



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

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Mr. John Arntz
Department of Elections
City Hall 1 Dr. Carlton B. Goodlett Place Room 48
San Francisco, CA 94102-4689

August 8, 2024

RE: Proposition X – Community Health and Medical Facilities, Street Safety, Public Spaces, and Shelter to Reduce Homelessness Bond

Dear Mr. Arntz,

Should the proposed \$390 million in general obligation bonds ("Proposed GO Bond") be authorized and sold under current assumptions, the approximate costs will be as follows:

- a) In Fiscal Year (FY) 2025-2026, following issuance of the first series of bonds, the best estimate of the tax required to fund this bond issue would result in a property tax rate of \$0.0040 per \$100 (\$4.00 per \$100,000) of assessed valuation.
- b) In FY 2029-2030, the year with the highest estimated tax rate following the issuance of the last series of bonds, the best estimate of the tax required to fund this bond issue would result in a property tax rate of \$0.0101 per \$100 (\$10.10 per \$100,000) of assessed valuation.
- c) The best estimate of total debt service, including principal and interest, that would be required to be repaid if all proposed \$390 million in general obligation bonds are issued and sold, would be approximately \$737 million.
- d) The best estimate of the average tax rate for these bonds over the entire projected duration of the bond debt service from FY 2025-2026 through FY 2046-2047 is \$0.0069 per \$100 (\$6.90 per \$100,000) of assessed valuation.
- e) 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 \$700,000 would be approximately \$70.00.

The City Charter limits the amount of City general obligation bonds ("City GO bonds") that can be outstanding at any given time to 3% of the assessed value of taxable property in the City. Bonds issued by the San Francisco Community College District, San Francisco Unified School District, the Bay Area Rapid Transit District (BART) or other non-City entities are not counted for the purposes of the City Charter limit. As of June 30, 2024, there was \$2.2 billion in outstanding City GO bonds (representing 0.6% of assessed value of taxable property in the City). An additional \$1.6 billion of City GO bonds remains authorized but unissued. Should the Proposed GO Bond be approved by the voters, the total amount of (i) outstanding and (ii) authorized but unissued City GO bonds would be \$4.2 billion, or approximately 1.2% of the assessed value of taxable property in the City. This calculation assumes the issuance of all of the bonds authorized by the voters, including the Proposed GO Bond measure.

The City's current non-binding debt management policy is to keep the property tax rate for City general obligation bonds below the 2005-2006 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. Given this policy, it is not anticipated that the levy of the City's GO bond property taxes for this measure, if approved by the voters, would increase the property tax rate for City GO bonds above the 2006 fiscal year level.

Under current law, landlords may be able to pass through a portion of general obligation bond repayment costs to tenants. The amount of any permissible passthrough is determined by tenancy start date among other factors. The Rent Board publishes information on passthroughs each year.

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 will incur nominal costs related to staff time administering the Proposed GO Bond program. Certain capitalizable staff costs (i.e. staff costs directly related to the construction or acquisition of the underlying asset) of the City may be eligible for reimbursement by bond proceeds and accordingly impose no increased cost of City government.

Sincerely,



Greg Wagner
Controller

Note: This analysis reflects our understanding of the proposal as of the date shown. At times further information is provided to us which may result in revisions being made to this analysis before the final Controller's statement appears in the Voter Information Pamphlet.