C

Loans to Finance Acquisition and Rehabilitation of Affordable Housing

SAN FRANCISCO EARTHQUAKE LOAN AND HOUSING PRESERVATION BONDS, 1992. To Amend 1992 voter approved measure Proposition A, to allow as an additional purpose the incurrence of bonded indebtedness to finance the acquisition, improvement, and rehabilitation of at-risk multi-unit residential buildings and to convert such structures to permanent affordable housing; shall the City and County of San Francisco issue up to $260,700,000 in general obligation bonds, subject to independent citizen oversight and regular audits?

Digest by the Ballot Simplification Committee

The Way It Is Now: In November 1992, San Francisco voters approved an ordinance authorizing the City to issue up to $350 million in general obligation bonds to seismically upgrade unreinforced masonry buildings that are at risk from strong earthquakes. The City was required to use the money from these bonds for the following purposes:

- $150 million to provide loans to pay for seismic upgrades to unreinforced masonry buildings for affordable housing (Affordable Housing Loan Program); and
- $200 million to provide loans to pay for seismic upgrades to market-rate residential, commercial and institutional unreinforced masonry buildings (Market Rate Loan Program).

The City has issued approximately $45 million in loans under the Affordable Housing Loan Program and approximately $50 million in loans under the Market Rate Loan Program. Approximately $261 million can still be issued under the 1992 ordinance.

The Proposal: Proposition C is an ordinance that would change the way the City is allowed to use the remaining $261 million in general obligation bonds. In addition to the purposes specified in the 1992 ordinance, this Proposition would allow funds to be used for loans to acquire, improve and rehabilitate at-risk multi-unit residential buildings in need of seismic, fire, health or safety upgrades or other major rehabilitation; and convert those buildings to permanent affordable housing.

A multi-unit residential building is a building with three or more units.

A “YES” Vote Means: If you vote “yes,” you want to allow the City to spend the unused $261 million from the 1992 general obligation bond ordinance to provide loans to acquire, improve and rehabilitate at-risk multi-unit residential buildings in need of seismic, fire, health or safety upgrades or other major rehabilitation; and convert those buildings to permanent affordable housing.

A “NO” Vote Means: If you vote “no,” you do not want to make these changes.

Controller’s Statement on “C”

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

Should the proposed charter amendment be approved by the voters, in my opinion, it would have a minimal impact on the cost of government.

In 1992, San Francisco voters authorized the sale of $350 million of general obligation bonds for the Seismic Safety Loan Program (SSLP), to provide loans for the seismic strengthening of unreinforced masonry buildings. The proposed amendment changes the authorized use of these bond funds, for which approximately $260 million remains authorized but unissued.

The proposed amendment would increase the cost of government by approximately $150,000 annually for the administration of loans issued through the changes in SSLP authorized uses. The proposed authorized uses include financing the cost to acquire,

This measure requires 66⅔% 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 254. Some of the words used in the ballot digest are explained starting on page 58.
improve, and rehabilitate at risk multi-residential buildings (defined as three or more units) in need of seismic, fire, health and safety upgrades or other major rehabilitation for habitability, including mixed-use residential buildings in order to convert such structures to permanent affordable housing.

The City can issue up to $35,000,000 in SSLP bonds per fiscal year. Assuming maximum demand for loans under the proposed expanded eligible use provisions, the total net cost to the City would be approximately $78 million over 22 years. The estimated annual impact to the property tax levy would be approximately 0.0012 percent, or $7.21 per $600,000 of net assessed value.

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 while maintaining the City’s property tax level to not exceed the 2006 property tax rate.

How “C” Got on the Ballot

On July 26, 2016, the Board of Supervisors voted 11 to 0 to place Proposition C on the ballot. The Supervisors voted as follows:

Yes: Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin, Tang, Wiener, Yee.

No: None.

This measure requires 66⅔% 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 254. Some of the words used in the ballot digest are explained starting on page 58.
shall be applied only to those specific purposes identified above; (c) a separate, special account shall be created into which the proceeds of the local control parcel tax must be deposited; and (d) an annual written report shall be made to the Board of Trustees of the District showing (i) the amount of funds collected and expended from the proceeds of the local control parcel tax and (ii) the status of any projects or programs required or authorized to be funded from the proceeds of the parcel tax, as identified above. In addition to the accountability measures required by law, the District will maintain its existing Citizens’ Oversight Committee to provide oversight as to the expenditure of parcel tax revenues.

**Proposition C**

Ordinance calling and providing for a special election to be held in the City and County of San Francisco on November 8, 2016, for the purpose of submitting to San Francisco voters a proposition to amend Proposition A (approved November 1992) to authorize the City to incur general obligation bonded indebtedness (Bonds) for the purpose of making amendments to the Affordable Housing Loan Program (as defined herein) and the Market Rate Loan Program (as defined) for the additional purposes of providing loans to finance the costs to acquire, improve, and rehabilitate and to convert at-risk multi-unit residential buildings to permanent affordable housing, performing needed seismic, fire, health, and safety upgrades and other major rehabilitation for habitability, and related costs necessary or convenient for the foregoing purposes; providing for the levy and collection of taxes to pay both principal and interest on such Bonds; incorporating the provisions of the Administrative Code relating to the Citizens’ General Obligation Bond Oversight Committee’s review of the Bonds; setting certain procedures and requirements for the election; adopting findings under the California Environmental Quality Act; and finding that the proposed Bonds are in conformity with the General Plan, and with the eight priority policies of Planning Code, Section 101.1(b).

**NOTE:** Unchanged Code text and uncodified text are in plain Arial font.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings.

A. On November 3, 1992, with the passage of Proposition A, voters of the City and County of San Francisco (the “City”) 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 (herein collectively the “Project”), including specifically $150,000,000 to be allocated to “affordable housing buildings . . . ” (referred to herein as the “Affordable Housing Loan Program”) and $200,000,000 to be allocated for “market-rate residential, commercial and institutional buildings . . . ” (referred to herein as the “Market Rate Loan Program”).

B. 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

C. Participation in the Affordable Housing Loan Program has been modest, and there remains $104,700,000 of authorized but unused bond capacity under such program.

D. Participation in the Market Rate Loan Program has been modest, and there remains $156,000,000 of authorized but unused bond capacity under such program.

E. 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.

F. 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.

G. The City continues to see a widening affordability gap for low to moderate income households for both rental housing and homeownership.

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

I. The affordability gap has the greatest impact on low-income households such as those with seniors, disabled persons, low-income working families, and veterans.

J. 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.

K. The housing affordability gap that has arisen and expanded in the local housing market inhibits the City from ensuring that economic and cultural diversity can be maintained.

L. These high housing costs can inhibit healthy, balanced economic growth regionally.

M. 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, with attendant economic costs and costs to the environment.

N. This measure would amend Proposition A to add to the purposes for which funds allocated to the Affordable Housing Loan Program and 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, and to convert such properties to permanent affordable housing (as further described in Section 3 below) and to perform needed seismic, fire, health, and safety upgrades or other major rehabilitation for habitability.

O. There is a crisis of rent-controlled or low-rent residential buildings being acquired on the speculation market and existing tenants displaced. The expansion of the Market Rate Loan program to accommodate loans to at-risk multi-unit buildings would help maintain affordable housing stock for City residents.

Section 2. A special election is called and ordered to be held in the City on Tuesday, November 8, 2016, for the purpose of submitting to the electors of the City a proposition to amend Proposition A, the Market Rate Loan Program, to provide for the additional purposes (as shown by italicized text) described and in the amounts and conditions stated below:

“EARTHQUAKE LOAN BOND PROGRAM, 1992. $350,000,000 to provide loans for the seismic strengthening of unreinforced masonry buildings, and to provide loans for the acquisition, improvement and rehabilitation of “at-risk” multi-unit residential buildings (defined as three or more units) in need of seismic, fire, health and safety upgrades or other major rehabilitation for habitability and conversion of such buildings to permanent affordable housing and to pay necessary administrative costs incident thereto, of which (a) $150,000,000 shall be allocated to affordable housing buildings at an interest rate at least one-third of the City’s true interest cost of the series of bonds of which are used to fund the loan, of which $60,000,000 shall be available for deferred loans, and (b) $200,000,000 shall be allocated to market rate residential, commercial and institutional buildings with the interest rate on said loans being set in an amount which, when coupled with the City’s annual administrative fees charged by the City yields a total annual return to the City which is one percent (1%) above the City’s true interest cost for the series of bonds the proceeds of which are used to fund the loan; . . . ”

Loans made pursuant to this amendment shall be in accordance with the Mayor’s Office of Housing and Community Development underwriting standards for multifamily housing.

Other than as stated above, the purposes, conditions, and other matters pertaining to Proposition A shall remain in full force and
effect, as approved by the voters on November 3, 1992. Nothing herein shall be read to restore bonding capacity for previously issued bonds under Proposition A, the sole purposes herein being to provide additional purposes to which funds in the Affordable Housing Loan Program and the Market Rate Loan Program can be used.

Section 3. PROPOSED PROGRAM. All contracts that are funded with the proceeds of Bonds authorized hereby shall be subject to the provisions of Chapter 83 of the Administrative Code (the "First Source Hiring Program"), which fosters construction and permanent employment opportunities for qualified economically disadvantaged individuals. In addition, all contracts that are funded with the proceeds of Bonds authorized hereby also shall be subject to the provisions of Chapter 14B of the Administrative Code (the "Local Business Enterprise and Non-Discrimination in Contracting Ordinance"), which assists small and micro local businesses to increase their ability to compete effectively for the award of City contracts, to the extent the Local Business Enterprise and Non-Discrimination Contracting Ordinance does not conflict with applicable state or federal law.

A. CITIZENS’ OVERSIGHT COMMITTEE. A portion of the proposed Bonds may be used to perform audits of the Bonds, as further described in Section 15.

Additional Projects to be funded from the proceeds of the proposed Bonds may include but are not limited to the following:

B. ACQUIRE EXISTING RENTAL HOUSING TO PRESERVE HOUSING. A portion of the Bonds may be allocated to acquire, rehabilitate, and preserve existing rental housing as permanent affordable housing in order to prevent the loss of rental housing stock and the displacement of long-time residents of the City, as provided in Section 2 above. Loans made pursuant to this amendment shall be in accordance with the Mayor’s Office of Housing and Community Development underwriting standards for multifamily housing.

Section 4. BOND ACCOUNTABILITY MEASURES. The Bonds shall include the following administrative rules and principles:

A. OVERSIGHT. The proposed Bond funds shall be subject to approval processes and rules described in the Charter and Administrative Code. Pursuant to Administrative Code Section 5.31, the Citizens’ General Obligation Bond Oversight Committee shall conduct an annual review of Bond spending, and shall provide an annual report of the Bond program to the Mayor and the Board of Supervisors.

B. TRANSPARENCY. The City shall create and maintain a Web page outlining and describing the bond program, progress, and activity updates. The City shall also hold an annual public hearing and reviews on the bond program and its implementation before the Capital Planning Committee and the Citizens’ General Obligation Bond Oversight Committee.

Section 5. The estimated cost of the bond financed portion of the project described in Section 2 above was fixed by the Board of Supervisors by the following resolution and in the amount specified below:

Resolution No. 5D-16, $350,000,000.00

Such resolution was passed by two-thirds or more of the Board of Supervisors and approved by the Mayor. In such resolution it was recited and found by the Board of Supervisors that the sum of money specified is too great to be paid out of the ordinary annual income and revenue of the City in addition to the other annual expenses or other funds derived from taxes levied for those purposes and will require expenditures greater than the amount allowed by the annual tax levy.

The method and manner of payment of the estimated costs described in this ordinance are by the issuance of Bonds of the City not exceeding the principal amount specified.

Such estimate of costs as set forth in such resolution is adopted and determined to be the estimated cost of such bond financed improvements and financing, respectively.

Section 6. The Bond Special Election shall be held and conducted and the votes received and canvassed, and the returns made and the results made and declared as provided in this ordinance and in all particulars not recited in this ordinance such election shall be held according to the laws of the State of California (State) and the Charter of the City (Charter) and any regulations adopted under State law or the Charter, providing for and governing elections in the City, and the polls for such election shall be and remain open during the time required by such laws and regulations.

Section 7. The Bond Special Election is consolidated with the General Election scheduled to be held in the City on Tuesday, November 8, 2016 (General Election). The voting precincts, polling places, and officers of election for the General Election are hereby adopted, established, designated, and named, respectively, as the voting precincts, polling places, and officers of election for the Bond Special Election called, and reference is made to the notice of election setting forth the voting precincts, polling places, and officers of election for the General Election by the Director of Elections to be published in the official newspaper of the City on the date required under the laws of the State.

Section 8. The ballots to be used at the Bond Special Election shall be the ballots to be used at the General Election. The word limit for ballot propositions imposed by Municipal Elections Code Section 510 is waived. On the ballots to be used at the Bond Special Election, in addition to any other matter required by law to be printed thereon, shall appear the following as a separate proposition:

SAN FRANCISCO EARTHQUAKE LOAN AND HOUSING PRESERVATION BONDS, 1992. To Amend 1992 voter approved measure Proposition A, to allow as an additional purpose the incurring of bonded indebtedness to finance the acquisition, improvement, and rehabilitation of at-risk multi-unit residential buildings and to convert such structures to permanent affordable housing; shall the City and County of San Francisco issue up to $260,700,000 in general obligation bonds, subject to independent citizen oversight and regular audits?"*

Each voter to vote in favor of the foregoing bond proposition shall mark the ballot in the location corresponding to a “YES” vote for the proposition, and to vote against the proposition shall mark the ballot in the location corresponding to a “NO” vote for the proposition.

Section 9. If at the Bond Special Election it shall appear that two-thirds of all the voters voting on the proposition voted in favor of and authorized the incurring of bonded indebtedness for the purposes set forth in such proposition, then such proposition shall have been accepted by the electors, and the Bonds authorized shall be issued upon the order of the Board of Supervisors. Such Bonds shall bear interest at a rate not exceeding that permitted by law. Notwithstanding the foregoing, if this measure is not approved by the voters voting on the proposition, then Proposition A shall remain unaffected and shall continue as a valid authorization to issue General Obligation Bonds for the several purposes therein stated.

The votes cast for and against the proposition shall be counted separately and when two-thirds of the qualified electors, voting on the proposition, vote in favor, the proposition shall be deemed adopted.

Section 10. For the purpose of paying the principal and interest on the Bonds, the Board of Supervisors shall, at the time of fixing the general tax levy and in the manner for such general tax levy provided, levy and collect annually each year until such Bonds are paid, or until there is a sum in the Treasury of the City, or other account held on behalf of the Treasurer of the City, set apart for that purpose to meet all sums coming due for the principal and interest on the Bonds, a tax sufficient to pay the annual interest on such Bonds as the same becomes due and also such part of the principal thereof as shall become due before the proceeds of a tax levied at the time for making the next general tax levy can be made available for the payment of such principal.

Section 11. This ordinance shall be published in accordance with any State law requirements, and such publication shall constitute notice of the Bond Special Election and no other notice of the Bond Special Election hereby called need be given.
Section 12. 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 13. The Board of Supervisors finds and declares that the proposed Bonds (a) were referred to the Planning Department in accordance with Section 4.105 of the Charter and Section 2A.53(f) of the Administrative Code, (b) are in conformity with the priority policies of Section 101.1(b) of the Planning Code, and (c) are 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 June 27, 2016, a copy of which is on file with the Clerk of the Board of Supervisors in File No. 160552, and incorporates such findings by this reference.

Section 14. Under Section 53410 of the California Government Code, the Bonds shall be for the specific purpose authorized in this ordinance and the proceeds of such Bonds will be applied only for such specific purpose. The City will comply with the requirements of Sections 53410(c) and 53410(d) of the California Government Code.

Section 15. The Bonds are subject to, and incorporate by reference, the applicable provisions of Administrative Code Sections 5.30 – 5.36 (the “Citizens’ General Obligation Bond Oversight Committee”). Under Administrative Code Section 5.31, to the extent permitted by law, one-tenth of one percent (0.1%) of the gross proceeds of the Bonds shall be deposited in a fund established by the Controller’s Office and appropriated by the Board of Supervisors at the direction of the Citizens’ General Obligation Bond Oversight Committee to cover the costs of such committee.

Section 16. The time requirements specified in Administrative Code Section 2.34 are waived.

Section 17. 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 expenditures with respect to the Project (the “Expenditures” and each, an “Expenditure”) made on or after that date that is no more than 60 days prior to the passage of this Ordinance. The City reasonably expects 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 or any of its political subdivisions, as defined in Section 17. The City hereby declares its official intent to reimburse Expenditures (defined in subparagraph (c) above) made on or after that date prior to the issuance of the Bonds. The sale of such Bonds is hereby authorized.

Section 18. The appropriate officers, employees, representatives and agents of the City are hereby authorized and directed to do everything necessary or desirable to accomplish the calling and holding of the Bond Special Election, and to otherwise carry out the provisions of this ordinance.

**Proposition D**

Describing and setting forth a proposal to the voters at an election to be held on November 8, 2016, to amend the Charter of the City and County of San Francisco to require the Department of Elections to hold a special election when there is a vacancy in the Office of Member of the Board of Supervisors, unless a regularly scheduled election will be held within 180 days of the vacancy; provide that the Mayor shall appoint an interim Supervisor to fill a supervisory vacancy until an election is held to fill that vacancy, with the interim Supervisor being ineligible to compete in that election; and require the Mayor to fill vacancies in all local elective offices within 28 days of the vacancy.

Section 1. The Board of Supervisors hereby submits to the qualified voters of the City and County, at an election to be held on November 8, 2016, a proposal to amend the Charter of the City and County by revising Section 13.101.5 and Article XVII, to read as follows:

**NOTE:** Unchanged Charter text and uncodified text are in plain font. Additions are single-underline italics Times New Roman font. Deletions are strike-through italics Times New Roman font.

**SEC. 13.101.5. VACANCIES.**

(a) If the office of Assessor-Recorder, City Attorney, District Attorney, Public Defender, Sheriff, Treasurer, or Member of the Board of Supervisors, Board of Education or Governing Board of the Community College District becomes vacant because of death, resignation, recall, permanent disability, or the inability of the respective officer to otherwise carry out the responsibilities of the office, the Mayor shall appoint an individual qualified to fill the vacancy under this Charter and state law within 28 days of the date of the vacancy.

(b) If the Office of Mayor becomes vacant because of death, resignation, recall, permanent disability or the inability to carry out the responsibilities of the office, the President of the Board of Supervisors shall become Acting Mayor and shall serve until a successor is appointed by the Board of Supervisors.

(c) If the office of Member of the Board of Supervisors becomes vacant because of death, resignation, recall, permanent disability or the inability to carry out the responsibilities of the office, the Mayor shall appoint an individual qualified to fill the vacancy described in Section 13.101.5(e). That interim Supervisor may not seek election for that seat at the special municipal election described in Section 13.101.5(e).

(d) Any person filling a vacancy pursuant to subsection (a) or (b) of this Section 13.101.5 shall serve until a successor is selected at the next election occurring not less than 120 days after the vacancy, at which time an election shall be held to fill the unexpired term, provided that (1) if an election for the vacant office is scheduled to occur less than one year after the vacancy, the appointee shall serve until a successor is selected at that election or (2) if an election for any seat on the same board as the vacant seat is scheduled to occur less than one year but at least 120 days after the vacancy, the appointee shall serve until a successor is selected at that election to fill the unexpired term.

(e) If the Office of Member of the Board of Supervisors becomes vacant as provided in subsection (c) of this Section 13.101.5, the Di-