

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 outside increment deposited in the Redevelopment**
4 **Property Tax Trust Fund for the exclusive purpose of funding affordable housing**
5 **development that the Office of Community Investment and Infrastructure is required to**
6 **build under its Enforceable Obligations.**

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

16 WHEREAS, The Board of Supervisors approved, by Resolution No. 314-16 (July 29,
17 2016), OCII’s budget for the FY2016-2017 (the “Budget”) and its issuance of bonds in the
18 principal amount of not to exceed \$185,000,000 for the purpose of financing a portion of the
19 Budget, which includes funding for approximately 900 units of affordable housing,
20 approximately 460 of which are to be located in the Candlestick Point-Hunters Point Shipyard
21 Phase 2 Project Site; and

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

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

11 WHEREAS, The California legislature enacted Section 9 of Senate Bill No. 107 (Stats.
12 2015, ch. 325) (codified at Cal. Health & Safety Code, Section 34177.7) (“SB 107”)
13 authorizing OCII to issue bonds to finance the construction of 3,361 units of affordable
14 housing to be built under the Enforceable Obligations, which survived the dissolution of the
15 Former Agency; and

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

19 WHEREAS, SB 107 authorizes OCII to secure new bonded indebtedness with property
20 tax revenue available in the Redevelopment Property Tax Trust Fund from several project
21 areas that generated tax increment for the Former Redevelopment Agency upon its
22 dissolution (Stats. 2015, ch. 325, Section 29); and

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

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

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

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

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

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

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

23 WHEREAS, Furthermore, the Redevelopment Dissolution Law requires that property
24 tax revenues previously characterized as project area tax increment shall be aggregated and
25 deposited into the Redevelopment Property Tax Trust Fund of each successor agency for use

1 in funding enforceable obligations, subject to any pledge agreement that may have earmarked
2 funding for certain projects; and

3 WHEREAS, The limitation on the use of Outside Increment in the Tax Allocation
4 Agreement prevents OCII from issuing bonds for the funding of affordable housing under SB
5 107, precludes OCII from accelerating its funding and development of affordable housing
6 development at the Candlestick Point-Hunters Point Shipyard Phase 2 Project Site, and is
7 inconsistent with the Budget approved by the Board of Supervisors in Resolution No. 314-16
8 and the Redevelopment Dissolution Law; and

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

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

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