FYs 2022-2031 Capital Plan update**

Amending Language **RESOLVED** Clauses

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RESOLVED, That the above recitals are true and correct; and, be it

FURTHER RESOLVED, That the FYs 2022-2031 Capital Plan update will include a narrative dedicated to Affordable Housing production and preservation as a capital need; and

FURTHER RESOLVED, That the FYs 2022-2031 Capital Plan update will incorporate the City's portfolio of housing needs by income, funding sources, and uses for affordable housing capital production and preservation as outlined in this Resolution

FURTHER RESOLVED, That this Board has reviewed the Amended Capital Plan; and be it

FURTHER RESOLVED, That this Board hereby adopts the Amended Capital Plan as the City's ten-year capital expenditure plan for purposes of the Capital Planning Ordinance.

Next Steps

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May 11 – Action items at CPC (bond legislation and Plan off-year update)

May 12 – Introduction at the Board of Supervisors

- Resolution to amend the Capital Plan
- Resolution for the November 2020 bond
- Ordinance for the November 2020 bond

July 8 – Election deadline for Budget and Finance Committee

July 14 – Election deadline for the Board / 1st reading

July 21 – Election deadline for the Board / 2nd reading and submission to Elections

Thank you

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Action Items before CPC:

Capital Plan Off-Year Update

Approval of the Ordinance and related Resolution of Public Interest and Necessity authorizing the proposed \$438.5M Health and Recovery G.O. Bond for the November 2020 election