

BOARD of SUPERVISORS



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MEMORANDUM

TO: John Rahaim, Director, Planning Department
Todd Rufo, Director, Office of Economic and Workforce Development

FROM:  Alisa Somera, Legislative Deputy Director
Rules Committee

DATE: June 11, 2018

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Rules Committee has received the following proposed legislation, introduced by Mayor Farrell on June 5, 2018:

File No. 180612

Ordinance amending the Administrative Code Special Tax Financing Law, constituting Article 43.10, to authorize special tax financing of certain facilities and services related to the Central SoMa Plan Area and to make other necessary amendments.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: alisa.somera@sfgov.org.

c: Scott Sanchez, Planning Department
Lisa Gibson, Planning Department
AnMarie Rodgers, Planning Department
Dan Sider, Planning Department
Aaron Starr, Planning Department
Joy Navarrete, Planning Department
Laura Lynch, Planning Department
Ken Rich, Office of Economic and Workforce Development
Lisa Pagan, Office of Economic and Workforce Development

1 [Administrative Code - San Francisco Special Tax Financing Law - Central SoMa]

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3 **Ordinance amending the Administrative Code Special Tax Financing Law, constituting**
4 **Article 43.10, to authorize special tax financing of certain facilities and services related**
5 **to the Central SoMa Plan Area and to make other necessary amendments.**

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7 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
8 **Additions to Codes** are in *single-underline italics Times New Roman font*.
9 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
10 **Board amendment additions** are in double-underlined Arial font.
11 **Board amendment deletions** are in ~~strikethrough Arial font~~.
12 **Asterisks (* * * *)** indicate the omission of unchanged Code
13 subsections or parts of tables.

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

15 Section 1. FINDINGS.

16 The Board of Supervisors of the City and County of San Francisco hereby finds,
17 determines and declares:

18 A. The Central SoMa planning area (the "Central SoMa Plan Area") runs
19 from 2nd Street to 6th Street, Market Street to Townsend Street, exclusive of those areas that
20 are part of the Downtown Plan or in the C-3 zoning districts.

21 B. In 2008, the City adopted the Eastern Neighborhoods Plan, including new
22 land use controls and proposed community improvements for the eastern part of the South of
23 Market neighborhood ("SoMa"), as well as the Central Waterfront, Mission, and Showplace
24 Square/Potrero Hill neighborhoods. At that time, the City determined that the development
25 potential of the industrially-zoned part of East SoMa, coupled with the improved transit to be
provided by the Central Subway, necessitated a subsequent, focused planning process that

1 took into account the city's growth needs and City and regional environmental goals. The
2 Central SoMa Plan is the result of that subsequent process.

3 C. Since that time, the Planning Department released a draft Plan and
4 commenced environmental review as required by the California Environmental Quality Act
5 ("CEQA") in April 2013, released an Initial Study in February of 2014, released a revised Draft
6 Plan and Implementation Strategy in August 2016, released the Draft Environmental Impact
7 Report in December 2016, and released Responses to Comments on the Draft Environmental
8 Impact Report in March 2018.

9 D. The vision of the Central SoMa Plan is to create a sustainable neighborhood
10 by 2040, where the needs of the present are met without compromising the ability of future
11 generations to meet their own needs, and the Central SoMa Plan seeks to achieve
12 sustainability in each of its aspects – social, economic, and environmental – which will require
13 implementing the following three strategies: 1) Accommodate growth, 2) Provide public
14 benefits; and 3) Respect and enhance neighborhood character.

15 E. The Central SoMa Plan will accommodate development capacity for up to
16 33,000 jobs and 8,300 housing units by removing much of the Plan Area's industrially
17 protective zoning and increasing height limits on many of the Plan Area's parcels.

18 F. The Planning Commission conducted a duly noticed public hearing on May
19 10, 2018 in accordance with Planning Code Section 340(c), to consider the General Plan
20 Amendment, Planning Code and Administrative Code Amendment, Zoning Map Amendment,
21 and Implementation Program related to the Central SoMa Plan Area. At the hearing, the
22 Commission voted to recommend approval with modifications to the various ordinances, in
23 Planning Commission Resolutions No. 20183, 20184, 20185, 20186, and 20187.

24 G. The Planning Commission conducted a duly noticed public hearing on May
25 10, 2018 to review and consider the Final Environmental Impact Report for the Central SoMa

1 Plan (“Final EIR”) and found the Final EIR to be adequate, accurate and objective, thus
2 reflecting the independent analysis and judgment of the Planning Department and the
3 Commission, and that the summary of comments and responses contained no significant
4 revisions to the Draft EIR, and by Motion No. 20182 certified the Final EIR for the Central
5 SoMa Plan as accurate, complete, and in compliance with CEQA, the CEQA Guidelines, and
6 Chapter 31 of the San Francisco Administrative Code. By Resolution No. 20183, the Planning
7 Commission approved CEQA Findings, including a statement of overriding considerations,
8 and adoption of a Mitigation Monitoring and Reporting Program (“MMRP”), under Case No.
9 2011. 1356E, for approval of the Central SoMa Plan.

10 H. The Central SoMa Plan and accompanying Public Benefits Program
11 describe special tax financing for certain facilities and services.

12 I. In order to establish the legal authority for special tax financing of the
13 facilities and services described in the Central SoMa Plan, the Board of Supervisors must
14 make certain amendments to Article X of Chapter 43 of the Administrative Code.

15 J. The Board of Supervisors wishes to further amend Article X of Chapter 43
16 of the Administrative Code as it determines to be in the public interest.

17 Section 2. Article X of Chapter 43 of the San Francisco Administrative Code is
18 hereby amended as follows:

19 A. Section 43.10.15 is hereby amended as follows:

20 SEC. 43.10.15. AUTHORIZED FACILITIES.

21 In addition to the facilities that may be financed under the Act, special taxes may be
22 levied and bonds may be issued to finance or refinance the following on any land in San
23 Francisco:

24 (a) The acquisition, installation and improvement of energy efficiency, water
25 conservation, water pollution control, and renewable equipment with an estimated useful life

1 of five years or longer and/or energy efficiency, water conservation, water pollution control,
2 and renewable energy improvements that are attached to or on real property and in buildings,
3 whether such real property or buildings are privately or publicly owned. Energy efficiency,
4 water conservation, water pollution control and renewable energy improvements may only be
5 installed on a privately owned building and on privately owned real property with the prior
6 written consent of the owner or owners of the building or real property.

7 ~~—In addition to the Facilities that may be financed under the Act, special taxes may be levied~~
8 ~~and bonds may be issued to finance (b)~~ The work deemed necessary to bring buildings or
9 real property, including privately owned buildings or real property, into compliance with
10 seismic safety standards or regulations. Only work certified as necessary to comply with
11 seismic safety standards or regulations by local building officials may be financed. No project
12 involving the dismantling of an existing building and its replacement by a new building, nor the
13 construction of a new or substantially new building may be financed pursuant to this
14 subparagraph. Work on qualified historical buildings or structures shall be done in accordance
15 with the State Historical Building Code (Part 2.7 (commencing with Section 18950) of Division
16 13 of the Health and Safety Code). Work on privately owned property may only be financed
17 with the prior written consent of the owner or owners of the privately owned property.

18 (c) Sustainability studies and guideline documents related to development in the planning
19 area governed by the Central SoMa Plan & Implementation Strategy.

20 (d) The purchase, construction, expansion, improvement, or rehabilitation of real or other
21 tangible property with an estimated useful life of three years or longer, whether such property is
22 privately or publicly owned, if the Board of Supervisors has provided for the financing of such property
23 in the resolution of formation for the special tax district and the ordinance levying the special taxes in
24 the special tax district.

25 B. Section 43.10.16 is hereby amended as follows:

1 SEC. 43.10.16. AUTHORIZED SERVICES.

2 (a) In addition to the services that may be financed under the Act, special taxes may be
3 levied to finance the following within San Francisco:

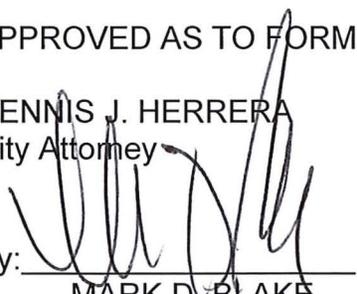
4 (i) Recreation program services, library services, maintenance services for
5 elementary and secondary schoolsites and structures, and the operation and maintenance of museums
6 and cultural facilities if they have been approved by the qualified electors, regardless of whether the
7 qualified electors are landowners or registered voters.

8 (ii) Any other services that the Board of Supervisors has authorized in the resolution
9 of formation for the special tax district and the ordinance levying the special taxes in the special tax
10 district.

11 (b) It is hereby specifically provided that in proceedings under this Article to finance
12 Services, the limitations set forth in the penultimate paragraph of Section 53313 shall not
13 apply.

14 APPROVED AS TO FORM:

15 DENNIS J. HERRERA
16 City Attorney

17 By: 
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19 MARK D. BLAKE
20 Deputy City Attorney

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LEGISLATIVE DIGEST

[Administrative Code - San Francisco Special Tax Financing Law - Central SoMa]

Ordinance amending the Administrative Code Special Tax Financing Law, constituting Article 43.10, to authorize special tax financing of certain facilities and services related to the Central SoMa Plan Area and to make other necessary amendments.

Existing Law

The Board of Supervisors has previously established various community facilities districts in the City under the Mello-Roos Act, and under the City's Special Tax Financing Law, constituting Article 43.10 of the Administrative Code ("Code"). Community facilities districts or special tax districts are formed for the purpose of financing and refinancing the acquisition, installation and improvement of certain capital improvements or to real property and in buildings, whether such real property or buildings are privately or publicly owned.

This Board of Supervisors is currently considering the establishment of City and County of San Francisco Special Tax District No. 2018-1 (Central SoMa) ("Special Tax District") pursuant to Chapter 43, Article X of the San Francisco Administrative Code (the "Code"), which Code incorporates the Mello-Roos Community Facilities Act of 1982, as amended ("Act"). The Special Tax District is being formed for the purpose of financing costs of public infrastructure and other authorized facilities and services necessary or incident to development of the Central SoMa Plan Area.

The Special Tax District will be located in the Central SoMa planning area. The Central SoMa Plan is to create a sustainable neighborhood by 2040. The Central SoMa Plan will accommodate development capacity for up to 33,000 jobs and 8,300 housing units by removing much of the Plan Area's industrially protective zoning and increasing height limits on many of the Plan Area's parcels.

The Central SoMa Plan and accompanying Public Benefits Program describe special tax financing for certain facilities and services. In order to establish the legal authority for special tax financing of the facilities and services described in the Central SoMa Plan, the Board of Supervisors must make certain amendments to the Code.

Background Information

The proposed Ordinance would amend Article 43.10 of the Administrative Code to allow financing by the Central SoMa Special Tax District of facilities and services supporting the Public Benefits Program.

As well, the amendments to the Code would permit the Board of Supervisors to approve other facilities and services identified in formation proceedings of other special tax districts to be established and located in the City from time to time.