Resolution determining and declaring that the public interest and necessity demand the construction, reconstruction, development, acquisition, improvement, rehabilitation, preservation, and repair of rental affordable housing projects, and the expansion of homeownership opportunities through the Downpayment Assistance Loan Program, and related costs necessary or convenient for the foregoing purposes; to be financed through bonded indebtedness in an amount not to exceed $300,000,000; authorizing landlords to pass-through 50% of the resulting property tax increase to residential tenants under Administrative Code, Chapter 37; providing for the levy and collection of taxes to pay both principal and interest on such bonds; affirming a determination under the California Environmental Quality Act; and finding that the proposed Bond is consistent with the General Plan, and with the eight priority policies of Planning Code, Section 101.1

WHEREAS, The City and County of San Francisco (“City”)’s General Plan 2022 Housing Element (“2022 Housing Element”) details the City’s goals, objectives, and corresponding policies and programs to meet the housing needs of all San Francisco residents, with a focus on racial and social equity; and

WHEREAS, This includes the objective to substantially expand the amount of affordable housing for extremely low- to moderate-income households and expand housing opportunities for middle-income households (as defined in Section 3 below) (2022 Housing Element, Objectives 4.A and 4.B), as well as the requirement for San Francisco to plan for and support the production of 46,598 affordable housing units over the next eight years as mandated by the Regional Housing Needs Allocation Plan; and.
WHEREAS, The U.S Department of Housing and Urban Development (HUD) considers housing to be “affordable” when a household spends 30 percent or less of its income on housing costs, including rent and utilities; and

WHEREAS, By this definition, the median condominium price of $1.2 million is affordable to households making $222,000 annually; and

WHEREAS, Less than 25 percent of San Francisco households earn this income and less than 10 percent of San Francisco workers have this salary; and

WHEREAS, In 2022, the median rent for a 2-bedroom was $3,800, affordable to a household earning $137,000; and

WHEREAS, Less than 40 percent of San Francisco households earn this income (2022 Housing Element, Goal 4); and

WHEREAS, The need for affordable housing was severely exacerbated during the COVID-19 pandemic, when the City’s unemployment rate rose to 13 percent in April 2020 from 2.2 percent in February 2020; and

WHEREAS, As a result, the City invested in policies and programs to support residents at risk of eviction, foreclosure, and displacement due to loss of income related to the pandemic; and

WHEREAS, These investments included (i) establishment of the Emergency Rental Assistance Program, (ii) expansion of the Homeowner Emergency Loan Program, and (iii) issuance of a moratorium on evictions due to nonpayment of rent; and

WHEREAS, While these policies and programs provided temporary support, overwhelming demand far exceeded and continues to exceed the City’s available resources; and
WHEREAS, The City’s economy is still recovering from the pandemic, and the impacts of the pandemic will have lasting effects, particularly for families and individuals that were disproportionately impacted by the pandemic (2022 Housing Element, Figure 33); and

WHEREAS, The City’s ability to produce the affordable rental housing it needs has been significantly impacted by the limited availability of state and federal resources; and

WHEREAS, From 2018 to 2022, for every $1 of local funding invested by the City to create affordable housing, the City’s affordable housing projects received $2 in funding from state and federal sources; and

WHEREAS, As detailed in the 2024 Affordable Housing Bond Report, the economic environment for affordable housing has changed significantly in recent years, with state affordable housing funding programs becoming more competitive and severely oversubscribed, including the state’s allocation of volume cap for tax-exempt housing revenue bonds; and

WHEREAS, The City contributes significant resources to ensure project delivery; and

WHEREAS, San Francisco voters have approved measures to create local funds dedicated to the construction, preservation, and rehabilitation of affordable housing, including the 2012 Housing Trust Fund and affordable housing general obligation bonds in 2015 and 2019; and

WHEREAS, The City’s local funds from the 2015 and 2019 bonds are projected to be exhausted by 2028 (2024 Affordable Housing Bond Report); and

WHEREAS, Additional sources of affordable housing funds from the City’s impact fees have been decreasing due to the economic environment, such as the Jobs-Housing Linkage Fee (Planning Code, Sec. 413), the Inclusionary Affordable Housing Program (Planning Code, Sec. 415), various development agreements, and other impact fees; and
WHEREAS, Funding from such sources decreased by 95 percent between Fiscal Year 2019-2020 and Fiscal Year 2021-2022; and

WHEREAS, Moreover, the Office of the Controller’s FY 2023-2024 and 2024-2025 Revenue Letter projects only modest tax revenue growth over the coming years, severely limiting the amount of resources the City will have to fund the development of affordable housing; and

WHEREAS, The City’s economic future and ongoing recovery will ultimately depend on its ability to produce and preserve enough affordable housing to ensure the City’s economically diverse households can equitably access housing and remain stably housed in San Francisco; and

WHEREAS, Failure to meet this need will result in the displacement of more households to areas with more affordable housing; and

WHEREAS, This displacement could result in (i) greater disparity between above moderate-income and lower-income households in the City with little change to the City’s median income levels as determined by the U.S. Census Bureau; and (ii) long commutes, road congestion, and environmental harm as people seek affordable housing at greater distances from where they work; and

WHEREAS, The proposed Bond will provide a portion of the critical funding necessary to construct, reconstruct, develop, acquire, improve, rehabilitate, repair, and preserve rental affordable housing projects in the City, and to expand homeownership opportunities for San Franciscans; now, therefore, be it

RESOLVED, The Board determines and declares that the public interest and necessity demand the construction, reconstruction, development, acquisition, improvement, rehabilitation, repair, and preservation of rental affordable housing projects in the City for households ranging from extremely low-income to moderate-income households, and the
expansion of homeownership opportunities for eligible households, including middle-income
households, to support first-time homebuyers who would otherwise not be able to purchase a
primary residence in San Francisco, and the payment of related costs necessary or
convenient for the foregoing purposes; and, be it

FURTHER RESOLVED, Proceeds of the Bonds will be used to fund the costs of
capital projects that will (i) construct, reconstruct, develop, acquire, rehabilitate, repair, and
improve new affordable rental housing serving extremely low-income households, very low-
income households, and lower-income households; (ii) acquire, construct, reconstruct, repair,
develop, and rehabilitate, and improve rental housing, so as to preserve it as affordable for
lower-income households and moderate-income households; and (iii) to expand the City’s
Downpayment Assistance Loan Program to assist prospective first-time homebuyers who
would otherwise not be able to purchase a market-rate residence in San Francisco; and, be it

FURTHER RESOLVED, This portion of the Bond shall be allocated to MOHCD’s
existing programs that provide downpayment assistance loans to eligible households earning
up to 200 percent of Median Income, including loans to assist middle-income households
described in 2022 Housing Element Objective 4.B. (collectively, “San Francisco Affordable
Housing Bond”); and, be it

FURTHER RESOLVED, The estimated cost of $300,000,000 for the San Francisco
Affordable Housing Bond 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 $300,000,000; and, be it

FURTHER RESOLVED, The Planning Department has determined that the actions
contemplated in this resolution comply with the California Environmental Quality Act
(California Public Resources Code Section 21000 et seq.); and, be it
FURTHER RESOLVED, Said determination is on file with the Clerk of the Board of Supervisors in File No. ___ and is incorporated herein by reference; and be it

FURTHER RESOLVED, The Board affirms this determination; and, be it

FURTHER RESOLVED, On __________, the Planning Department issued its General Plan Referral Report finding that the actions contemplated in this resolution are consistent, on balance, with the City’s General Plan and eight priority policies of Planning Code Section 101.1; and, be it

FURTHER RESOLVED, The Board adopts these findings as its own; and, be it

FURTHER RESOLVED, A copy of said General Plan Referral Report is on file with the Clerk of the Board of Supervisors in File No. __________, and is incorporated herein by reference

FURTHER RESOLVED, The time limit for approval of this resolution specified in Administrative Code, Section 2.34 is waived; and, be it

FURTHER RESOLVED, Under Administrative Code, Section 2.40, the ordinance submitting this proposal to the voters shall contain a provision authorizing landlords to pass-through 50% of the resulting property tax increases to residential tenants in accordance with Administrative Code, Chapter 37; and, be it

FURTHER RESOLVED, 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 San Francisco Affordable Housing Bond. The Board hereby declares the City’s intent to reimburse the City with the proceeds of the Bonds for the expenditures with respect to the San Francisco Affordable Housing 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; and, be it
FURTHER RESOLVED, The City reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds; and, be it

FURTHER RESOLVED, 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 $300,000,000. 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 5 years; and, be it

FURTHER RESOLVED, 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:

DAVID CHIU
City Attorney
By:__________________________

Kenneth D. Roux
Deputy City Attorney