A Affordable Housing Bond

SAN FRANCISCO AFFORDABLE HOUSING BONDS. To finance the construction, development, acquisition, and preservation of housing affordable to extremely-low, low and middle-income households through programs that will prioritize vulnerable populations such as San Francisco's working families, veterans, seniors, and persons with disabilities; to assist in the acquisition, rehabilitation, and preservation of existing affordable housing to prevent the displacement of residents; to repair and reconstruct distressed and dilapidated public housing developments and their underlying infrastructure; to assist the City's middle-income residents or workers in obtaining affordable rental or home ownership opportunities including down payment assistance and support for new construction of affordable housing for San Francisco Unified School District and City College of San Francisco employees; and to pay related costs; shall the City and County of San Francisco issue $600,000,000 in general obligation bonds with a duration of up to 30 years from the time of issuance, an estimated average tax rate of $0.019/$100 of assessed property value, and projected average annual revenues of $50,000,000, subject to independent citizen oversight and regular audits?

YES	○
NO	○

Digest by the Ballot Simplification Committee

The Way It Is Now: The City provides funding to build and rehabilitate housing to meet the needs of City residents, including affordable housing for extremely low- to middle-income households. The City's funding for affordable housing comes from property taxes, hotel taxes, developer fees and other local sources.

The City sells voter-approved general obligation bonds to help provide some of this funding. The City has a policy to keep the property tax rate from City general obligation bonds below the 2006 rate by issuing new bonds as older ones are retired and the tax base grows.

The Citizens' General Obligation Bond Oversight Committee oversees how the general obligation bond revenue is spent.

The Proposal: Proposition A is an ordinance that would allow the City to borrow up to $600 million by issuing general obligation bonds. The City would use this money to build, buy and rehabilitate affordable housing in the City as follows:

- $220 million to acquire, build and rehabilitate rental housing for extremely low- and low-income individuals and families;
- $150 million to repair and rebuild public housing developments;
- $150 million to acquire and construct housing for seniors;
- $60 million to acquire and rehabilitate affordable rental housing to prevent the loss of such housing and to assist middle-income City residents and workers to secure permanent housing; and
- $20 million to support affordable housing for educators and employees of the San Francisco Unified School District and City College of San Francisco.

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, subject to individual hardship waivers.

Proposition A also would require the Citizens' General Obligation Bond Oversight Committee to review how the bond funds are spent.

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 97. Some of the words used in the ballot digest are explained starting on page 42.

A "YES" Vote Means: If you vote "yes," you want the City to issue $600 million in general obligation bonds to buy, build and rehabilitate affordable housing in the City.

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

Controller's Statement on "A"

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

Should the proposed $600 million in bonds be authorized and sold under current assumptions, the approximate costs will be as follows:

a) In fiscal year (FY) 2020–2021, following issuance of the first series of bonds, and the year with the lowest tax rate, the best estimate of the tax required to fund this bond issue would result in a property tax rate of $0.00207 per $100 ($2.07 per $100,000) of assessed valuation.

b) In FY 2022–2023, following issuance of the last series of bonds, and the year with the highest tax rate, the best estimate of the tax required to fund this bond issue would result in a property tax rate of $0.01713 per $100 ($17.13 per $100,000) of assessed valuation.

c) The best estimate of the average tax rate for these bonds from FY 2020–2021 through FY 2041–2042 is $0.01172 per $100 ($11.72 per $100,000) of assessed valuation.

d) 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 $600,000 would be approximately $101.57.

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 non-binding debt management policy is to keep the property tax rate for City general obligation bonds below the 2006 rate by issuing new bonds as older ones are retired and the tax base grows, though this property tax rate may vary based on other factors.

How "A" Got on the Ballot

On July 30, 2019, the Board of Supervisors voted 10 to 0 to place Proposition A on the ballot. The Supervisors voted as follows:

Yes: Brown, Fewer, Haney, Mandelman, Mar, Peskin, Ronen, Safai, Stefani, Yee.

No: None.

Excused: Walton.

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 97. Some of the words used in the ballot digest are explained starting on page 42.**