



Attachment A

Proposed Fiscal Year 2017-18 Budget

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OFFICE OF COMMUNITY INVESTMENT & INFRASTRUCTURE FY 2017-18 Proposed Budget

1. Background

The Office of Community Investment & Infrastructure is the Successor Agency to the San Francisco Redevelopment Agency. On February 1, 2012 the State of California dissolved, under Cal. Health & Safety Code §§ 34170 et seq (the Dissolution Law), the San Francisco Redevelopment Agency (SFRA), along with all 400 redevelopment agencies in California. Pursuant to the Dissolution Law and to Board of Supervisors Ordinance 215-12, the Office of Community Investment and Infrastructure (OCII) is the Successor Agency to the San Francisco Redevelopment Agency. As Successor Agency, OCII succeeds to the organizational status of SFRA but without any legal authority to participate in redevelopment activities except to complete work related to approved enforceable obligations.

Those enforceable obligations are related to: (1) the Project Areas defined in Ordinance No. 215-12 as the Hunters Point Shipyard / Candlestick Point Redevelopment Project, the Mission Bay North and South Redevelopment Project, and the Transbay Redevelopment Project; (2) management of SFRA assets such as Yerba Buena Gardens, existing economic development agreements such as loans, grants, or owner participation agreements, and other real property and assets of SFRA that must be wound down under the Dissolution Law; and (3) OCII's Retained Housing Obligations which include ensuring the development of affordable housing in the Project Areas.

Governance

The Successor Agency Commission, also known as the Commission on Community Investment and Infrastructure, established by the City through Ordinance 215-12, is the main governing body of OCII. The Commission is responsible for implementing and completing the enforceable obligations of the former Redevelopment Agency, including exercising land use and design approval authority for the Project Areas. The Commission is comprised of five members appointed by the Mayor and confirmed by the Board of Supervisors, with two of the seats held by residents of the two supervisorial districts that contain the largest amounts of the Project Areas.

Dissolution Law requires that there be an additional governing body known as an Oversight Board to oversee certain functions of OCII as the Successor Agency. The Oversight Board has a fiduciary duty to the holders of enforceable obligations with the former Redevelopment Agency and to the taxing entities that are entitled to an allocation of property taxes. The Oversight Board of the City and County of San Francisco reviews and approves OCII's expenditures and use of tax increment through the annual Recognized Obligation Payment Schedules (ROPS). The Oversight Board also approves the issuance of bonds, transfers of property, and other matters related to the dissolution of SFRA. The Mayor appoints four of the seven members of the Oversight Board, subject to confirmation by the Board of Supervisors. One of those four members represents the largest group of former OCII employees. The remaining three members are representatives of affected taxing entities: the Bay Area Rapid Transit District, the San Francisco Unified School District, and the San Francisco Community College.

Dissolution Law establishes that OCII is a separate entity from the City and County of San Francisco, as was the SFRA. However, under the Community Redevelopment Law, as amended by Dissolution Law, the Board of Supervisors, in its capacity as the legislative body for the City and County of San Francisco, must still approve OCII's annual budget (Cal Health & Safety Code § 33606). Accordingly, the OCII's budget must be approved first by the Commission and subsequently approved by the Mayor and Board of Supervisors.

2. Budget Summary

The proposed Fiscal Year (FY) 17-18 budget of \$536.7 million represents a decrease of \$189.2 million compared to the FY16-17 budget of \$725.9 million. Two factors drive this change. One, a reduction in prior year affordable housing authority as both a revenue and an expenditure. Draws made by affordable housing developers against affordable housing loans authorized in prior years decrease use of prior period housing authority as both a revenue source and an expenditure and reflect significant delivery of affordable housing funded by OCII. Two, a reduction in development infrastructure reimbursements. Development infrastructure reimbursements paid in FY16-17 reduce the funds available for FY17-18 development infrastructure reimbursements. The reduction in development infrastructure reimbursements reflects public improvements completed in prior years that OCII is reimbursing today.

Changes to current year sources are due primarily to:

- A decrease in new bond proceeds as a revenue source. OCII sized the bonds issued in FY16-17 to fund housing and infrastructure in FY16-17 and FY17-18. OCII does not plan to issue bonds in FY17-18.
- The decrease in new bond proceeds as a revenue source offsets an increase in the use of affordable housing fund balance as a revenue source. Housing bonds issued in FY16-17 generated FY 17-18 housing fund balance.

Changes to current year uses are due primarily to:

- A decrease in fund balance – housing as a use. The housing fund balance is funded by bond proceeds, fees, and pledged property tax increment programmed for use in a future fiscal year. As OCII does not plan issue bonds in FY17-18, OCII is depositing a smaller amount in the fund balance in FY17-18 than FY 16-17, when OCII issued bonds.
- An increase in affordable housing loans. Affordable housing bonds issued in FY16-17 fund FY17-18 affordable housing loans for Alice Griffith Phases 5 and 6, HPS Blocks 52/54, CP Block 10A, CP Block 11A, MBS Block 3E, MBS Block 6W, MBS Block 9, TBY Block 2W and TBY Block 2E.

Exhibit 1 shows these changes in detail.

Exhibit 1. FY 17-18 Proposed Budget, \$ Thousands

	Approved 16-17	Proposed 17-18	Difference
Sources			
Property Tax Increment - Debt Svc	\$ 76,702	\$ 80,450	\$ 3,748
Property Tax Increment - ACA	\$ 2,991	\$ 3,591	\$ 600
Property Tax Increment - Other	\$ 7,384	\$ 4,546	\$ (2,838)
Property Tax Increment - Mission Bay	\$ 35,703	\$ 30,631	\$ (5,072)
Property Tax Increment - TJPA	\$ 1,552	\$ 3,852	\$ 2,300
Property Tax Increment - Transbay	\$ 257	\$ 1,512	\$ 1,255
Subtotal CY Property Tax Increment	\$ 124,589	\$ 124,581	\$ (8)
Property Sales	\$ 6,195	\$ -	\$ (6,195)
New Bonds - Housing	\$ 102,968	\$ -	\$ (102,968)
New Bonds - Infra	\$ 81,493	\$ -	\$ (81,493)
Developer Payments	\$ 22,724	\$ 31,005	\$ 8,281
Rent, Lease & Garage Revenue	\$ 14,334	\$ 15,079	\$ 745
US Navy Cooperative Agreement	\$ 290	\$ -	\$ (290)
Loan Repayments	\$ -	\$ -	\$ -
City Reimbursements for OCII Staff	\$ 258	\$ 102	\$ (156)
Hotel Tax	\$ 4,945	\$ 4,830	\$ (116)
Subtotal CY Revenues	\$ 233,207	\$ 51,015	\$ (182,191)
Fund Balance - Housing	\$ 37,682	\$ 104,206	\$ 66,524
Fund Balance - Non-Housing	\$ 74,897	\$ 69,562	\$ (5,335)
Subtotal Fund Balance	\$ 112,579	\$ 173,767	\$ 61,188
Prior Period Authority - Housing	\$ 144,828	\$ 73,140	\$ (71,687)
Prior Period Authority - Non-Housing	\$ 110,785	\$ 114,292	\$ 3,507
Total Sources	\$ 725,987	\$ 536,796	\$ (189,191)
Uses			
Uses - Operations			
Salaries and Benefits	\$ 8,691	\$ 8,434	\$ (257)
Affordable Housing Services	\$ 967	\$ 823	\$ (144)
Rent	\$ 453	\$ 501	\$ 48
Retiree Health and Pension Costs	\$ 2,283	\$ 3,223	\$ 940
Auditing & Accounting Services	\$ 758	\$ 641	\$ (117)
Legal Services	\$ 3,428	\$ 3,420	\$ (8)
Planning & Infrastructure Rvw	\$ 2,440	\$ 12,565	\$ 10,125
Asset Management	\$ 5,711	\$ 4,310	\$ (1,401)
Workforce Development Services	\$ 250	\$ 601	\$ 351
Other Professional Services	\$ 8,793	\$ 10,058	\$ 1,265
Grants to Community-Based Organizations	\$ 4,974	\$ 4,724	\$ (250)
Payments to other Public Agencies	\$ 23,595	\$ 27,801	\$ 4,206
Other Current Expenses	\$ 887	\$ 880	\$ (7)
Subtotal CY Uses - Operations	\$ 63,230	\$ 77,980	\$ 14,750
Uses - Non-Operations			
Affordable Housing Loans	\$ 59,370	\$ 70,975	\$ 11,605
Development Infrastructure	\$ 193,177	\$ 141,931	\$ (51,246)
Pass-through to TJPA	\$ 1,552	\$ 3,852	\$ 2,300
Debt Service	\$ 112,408	\$ 102,402	\$ (10,006)
Fund Balance - Housing	\$ 88,497	\$ 36,251	\$ (52,246)
Fund Balance - Non-Housing	\$ 31,900	\$ 2,912	\$ (28,988)
Subtotal CY Uses - Non-Operations	\$ 486,904	\$ 358,323	\$ (128,581)
Prior Period Authority - Housing	\$ 141,313	\$ 73,140	\$ (68,172)
Prior Period Authority - Non-Housing	\$ 34,540	\$ 27,353	\$ (7,187)
Total Budget Uses	\$ 725,987	\$ 536,796	\$ (189,191)

As shown in Exhibit 2, excluding debt service and pass-throughs to the Transbay Joint Powers Authority, 44 percent of the OCII programmatic budget is expended on infrastructure, 42 percent is expended on affordable housing, 11 percent is expended on asset management, and only 4 percent is expended on project management and operations costs.

Exhibit 2. Proposed FY 17-18 Programmatic Budget Summary, \$ Thousands

Use	Property Tax	Developer Payments	New Bonds - Housing	New Bonds - Infra	Rent, Lease & Garage Revenue	Fund Balance / Prior Period Authority	Other	Total	Percent
Affordable Housing	\$ 3,065	\$ 1,800	\$ -	\$ -	\$ 350	\$ 175,502	\$ -	\$180,717	42%
Asset Management	\$ -	\$ 2,110	\$ -	\$ -	\$ 13,776	\$ 29,785	\$ -	\$ 45,671	11%
Project Mgmt & Operations	\$ 9,178	\$ 3,744	\$ -	\$ -	\$ 417	\$ 2,028	\$ 102	\$ 15,469	4%
Infrastructure	\$ 11,421	\$ 23,351	\$ -	\$ -	\$ -	\$ 153,884	\$ -	\$188,655	44%
Programmatic SubTotal	\$ 23,663	\$ 31,005	\$ -	\$ -	\$ 14,543	\$ 361,199	\$ 102	\$430,512	100%
Percent	5%	7%	0%	0%	3%	84%	0%	100%	

Eighty-four percent of the programmatic budget is funded by fund balance and prior period authority. In general, fund balances and the related prior period authority are cash balances from previously issued bonds, restricted Community Development Block Grant funds, developer contributions held in escrow for future disbursement as grants to community-based organizations or expenditures related to public art, and authority related to grants. The remainder of the budget is funded seven percent by developer payments, five percent by property tax and three percent by rent, lease, and garage revenue.

Exhibit 3 shows the total OCII FY17-18 budget by Project Area and Cost Center. The column headers describe OCII’s four major active project areas: Hunters Point Shipyard / Candlestick Point (HPSY/CP), Mission Bay North (MBN), Mission Bay South (MBS), and Transbay (TBY), as well as Yerba Buena Center (YBC) and Yerba Buena Gardens (YBG). The major cost centers are operations and debt service. Expenditure unrelated to the project areas and cost centers are rolled-up and shown in the Other column.

Exhibit 3. Proposed FY 17-18 Budget by Project Area/Cost Center, \$Thousands

	Operations	Debt Svc	HPSY / CP	MBN	MBS	TBY	YBC	YBG	Other	Total
Sources										
Property Tax Increment - Debt Svc	\$ -	\$ 80,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,450
Property Tax Increment - Mission Bay	\$ -	\$ 16,617	\$ -	\$ 4,523	\$ 9,491	\$ -	\$ -	\$ -	\$ -	\$ 30,631
Property Tax Increment - TJPA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,852	\$ -	\$ -	\$ -	\$ 3,852
Property Tax Increment - Transbay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,512	\$ -	\$ -	\$ -	\$ 1,512
Property Tax Increment - Other	\$ 3,223	\$ 107	\$ 520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 696	\$ 4,546
Property Tax Increment - ACA	\$ 3,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,591
Property Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Bonds - Housing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Developer Payments	\$ -	\$ -	\$ 24,826	\$ 417	\$ 2,026	\$ 1,607	\$ 2,110	\$ -	\$ 20	\$ 31,005
Rent, Lease & Garage Revenue	\$ -	\$ 536	\$ 460	\$ -	\$ -	\$ -	\$ 900	\$ 8,929	\$ 4,254	\$ 15,079
US Navy Cooperative Agreement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loan Repayments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Reimbursements for OCII Staff	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102	\$ 102
Hotel Tax	\$ -	\$ 4,830	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,830
Fund Balance - Housing	\$ -	\$ -	\$ 18,922	\$ -	\$ 47,682	\$ 37,332	\$ -	\$ -	\$ 270	\$ 104,206
Fund Balance - Non-Housing	\$ -	\$ -	\$ -	\$ -	\$ 34,095	\$ 7,963	\$ -	\$ 27,319	\$ 184	\$ 69,562
CY Budget Sources	\$ 6,814	\$ 102,539	\$ 44,728	\$ 4,940	\$ 93,294	\$ 52,265	\$ 3,010	\$ 36,249	\$ 5,525	\$ 349,364
Prior Period Authority - Housing	\$ -	\$ -	\$ 22,093	\$ -	\$ 24,846	\$ 20,702	\$ -	\$ -	\$ 5,500	\$ 73,140
Prior Period Authority - Non-Housing	\$ -	\$ -	\$ 12,449	\$ 261	\$ 64,372	\$ 25,400	\$ 9,785	\$ -	\$ 2,024	\$ 114,292
Total CY Sources	\$ 6,814	\$ 102,539	\$ 79,270	\$ 5,201	\$ 182,513	\$ 98,366	\$ 12,795	\$ 36,249	\$ 13,050	\$ 536,796
Uses	Operations									
Allocated Staff & Operating Expenses	\$ (8,354)	\$ 107	\$ 3,795	\$ 184	\$ 1,351	\$ 1,499	\$ -	\$ 417	\$ 1,002	\$ -
Salaries and Benefits	\$ 8,434	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,434
Affordable Housing Services	\$ 823	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 823
Rent	\$ 501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 501
Retiree Health and Pension Costs	\$ 3,223	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,223
Auditing & Accounting Services	\$ 245	\$ -	\$ -	\$ 96	\$ 300	\$ -	\$ -	\$ -	\$ -	\$ 641
Legal Services	\$ 300	\$ -	\$ 1,810	\$ -	\$ 700	\$ 560	\$ -	\$ 50	\$ -	\$ 3,420
Planning & Infrastructure Rvw	\$ -	\$ -	\$ 12,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,565
Asset Management	\$ -	\$ -	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ 4,300	\$ -	\$ 4,310
Workforce Development Services	\$ -	\$ -	\$ 510	\$ -	\$ 45	\$ 45	\$ -	\$ -	\$ -	\$ 601
Other Professional Services	\$ 863	\$ 31	\$ 6,110	\$ 250	\$ 250	\$ 2,554	\$ -	\$ -	\$ -	\$ 10,058
Grants to Community-Based Organizat	\$ -	\$ -	\$ 719	\$ -	\$ -	\$ -	\$ -	\$ 4,005	\$ -	\$ 4,724
Payments to other Public Agencies	\$ -	\$ -	\$ 450	\$ -	\$ -	\$ -	\$ 3,010	\$ 20,087	\$ 4,254	\$ 27,801
Other Current Expenses	\$ 779	\$ -	\$ 30	\$ -	\$ -	\$ -	\$ -	\$ 70	\$ -	\$ 880
Subtotal CY Uses - Operations	\$ 6,814	\$ 137	\$ 25,999	\$ 530	\$ 2,646	\$ 4,658	\$ 3,010	\$ 28,929	\$ 5,255	\$ 77,980
Uses - Non-Operations										
Affordable Housing Loans	\$ -	\$ -	\$ 18,878	\$ -	\$ 45,068	\$ 7,030	\$ -	\$ -	\$ -	\$ 70,975
Affordable Housing Unit Purchase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Development Infrastructure	\$ -	\$ -	\$ -	\$ 4,410	\$ 103,307	\$ 26,011	\$ -	\$ 7,319	\$ 884	\$ 141,931
Pass-through to TJPA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,852	\$ -	\$ -	\$ -	\$ 3,852
Debt Service	\$ -	\$ 102,402	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,402
Fund Balance - Housing	\$ -	\$ -	\$ -	\$ -	\$ 5,679	\$ 30,302	\$ -	\$ -	\$ 270	\$ 36,251
Fund Balance - Non-Housing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,912	\$ -	\$ -	\$ -	\$ 2,912
Subtotal CY Uses - Non-Operations	\$ -	\$ 102,402	\$ 18,878	\$ 4,410	\$ 154,054	\$ 70,107	\$ -	\$ 7,319	\$ 1,154	\$ 358,323
Prior Period Authority - Housing	\$ -	\$ -	\$ 22,093	\$ -	\$ 24,846	\$ 20,702	\$ -	\$ -	\$ 5,500	\$ 73,140
Prior Period Authority - Non-Housing	\$ -	\$ -	\$ 12,300	\$ 261	\$ 967	\$ 2,900	\$ 9,785	\$ -	\$ 1,140	\$ 27,353
Total Budget Uses	\$ 6,814	\$ 102,539	\$ 79,270	\$ 5,201	\$ 182,513	\$ 98,366	\$ 12,795	\$ 36,249	\$ 13,050	\$ 536,796

OCII also administers six Community Facilities Districts (CFDs) created under California’s Mello-Roos Act which support infrastructure and maintenance activities in project areas with funds from dedicated parcel taxes. Although the CFD activities are not included in OCII’s budget, their spending plans, annual levies and outstanding debt as of June 30, 2017 are provided for informational purposes in Appendix 1.

3. Operations Budget

The total proposed cost to operate OCII is \$15.2 million. Of this \$15.2 million, OCII proposed to spend \$8.5 million for staff salaries and benefits, including OCII staff and City Administrator staff contracted to and funded by OCII. Budget highlights related to staff salaries and benefits include:

- A proposed Cost of Living Allowance (COLA) contemplated in the on-going negotiations regarding an extension of the 2015-2017 Memorandums of Agreement

between OCII and its labor partners, the International Federation of Professional and Technical Engineers Local 21 and Service Employees International Union Local 1021. The proposed COLA is three percent in the first year, and three percent in the second year, assuming the City meets certain budget targets. The budget includes an equivalent increase for City Administrator staff contracted to and funded by OCII, as negotiated in the 2017-2019 Memorandums of Understanding between the City and its labor partners. The impact of the COLA is offset by the supplemental employee contribution to OCII's pension plan, which decreases OCII's cost to provide retirement benefits. The Commission approved the supplemental employee contribution in December 2016.

- \$2.2 million to fund health benefits for retirees. This cost includes \$1.4 million for retiree FY17-18 health premiums and \$0.8 million to reduce OCII's future liability for retiree health benefits. This is the first time OCII has made a payment towards its future retiree health liability. This payment represents a significant investment in the long-term financial health of OCII and shows the organization's commitment to its retirees.
- \$1.0 million payment to reduce OCII's unfunded pension liability. As per OCII's actuarial valuation, holding all else constant, if OCII makes this payment on an annual basis, OCII will fully fund its pension obligation to retirees over the amortization period.

In accordance with the Mayor's budget directive, the OCII budget contains no new full-time equivalent positions (FTE).

OCII proposes to spend \$3.5 million in FY17-18 on non-labor costs. Items of note include:

- **Affordable Housing Services:** The proposed FY 17-18 budget includes \$0.8 million for affordable housing construction monitoring and marketing provided by the Mayor's Office of Housing and Community Development (MOHCD).
- **Other Professional Services:** The proposed FY 17-18 professional services budget of approximately \$.8 million for professional services to implement the Property Management Plan and maintain Yerba Buena Gardens, enhance OCII's public communications, including augmenting the website, specialized services provided by staff from various City departments, and temporary salaries to fund flexible staffing in response to short-term work surges.
- **Other Current Expenses:** The proposed FY 17-18 budget of approximately \$0.8 million includes insurance, technology infrastructure and support, Commission and Oversight Board meeting expenses, and other operating costs.
- **Legal Services:** The proposed FY 17-18 legal budget of approximately \$0.3 million includes: specialized legal support, provided by outside counsel and funded by property tax increment and general legal support, including housing program support, provided by the City Attorney's Office, and funded by property tax increment or bond proceeds.

4. Budgeted Positions

Exhibit 4 shows budgeted positions and salary ranges. These positions include OCII employees plus City Administrator staff contracted to and funded by OCII. City Administrator staff are former OCII employees who transferred to the City Administrator post-dissolution and continue to work full-time on OCII-related work.

Exhibit 4: Proposed FY 17-18 Budgeted Positions and Salary Ranges

Class	Class Title	Annual Salary Range	FY 16-17	FY 17-18	Difference
			Adj Bgt	Proposed	
500	Executive Director	\$ 198,926 - \$ 241,800	1	1	0
520	General Counsel	\$ 186,758 - \$ 227,006	1	1	0
1060	Deputy Director, Finance and Administration	\$ 174,122 - \$ 211,640	1	1	0
1060	Deputy Director, Programs	\$ 174,122 - \$ 211,640	1	1	0
525	Deputy General Counsel	\$ 150,384 - \$ 182,806	1	1	0
565	Senior Civil Engineer	\$ 140,894 - \$ 171,262	1	1	0
930	Staff Associate V	\$ 136,942 - \$ 166,478	1	1	0
535	Development Services Manager	\$ 132,158 - \$ 160,628	1	1	0
540	Housing Program Manager	\$ 132,158 - \$ 160,620	1	1	0
965	Human Resources Manager	\$ 132,158 - \$ 160,620	1	1	0
550	Senior Project Manager	\$ 130,598 - \$ 158,756	1	1	0
585	Contract Compliance Supervisor	\$ 123,214 - \$ 149,760	1	1	0
970	Accounting Supervisor	\$ 123,214 - \$ 149,760	1	1	0
1065	Contract Compliance Specialist III	\$ 116,688 - \$ 141,830	1	1	0
630	Senior Financial Analyst	\$ 116,220 - \$ 141,284	2	1	-1
595	Senior Development Specialist	\$ 114,166 - \$ 138,762	4	4	0
590	Project Manager	\$ 112,814 - \$ 137,150	4	3	-1
1025	Housing Construction Specialist	\$ 110,982 - \$ 134,899	1	1	0
921	Staff Associate IV	\$ 106,403 - \$ 129,333	0	1	1
990	Assistant Project Manager	\$ 106,158 - \$ 129,038	2	2	0
615	Development Specialist	\$ 106,158 - \$ 129,038	6	7	1
670	Financial Systems Accountant	\$ 102,050 - \$ 124,046	1	1	0
715	Sr. Personnel Analyst	\$ 95,810 - \$ 116,480	1	1	0
1000	Executive Assistant to Executive Director	\$ 92,118 - \$ 111,982	0	1	1
705	Assistant Development Specialist	\$ 91,702 - \$ 111,462	1	1	0
720	Senior Programmer Analyst	\$ 91,442 - \$ 111,150	1	1	0
640	Contract Compliance Specialist II	\$ 89,102 - \$ 108,290	1	1	0
695	Accountant III	\$ 88,166 - \$ 107,146	1	1	0
995	Commission Secretary	\$ 87,412 - \$ 106,236	0	1	1
760	Senior Legal Secretary	\$ 77,984 - \$ 94,791	1	0	-1
775	Accountant II	\$ 72,930 - \$ 88,634	1	1	0
810	Administrative Secretary	\$ 73,164 - \$ 88,920	1	1	0
855	Record Specialist II	\$ 59,306 - \$ 72,098	1	1	0
1030	Management Assistant III	\$ 80,514 - \$ 100,802	2	1	-1
1035	Management Assistant II	\$ 82,940 - \$ 87,932	2	2	0
Total			47	47	0
Additional Temporary Staff Budget (rounded)			7	7	0

The proposed FY 17-18 budget contains 47 full-time equivalent positions (FTE) and seven limited term appointments (LTA), which is the same number of LTA positions as the FY16-17 budget. OCII uses LTA positions in cases where the development cycle requires a short-term increase in resources.

Salary ranges shown are as of July 1, 2017. Salary ranges are informational only; should there be a discrepancy between the salary ranges shown here and the salary resolution, which reflects the salaries in the negotiated labor agreements, the salary resolution would be determinative. In special circumstances, and in accordance with OCII's Personnel Policy, individuals may receive higher salaries than the ranges shown above to reflect acting assignments or unusual recruitment conditions.

5. Debt Service

OCII's proposed debt service budget is \$102.5 million. Highlights of the debt service budget include:

- **Property Tax Increment for Debt Service:** \$95.2 million in property tax increment for debt service on outstanding tax allocation bonds.
- **Hotel Tax for Debt Service:** \$4.8 million in City and County of San Francisco Hotel Taxes to pay debt service on revenue bonds issued by the former San Francisco Redevelopment Agency.
- **South Beach Harbor Revenue for Debt Service:** \$0.5 million in South Beach Harbor revenues to pay Cal boating loans made to South Beach Harbor.

In FY 09-10, the former SFRA borrowed \$16.483 million from the Low Moderate Income Housing Fund (LMIHF) to pay its State Education Revenue Augmentation Fund (SERAF) assessment. Under Dissolution Law, MOHCD, as Housing Successor, may receive repayments of the LMIHF loan into the City's Low and Moderate Income Housing Asset Fund. In FY 17-18, OCII will repay \$1.8 million.

The remaining expenditures are staff time and professional services required to administer the debt portfolio.

In FY17-18, OCII will monitor its tax allocation and special tax bond portfolios to determine if market conditions favor refunding bonds. OCII will issue all refunding bonds in accordance with OCII's debt policy and ensure that all refunding bonds result in net present value debt service savings, thereby decreasing tax increment required for debt service and increasing tax increment available to finance future debt or pay housing and development expenses on a pay-go basis. The amounts of the proposed refundings will be determined and presented to the Commission at the time of the refunding. OCII's budget resolution will reflect this market uncertainty and will authorize staff to refund bonds in accordance with OCII's debt policy and upon approval of the Commission, the Oversight Board, and Department of Finance.

6. Hunters Point Shipyard/Candlestick Point Major Approved Development Project Area

The Hunters Point Shipyard (the Shipyard) and Candlestick Point (together HPS/CP) are composed of approximately 780 acres along the southeastern waterfront of San Francisco. The San Francisco Board of Supervisors originally adopted the Shipyard Redevelopment Plan in 1997 and amended it in 2010, along with the Bayview Hunters Point Redevelopment Plan, to provide for

the integrated planning and development of the Shipyard and the Candlestick Point portion of the Bayview Hunters Point Redevelopment Project Area. The Shipyard property is divided into Parcels A through G. The U.S. Department of the Navy (Navy) performs environmental remediation and transfers property to OCII for subsequent development. Candlestick Point is subject to State and local land transfer agreements that allow for the re-use of the stadium site and adjacent underutilized parklands.

Project Description

HPS/CP is being developed in two phases, HPS Phase 1 and HPS Phase 2.

HPS Phase 1

The Phase 1 Disposition and Development Agreement (HPS Phase 1 DDA) between OCII and master developer, HPS Development Co, LP (HPS Devco), implements the first phase of development of the Hunters Point Shipyard (Phase 1). The Phase 1 development program includes the construction of infrastructure, 26 acres of parks and open space, and up to 1,600 housing units, of which, a minimum of 27 percent and a maximum of 40 percent will be affordable. Under the HPS Phase 1 DDA, HPS Devco is required to build the infrastructure and parks, and then sell land to various vertical developers, either Lennar affiliates or third parties. OCII has not yet funded any stand-alone affordable housing, but will seek development teams and provide financing for a minimum of 218 units on designated stand-alone affordable housing sites in Phase 1. Phase 1 is divided into two areas, the Hilltop and Hillside.

CP/HPS Phase 2

The Disposition and Development Agreement (HPS Phase 2 DDA) between OCII and CP Development Co., LLC, which is separate from but affiliated with the Phase 1 developer, implements the Candlestick Point and Hunters Point Shipyard Phase 2 Project (HPS/CP Phase 2). The agreement for the HPS/CP Phase 2 development program provides for 10,500 housing units, 32 percent of which will be Below Market Rate (BMR), including rebuilding the Alice Griffith public housing development consistent with the City's HOPE SF program. Of the 32 percent (BMR) units, OCII will fund 504 units through rebuilding the Alice Griffith project, plus an additional 1,140 units on 10 stand-alone sites.

In total, HPS Phase 1 and HPS/CP Phase 2 will generate more than 12,000 permanent jobs; hundreds of new construction jobs each year, and an additional \$86 million in other community benefits including investment in homeowner assistance, workforce development and job training, scholarship and educational improvement, community builders, and construction of the South East Health Center.

As OCII will transfer affordable housing assets to the Mayor's Office of Housing and Community Development (MOHCD) after completion, OCII will coordinate selection of development teams and review of financial and other long-term agreements for the affordable housing sites with MOHCD. MOHCD will assist in monitoring construction, marketing, and financial disbursements, consistent with OCII's 2014 Memorandum of Understanding with MOHCD.

OCII staff will ensure compliance with OCII's equal opportunity programs for workforce and contracting on all the projects under the DDAs. Specifically, contract compliance staff will monitor

all phases of construction, including hiring of local workers and payment of prevailing wages. OCII staff will work closely with contractors as well as with the Office of Economic and Workforce Development (OEWD) CityBuild program and other community-based organizations to foster job creation for local workers and to improve the opportunities for local, small, minority, and women owned businesses to participate on OCII projects.

On December 14, 2012, the California State Department of Finance (DOF) issued a Final and Conclusive Determination under California Health and Safety Code § 34177.5 (i), that the Phase 1 and 2 DDAs are enforceable obligations.

Status Update

HPS Phase 1

Phase 1 is divided into two areas, the Hilltop and Hillside.

The Hilltop consists of Block 1 and Blocks 49 to 57. Vertical developers have received Major Phase Approvals for all private development blocks on the Hilltop, with the exception of Block 1, for 579 units of housing. To date 298 units of housing on Blocks 49, 50, 51, 53, and 54. Of the 289 Units, 82 are Inclusionary BMR units (23 units at 80 percent of Area Median Income (AMI) and 59 units at 50 percent AMI). OCII has issued site permits for construction on an additional 207 units of housing, of which 29 are BMR units at 80 percent AMI (Blocks 52, 54, 55, 56, and 57). All of the 80 percent AMI Inclusionary BMR units are ownership units. OCII has three stand-alone affordable housing sites on Hilltop (Blocks 52, 54, and 56), which will provide at least 143 BMR units at up to 60 percent AMI. The FY 17-18 budget includes funding for predevelopment on OCII's Blocks 52 and 54, which will accommodate up to 100 BMR units.

The Hillside consists of Block 48, which HPS Devco. will develop in six phases. OCII has issued Major Phase Approvals for all private development blocks on the Hillside, for 404 housing units, 56 of which will be inclusionary affordable ownership units serving low-income families earning between 80-120 percent AMI. Block 48 will start construction in fall of 2017. OCII has two stand-alone affordable housing sites on Hillside, which will accommodate up to 75 low-income BMR units. OCII will develop its stand-alone Hillside affordable sites after OCII's affordable housing sites on the Hilltop are complete.

CP/HPS Phase 2

The Alice Griffith project is being rebuilt in five phases. The first two phases of the Alice Griffith public housing project development broke ground in March 2015 and included 184 units of replacement and new affordable housing. Phases One and Two of Alice Griffith will be complete in spring 2017. The third phase of the Alice Griffith project, which includes 122 units of replacement and new affordable housing, received OCII funding and started construction in February 2016. The fourth phase of Alice Griffith received a permanent loan in FY 16-17 and will start construction in July 2017.

In March 2016, the Commission approved an amended first Major Phase of development for Candlestick Point, revisions to the Candlestick Design for Development standards, amendments to the Candlestick Streetscape Master Plan, and corresponding changes to exhibits in the HPS Phase 2 DDA. The Major Phase proposes 2,214 units of housing, of which 42 percent will be

below market rate, including construction of the Alice Griffith project described above. In January 2017, the Commission approved the next three sub-phases of development on Candlestick, CP-02, 03, and 04. Sub-Phase CP-02 will contain an up to 635,000 square foot regional retail center, 570 units of housing, including a 210 unit residential tower and 58 BMR housing units, 42,000 square foot film and art center, and 220 room hotel. Sub-Phases CP-03 and 04 are mixed-use developments with 130,000 square feet of ground floor neighborhood commercial and 1,140 housing units. CP-03 and 04 each contain a stand-alone agency affordable lot, which will accommodate 293 BMR units on parcels CPS 11A and CPN 10A. OCII funded predevelopment for these parcels in FY 16-17. The master developer and their joint venture partner, the Macerich Company, submitted Schematic Design applications for a regional retail center and five housing developments in fall 2015. Schematic Design review and approval of the retail center and other private development blocks within Sub-Phases CP-02, 03, and 04 will continue throughout FY 17-18.

In September 2015, OCII received the first Phase 2 land transfer from the Navy in a decade. The transfer consisted of 14 acres of land, which includes property necessary for the development of the Replacement Artists Studio building. Construction of utilities that serve the Replacement Artists Studio and Replacement Commercial Kitchen began in early 2016 and will be complete before the end of FY 16-17, enabling the relocation of the commercial kitchen operator out of Building 110. Building 110 will be demolished in FY 17-18 to permit the construction of the Replacement Artists Studio building.

On November 8, 2016, the voters adopted Proposition O, the Hunters Point Shipyard/Candlestick Point Jobs Stimulus Proposition (“Proposition O”), which exempts new office space development within CP/HPS Phase 2 from the annual office development limitations set forth in Planning Code Sections 320-325, originally approved by voters in 1986 as Proposition M. The implementation of Proposition O requires amending the Hunters Point Shipyard and Bayview Hunters Point Redevelopment Plans (the “Redevelopment Plans”). OCII staff will prepare amendments for approval by the Commission and Board of Supervisors in spring and summer 2017.

CP Development Co, LLC has engaged Architect David Adjaye to re-envision the urban design of HPS Phase 2. The HPS Phase 2 plan currently includes approximately 3 million square feet of research and development and office uses as a hub for emerging technologies on the Shipyard. In their pre-submittal Major Phase documents for 1-HP, CP Devco seeks to increase the amount of research and development and office uses to 4.3 million square feet and to create new land-use categories and entitlement for 50,000 square feet of Production Distribution and Repair (“PDR”), as well as 410,000 square feet of educational/institutional use.

The HPS/CP Phase 2 plan contains over 325 acres of parks and open space, including a complete renovation of the Candlestick Point State Recreation area. In addition, the HPS/CP Phase 2 plan includes an investment of more than \$2.7 billion in infrastructure and transportation improvements to the project site. In FY 17-18, OCII will work with the master developer and City departments to revise project documents as needed to implement the re-envisioned HPS Phase 2 project.

Proposed FY 17-18 Work plan

- **Hilltop and Hillside Vertical Construction:** Monitor construction progress, developer’s compliance with applicable workforce and contracting requirements and other obligations, and provide inspection and approval as required by the Department of Building Inspection.

OCII will utilize MOHCD services to review, approve, and monitor implementation of marketing plans for the 167 affordable units serving low-income families earning between 50-120 percent AMI. In FY 17-18, approximately 600 units of housing will be under construction on HPS Phase 1 Blocks 48, 49, 52, 53, 54, 55, 56, and 57.

- **Major Phase Approval for Hilltop Block 1:** Review and seek Commission approval for a Major Phase application on Block 1. Staff anticipates a residential development proposal with a total of 200 market rate for-rent units and 24 for-rent inclusionary units serving low-income families earning up to 80 percent AMI. Hilltop Block 1 is the only private development block on HPS Phase 1 awaiting Major Phase Approval. Hilltop Block 1 is a Community Builder Block assigned to Tabernacle Community Development Corporation, which has elected to be an independent developer. The master developer may seek interim or temporary uses on Block 1 in advance of construction starting.
- **Hilltop Blocks 52 and 54 RFP & Predevelopment Funding: Issue an RFP,** select a development team, and provide predevelopment funding for the affordable housing project on HPS Phase 1 Hilltop Blocks 52 and 54, which could accommodate approximately 99 units of affordable rental housing.
- **Completion and Maintenance of the Hilltop Parks & Open Space:** Work with the master developer to complete construction of Hillpoint Park, a regional park which includes five of OCII's commissioned art pieces. OCII staff will work with the San Francisco Public Works (SFPW) to monitor construction progress and developer's schedule of performance, as well as developer's compliance with applicable workforce and contracting requirements. Staff will develop a park and open space management plan, as well as solicit and contract for maintenance services. The master developer has substantially completed development of Innes Court Park and several pocket parks on the Hillside.
- **Shipyards Arts Complex:** The first development on HPS Phase 2 includes construction of replacement facilities for the artists currently occupying studio spaces on Navy Parcel B and a commercial kitchen in Building 110 on Navy Parcel A. In FY17-18, OCII staff will work with the master developer on the demolition of Building 110 and the construction of the new artist building. Staff will also oversee capital repairs for Building 101, an existing artist's studio building that will be retained. OCII will develop a management plan for the Shipyards Arts Complex, which will encompass Building 101, the replacement artist studio and commercial kitchen, gallery space, and connecting plazas. OCII will develop a model for the Arts Complex management.
- **Community Facilities Parcels and Community Facilities Space:** Work with City departments, including OEWD, San Francisco Fire Department, San Francisco Police Department, San Francisco Public Library (SFPL), as well as the San Francisco Unified School District, to program development for the Community Facilities Parcels on Candlestick Point and Hunters Point Shipyards. The master developer is required to provide eight Community Facilities Parcels to OCII to be used for public uses or otherwise to benefit the community. CP-03 contains one, one-acre Community Facilities Parcel, which the master developer is seeking to relocate to block AG-16. The remaining seven parcels are on future phases of development. The master developer is also required to provide 65,000 square feet of Community Facilities Space within new retail development to OCII-

recommended tenants rent-free. Sub-Phases CP-02, -03, and -04 will contain 35,000 square feet of Community Facilities Space within the regional retail center and neighborhood serving retail. The Phase 2 DDA requires the Community Facilities Space to include an International African Marketplace (IAM), SFPL reading rooms, and a Candlestick Point State Recreation Area Welcome Center. OCII staff will work with the community and the developer to implement the IAM by working with retail consultants to develop a business plan and financial model. Additional uses for the Community Facilities Space include childcare, senior services, social services, education, the arts and other community services and public safety facilities. OCII staff is working with the Office of Early Childcare and Education to identify locations within the Project site to encourage the expansion of childcare facilities. OCII staff will work with the Commission, the Legacy Foundation Board, the Hunters Point Citizens Advisory Committee, and the public to develop solicitations for the Community Facilities Spaces.

- **Strategic Planning for the Legacy Foundation for Bayview Hunters Point:** In February 2017, the Commission approved the Legacy Foundation Board's Strategic Plan. The Strategic Plan outlines programs and funding goals for the Community Benefit Fund for 2017 – 2021. OCII staff will now implement the Strategic Plan's recommendations through competitive processes. The Community Benefit Fund is funded under the HPS Phase 1 and HPS Phase 2 DDA and provides programs to benefit the Bayview Hunters Point area as a whole. To date, the developer has provided \$1 million in funding required under the HPS Phase 1 DDA. The HPS Phase 2 Community Benefits Plan obligates each vertical developer to contribute 0.5 percent of the sales price of the initial sale of each market rate unit to the Community Benefits Fund. To date, the developer has provided \$0.5 Million in funding under CP/HPS Phase 2. The earliest Phase 2 market rate units will complete construction in 2019. OCII does not anticipate receiving additional funds for the Community Benefit Fund in FY 17-18.
- **Revitalization of Alice Griffith Public Housing:** The Alice Griffith project is the recipient of a \$30.5 million grant from the U.S. Department of Housing and Urban Development (HUD) through its Choice Neighborhoods Initiative (CNI Grant). In FY 13-14, OCII provided funding for Phases 1 and 2 and predevelopment funding for Phase 3. OCII expects Phases 1 and 2 be complete in May 2017. In FY14-15, OCII committed construction financing for Phase 3 and construction began in March 2016. Phase 3 is comprised of 93 public housing replacement units and 28 new affordable units (at 50 percent AMI). In FY 16-17, OCII committed construction financing for Phase 4, comprised of 31 units. Phase 4 construction will begin in early FY 17-18. During FY 17-18, OCII will fund provide predevelopment funding for Phases 5 and 6. Phase 5 will have 36 new affordable units and Phase 6 will have 131 units. The Phases 5 and 6 development sites will not be available until 2019.
- **Navy Parcel Transfer:** Work with the Navy and regulators to complete land transfers and, as permitted by the Navy access agreements, perform pre-development activities such as building and land surveys, as well as lead and asbestos abatement of Navy buildings slated for removal. After receiving authorization from the environmental regulators, the Navy will request the Commission accept the transfer of Navy Parcels B-1, G, and IR17/18 (together approximately 75 acres).

- State Lands Trust Lands Exchange and California State Parks Properties:** Development of Harney Way offsite improvements and future housing developments in Candlestick requires the acquisition of property currently owned by State Parks or the State Lands Commission. Pursuant to the HPS/CP Phase 2 DDA, OCII will work with staff from both state agencies to complete the transfer of properties. OCII staff will work with the master developer and State Parks to prioritize capital improvements to the Candlestick State Park Recreation Area funded through the State Park land transfer. The first exchange occurred in FY 14-15. The second exchange, which covers 14.5 acres, will occur in early FY 17-18. On HPS/CP Phase 2, OCII staff will implement the State Trust agreement as the Navy conveys property to OCII.
- Hunters Point Shipyard Re-envisioning:** Review and present changes to the HPS Phase 2 project to the Commission. To implement the changes, OCII staff will review and present amendments to the Redevelopment Plans and CP/HPS Phase 2 DDA to the Commission. Based on pre-submittal documents, OCII staff anticipates amending the following documents: Development Plan, Phasing Plan, Schedule of Performance, Finance Plan, Project Pro Forma, Infrastructure Plan, Parks and Open Space Plan, and Transportation Plan. OCII staff will work with the Planning Department to determine whether additional review is required under the California Environmental Quality Act (CEQA).
- Candlestick Point and Hunters Point Shipyard Phase 2 Open Space and Off-Site Planning:** Continue to implement the community outreach process started in FY 15-16 and coordinate with affected City departments for the review and approval of the plans. The Major Phase Application for Hunters Point Shipyard will also include the Schematic Designs for approximately 15 acres of parks and open space, including Northside Park and Shipyard Hillside Open Space. The application will include initial construction drawings for off-site improvements for Innes Avenue, Paul Avenue, Griffith Street, Thomas Avenue, and Ingalls Street.
- Hunters Point Shipyard Infrastructure Development and Mapping:** Work with the SFPW Infrastructure Task Force on the review and approval of infrastructure to support the development of CP/HPS Phase 2. Staff will work towards Board of Supervisors approval of a Final Map and Public Infrastructure Agreement(s) and City approvals of infrastructure construction drawings and permits.
- Candlestick Point Retail (“CP Retail Center”):** The CP Retail Center includes 635,000 gross square feet of regional retail, a film and art center, and up to 570 units of housing, of which 58 will be BMR Inclusionary units. OCII staff will review schematic design submittals for the CP Retail Center, located in Sub-Phase CP-02. A redesign of the Retail Center may require amendments to the Candlestick Point Design for Development (“CP D4D”), which will require consideration and approval by the OCII and Planning Commissions, as well as Major Phase 1-CP and Sub-Phase CP-02 amendments. For Sub-Phases CP-03 and -04, OCII Staff will review the schematic design of up to eight mixed-use development blocks, which includes 1,140 units of housing (including a 320 foot residential tower) and 130,000 square feet of neighborhood serving retail.
- Candlestick Mixed-Use Buildings Design Review:** Review schematic design approvals for developments contained in Candlestick Sub-Phases CP-03 and 04. In FY 16-17, the Commission approved Schematic Designs for the three private, mixed-use blocks in Sub-

Phase CP-04: CPS 6A, 8A, and 9A. Collectively, these blocks include 379 units, of which 10.5% will be BMR units at 80-120 percent AMI. In FY 17-18, OCII staff will review and approve subsequent design submittals for Sub-Phase CP-04. OCII staff will review and present schematic design applications for sub-phase CP-03 to the Commission for approval.

- **Candlestick Point Blocks 10A and 11A Schematic Design and Permanent Financing:** Complete review of schematic design and financing applications for agency affordable housing sites CPN 10A and CPS 11A, located in Sub-Phases CP-03 and -04. CPN 10A (140 units) and CPS 11A (154 units) will provide rental housing affordable to households earning up to 60 percent AMI. A portion of the units in each project will be set aside for formerly homeless households. In addition, two units will be family childcare units and both projects will have ground floor retail. In FY 16-17, OCII staff released a RFP for a development team and the Commission approved predevelopment financing.
- **Candlestick Point Sub-Phase CP-05:** OCII staff will review the Sub-Phase application for CP-05, located in the Alice Griffith neighborhood. Sub-Phase approval is an action taken by the OCII Executive Director; however, pre-submittal information provided by the master developer indicates that Sub-Phase proposal will require amendments to Major Phase 1-CP, which OCII staff will present to the Commission for approval. The Sub-Phase and Major Phase application will confirm the locations of Community Facilities Lots and market-rate and affordable housing development.
- **Candlestick Infrastructure Development and Mapping:** Work with SFPW, PUC, SFMTA, and other city agencies to ensure that the new infrastructure described below meets City standards and is in conformance with the plan documents. Within Major Phase 1-CP, the master developer will construct new streets, sewers, electricity and gas lines, and storm drains to support new development. New infrastructure development includes new, sustainable infrastructure such as a recycled water system, and Best Management Practice measures for storm water treatment including flow-through planters and bio-retention basins. Staff will also work with the SFPW Infrastructure Task Force to review and obtain Board of Supervisors approval of a Final Map and Public Infrastructure Agreement(s).
- **Community Facilities District Formation/Refinancing:** Refinance Community Facilities District (CFD) #7 in HPS Phase 1 and form a CFD in Candlestick Point. The Finance Plans for HPS Phase 1 and CP/HPS Phase 2 both call for the formation of CFD to reimburse the master developer for eligible costs associated with the development of infrastructure and costs for operating and maintaining public facilities, including parks and open space.
- **Support Alternative Financing:** OCII is obligated in the HPS Phase 2 DDA to find alternative sources of financing for the master developer's obligations. OCII obtained alternative financing, including a grant from the U.S. Department of Commerce, Economic Development Administration (EDA) for capital repairs to Building 101 and a CalReUSE grant from the California Pollution Control Financing Authority to fund lead and asbestos abatement in CP/HPS Phase 2. OCII staff will continue to administer the grants and will work with the master developer to pursue other alternative financing opportunities.

7. Mission Bay North and South Major Approved Development Project Areas

The Mission Bay North and South Redevelopment Project Areas were established in 1998 to create a vibrant, transit oriented, mixed-use community that will result in 6,404 residential units (29 percent of which will be affordable), 4 million square feet of office and biotechnology space, 419,000 square feet of retail uses, a new University of California, San Francisco research campus and medical center, 250-room hotel, library, school, police headquarters, and a local police and fire department. The Mission Bay North and South Redevelopment Project Areas also contain 49 acres of open space, approximately 41 of which are owned by OCII/City and approximately eight of which are owned by UCSF. Completion of the Mission Bay project is anticipated to occur over 25 to 30 years and will result in construction of more than \$700 million of new infrastructure, development of over \$8 billion in private vertical development, and creation of 31,000 permanent jobs.

Project Description

Implementation of the Mission Bay project occurs through the Mission Bay North and South Redevelopment Plans and the Mission Bay enforceable obligations. The Mission Bay North and South Owner Participation Agreements, and several related or attached documents including the Infrastructure Plans, Financing Plans, and the Tax Increment Allocation Pledge Agreements, are enforceable obligations and outline the public/private partnership between OCII and the Mission Bay Master Developer, FOCIL-MB, LLC.

OCII is responsible for managing the 41-acre planned Mission Bay Open Space System until 2043. Currently, OCII operates over 20 acres of open space. OCII has entered into a contract with MJM Management Group (MJM) to perform the day-to-day management of the parks. The costs for park management are paid with special taxes collected through CFD #5, which OCII administers.

Key responsibilities of OCII, and its Commission, include financing infrastructure, reviewing and approving land use, financing development of affordable housing on land donated by the Master Developer, maintaining the 41-acre Mission Bay open space system, creating and implementing the Mission Bay Art Program, and staffing the Mission Bay Citizens Advisory Committee.

As OCII will transfer affordable housing assets to the Mayor's Office of Housing and Community Development (MOHCD) after completion, OCII will coordinate selection of development teams and review of financial and other long-term agreements for the affordable housing sites with MOHCD. MOHCD will also assist in monitoring construction, marketing, and financial disbursements, consistent with OCII's 2014 Memorandum of Understanding with MOHCD.

OCII staff will ensure compliance with OCII's equal opportunity programs for workforce and contracting on all the projects under the DDAs. Specifically, contract compliance staff will monitor all phases of construction, including hiring of local workers and payment of prevailing wages. OCII staff will work closely with contractors as well as with the Office of Economic and Workforce Development (OEWD) CityBuild program and other community-based organizations to foster job creation for local workers and to improve the opportunities for local, small, minority, and women owned businesses to participate on OCII projects.

On January 24, 2014, the DOF issued a Final and Conclusive Determination under California Health and Safety Code § 34177.5 (i), on the Mission Bay enforceable regulations.

Status Update

Mission Bay continues to develop at a rapid pace. In FY 16-17, affordable housing developers completed 226 units of affordable housing and 103 units of market rate housing and began construction on an additional 143 units of affordable housing. The Golden State Warriors began construction of their 18,000-seat event center, which will include 100,000 gross square feet of retail and 580,000 gross square feet of office space. Uber began construction of its 423,000 gross square foot headquarters. UCSF began construction of its 180,000 gross square foot Precision Cancer Medicine Building and 343,000 gross square foot Mission Bay East Campus Phase I building. In FY 16-17, OCII and private and non-profit developers will collaborate to deliver 680,000 square feet of office space, 143 units of affordable housing, 350 market rate condominiums and three parks totaling 2.51 acres. In addition, affordable housing developers will start construction on 119 units of rental housing for very low-income families and homeless veterans at Block 3 East and approximately 140 units of rental housing for low and very low-income families at Block 6W. In FY 17-18, the master developer will begin construction on two parks totaling 4.92 acres.

Proposed FY 17-18 Work plan

- **MBS Block 6 East Affordable Housing Construction:** Monitor construction of 143 units of rental housing for very low-income families, which includes a set-aside of 20 percent of the units for formerly homeless families referred by the Department of Homelessness and Supportive Housing. Construction is expected to be complete in FY 18-19.
- **MBS Block 3 East Affordable Housing Construction Funding and Construction:** Approve gap financing and a long-term ground lease and begin construction. Block 3 East will consist of 119 units of supportive rental housing for low-income families and veterans, including formerly homeless veterans.
- **MBS Block 6 West Affordable Housing Schematic Design and Gap Financing:** Approve a schematic design and approve gap financing for Block 6 West, which will include approximately 140 affordable family rental units and a childcare facility. Approximately 35 units will be set aside for HOPE SF relocates or formerly homeless families. Construction is expected to begin in summer 2018.
- **MBS Block 9 Affordable Developer Selection and Predevelopment Funding:** In FY 16-17, OCII issued an RFP for the development of approximately 120 units of supportive housing for formerly homeless persons on Block 9. In FY 17-18, OCII will approve the developer team selection, provide predevelopment funding, entering into an exclusive negotiations agreement, and approve a schematic design.
- **MBS Block 4 East Affordable Housing RFP and Predevelopment Funding:** Issue a RFP to select a developer team for an affordable family rental housing project, and provide predevelopment funding, enter in to an ENA.
- **Mission Bay Public Art Program:** Continue to develop a public art program for Mission Bay open spaces, which may include utilizing expertise within the art community, such as the San Francisco Arts Commission or consultants hired by OCII. The FY 17-18 budget

has approximately \$1.2 million in funds, which will be expended over multiple budget years.

- **Golden State Warriors Event Center Construction:** Continue development of the 18,000-seat event center, 100,000 gross square feet of retail, and 580,000 gross square feet of office space.
- **Blocks 26/27 Construction:** Continue construction of the new Uber headquarters on Blocks 26/27, approximately 423,000 gross square feet of office space.
- **Block 40 Construction:** Complete construction of Block 40, a 680,000 gross square foot office building with 15,000 gross square feet of retail space, which started construction in spring 2016.
- **UCSF Blocks 33/34 Construction:** Continue construction of Phase I of Blocks 33/34, which will consist of a single building, with a 160-foot tower element, totaling 343,000 gross square feet of office and clinical space.
- **UCSF Blocks 36/X3 Precision Cancer Medicine Building Construction:** Continue construction of the six-story 180,000 gross square foot medical/office building that will provide cancer outpatient care, including cancer specialty clinics, an infusion center, radiology and radiation oncology therapy.
- **Block 1 Residential Construction:** Complete construction of the 350 for-sale residential units on the triangular parcel that fronts Mission Creek and the future Park P3. In FY 15-16, the 350 market-rate, for-sale units paid an affordable housing in-lieu fee. OCII will use the fee to fund OCII-sponsored affordable housing in Mission Bay.
- **Block 1 Hotel Project Construction Start:** The hotel is expected to start construction in the first half of the FY 17-18.
- **Park P3 Construction Start:** Complete construction drawings and start construction on the 1.17-acre Park P3, which forms an esplanade along the southern bank of Mission Creek and is directly adjacent to Block 1.
- **Park P19 Completion:** Complete construction of the 0.55-acre Park P19 along Terry Francois Boulevard. Park P19 is designed for passive recreation and stormwater treatment, as well as to provide a buffer between the neighboring residential building, an OCII-sponsored affordable housing site, and Terry Francois Boulevard.
- **Bayfront Park P22 Construction Drawings:** Complete construction drawings for the future Bayfront Park P22, a 5.4-acre waterfront park along the San Francisco Bay. Park P22 will provide flexible open space, similar to Chrissy Fields, to allow for local and regional activities. With its location adjacent to the future Golden State Warriors site, Park P22 will also provide opportunities for coordinated events with the Golden State Warriors event center.
- **Parks P23 and P24 Completion:** Complete construction on Parks P23 and P24, which make up 1.89 acres of parkland in the southern part of Mission Bay along Terry Francois

Boulevard. Parks P23 and P24 will contain plazas, a half basketball court, picnic facilities, lawn areas, and stormwater treatment facilities.

- **Mission Creek Park P2 Parking Completion and Maintenance Agreements:** Complete construction of the replacement parking for the Mission Creek Harbor Association (MCHA) as part of Park P2, which will ultimately be 1.5 acres in size. Complete construction drawings for the entire park. Finalize the maintenance agreements with MCHA for the community garden and parking area. P2 is located on the southern boundary of Mission Creek, will contain a community garden, and will be one of the final links in the Mission Creek park loop.
- **Mission Creek Park P2/P8 Construction Drawings and Construction Start:** Complete construction drawings and begin construction of the 3.28-acre park along Mission Creek.
- **Dog Park P5 Completion:** Complete construction of the 0.37-acre dog park located between Mission Creek and the Kids' Park.
- **Park P20 Remove from Plan Area:** P20 is a small park approximately 20 feet in width located on Port of San Francisco land that runs along the southern edge of the Port's Seawall Lot 337, which is where the Giants will be developing a large mixed-use development. The Port would like to incorporate P20 into the Seawall Lot 337 development. OCII is working with the Port to remove P20 from the Redevelopment Plan Area.
- **Construction Coordination:** Work with the developers, SFPW Task Force, OEWD, PUC, and other City agencies to coordinate the efforts to alleviate the traffic congestion created by construction in Mission Bay.
- **Future Park Management Strategy:** Continue working with the City, Port of SF, and Public Utilities Commission, the current owners of Mission Bay Parks, on the future park management strategy according to OCII has approved Long Range Property Management Plan (PMP). DOF approved the OCII PMP in December 2015.
- **Street Improvements:** Continue construction of the remaining Mission Bay roadway improvements. In FY 17-18, all streets in the southern portion of Mission Bay will either be completed, under construction, or in the final planning stages. Improvements include surface roadway and sidewalk improvements, as well as underground utilities. Completion of the street grid system will significantly improve the local connectivity of Mission Bay.

8. Transbay Major Approved Development Project Area

The Transbay Redevelopment Project Area (Project Area) was adopted in 2005 and consists of approximately 40 acres in downtown San Francisco surrounding the new Transbay Transit Center (TTC), which is currently under construction by the Transbay Joint Powers Authority (TJPA). Project Area goals include developing: 1) the new, multi-modal TTC and related public infrastructure; 2) a new, transit-oriented neighborhood on approximately 10 acres of publicly-owned property, most of which was formerly owned by the State of California (State); and 3) approximately 1,400 affordable housing units, or 35 percent of the new residential units constructed in the Project Area. OCII acts as the master developer for most of the formerly State-

owned parcels in the Project Area, issuing requests for proposals and selecting developers to construct the improvements, as specified in the Redevelopment Plan for the Transbay Redevelopment Project Area (Redevelopment Plan) and related documents.

Project Description

OCII will develop a new, transit-oriented neighborhood on the 10 acres of formerly State-owned property in Transbay. The neighborhood will contain more than 3,200 new housing units, including approximately 1,400 affordable units, approximately 2.4 million square feet of new commercial space, and approximately four acres of new public open space. In addition, the new TTC site will include a 5.4-acre rooftop park. The development program embodies a balanced approach to density, with office and residential towers spaced apart to protect views and sunlight, and retail and townhouses to maintain visual interest at the ground level. The program includes significant widening and improvement of sidewalks, converting Folsom Street to two-way traffic, and reconfiguring an Interstate 80 off-ramp, all with the goal of creating a safe and attractive pedestrian environment.

The TJPA is responsible for planning, constructing, and eventually operating the new TTC. OCII is charged with implementing the Redevelopment Plan pursuant to its enforceable obligations, including: 1) the 2008 Tax Increment and Sales Proceeds Pledge Agreement between OCII, the City and County of San Francisco (City) and the TJPA (Pledge Agreement), which irrevocably commits land sale and tax increment revenue from formerly State-owned parcels for the TTC; 2) the 2006 Transbay Redevelopment Project Implementation Agreement between OCII and the TJPA (Implementation Agreement), which requires OCII to prepare and sell the formerly State-owned parcels and to construct and fund new infrastructure improvements (such as parks and streetscapes) and affordable housing obligations; and 3) AB 812 (codified in Section 5027.1 of the California Public Resources Code), which mandates that 25 percent of the residential units developed in the Project Area shall be available to low-income households and an additional 10 percent, for a total of 35 percent, shall be available to moderate-income households.

On April 15, 2013, DOF issued a Final and Conclusive Determination under California Health and Safety Code § 34177.5 (i), that the Pledge Agreement, the Implementation Agreement, and the AB 812, are enforceable obligations of OCII.

As OCII will transfer affordable housing assets to MOHCD after the projects are completed and occupied, OCII coordinates selection of development teams and review of financial and other long-term agreements for the affordable housing sites with MOHCD. MOHCD will also assist in monitoring of construction, marketing, and financial disbursements, consistent with OCII's 2014 Memorandum of Understanding with MOHCD.

Staff will ensure compliance with OCII's equal opportunity programs for workforce and contracting on all projects in the Project Area. Specifically, contract compliance staff will monitor all phases of construction, including hiring of local workers and the payment of prevailing wages. Staff will work closely with contractors as well as with the Citybuild program and other community-based organizations, to foster job creation for local workers and to improve the opportunities for local, small, minority, and women owned businesses to participate on OCII projects.

Pursuant to the Implementation Agreement, tax increment funds all of OCII's staff and consultant

costs related to development of the State-owned parcels in the Project Area through the selection of a development team. After selection, the developer provides funds for staff and consultant costs. Tax increment and bond proceeds fund staffing and construction costs for all infrastructure projects.

Status Update

Phase 1 of the TTC, including the above-ground bus station and the train box for the below-ground train station, is under construction and is scheduled to be completed in late 2017. The City approved a Mello-Roos community facilities district that will provide partial funding for the TTC and other infrastructure costs.

Of the publicly owned parcels over which OCII has jurisdiction, two parcels are fully complete and six parcels are in various stages of development and pre-development. The sale of various sites has generated more than \$600 million in funding for construction of the Transbay Transit Center.

- **Block 11A:** The portion of Block 11 along Folsom Street (25 Essex Street), known as the “Rene Cazenave Apartments,” is a 120-unit supportive housing project that is available to households earning up to 50 percent of AMI. In FY 13-14, OCII funded the project and the developers completed construction and lease-up. In FY 15-16, this project was, as with all completed affordable housing assets, transferred to MOHCD as Housing Successor pursuant to Dissolution Law upon conversion final permanent financing.
- **Parcel T:** In FY 12-13, the TJPA sold Parcel T to Hines to develop a 1,070-foot high-rise office tower. Because Parcel T is in Zone 2 of the Project Area and under the jurisdiction of the City, it was reviewed and approved by the San Francisco Planning Commission, and started construction in April 2013, with completion expected in 2017.
- **Blocks 6/7:** In December 2011, OCII selected Golub Real Estate Corp. (Golub) and Mercy Housing California (Mercy) for a market-rate and affordable housing development on Blocks 6/7, which are known as 280 and 222 Beale Street. The site was sold to Golub in October 2013 for \$54.8 million. Block 6 consists of 479 units, of which 70 units are affordable to households earning up to 50 percent of AMI. The Block 6 project is complete. At Block 7, which consists of 120 rental units affordable to households earning up to 50 percent of AMI, construction is underway, with completion expected FY 17-18.
- **Block 9:** OCII selected a development team comprised of TMG, Essex Property Trust, and BRIDGE Housing for a market-rate and inclusionary affordable housing development on Block 9, known as 500 Folsom Street. This project consists of 545 units, of which 109 units will be affordable to households earning up to 50 percent of AMI. Construction is underway, with completion anticipated in 2019.
- **Block 8:** OCII selected Related California (Related) and Tenderloin Neighborhood Development Corporation (TNDC) for a market rate and affordable housing development on Block 8, known as 400 Folsom Street. The project consist of 548 units, of which 150 units will be affordable to households earning up to 50 percent of AMI (composed of both inclusionary and OCII-funded units). Construction is underway, with completion anticipated in 2019.

- **Block 5:** In September 2015, OCII selected Golub and John Buck Company for an office project on Block 5, known as 250 Howard Street. OCII closed escrow on the land for \$172.5 million. Construction of the 767,000 square-foot office building is underway, with completion in 2018.
- **Block 1:** In June 2016, OCII approved an Owner Participation/Disposition and Development Agreement with Tishman Speyer for Block 1, known as 160 Folsom Street, for a residential housing development. The project consist of 391 units, of which 156 units will be affordable to households earning 80 to 120 percent of AMI. The affordable units will be comprised of both inclusionary and OCII-funded units. OCII anticipates closing escrow on the land for \$19.2 million in spring.

Per the Implementation Agreement, OCII is developing infrastructure plans for the new neighborhood, including new streetscape improvements on Folsom Street and two major new public parks. Construction of the Folsom Street freeway off-ramp was complete in July 2015.

Proposed FY 17-18 Work plan

- **Block 7 Construction Monitoring:** Construction is underway on 120 affordable rental units (at 40 and 50 percent of AMI) on Block 7. The project consists of two podium buildings and adjacent townhouses, including a ground-floor childcare facility and open space OCII will monitor construction and marketing. Construction will be complete and the units will be fully leased by the end of FY 17-18.
- **Block 9 Construction Monitoring:** Construction began in 2016. OCII will continue to monitor construction of approximately 436 market-rate units and 109 inclusionary affordable rental units (at 50 percent of AMI) in a 550-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space, and underground parking. OCII will monitor progress to insure the project is built consistent with the approved plans, meets the schedule required in the Disposition and Development Agreement (DDA), and the developer conducts early outreach and marketing in accordance with the approved plan.
- **Block 5 Construction Monitoring:** Construction began in 2015. Block 5 is an approximately 767,000-sf commercial office project in a 550-foot tower. OCII will monitor construction progress to insure the project is built consistent with the approved plans and meets the schedule required in the DDA.
- **Block 8 Construction Monitoring:** The sale of the land for Block 8 closed in December 2015 and construction began in 2016. Block 8 is a residential project consisting of approximately 398 market-rate units and 150 affordable rental units (at 50 percent of AMI), a portion of which are OCII funded. The project is a 550-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking. OCII will continue to monitor construction progress to insure the project is built consistent with the approved plans and meets the construction schedule required in the DDA. Construction is scheduled to be complete by 2019. OCII will monitor the Block 8 developer's progress in procuring a grocery store tenant for the project, as required in the DDA.

- **Block 1 Plan Processing and Construction:** The Block 1 condominium project includes 235 market rate units and 156 affordable units (at 80 to 120 percent of AMI). The project is comprised of a 400-foot tower and adjacent podium and townhouse buildings. In 2016, the Commission approved an Owner Participation/Disposition and Development Agreement (OP/DDA) with the current owner of the three private parcels adjacent to the OCII-owned parcel (Block 3720, Lot 027). OCII anticipates construction will be complete in FY18-19. OCII will continue to process construction plans, assist with plan processing by City agencies, oversee project permitting, and monitor construction progress to ensure the project construction schedule meets the construction schedule required in the OP/DDA.
- **Block 4 Design Concept and DDA:** OCII entered into an Option Agreement with a development team for Block 4 to provide market rate and affordable housing. During FY 17-18, staff will work with the development team toward OCII approval of an affordable housing developer partner, term sheet, and subsequent exclusive negotiations agreement. These approvals will be steps toward defining a design concept and negotiations for a Disposition and Development Agreement. Construction will not begin on Block 4 until the Transbay Temporary Bus Terminal, which currently occupies Blocks 2, 3 and 4, is removed following the opening of the Transbay Transit Center in late 2017. Construction will start in FY 18-19.
- **Block 2 East/West Affordable Housing:** OCII will issue Requests for Proposals (RFPs) to select development teams and provide predevelopment funding Block 2 West and Block 2 East. Block 2 West can accommodate approximately 77 affordable family rental units. Block 2 East can accommodate approximately 167 affordable senior rental units. OCII will coordinate Development of Blocks 2 West and 2 East to maximize efficiency and expedite development. Currently, the site is occupied by the Transbay Temporary Bus Terminal, which is slated to be removed soon after the opening of the TTC in late 2017.
- **Folsom Streetscape Improvements Bid Process and Construction Start:** In 2013, OCII entered into a memorandum of agreement with DPW to manage the design and construction of the Folsom Street Improvement Project (FSIP). FSIP provides for the improvement of Folsom Street from 2nd street to Spear Street, including widening sidewalks, landscaping, and installing new streetlights and traffic signals, and street furniture. In FY17-18, OCII and DPW will complete construction documents for FSIP, obtain bids, select a contractor and begin construction.
- **Under-Ramp Park Design Approvals:** OCII will complete schematic design and design development documents for a 2.4-acre park under the Interstate 80 off-ramp and TTC bus ramps between Folsom and Howard Streets. In addition, OCII will complete negotiations with TJPA and Caltrans to lease space under freeway ramps that are part of the future Under-Ramp park site.
- **TJPA Support:** Assist the TJPA with various financial and market analyses, as required by TJPA's funding partners and the TJPA Board of Directors.
- **Transbay CAC:** Provide staff support to the Transbay Citizens Advisory Committee, which provides advice and recommendations to the Commission on all major activities of OCII in the Project Area.

9. Affordable Housing Obligations

OCII has retained Affordable Housing Obligations integrally located in the project areas. OCII

manages these affordable housing obligations through direct oversight along with services procured from the Mayor’s Office of Housing and Community Development (MOHCD) through a 2014 Memorandum of Understanding. OCII directly manages the affordable housing projects through completion and procures services from MOHCD staff to monitor construction, review and monitor marketing of inclusionary and OCII-funded projects (including implementation of the Certificate of Preference program); assist with managing and disbursing OCII’s funds pursuant to the relevant project’s financing agreements, and other ancillary tasks.

OCII’s obligations are a key part of the Mayor’s plan to create 30,000 units by 2020, with one-third, or 10,000, of the units as permanently affordable. OCII’s affordable housing projects will result in over 3,400 affordable units by 2020 through stand-alone projects funded with OCII subsidy, as well as inclusionary affordable units provided through private development. Accomplishments toward this goal include:

- In 2016, eight market rate projects delivered 71 inclusionary below market rate units, including the first four new developments in the HPS Phase 1, the new Eviva apartments in Mission Bay North, and three new projects in former redevelopment project areas known as 2000 Ellis Street, 72 Townsend, and 1450 Franklin.
- In 2016, 59 inclusionary units were completed at 350 Friedell (Block 49 in HPS Phase 1), a 100% affordable project.
- In 2014, 328 OCII-sponsored affordable units were completed and occupied, including 120 units at Rene Cazenave Apartments in Transbay, 59 units at 474 Natoma Street, and 149 units at 1180 4th Street in Mission Bay South.
- In 2015, 280 Beale Street (the Transbay Block 6 OCII affordable component) 69 affordable units were completed and occupied.
- In 2016 and 2017, 424 OCII-sponsored affordable units were completed and occupied, including 120 units Dr. Davis Senior Residence, 106 units at Hunters View IIa, and 198 units at Mission Bay Block 7 West.

Below is a summary of OCII’s contribution to the Mayor’s plan to create this vitally important resource for San Francisco. In order to achieve this goal, the FY 17-18 budget includes authority for ten new sites: Alice Griffith Phases 5 and 6, Mission Bay South Block 3 East, Mission Bay South Block 6 West, Mission Bay South Block 9, Candlestick Point North 10A, Candlestick Point South 11A, HPS Phase 1 Blocks 52/54, Transbay Block 2 West, and Transbay Block 2 East.

Exhibit 5. Mayor’s Plan for 10,000 Affordable Units by 2020:

OCII Pipeline

Project Status	Affordable Stand-Alone Units	Affordable Inclusionary Units	Totals
Completed & Occupied	821	130	951
In Construction	709	194	903
In Predevelopment	719	148	867
In Preliminary	264	444	708
Totals:	2,513	916	3,429

These units will be delivered in the Hunters Point Shipyard / Candlestick Point, Mission Bay,

Transbay project areas, as described below.

Hunters Point Shipyard / Candlestick Point

- **Alice Griffith:** The Alice Griffith project is the recipient of a \$30.5 million grant from the U.S. Department of Housing and Urban Development (HUD) through its Choice Neighborhoods Initiative (CNI Grant). In FY13-14, OCII provided total funding for Phases 1 and 2 and predevelopment funding for Phase 3. OCII expects Phases 1 and 2 to be complete in May 2017. In FY 14-15, OCII committed construction financing for Phase 3. Construction began in March 2016. Phase 3 is comprised of 93 public housing replacement units and 28 new affordable units (at 50 percent AMI). In FY 16-17, OCII committed construction financing for Phase 4, comprised of 31 units. Phase 4 construction will begin early in FY 17-18. During FY 17-18, OCII will provide predevelopment funding for Phases 5 and 6. Phase 5 will have 36 affordable units and Phase 6 will have 131 affordable units. The Phases 5 and 6 development sites will not be available for construction until 2019.
- **HPSY Phase II/Candlestick Point Blocks 10A and 11A (CPS 10A and CPN 11A):** In FY16-17, OCII approved the selection of a developer team, an exclusive negotiations agreement, and a predevelopment loan for CPN 10A (140 units) and CPS 11A (153 units). In FY 17-18, OCII will approve schematic designs and construction financing for both CPN 10A and CPS 11A. CPN 10A and CPS 11A will provide housing affordable to hundreds householders earning up to 60 percent of AMI. A portion of the units in each project will be set-aside for formerly homeless households. In addition, each site will include two units designated as family childcare units and both projects will have ground floor retail. The CPS 11A parcel is located across the street (Harney Way) from the proposed new Candlestick Park Retail Center.
- **HPSY Phase 1/Blocks 52/54:** In FY17-18, OCII will issue an RFP, select a development team, and provide predevelopment funding for the affordable housing project on Blocks 52/54, which is located on the Hilltop portion of HPS Phase 1. The “scattered site” development could accommodate approximately 100 units of affordable rental housing.
- **Marketing of HPSY Phase 1 Inclusionary Units:** Private developers have completed the first four vertical developments in HPS Phase 1 (Blocks 50, 51, 53, and 54). In FY 17-18, development will continue on Blocks 56 and 57. OCII, in collaboration with MOHCD, will monitor the marketing and sales of the 15 inclusionary affordable home ownership units on these sites.

Mission Bay

- **MBS Block 6 East (626 Mission Bay Boulevard North) Affordable Housing:** In FY16-17, the developer team led by Tenderloin Neighborhood Development Corporation (TNDC) started construction of the MBS Block 6E affordable housing project. The development will have 143 units of rental housing for very low-income families, which will also include a set-aside of 20 percent of the units for formerly homeless families referred by the Department of Homeless and Supportive Housing. TNDC successfully secured funding in the first round of the Affordable Housing and Sustainable Communities (AHSC) program through the state Housing and Community Development (HCD) office, also known as “cap and trade” funds. This funding award helps to maximize the OCII

subsidy and ultimately allows OCII to fund additional affordable housing. In FY 17-18, staff will monitor construction and expect completion in FY 18-19.

- **MBS Block 3 East Affordable Housing:** Subsequent to a competitive RFP process, OCII approved an exclusive negotiation agreement and predevelopment loan with the developer team led by Chinatown Community Development Corporation and Swords to Plowshares. In FY 16-17, during OCII's schematic design review and approval process, the project size increased from 101 units to 119 units. Project units will be as follows: 62 units supportive rental housing for formerly homeless veterans, 56 units for low-income families, and 1 manager's unit. The Department of Homeless and Supportive Housing will refer the formerly homeless veterans. The project received a private donation of approximately \$4.5 million, which helped accelerate development of the site. In FY 16-17, OCII approved the schematic design and collaborated with the developer to apply for capital funding from the Veterans Housing and Homelessness Prevention program through the state HCD office. In FY 17-18, OCII expects to approve construction funding and a long-term ground lease.
- **Mission Bay South Block 7 West (588 Mission Bay Boulevard North) Affordable Housing:** OCII committed gap funding FY 14-15 and approved the ground lease in 2015. Construction of 198 units of affordable rental housing for low-income families, plus 2 managers' units, and ground floor retail space was completed in March 2017. OCII and MOHCD approved the Marketing and Tenant Selection Plan in November 2016 and the project's lease up was complete in FY16-17.
- **Mission Bay North Block N4P3 (Eviva) Inclusionary Housing:** Construction of this 129 unit project, which includes 26 affordable inclusionary rental units serving households earning up to 90 percent AMI, completed in November 2016. Utilizing MOHCD services, OCII reviewed, approved and is monitoring implementation of the marketing plan for the inclusionary affordable units. Marketing will be complete by the end of FY 16-17.
- **Mission Bay South Block 6 West Affordable Housing:** Subsequent to a competitive RFP process, OCII selected a developer team led by Mercy Housing to construct an affordable housing project of approximately 140 rental units and a childcare facility. A set-aside of approximately 35 units will provide housing for either formerly homeless families or HOPE SF public housing voluntary relocatees from the Potrero and/or Sunnydale public housing sites. OCII will enter into an exclusive negotiation agreement and predevelopment loan agreement in late FY 16-17 and will approve schematic design and permanent financing in FY 17-18 in anticipation of a construction start in summer 2018.
- **Mission Bay South Block 9 Affordable Housing:** In FY 16-17, OCII issued an RFP to select a development team for MBS Block 9, which will accommodate approximately 120 supportive rental units for extremely low-income formerly homeless persons as well as facilities for intensive on-site resident services. MOHCD will contribute Local Operating Subsidy Program funds for project operations and the Department of Homelessness and Supportive Housing will contribute resources for ongoing services and will refer tenants to the project through the City's Coordinated Entry System. In FY 17-18, OCII will approve the developer team selection, an exclusive negotiations agreement, a predevelopment loan agreement, and a schematic design.
- **Mission Bay South Block 4 East Affordable Housing:** In FY17-18, OCII will issue a

RFP to select a developer team for an affordable family rental housing project,

Transbay

- **Block 7 Affordable Housing:** In FY 15-16, OCII approved construction funding and a long-term air rights lease with the selected developer team for an affordable rental project on Block 7. The use of innovative construction methods and improved economies of scale allowed for an increase in the number of affordable units, from 77 units to 120 units (at 40 and 50 percent of AMI), including 1 manager's unit. The increase in the number of units helps OCII meet the mandate that 35 percent of the residential units in Transbay be affordable. 24 units (20 percent of the total) will be set aside for HOPE SF public housing relocatees from the Sunnydale public housing site using project-based vouchers. The vouchers provide enhanced financial stability for the project, allow for the provision of increased services at Block 7, and allow for necessary construction staging as the Sunnydale public housing rebuild commences. The project structure includes two podium buildings as well as adjacent townhouses. The ground floor includes a childcare facility and open space. Construction began in June 2016 and the developer has initiated early outreach and marketing. The project will complete construction and be fully leased by the end of FY 17-18.
- **Block 9 Affordable Housing:** The Block 9 land sale closed in February 2015, subsequent to the execution of a disposition and development agreement. Block 9 consists of 436 market-rate rental units and 109 affordable inclusionary rental units (at 50 percent of AMI), including 1 manager's unit, in a 400-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking. In FY 15-16, OCII coordinated with MOHCD acting as the issuer, on a tax-exempt housing bond issuance for the inclusionary component of the project. Site excavation commenced in early 2016 and was complete in early 2017. Foundation and building construction commenced in early 2017. In FY 16-17, the developer submitted an early outreach and marketing plan for OCII and MOHCD's review and approval. Building construction is expected in FY18-19.
- **Block 8 Affordable Housing:** In spring 2015, OCII executed a DDA with The Related Companies and TNDC for a residential project consisting of approximately 396 market-rate units and 150 affordable rental units (at 50 percent of AMI), including 1 manager's unit. The project consists of a 550-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking. In FY 15-16, OCII committed permanent gap financing and approved an air rights lease for the standalone affordable podium building. In 2016, construction began and the developer submitted an early outreach and marketing plan for the affordable units for OCII and MOHCD review and approval. Construction completion is scheduled for 2019.
- **Block 1 Affordable Homeownership Housing:** In 2016, OCII executed an owner participation/disposition and development agreement (OP/DDA) with the current owner of the three private parcels adjacent to OCII's parcel (Block 3720, Lot 027). The Block 1 condominium project includes 235 market rate units and 156 BMR units with a 400-foot tower component and an 8-story podium building. The OP/DDA is structured such that the developer's consideration for OCII's parcel at Block 1 is construction and delivery of the 76 affordable podium units. The remaining 80 affordable units will be located in the tower.

The 156 below market rate units will be affordable to moderate income homebuyers earning from 80 percent to 120 percent AMI. Construction is scheduled to begin in May 2017 complete in FY 18-19.

- **Block 4 Design Concept and DDA:** OCII entered into an Option Agreement with a development team for Block 4 to provide market rate and affordable housing. During FY 17-18, staff will work with the development team toward OCII approval of an affordable housing developer partner, term sheet, and subsequent exclusive negotiations agreement. These approvals will be steps toward defining a design concept and negotiations for a Disposition and Development Agreement. Construction will not begin on Block 4 until the Transbay Temporary Bus Terminal, which currently occupies Blocks 2, 3 and 4, is removed following the opening of the Transbay Transit Center in late 2017. Construction will start in FY 18-19.
- **Block 2 West Affordable Housing:** In late 17-18, OCII will issue a RFP to select a development team and provide predevelopment funding for Block 2 West, which could accommodate approximately 77 affordable family rental units and will be developed in coordination with Transbay Block 2 East to maximize efficiency and expedite development. Currently, the site is occupied by the Transbay Temporary Bus Terminal, which is slated to be removed after the opening of the TTC in late 2017.
- **Block 2 East Affordable Housing:** In late FY17-18, OCII will issue a RFP to select a development team and provide predevelopment funding for Block 2 East, which could accommodate approximately 167 affordable senior units and will be developed in coordination with Transbay Block 2 West to maximize efficiency and expedite development. Currently, the site is occupied by the Transbay Temporary Bus Terminal, which is slated to be removed after the opening of the TTC in late 2017.
- **Hunters View Public Housing Revitalization - Phase II Construction Monitoring:** The Hunters View Public Housing Revitalization Project is not within HPS/CP, but as the former SFRA Commission authorized a loan to provide funding for Phase II of this HOPE SF project in April 2011, the project is an enforceable obligation. In FY13-14, OCII approved the disbursement of the funds needed for Phase II, which includes 106 new housing units (80 public housing replacement units and 26 new affordable units). Vertical construction began in January 2015 and completed in February 2017. OCII staff is utilizing services from MOHCD to monitor marketing and lease up.
- **Transfer of OCII Completed Housing Assets:** In FY17-18, OCII staff will facilitate housing asset transfers to MOHCD. Prior to transfer, OCII will confirm the housing assets have fully complied with all governing development documents related to each of the projects. The following assets will be transferred in FY 17-18:
 - o Alice Griffith Phases 1, 2 and 3
 - o MBS Block 7 West
 - o Hunters View IIa
 - o MBN N4P3 (Eviva)
 - o Dr. Davis Senior Residence
 - o 350 Friedell (HPS Phase 1 Block 49)
 - o HPS Phase 1, Blocks 53/54 inclusionary units

10. Asset Management and Development Services

In addition to the Major Approved Project Areas, OCII has significant responsibilities related to the ongoing management of assets and development obligations in several active and expired redevelopment project areas, namely Yerba Buena Center, Rincon-Point South Beach, Western Addition A-2, South of Market, and Bayview Industrial Triangle. These asset management responsibilities, which are undertaken by OCII's Real Estate and Development Services Division, include: (1) property management of physical land and buildings, (2) lease management, (3) loan management and administration, (4) oversight of public parking garages, (5) landlord and creditor responsibilities in bankruptcies, (6) managing and monitoring development agreements, (7) managing a community facilities district, (8) general asset management and problem-solving, and (9) implementing OCII's Long-Range Property Management Plan.

Long Range Property Management Plan

Pursuant to Section 34191.5(b) of the California Health and Safety Code, OCII is required to prepare a PMP that addresses the disposition and use of the properties of the former San Francisco Redevelopment Agency ("SFRA"), and submit the PMP to the Oversight Board to the Successor Agency ("Oversight Board") and the DOF for their respective approvals. On November 23, 2015, by Resolution No. 14-2015, the Oversight Board approved the PMP and authorized OCII to take all actions as needed to effectuate compliance with the PMP. On December 7, 2015, DOF approved the PMP and OCII's disposition of properties in accordance with the approved PMP.

OCII staff began implementing the PMP with a focus on three priority projects that will transfer to the City: Fillmore OCII anticipates that Shoreview Park and Fillmore Heritage Center will transfer by the end of FY 16-17, while Yerba Buena Gardens will transfer in FY 17-18. Upon completion of these priority transfers, OCII will focus on the transfer of other properties outside of the major approved development projects, including the remnant parcels in Yerba Buena Center, India Basin, and the Western Addition and the balance of the Hunters Point mini-parks.

The FY 17-18 budget includes \$1.3 million for costs related to implementation of the PMP and management of ongoing development obligations outside of the major approved development projects. These costs include staffing, property management, appraisals, consultants, title and escrow, legal (including tenant bankruptcy proceedings), and loan collection.

Yerba Buena Center (Expired Project Area)

The Yerba Buena Center (YBC) Redevelopment Plan was adopted by the Board of Supervisors in 1966 and expired on January 1, 2011. YBC is an 87-acre area south of Market Street that formerly consisted of dilapidated hotels and commercial and industrial buildings. The redevelopment of YBC was a highly successful effort, and the area has been central to the economic growth and vitality of San Francisco over the past two decades. Today, YBC is one of San Francisco's major cultural and convention/visitor districts. Major cultural facilities -- such as the San Francisco Museum of Modern Art, the Museum of the African Diaspora, the Contemporary Jewish Museum, Yerba Buena Center for the Arts, the Mexican Museum (still in planning) -- were developed by or in partnership with SFRA.

With the expiration of the YBC Redevelopment Plan on January 1, 2011, OCII moved into an asset management role for its numerous real property assets in YBC. The assets include the Jessie

Square Plaza, Yerba Buena Lane and adjacent commercial parcels, open space, recreational spaces, museums, and other land and buildings comprising the three-block area known as Yerba Buena Gardens.

The anticipated work plan for FY 17-18 includes:

- **706 Mission Street/Mexican Museum Project:** OCII transferred ownership of the Jessie Square Garage and the Mexican Museum site in May 2016 pursuant to the 706 Mission Street/Mexican Museum purchase and sale agreement (“PSA”) approved by the Commission, the Oversight Board, and DOF in 2013. In 17-18, OCII is requesting the expenditure of approximately \$2.0 million for open space improvements that it expects to receive from the developer of the project. OCII will also continue administration of a grant agreement with The Mexican Museum for tenant improvements to the new museum space.
- **Management of Yerba Buena Gardens:** OCII anticipates that it will transfer Yerba Buena Gardens (“YBG”) to the City in the later part of 2017. Until that time, as property owner of YBG, OCII will use \$4.4 million in lease revenues to fund property management, legal services and community benefit district payments and \$4.0 million in lease revenues to fund cultural operators/cultural programming. OCII also anticipates expending \$7.3 million in in lease revenues for capital improvements including, but not limited to, repairs/replacements to building systems at Yerba Buena Center for the Arts, Children’s Creativity Museum, the Ice Skating Center, and YBG open space, artworks, and security systems. Any dollars that have not been expended on operations and capital improvements at YBG will be transferred to the City as part of the larger transfer of the YBG real estate assets. OCII’s YBG cash account balance fluctuates daily, but OCII also expects to transfer between \$13 million to \$20 million to the City.

Rincon Point – South Beach (Active Project Area)

The Redevelopment Plan for this project area does not expire until January 5, 2021 but SFRA’s work program has been largely completed; therefore, OCII’s activities are of an asset management nature. Since 1981, the area has been transformed into a new mixed-use neighborhood. OCII occasionally receives requests for land use approvals in this project area. OCII also manages a community facilities district that pays for additional landscaping and property maintenance on some of the project area’s open spaces.

The anticipated FY 17-18 work plan includes:

- **Port-Owned Property, including South Beach Harbor:** OCII and the Port of SF have negotiated a Memorandum of Agreement (MOA) that would terminate all OCII leases of Port property and transfer the associated improvements to the Port of San Francisco. This MOA was approved by the Commission on March 3, 2015, the Oversight Board on March 27, 2015, and the Department of Finance on April 29, 2015. The MOA is conditional upon approval by the State Lands Commission, which is still pending. Obtaining State Lands Commission approval is the purview of the Port. Staff anticipates the leases will be terminated in the first half of FY 17-18, however since the exact timing is not known at the time of the budget approval, the budget includes the full fiscal year amounts consistent with the FY 16-17 budget.

- **CFD #1:** Staff manages a community facilities district that taxes property owners to maintain streetscape improvements in the South Beach neighborhood. The streetscape improvements include landscaping (i.e., street trees, lawns, ground cover, shrubs, flowers, etc.), irrigation and lighting systems, and street improvements (i.e., benches, plazas, and a stairway). Ongoing work includes managing the contract with a landscape maintenance firm that does the maintenance work and managing the funds paid by the property owners.

Western Addition A-2 (Expired Project Area)

The Redevelopment Plan for the former Western Addition A-2 Redevelopment Project Area (the Western Addition) expired on January 1, 2009. Since then, no new economic development programs could be initiated and the SFRA moved into an asset management role for both its real property assets as well as other contractual obligations, such as owner participation agreements for unfinished private development, disposition and development agreements, and economic development loan agreements. Assuming that the Fillmore Heritage Garage and Commercial Parcels transfer to the City by the end of FY 16-17, OCII's FY 17-18 work plan for the Western Addition will focus on the sale of a remnant parcel adjacent to the Fillmore Heritage Center and administration of several tenant improvement loan agreements with businesses along Fillmore Street.

South of Market (Active Project Area)

The Redevelopment Plan for this project area does not expire until 2020, but Redevelopment Dissolution Law severely curtailed the SFRA's work program for this project area. OCII has very few enforceable obligations left in this project area, including several active façade and tenant improvement loan agreements that were executed under SFRA's "Six on Sixth" Loan Program. These loan agreements require some staff time until they are forgiven pursuant to their terms. Work includes processing subordination requests, monitoring the schedules for forgiving the loans, processing deeds of reconveyance, and consulting with legal counsel.

Bayview Industrial Triangle (Active Project Area)

The Redevelopment Plan for this project area does not expire until 2020 but the SFRA's redevelopment program for this project area, which was to create a new industrial park, is largely complete. OCII occasionally receives requests for land use approvals in this project area. Work includes design review, zoning checks, and shepherding entitlement approvals through the Commission. Staff time is reimbursed by the project sponsors.

Appendix 1. Community Facilities Districts

Community Facilities Districts (CFDs) are special taxing districts formed under the California Mello-Roos Act. The revenues supporting the activities and/or bond obligations of these districts come solely from special taxes, voted by electors within the district at the time of its formation. The OCII acts only as administrator of the CFDs and has no financial obligation. Disbursements from these CFDs are not part of the OCII budget and are included here for informational purposes only.

**Exhibit A1:
Community Facilities District Annual Tax Levies and Bond Balances**

	FY 17-18 Exps -			Bonds	Final Bond Maturity	Purpose
	2017 Tax Levy	Debt Svc	Operation	Outstanding 6/30/17		
CFD#1	0.2	N/A	0.2	0.0	N/A	Park Maintenance
CFD#4*	0.0	0.5	0.1	19.6	8/1/2031	Infrastructure
CFD#5	2.2	N/A	2.4	N/A	N/A	Park Maintenance
CFD#6**	10.3	8.4	0.0	130.0	8/1/2043	Infrastructure
CFD#7	2.0	2.0	0.0	36.1	8/1/2036	Infrastructure
CFD#8	0.7	N/A	0.7	N/A	N/A	Park Maintenance

* Debt Service for CFD#4 is paid from tax increment pledged under the Financing Plan of the Mission Bay North Owner Participation Agreement (11/16/98)