



# Downtown Revitalization Financing District

## Financing Plan



## Commercial-to-Residential Adaptive Reuse

### Policy Goals

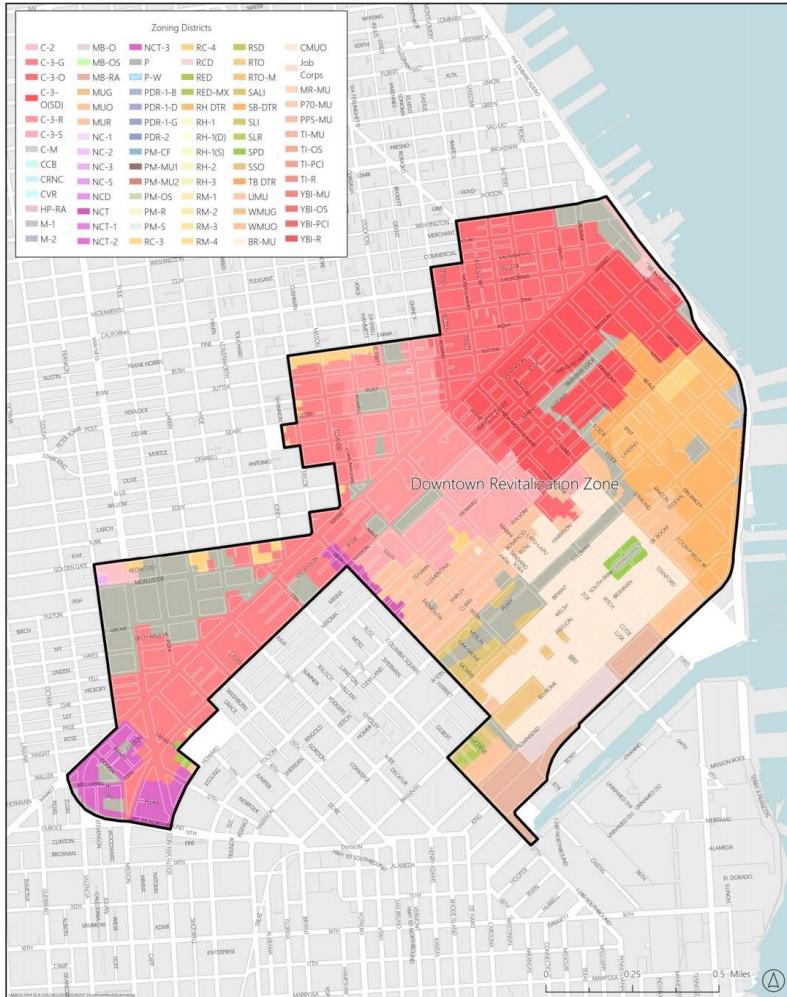
- Create a 24/7 mixed-use downtown
- Increase foot traffic for local businesses
- More riders for Muni and BART
- Safer, more active streets and plazas
- Greater resilience in future downturns
- Shore up City's long-term tax base
- Contribute to housing development goals

# Downtown Revitalization District

## Overview

- Enabled by AB 2488, effective Jan 1, 2025
- San Francisco may establish one "Downtown Revitalization and Economic Recovery Financing District"
- Provides annual property tax increment payments to commercial-to-residential conversion projects for up to 30 years
- Projects must opt in to the program by December 31, 2032
- Governed by a District Board that is a separate legal entity from the City

### Downtown Revitalization Zone





## Downtown Revitalization District

### Potential Impact

- **1,300 parcels** with eligible commercial buildings
- **48 commercial properties** likely suitable for conversion based on age, size, building class, and vacancy
- These properties could yield approx. **4,400 residential units** and add **7,000 new residents** downtown

# District Formation Process

Action	Board of Supervisors	District Board	Timeframe
Adopt Resolution of Intention; District Board Ordinance	X		June 2025
Appoint District Board members	X		Sept 2025
District Board Inaugural Meeting (Adopt Bylaws; Initiate Financing Plan)		X	Sept 2025
District Board Public Hearing #1 (Review Draft Financing Plan)		X	Oct 2025
District Board Public Hearing #2 (Approve Draft Financing Plan)		X	Dec 2025
<b>Board of Supervisors (Approve or Reject Financing Plan)</b>	X		<b>Jan 2026</b>
District Board Public Hearing #3 (Adopt Financing Plan)		-	<i>Feb 2026</i>

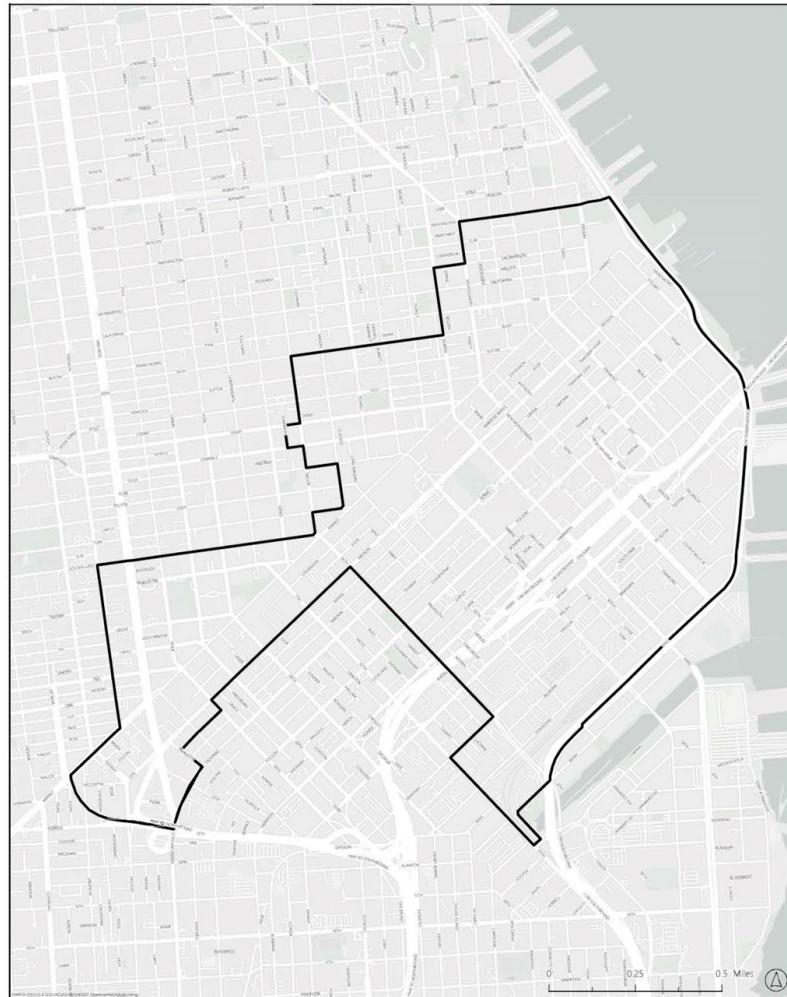
## District Financing Plan

### District Goals

- Increase the supply of housing
- Increase foot traffic to support businesses, transit ridership, and tourism Downtown
- Generate construction jobs
- Generally revitalize Downtown

### Required Findings

- Commercial-to-Residential conversion are of "communitywide significance"
- Consistency with City's General Plan



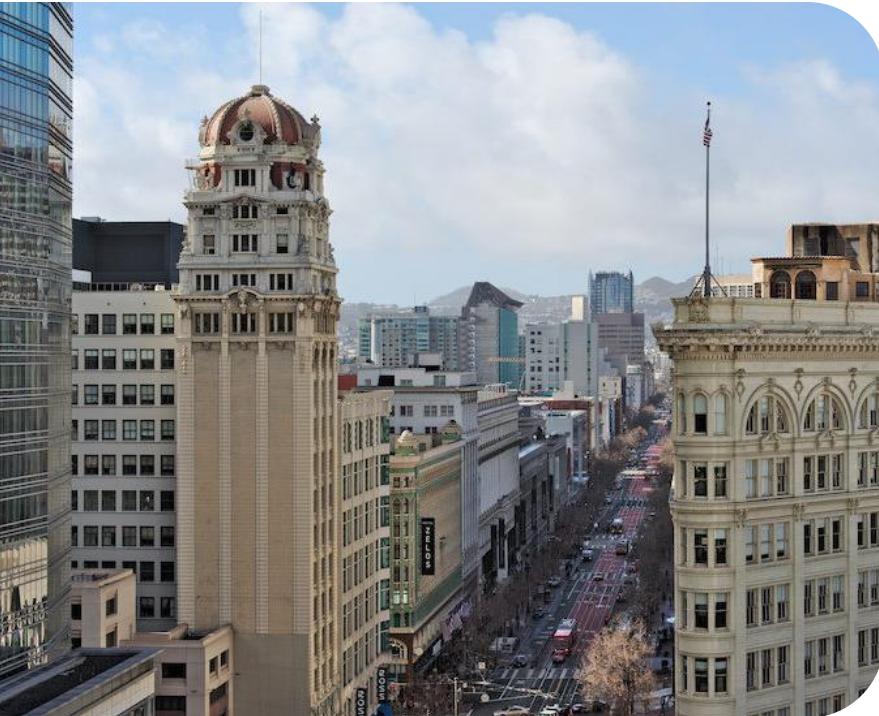


## District Financing Plan

### Eligible Projects

All properties within the district that meet the following criteria are potential projects:

- Located in a zoning district that allows residential uses or mixed-use
- Project is at least 60 percent residential
- Not located within an existing Redevelopment Plan Area
- Allocated Tax Increment will be proportional to the portion of the project that is "converted residential use"



## District Financing Plan

### Affordability and Dwelling Unit Removal Restrictions

- Projects must provide on-site affordable units, after the first 1.5M sq ft of conversions:
  - 5% very-low income or 10% low-income units for rental projects
  - 10% moderate-income units for sale projects
- Local on-site inclusionary housing requirements apply, if higher
- Any removal of existing residential dwelling units subject to City and State restrictions and relocation requirements



## District Financing Plan

### Project Labor Standards

- All projects must pay prevailing wage
- Projects of more than 50 units must use registered apprentices and provide health care benefits (AB 2011 standards)
- Projects of greater than 85' in height also must use "skilled and trained" union labor (SB 423 standards)



## District Financing Plan

### Amount and Use of Tax Increment

- City's **full share of property tax increment** (64.59% of 1% ad valorum tax) to be provided for 30 years per project
- **Property Tax In Lieu of Vehicle License Fees** (Section 97.70 revenue) **not to be allocated** and would flow to General Fund
- **Up to 5%** of allocated tax increment may be used for District **administrative use**
- **Total Allocated Tax Revenue** over 45 years projected at **\$610,426,000** (including admin)
- **Maximum limit of \$1,220,852,000** to be allocated (100% contingency factor)



## District Financing Plan

### Fiscal Impact Analysis

- Fiscal Impact Analysis estimates net new **annual General Fund revenue of \$1.6M** if all 48 conversion projects opt in
- Estimated **net fiscal impact of -\$8,289,112 to \$540,339 per year** if all 48 conversion projects opt in
- Estimated **net fiscal impact of -\$169,166 to \$11,027 per year**, per project
- Additional analysis suggests approx. **\$133M per year in total economic impact** if all 48 projects opt in



## District Financing Plan

### Program Guidelines

- District Board authorized to adopt detailed program guidelines and project opt-in procedures following Financing Plan

### Annual Reports

- District and City must hold an annual public hearing and provide an annual report of the program to the State each fiscal year
- City may delegate its annual report to District
- District must also hold a public hearing every 10 years to consider any changes to the Financing Plan