

1 [Successor Agency Affordable Housing Funding - Use of Redevelopment Property Tax Trust  
2 Fund to Secure Bonds - Funding Affordable Housing Development Enforceable Obligations]

3 **Resolution consenting to the use of the Redevelopment Property Tax Trust Fund by the**  
4 **Successor Agency to the Redevelopment Agency of the City and County of San**  
5 **Francisco to secure bonds approved in the FY2016-2017 budget and authorized under**  
6 **state law for affordable housing obligations, which include the Candlestick Point-**  
7 **Hunters Point Shipyard Phases 1 and 2 under the Hunters Point Shipyard Phase 1**  
8 **Disposition and Development Agreement and the Candlestick Point-Hunters Point**  
9 **Shipyard Phase 2 Disposition and Development Agreement; Mission Bay North and**  
10 **Mission Bay South under the Mission Bay North and South Owner Participation**  
11 **Agreements; and the Transbay Project Area under the Transbay Implementation**  
12 **Agreement.**

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14 WHEREAS, The Successor Agency to the Redevelopment Agency of the City and  
15 County of San Francisco, commonly known as the Office of Community Investment and  
16 Infrastructure, (“Successor Agency” or “OCII”), is implementing enforceable obligations and  
17 surviving redevelopment projects of the Redevelopment Agency of the City and County of San  
18 Francisco (“Former Agency”) in accordance with the Community Redevelopment Law, Cal.  
19 Health & Safety Code, Sections 33000 et seq. (the “Law”), as amended by the  
20 Redevelopment Dissolution Law, Cal. Health & Safety Code, Sections 34170 et seq. (the  
21 “Redevelopment Dissolution Law”), and with Ordinance No. 215-12 (Oct. 4, 2012); and

22 WHEREAS, The Board of Supervisors approved, by Resolution No. 314-16 (July 29,  
23 2016), OCII’s budget for the FY2016-2017 (the “Budget”) and its issuance of bonds in the  
24 principal amount of not to exceed \$185,000,000 for the purpose of financing a portion of the  
25 Budget, which includes funding for approximately 900 units of affordable housing,

1 approximately 460 of which are to be located in the Candlestick Point-Hunters Point Shipyard  
2 Phase 2 Project Site; and

3 WHEREAS, The Law and Ordinance No. 314-16 authorize the Successor Agency  
4 Commission (also known as the Commission on Community Investment and Infrastructure  
5 "CCII") to issue, subject to approval by the Oversight Board and the California Department of  
6 Finance, bonds to carry out enforceable obligations that satisfy the statutory criteria under  
7 Cal. Health and Safety Code, Section 34177.7; and

8 WHEREAS, OCII has enforceable obligations to fund and develop (1) affordable  
9 housing in Candlestick Point-Hunters Point Shipyard Phases 1 and 2 under the Hunters Point  
10 Shipyard Phase 1 Disposition and Development Agreement and the Candlestick Point-  
11 Hunters Point Shipyard Phase 2 Disposition and Development Agreement; (2) affordable  
12 housing in Mission Bay North and Mission Bay South under the Mission Bay North and South  
13 Owner Participation Agreements; and (3) affordable housing along with associated public  
14 open space and streetscape infrastructure in the Transbay Project Area under the Transbay  
15 Implementation Agreement (the "Enforceable Obligations"); and

16 WHEREAS, The California legislature enacted Section 9 of Senate Bill No. 107 (Stats.  
17 2015, ch. 325) (codified at Cal. Health & Safety Code, Section 34177.7) ("SB 107")  
18 authorizing OCII to issue bonds to finance the construction of 3,361 units of affordable  
19 housing to be built under the Enforceable Obligations, which survived the dissolution of the  
20 Former Agency; and

21 WHEREAS, Since the passage of SB 107 OCII has continued to fulfill its Enforceable  
22 Obligations to fund affordable housing units using other available sources, leaving  
23 approximately 2,800 affordable housing units to be funded; and

24 WHEREAS, SB 107 authorizes OCII to secure new bonded indebtedness with property  
25 tax revenue available in the Redevelopment Property Tax Trust Fund from several project

1 areas that generated tax increment for the Former Redevelopment Agency upon its  
2 dissolution (Stats. 2015, ch. 325, Section 29); and

3 WHEREAS, SB 107 declares that the state authorization of OCII to issue bonds is  
4 special legislation “because of the unique circumstances relating to affordable housing in the  
5 City and County of San Francisco in conjunction with the affordable housing and infrastructure  
6 requirements of the enforceable obligations” (Stats. 2015, ch. 325, Section 29); and

7 WHEREAS, The Budget, as approved by the Board of Supervisors, explicitly relies on  
8 the financing authority granted under SB 107 to fund, among other things, affordable housing  
9 projects in the Candlestick Point-Hunters Point Shipyard area and to secure those bonds with  
10 property tax increment generated from various redevelopment project areas, Budget at p. 9  
11 (attached as Exhibit A to Resolution No. 314-16); and

12 WHEREAS, The enforceable obligations associated with the Candlestick Point-Hunters  
13 Point Shipyard include a Tax Increment Allocation Pledge Agreement (“Tax Allocation  
14 Agreement”) that irrevocably pledges tax increment from the Project Site for certain  
15 development costs and that limits the use of tax increment from other redevelopment project  
16 areas (“Outside Increment”) to fund the costs of development at the Candlestick Point-Hunters  
17 Shipyard Project Site; and

18 WHEREAS, The limitation on the use of Outside Increment was consistent with the  
19 Law before it was amended to dissolve redevelopment agencies; and

20 WHEREAS, Prior to dissolution, the Law required that tax increment generated in a  
21 project area had to be spent for redevelopment purposes in that project area; and

22 WHEREAS, This limitation also had the effect of preserving funding for redevelopment  
23 projects planned in other project areas; and

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1           WHEREAS, The Redevelopment Dissolution Law terminated all funding of  
2 redevelopment projects unless they were subject to an enforceable obligation that pre-dated  
3 redevelopment dissolution and satisfied other statutory criteria; and

4           WHEREAS, Furthermore, the Redevelopment Dissolution Law requires that property  
5 tax revenues previously characterized as project area tax increment shall be aggregated and  
6 deposited into the Redevelopment Property Tax Trust Fund of each successor agency for use  
7 in funding enforceable obligations, subject to any pledge agreement that may have earmarked  
8 funding for certain projects; and

9           WHEREAS, The limitation on the use of Outside Increment in the Tax Allocation  
10 Agreement prevents OCII from issuing bonds for the funding of affordable housing under SB  
11 107, precludes OCII from accelerating its funding and development of affordable housing  
12 development at the Candlestick Point-Hunters Point Shipyard Phase 2 Project Site, and is  
13 inconsistent with the Budget approved by the Board of Supervisors in Resolution No. 314-16  
14 and the Redevelopment Dissolution Law; and

15           WHEREAS, OCII has requested that the Board of Supervisors acknowledge that the  
16 limitation of Outside Increment for affordable housing development is inconsistent with the  
17 Budget and Redevelopment Dissolution Law and no longer fulfills its original purposes; now,  
18 therefore, be it

19           RESOLVED, By the Board of Supervisors that it does hereby consent to the use of  
20 Outside Increment deposited in the Redevelopment Property Tax Trust Fund for the exclusive  
21 purpose of funding affordable housing development that OCII is required to build under its  
22 Enforceable Obligations.

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