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FY2020-29 Capital Plan Off-Year Update: **DRAFT** Affordable Housing

April 20, 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.

FY2020-29 Capital Plan Summary

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Summary by Service Area FY20-29

(in \$millions – includes all funding sources)

	GENERAL FUND DEPTS	ENTERPRISE DEPTS	EXTERNAL AGENCIES	TOTAL
Public Safety	1,632	-	-	1,632
Health and Human Services	601	-	15	616
Infrastructure & Streets	1,615	8,036	-	9,650
Recreation, Culture, and Education	892	-	1,211	2,103
Economic & Neighborhood Development	-	2,409	4,743	7,152
Transportation	-	9,817	7,849	17,665
General Government	324	-	-	324
TOTAL	5,064	20,261	13,818	39,143

Pay-Go Program and Recent Budget

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	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
@7% Growth (\$M)	166.3	176.4	179.9	192.5	206.0	220.4	235.9	252.4	270.1	289.0

Actual Budget
(includes addbacks)

Projected Budgets
(based on Capital Plan recommendation)

Policies:

- ▣ Grow Capital Pay-Go Program by 7% annually
- ▣ Fund Street Repaving to achieve citywide Pavement Condition Index of 70 by 2025
- ▣ \$10M per year recommended for Enhancements
- ▣ Parks and Street Trees Set-Asides

Planned COPs from FY2020-29 Capital Plan

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Year	Issuance Program	\$M
FY19	Public Health 101 Grove Exit	108
FY19	HOPE SF Horizontal Infrastructure	57
FY20	Family Services Center / City Offices	50
FY20	Hall of Justice Relocation Projects	131
FY22	Critical Repairs Recession Allowance	60
FY23	Critical Repairs Recession Allowance	60
FY25	Hall of Justice Demolition & Enclosure	55
FY26	Public Works Yards Consolidation	25
FY28	Hall of Justice Consolidation Plan	417
	TOTAL	963

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	272	
Nov 2028	Parks and Open Space	200	
	TOTAL	2,725	

Affordable Housing & Capital Planning

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.

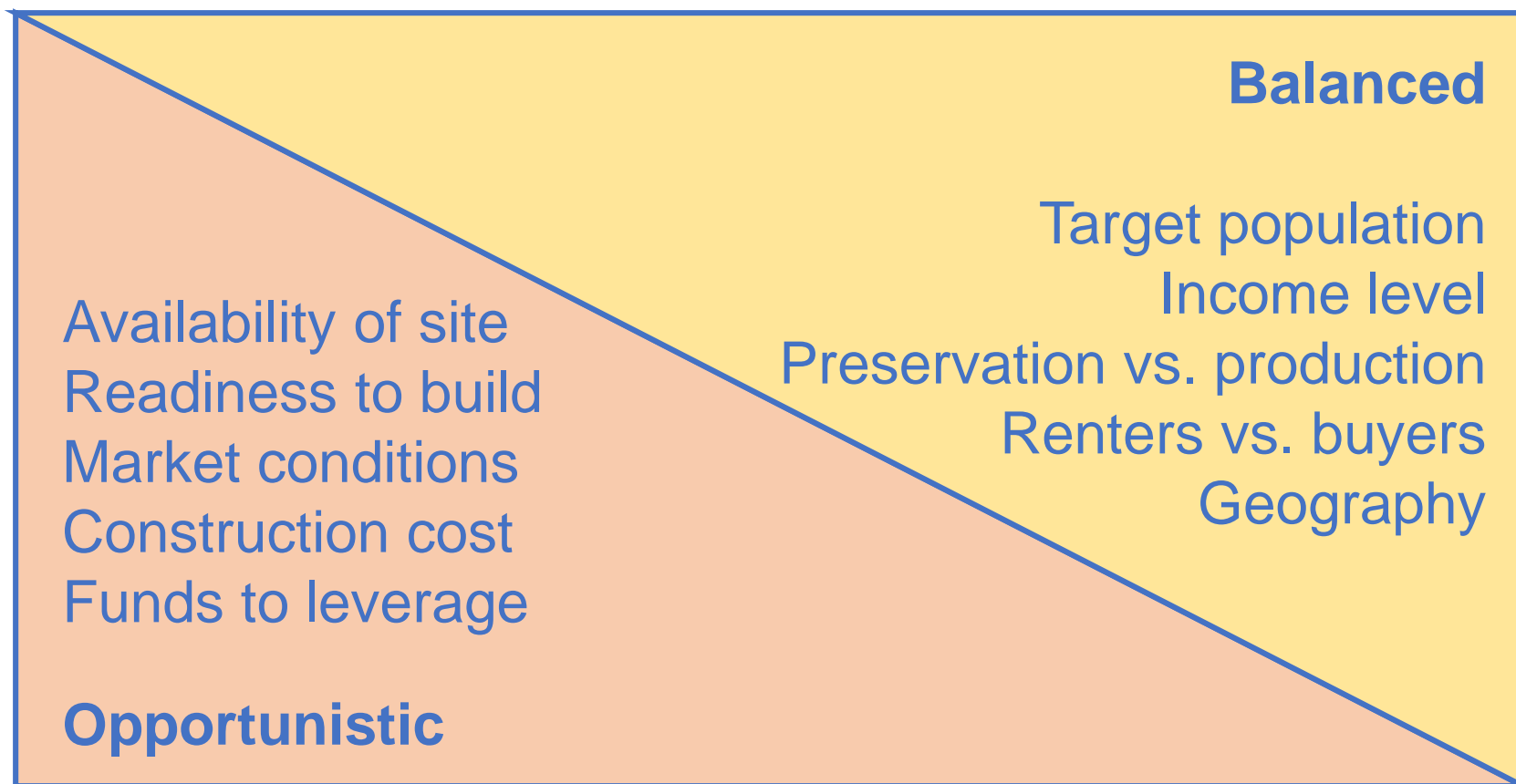
Joint effort between MOHCD, Capital Planning, Planning, Controller, TIDA, and OCII.

Objectives

- **Define the key terms** of delivering affordable housing
- **Document funding/feasibility principles**, policy drivers, and strategies that support affordable housing production and preservation
- **Lay out affordable housing needs** using available data
- **Describe an all-sources view** of San Francisco's commitment to growing and protecting affordable housing

Funding & Feasibility Principles

In order to deliver affordable housing for San Francisco, the City must be both opportunistic and balanced.



Describing Need

Multifaceted approach to describe need:

- New construction
 - Blend of current RHNA and projected update for next cycle, which will incorporate any shortages
 - Takes into account very low, low, and moderate income households including people experiencing homelessness
 - Assumes market continues to produce its current share of affordable units
- Estimates around preservation
 - Existing affordable rehabilitation
 - Expiring use
 - Loss of units from protected status

Approach

Preservation (parallels Renewals)

- Acquisitive preservation (Small Sites)
- PASS Program
- Down payment assistance
- Capital renewals in existing stock

Production (parallels Enhancements)

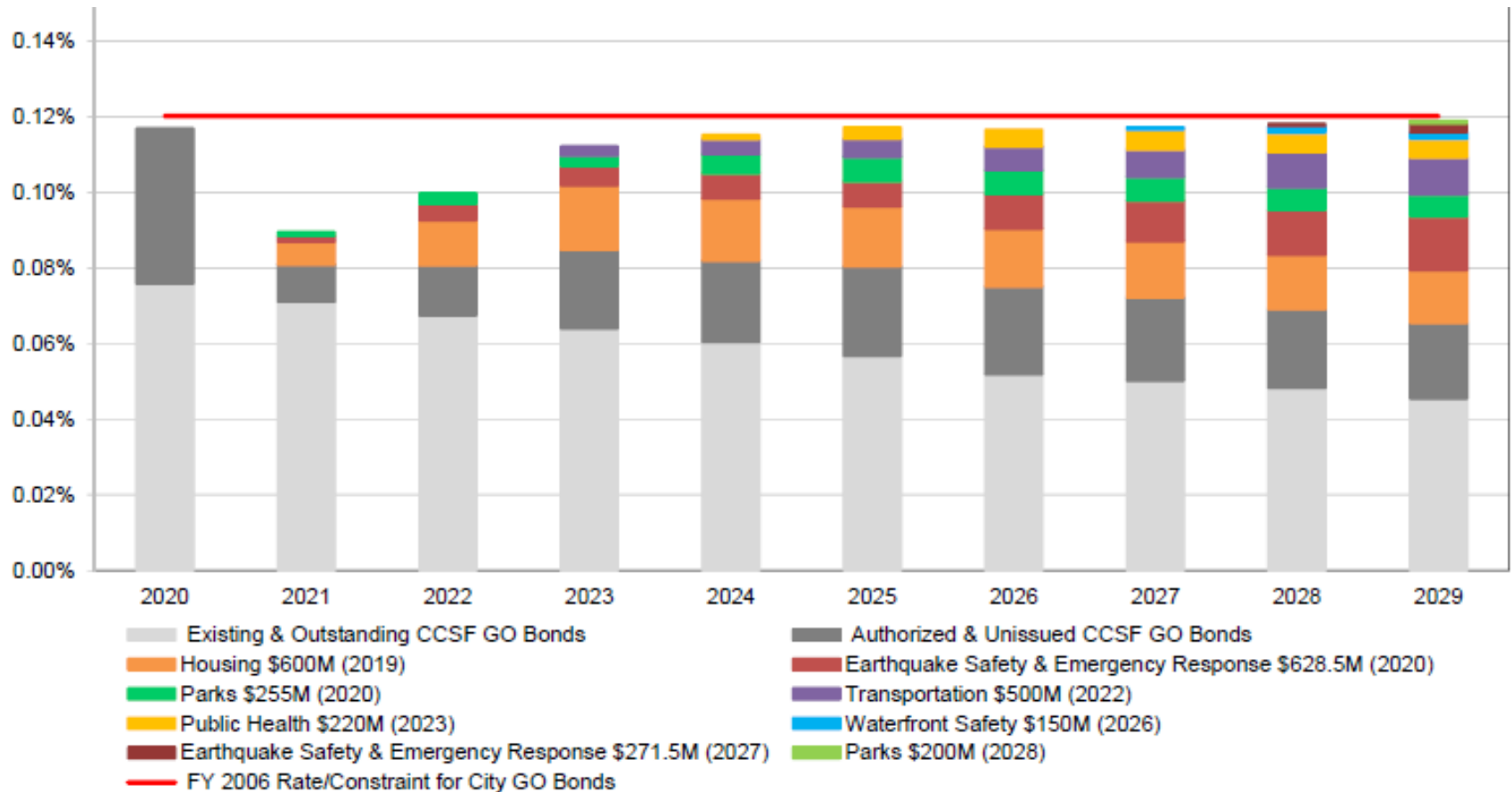
- Planned (funded new construction projects with sources and timing, including OCII)
- Phased (HOPESF, TIDA, Balboa, land dedication, City-owned property)
- Emerging (ongoing production needs across population types and geographies in an opportunistic and balanced way)

Non-Capital Strategies

- Rent subsidies
- Pipeline streamlining
- Policy and advocacy
- Eviction prevention and housing counseling
- Community stabilization efforts

GO Bond Program with updated AV as of 09-2019

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1) Projected Secured AV Roll growth rates of 4.70%, 4.49%, 4.19%, 4.18% in FY21-24, respectively, and 3.5% from FY25 on. Unsecured AV growth assumed at 1%. Revised 9-09-2019

Incorporating Affordable Housing into the G.O. Bond Program

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Election Date	Program	\$M
Nov 2019	Affordable Housing	600
Mar 2020	ESER	628.5
Nov 2020	Parks and Open Space	255
Jun 2022	Transportation	500
Nov 2023	Public Health	220
Nov 2024	Affordable Housing	TBD
Nov 2026	Waterfront Safety	150
Nov 2027	ESER	272
Nov 2028	Parks and Open Space	200
	TOTAL	2,825

Adds another Affordable Housing Bond to the G.O. Bond calendar, to be funded in future Capital Plan updates as assessed value increases and/or other trade-offs are made within the constrained program