



# A

## Affordable Housing Bond

**SAN FRANCISCO AFFORDABLE HOUSING BONDS.** To finance the construction, development, acquisition, and preservation of housing affordable to low- and middle-income households through programs that will prioritize vulnerable populations such as San Francisco’s working families, veterans, seniors, disabled persons; to assist in the acquisition, rehabilitation, and preservation of affordable rental apartment buildings to prevent the eviction of long-term residents; to repair and reconstruct dilapidated public housing; to fund a middle-income rental program; and to provide for homeownership down payment assistance opportunities for educators and middle-income households; shall the City and County of San Francisco issue \$310 million in general obligation bonds, subject to independent citizen oversight and regular audits?

YES ←    
NO ←  

### Digest by the Ballot Simplification Committee

**The Way It Is Now:** State law requires that the City’s General Plan describe San Francisco’s housing needs, set goals for providing housing and develop programs to meet those goals. It is City policy to support the construction and rehabilitation of 30,000 new housing units by 2020, with at least 33% of those permanently affordable to low- and moderate-income households, and over 50% within financial reach of middle class households.

The City’s funding for affordable housing comes from property taxes, hotel taxes, developer fees and other local sources. The use of City money triggers the availability of funding from other public and private sources. The City expects that money from these sources will not be enough to meet its future low-, moderate- and middle-income housing goals.

The City’s spending of money from general obligation bonds is monitored by the Citizens’ General Obligation Bond Oversight Committee.

**The Proposal:** Proposition A is an ordinance that would allow the City to borrow up to \$310 million by issuing general obligation bonds. The City would use this money to build, buy, improve, and rehabilitate affordable housing in San Francisco.

The City could use the funds to:

- finance the development, construction, preservation and rehabilitation of affordable rental housing near established transit corridors or within priority development areas;
- acquire, rehabilitate, and preserve existing rental housing to prevent the loss of rental housing and the displacement of long-time City residents;
- repair and reconstruct dilapidated public housing or provide infrastructure improvements that allow for the repair or improvement of public housing sites;
- fund middle-income rental housing units;
- assist middle-income City residents, including teachers, in purchasing their first home in the City; and
- acquire, rehabilitate, preserve, construct and/or develop affordable housing in the Mission Area Plan.

Proposition A would allow an increase in the property tax to pay for the bonds, if needed. Landlords would be permitted to pass through up to 50% of any resulting property tax increase to tenants. However, it is City policy to limit the amount of money it borrows. Therefore, because of the retirement of existing debt and the growth of the property tax base, the City does not expect the property tax rate to increase.

**This measure requires 66<sup>2</sup>/<sub>3</sub>% affirmative votes to pass.**

The above statement is an impartial analysis of this measure. Arguments for and against this measure immediately follow. The full text begins on page 156. Some of the words used in the ballot digest are explained starting on page 41.



Proposition A also would require the Citizens' General Obligation Bond Oversight Committee to review the spending of bond funds. One-tenth of one percent (0.1%) of the bond funds would pay for the committee's audit and oversight functions.

Approval of this measure requires two-thirds of votes cast.

**A "YES" Vote Means:** If you vote "yes," you want the City to issue \$310 million in general obligation bonds on projects designed to:

- acquire, build, or renovate affordable housing, including in the Mission Area Plan;
- rehabilitate or reconstruct public housing;
- fund middle-income rental housing; and
- assist middle-income City residents in purchasing their first home in the City.

**A "NO" Vote Means:** If you vote "no," you do not want the City to issue these bonds.

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## Controller's Statement on "A"

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City Controller Ben Rosenfield has issued the following statement on the fiscal impact of Proposition A:

Should the proposed \$310 million in bonds be authorized and sold under current assumptions, the approximate costs will be as follows:

- In fiscal year 2015–2016, following issuance of the first series of bonds, and the year with the lowest tax rate, the estimated annual costs of debt service would be \$8.3 million and would result in a property tax rate of \$0.0044 per \$100 (\$4.35 per \$100,000) of assessed valuation.
- In fiscal year 2020–2021, following issuance of the last series of bonds, the estimated annual costs of debt service would be \$26.7 million and would result in a property tax rate of \$0.0114 per \$100 (\$11.25 per \$100,000) of assessed valuation.
- The best estimate of the average tax rate for these bonds from fiscal year 2015–2016 through 2038–2039 is \$0.0077 per \$100 (\$8.09 per \$100,000) of assessed valuation.
- Based on these estimates, the highest estimated annual property tax cost for these bonds for the owner of a home with an assessed value of \$500,000 would be approximately \$56.24.

These estimates are based on projections only, which are not binding upon the City. Projections and estimates may vary due to the timing of bond sales, the amount of bonds sold at each sale, and actual assessed valuation over the term of repayment of the bonds. Hence, the actual tax rate and the years in which such rates are applicable may vary from those estimated above. The City's current debt management policy is to issue new general obligation bonds only as old ones are retired, keeping the property tax impact from general obligation bonds approximately the same over time.

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## How "A" Got on the Ballot

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On July 21, 2015, the Board of Supervisors voted 10 to 0 to place Proposition A on the ballot. The Supervisors voted as follows:

**Yes:** Avalos, Breed, Christensen, Cohen, Farrell, Kim, Mar, Tang, Wiener, Yee.

**No:** None.

**Excused:** Campos.

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