

Affordable Housing Bond*

Digest by the Ballot Simplification Committee

Status: Final Digest

On: Friday, July 31, 2015

Members: Packard, Fasick, Fraps, Jorgensen, Unruh

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Deadline to Request Reconsideration: 1 p.m. on Monday, August 3, 2015

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.

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.

**Working title, for identification only. The Director of Elections determines the title of each local ballot measure; measure titles are not considered during Ballot Simplification Committee meetings.*

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.