A Earthquake Retrofit Bond

EARTHQUAKE SAFETY RETROFIT DEFERRED LOAN AND GRANT PROGRAM GENERAL OBLIGATION BONDS, 2010. To provide deferred loans and grants to pay the costs for seismic retrofits of certain multi-story wood-frame buildings with vulnerable soft-story construction at significant risk of substantial damage and collapse during a major earthquake and funded by a qualified governmental housing finance agency for permanent or long-term affordability, or single room occupancy buildings owned by private parties, and pay related costs, shall the City issue up to $46,150,000 of general obligation bonded indebtedness, subject to citizen oversight and regular audits?

YES

NO

Digest by the Ballot Simplification Committee

The Way It Is Now: In 2009, the City's Department of Building Inspection commissioned a report (the Report) concluding that many soft-story buildings in San Francisco are vulnerable to collapse or significant damage in an earthquake. Soft-story buildings are multistory wood structures where at least one floor has large outside wall openings, such as garage doors.

The Report identified approximately 2,800 soft-story buildings in San Francisco constructed before 1974. Of these, 125 buildings include affordable housing units funded by government agencies. An additional 31 buildings consist of single-room occupancy units, which are usually rented to low-income tenants. There are 8,247 affordable housing units in these buildings.

The Proposal: Proposition A is a bond measure that would authorize the City to borrow up to $46,150,000 by issuing general obligation bonds to fund loans and grants to pay for seismic retrofitting of soft-story affordable housing and single-room occupancy buildings.

Projects funded by the bond would include:

- A deferred loan and grant program to pay for seismic retrofitting of soft-story affordable housing buildings funded by government agencies. Up to $41,330,000 could be used for this program.
- A loan program to pay for seismic retrofitting of soft-story single-room occupancy buildings. Up to $4,820,000 could be used for this program.

The City agencies responsible for implementing these programs would set the terms and conditions for the loans and grants. But a property owner would be required to repay these loans and grants immediately if the property owner reduced the number of affordable housing units as part of a sale or transfer of the property.

Proposition A would require the Citizen's General Obligation Bond Oversight Committee to provide independent oversight of 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.

Proposition A would allow an increase in the property tax to pay for the bonds. It would permit landlords to pass through 50% of the resulting property tax increase to tenants.

Two-thirds of the voters must approve this measure for it to pass.

A "YES" Vote Means: If you vote "yes," you want the City to issue $46,150,000 in general obligation bonds, subject to independent oversight and regular audits, for loans or grants to pay for seismic retrofitting of soft-story affordable housing and single-room occupancy buildings. Landlords would be allowed to pass through 50% of any increase in property taxes to tenants.

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

This measure requires 66⅔%+1 affirmative votes to pass.

Arguments for and against this measure immediately follow the facing page. The full text begins on page 173.
Some of the words used in the ballot digest are explained on page 61.

Controller's Statement on "A"

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

Should the proposed $46,150,000 million in bonds be authorized and sold under current assumptions, the approximate costs will be as follows:

- In fiscal year 2011-2012, 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 $1.0 million and result in a property tax rate of $0.0007 per $100 ($0.70 per $100,000) of assessed valuation.
- In fiscal year 2015-2016, following issuance of the last series of bonds, and the year with the highest tax rate, the estimated annual costs of debt service would be $4.4 million and result in a property tax rate of $0.0025 per $100 ($2.50 per $100,000) of assessed valuation.
- The best estimate of the average tax rate for these bonds from fiscal year 2011-2012 through 2033-2034 is $0.0016 per $100 ($1.60 per $100,000) of assessed valuation.
- Based on these estimates, the highest estimated annual property tax cost for the owner of a home with an assessed value of $400,000 would be approximately $9.46.
- Landlords would be allowed to pass through 50% of the annual property tax cost of the proposed bond to tenants as permitted in the City Administrative Code. Based on these estimates, the highest estimated annual cost for a tenant in a unit with an assessed value of approximately $156,000 would be $1.98.

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.

How "A" Got on the Ballot

On July 20, 2010, the Board of Supervisors voted 11 to 0 to place Proposition A on the ballot.

The Supervisors voted as follows:

Yes: Supervisors Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar, Maxwell and Mirkarimi.

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