

File No. 150565

Committee Item No. 6

Board Item No. 11

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date June 22, 2015

Board of Supervisors Meeting

Date July 14, 2015

Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
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| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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Completed by: Linda Wong Date June 18, 2015
 Completed by: Linda Wong Date July 9, 2015

1 [Office of Community Investment and Infrastructure, Operating as Successor Agency to the
2 San Francisco Redevelopment Agency FY2015-2016 Budget - Bond Issuance Not to Exceed
3 \$51,000,000]

4 **Resolution approving the FY2015-2016 Budget of the Office of Community Investment**
5 **and Infrastructure (OCII), operating as the Successor Agency to the San Francisco**
6 **Redevelopment Agency; and approving the Issuance by OCII of Bonds in an aggregate**
7 **principal amount not to exceed \$51,000,000 for the purpose of financing a portion of**
8 **enforceable obligations.**

9
10 WHEREAS, The Office of Community Investment and Infrastructure (OCII), as
11 Successor Agency to the San Francisco Redevelopment Agency, is implementing enforceable
12 obligations and surviving redevelopment projects of the former agency in accordance with the
13 Community Redevelopment Law, Cal. Health & Safety Code, Sections 33000 et seq., as
14 amended by the Redevelopment Dissolution Law, Cal. Health & Safety Code, Sections 34170
15 et seq. (the "Law"), and with San Francisco City and County Board of Supervisors ("Board of
16 Supervisor's) Ordinance No. 215-12; and

17 WHEREAS, OCII is a legal entity separate from the City and County of San Francisco
18 ("City"), is subject to the governance of the City acting in its legislative capacity, and is subject
19 to the Board of Supervisors' authority over OCII's annual budget in accordance with Cal.
20 Health and Safety Code, Section 33606; and

21 WHEREAS, The Law requires OCII to receive approval from OCII's Oversight Board
22 and the California Department of Finance (DOF) for its expenditures as listed in Recognized
23 Obligation Payment Schedules (ROPS) that cover six month fiscal periods; and the Oversight
24 Board and DOF have approved the ROPS for July 1, 2015, to December 31, 2016 ("ROPS
25 15-16A"); and

1 WHEREAS, The Law, Cal. Health & Safety Code, Section 34177.5, and Ordinance
2 No. 215-12 authorize the Successor Agency Commission ("OCII Commission") to issue bonds
3 to carry out enforceable obligations, subject to approval of the OCII's Oversight Board and
4 DOF; and

5 WHEREAS, The OCII Commission approved its annual budget for FY2015-2016 (the
6 "Budget"), by OCII Resolution No. 25-2015 (May 5, 2015), and submitted it to the Board of
7 Supervisors for approval; and

8 WHEREAS, OCII proposes to finance, in FY2015-2016, a portion of its enforceable
9 obligations, but has not yet received approval from the Oversight Board and DOF for this
10 Financing; and

11 WHEREAS, The financing program may require OCII to enter into loans and/or to issue
12 and to refund, as necessary, or to cause to be loaned and/or issued and/or refunded on its
13 behalf by a public finance authority, bonds, notes, or other evidence of indebtedness (such
14 loans, bonds, notes or other evidence of indebtedness being referred to as the "Bonds") in an
15 aggregate principal amount not to exceed \$51,000,000 for the purpose of financing a portion
16 of the Budget and related costs of issuance, which will be repaid from and secured by the
17 taxes allocated to and paid to OCII pursuant to the Law (and in particular but not limited to
18 Sections 33670 - 33674) and to Section 16 of Article XVI of the California Constitution; and

19 WHEREAS, The OCII hereby requests that the Board of Supervisors grant conditional
20 approval for the issuance of the Bonds, subject to subsequent approval of the bond issuance
21 by the OCII Commission, Oversight Board and DOF; and

22 WHEREAS, The San Francisco Redevelopment Agency and the City and County of
23 San Francisco (the "City") entered into Tax Increment Allocation Pledge Agreements for each
24 of the Redevelopment Project Areas in Mission Bay North and Mission Bay South (Resolution
25 Nos. 884-98 and 887-98) for the purpose of pledging net available tax increment from these

1 Redevelopment Project Areas to pay for the costs of public infrastructure and affordable
2 housing; and

3 WHEREAS, The San Francisco Redevelopment Agency and the City and County of
4 San Francisco (the "City") entered into the Transbay Redevelopment Project Tax Increment
5 Allocation and Sales Proceeds Pledge Agreement (Ordinance No. 99-06, May 19, 2006) for
6 the purpose of pledging net available tax increment and sales proceeds from formerly State-
7 owned parcels in the Transbay Redevelopment Project Area to the Transbay Joint Powers
8 Authority to pay for the costs of developing the Transbay Terminal Project; and

9 WHEREAS, The San Francisco Redevelopment Agency and the City and County of
10 San Francisco (the "City") entered into a Tax Increment Allocation Pledge Agreement for
11 Candlestick Point and Phase 2 of the Hunters Point Shipyard for the purpose of pledging net
12 available tax increment to pay for the costs of public infrastructure and affordable housing
13 (Resolution No. 349-10, Aug. 3, 2010); and

14 WHEREAS, In addition to the revenues included in the FY2015-2016 Proposed
15 Budget, OCII may receive interest on bond proceeds; and

16 WHEREAS, In addition to the activities programmed in the FY2015-2016 Proposed
17 Budget, OCII may have opportunities to refund existing debt at lower interest rates to reduce
18 debt service costs; and

19 WHEREAS, OCII anticipates the sale of the Jessie Square Garage and the site of the
20 future Mexican Museum in FY2015-2016; in accordance with the Purchase and Sale
21 Agreement for 706 Mission Street/Mexican Museum, the buyer will deposit the purchase price
22 into irrevocable escrow accounts for the purpose of defeasing tax-exempt bonds used to
23 construct the Jessie Square Garage and for repaying the City and County of San Francisco
24 for amounts owed pursuant to the Cooperation and Tax Increment Reimbursement
25 Agreement (Jessie Square Improvements) dated January 13, 2003; and

1 WHEREAS, OCII serves as the administrator of certain Community Facilities Districts
2 (“CFDs”) listed in Table A1 of the OCII Proposed FY2015-2016 Budget, created under the
3 provisions of the Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of
4 Division 2 of Title 5 (commencing with Section 53311) of the California Government Code
5 (known as the “Mello-Roos Act”), and is responsible to make debt service payments and
6 make other expenditures in fulfillment of other obligations associated with the CFDs; now,
7 therefore, be it

8 RESOLVED, By the Board of Supervisors that it does hereby approve the OCII
9 FY2015-2016 Budget, as such Budget is shown in Exhibit “A” attached hereto and
10 incorporated as if set forth in full herein; and, be it

11 FURTHER RESOLVED, The Board of Supervisors conditionally approves the issuance
12 of the Bonds by OCII in the principal amount not to exceed \$51,000,000, for the purpose of
13 financing a portion of its Budget and related costs of issuance, and the application of a portion
14 of the proceeds of which to reimburse the OCII for amounts spent under its Budget prior to the
15 issuance of the Bonds; provided, however, that the OCII Commission, Oversight Board and
16 State Department of Finance subsequently approve the issuance of the Bonds; and, be it

17 FURTHER RESOLVED, That OCII is authorized to accept and expend any pledged tax
18 increment from the Mission Bay North and South Project Areas and from the project areas
19 covering Candlestick Point and Phase 2 of the Hunters Point Shipyard and any pledged tax
20 increment and sales proceeds from formerly state-owned parcels in the Transbay Project
21 Area that may be received during FY2015-2016 in excess of amounts included in the OCII
22 FY2015-2016 Budget attached hereto as Exhibit “A,” in accordance with enforceable
23 obligations, and subject to any approvals that are required from OCII’s Oversight Board and
24 DOF; and, be it

1 FURTHER RESOLVED, That OCII is authorized to take all steps necessary to ensure
2 that the proceeds deposited into the irrevocable escrow accounts for sale of the Jessie
3 Square Garage and the site of the future Mexican Museum are expended to fulfill the
4 obligations of the Purchase and Sale Agreement for 706 Mission Street/Mexican Museum.
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LEGISLATIVE DIGEST

[Office of Community Investment and Infrastructure, Operating as Successor Agency to the San Francisco Redevelopment Agency FY2015-2016 Budget - Bond Issuance not to Exceed \$51,000,000]

Resolution approving the FY2015-2016 Budget of the Office of Community Investment and Infrastructure (OCII), operating as the Successor Agency to the San Francisco Redevelopment Agency; and approving the Issuance by OCII of Bonds in an aggregate principal amount not to exceed \$51,000,000 for the purpose of financing a portion of enforceable obligations.

Existing Law

The Office of Community Investment and Infrastructure ("OCII"), as Successor Agency to the San Francisco Redevelopment Agency, implements enforceable obligations and surviving redevelopment projects of the former agency in accordance with State law and with San Francisco City and County Board of Supervisors Ordinance No. 215-12. OCII is a legal entity separate from the City and County of San Francisco, is subject to the governance of the City acting in its legislative capacity, and is subject to the Board of Supervisors' authority over OCII's annual budget.

Amendments to Current Law

The Proposed Legislation approves the OCII Fiscal Year 2015-2016 Budget, as such Budget is shown in Exhibit "A". The OCII Commission approved its annual budget for fiscal year 2015-2016 and is submitting it to the Board of Supervisors for approval. The Proposed Legislation conditionally approves the issuance of Bonds by OCII in the principal amount not to exceed \$51,000,000, for the purpose of financing a portion of its Budget and related costs of issuance. The Proposed Legislation accepts and expends pledged tax increment from the Mission Bay North and South Project Areas and from the project areas covering Candlestick Point and Phase 2 of the Hunters Point Shipyard and any pledged tax increment and sales proceeds from formerly state-owned parcels in the Transbay Project Area. The Proposed Legislation also approves the deposit of proceeds into irrevocable escrow accounts for the sale of the Jessie Square Garage and related expenditures to fulfill the obligations of the Purchase and Sale Agreement for 706 Mission Street/Mexican Museum.

BUDGET REVIEW EXECUTIVE SUMMARY

Budget Changes

The Department's proposed \$494,173,000 budget for FY 2015-16 is \$116,706,000 or 30.9% more than the original FY 2014-15 budget of \$377,467,000.

Personnel Changes

The number of full-time equivalent positions (FTEs) budgeted for FY 2015-16 is 46.00 FTEs, which is 4.60 FTEs less than the 50.60 FTEs in the original FY 2014-15 budget. This represents a 9.1% decrease in FTEs from the original FY 2014-15 budget.

Revenue Changes

The Department's revenues of \$494,173,000 in FY 2015-16 are \$116,706,000 or 30.9% more than FY 2014-15 revenues of \$377,467,000. The Department's revenues from Property Tax Increment in FY 2015-16 are \$130,552,000, or 26.4% of its total revenues.

RECOMMENDATIONS

YEAR ONE: FY 2015-16

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$206,905 in FY 2015-16. Of the \$206,905 in recommended reductions, \$6,000 are ongoing savings and \$200,905 are one-time savings. These reductions would still allow an increase of \$116,499,095 or 30.9% in the Department's FY 2015-16 budget.

RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEAR 2015-16

DEPARTMENT: OCII – OFFICE OF COMMUNITY INVESTMENT AND INFRASTRUCTURE

SUMMARY OF PROGRAM EXPENDITURES
FY 2015-16 Proposed Budget, \$ Thousands

Sources	FY 2014-15 Budget	FY 2015-16 Proposed	Increase/ (Decrease)	Percent
Property Tax Increment – Debt Service	97,583	98,234	651	0.7%
Property Tax Increment – Mission Bay	17,120	6,300	(10,820)	-63.2%
Property Tax Increment – Admin Allowance	2,910	3,508	598	20.5%
Property Tax Increment – Other	13,695	22,480	8,785	64.1%
Subtotal Property Tax Increment	131,309	130,522	(787)	-0.6%
Land Sale Proceeds	19,000	257,240	238,240	1253.9%
New Bond Proceeds	300	44,679	44,379	14793.0%
Developer Payments	123,724	12,226	(111,498)	-90.1%
Rent, Lease & Garage Revenues	22,873	16,009	(6,864)	-30.0%
US Navy Cooperative Agreement	290	350	60	20.7%
Loan Repayments	106	50	(56)	-52.6%
City Reimbursements for OCII Staff	536	303	(233)	-43.5%
Hotel Tax/Moscone Revs for Debt Service	11,805	5,024	(6,781)	-57.4%
Subtotal Current Revenues	178,634	335,881	157,247	88.0%
Fund Balance - Housing	49,829	21,432	(28,397)	-57.0%
Fund Balance - Other	17,695	6,338	(11,357)	-64.2%
Total Sources	377,467	494,173	116,706	30.9%
Uses - Operations				
Salaries and Benefits	8,414	7,817	(596)	-7.1%
Affordable Housing Services	619	827	208	33.6%
Rent	441	454	13	3.0%
Retiree Health and Pension UAAL Contribution	1,040	1,577	537	51.6%
Auditing & Accounting Services	210	545	335	159.5%
Legal Services	1,395	2,215	820	58.8%
Planning & Infrastructure Rvw	2,815	2,415	(400)	-14.2%
Asset Management	6,879	6,770	(109)	-1.6%
Workforce Development Svcs	189	250	61	32.3%
Other Professional Services	7,322	4,058	(3,265)	-44.6%
Grants to Community Based Organizations	5,312	4,005	(1,307)	-24.6%
Payments to other Public Agencies	4,456	4,177	(278)	-6.2%
Other Current Expenses	4,010	2,008	(2,001)	-49.9%
Subtotal Operations	43,102	37,118	(5,984)	-13.9%
Affordable Housing Loans	103,172	96,500	(6,672)	-6.5%
Affordable Housing Reserve	69,098		(69,098)	-100.0%
Development Infrastructure	24,283	5,860	(18,423)	-75.9%
YBG Capital Reserve	3,167		(3,167)	-100.0%
Community Grants Reserve	1,496		(1,496)	-100.0%
Pass-through to TJPA	3,000	245,700	242,700	8090.0%
Public Art	1,378		(1,378)	-100.0%
Other Use of Bond Proceeds	9,217		(9,217)	-100.0%
Debt Service	119,555	108,995	(10,560)	-8.8%
Total Uses	377,467	494,173	116,706	30.9%

RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEAR 2015-16

DEPARTMENT: OCII – OFFICE OF COMMUNITY INVESTMENT AND INFRASTRUCTURE

FY 2015-16

The Department's proposed FY 2015-16 budget has increased by \$116,706,000 largely due to a pass through of land sale proceeds from the Transbay Project Area to the Transbay Joint Powers Authority (JTPA). OCII estimates the value of this sale and its pass through to JTPA to be \$245,700,000. The value of this pass through is reflected in both the Department's revenues and uses. After accounting for this pass through, OCII's budget in FY15-16 decreases by \$128,994,000 from its original FY14-15 budget.

The Department is proposing to decrease its budget by ceasing additional funding for three reserves, including for (1) affordable housing; (2) capital improvements in Yerba Buena Gardens & Center for the Arts; and, (3) community grants. The Department is also proposing reductions in debt service payments and affordable housing loans as well as funding for professional services, grants to community organizations, and administrative expenses.

The Department is proposing additional funding for legal services, auditing and accounting services, affordable housing services, and for workforce development services.

PROGRAM EXPENDITURES BY PROJECT AREA/COST CENTER

A Project Area is a designated redevelopment area, which has been approved by the Board of Supervisors. As shown in the table below, there are seven ongoing Project Areas¹. OCII's proposed budget for work related to these Project Areas in FY 2015-16 is \$385,952,000, which is \$122,435,000 or 46.5% higher than the original budget of \$263,517,000 for FY 2014-15. Changes to funding for individual Project Areas are as follows²:

¹ Other includes those Project Areas – Western Addition, South of Market, Hunters Point, Bayview Industrial Triangle – that have expired, were completed, or the Redevelopment Dissolution Law severely curtailed the San Francisco Redevelopment Agency's work program but for which OCII still expends resources for staff oversight, asset management and debt service.

² The difference in the table below and sources and uses summary above are due to rounding differences.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEAR 2015-16**

DEPARTMENT: OCII – OFFICE OF COMMUNITY INVESTMENT AND INFRASTRUCTURE

FY 2015-16 Proposed Budget by Project Area/Cost Center, \$ Thousands

	Approved Budget FY 2014-15	Proposed Budget FY 2015-16	Increase/ (Decrease)	Percent
Administrative	2,502	3,000	498	19.9%
Debt Service	111,448	105,222	(6,226)	-5.6%
Subtotal	113,950	108,222	(5,728)	-5.0%
Project Area				
1 Hunters Point Shipyard/Candlestick Point	62,035	19,486	(42,549)	-68.6%
2 Mission Bay North	7,362	2,536	(4,826)	-65.6%
3 Mission Bay South	31,281	38,843	7,562	24.2%
4 Transbay	123,425	302,504	179,079	145.1%
5 Yerba Buena Center	6,504	4,639	(1,865)	-28.7%
6 Yerba Buena Gardens & Center for the Arts	13,295	12,158	(1,137)	-8.6%
7 South Beach Harbor	2,685	1,738	(947)	-35.3%
8 Other ¹	16,930	4,048	(12,882)	-76.1%
Project Area Total	263,517	385,952	122,435	46.5%
Total	377,467	494,174	116,707	30.9%

Hunters Point Shipyard and Candlestick Point

The decrease in funding for the Hunters Point Shipyard and Candlestick Point Project Area is due largely to a decrease in loans for affordable housing, as well as a reduction of funding for the Community Grants Reserve and elimination of some grants to community organizations.

This decrease is partially offset by additional funding for professional services, staff and operating expenses, and for legal expenses.

Mission Bay North

The decrease in funding for Mission Bay North Project Area is due to decreases in funding for staff time, workforce development services, affordable housing loans, the affordable housing reserve, public art, and debt service. The Department is proposing a small increase in funding for auditing and accounting services.

Mission Bay South

The increase in funding for the Mission Bay South Project Area is due to an increase in loans for affordable housing. This increase is offset by ceasing additional funding for the Project Area's affordable housing reserve, decrease in development infrastructure, and decreases in staff time and planning and workforce development services.

RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEAR 2015-16

DEPARTMENT: OCII – OFFICE OF COMMUNITY INVESTMENT AND INFRASTRUCTURE

Transbay

The increase in funding for the Transbay Project Area is due largely to the proceeds from land sales that will be passed through to TJPA. There is also an increase in affordable housing loans, payments to other city departments, and funding for staff and operating expenses. These increases are partially offset by a decrease in the Project Area's affordable housing reserve, as well as funding for development infrastructure, and legal expenses.

Yerba Buena Center

The decrease in funding for the Yerba Buena Center Project Area is due to decreases for miscellaneous expenses, grants to community based organizations, and for staff and operating expenses. These decreases are partially offset by additional payments to other public agencies and increased funding for asset management expenses,

Yerba Buena Gardens & Center for the Arts

The decrease in funding for the Yerba Buena Garden & Center for the Arts Project Area is due to the ceasing additional funding for the Yerba Buena Garden capital reserve, as well as decreases in staff and operating expenses, payments to other public agencies and miscellaneous expenses. These decreases are partially offset by increased funding for development infrastructure and asset management.

South Beach Harbor

The decrease in funding for the South Beach Harbor Project Area is due entirely to a reduction in funding for staff and operating expenses that are no longer being dedicated to this Project Area.

Other

The decrease in funding for the remaining Project Areas is due to reduced debt service payments, funding for staff and operating expenses, payments to other public agencies, and asset management expenses – all partially offset by a small increase in legal expenses.

RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEAR 2015-16

DEPARTMENT: OCII – OFFICE OF COMMUNITY INVESTMENT AND INFRASTRUCTURE

SUMMARY OF DEPARTMENT POSITION CHANGES:

FY 2015-16

The number of full-time equivalent positions (FTEs) budgeted for FY 2015-16 are 46.0 FTEs, which are 4.60 FTEs less than the 50.60 FTEs in the original FY 2014-15 budget. This represents a 9.1% decrease in FTEs from the original FY 2014-15 budget.

This change reflects a transfer of 8.60 FTEs of OCII's South Beach Harbor staff to the Port of San Francisco due to the assumption of responsibility for operation of the South Beach Harbor by the Port. It also includes the transfer of 2.0 FTEs to the Mayor's Office of Housing and Community Development to continue work on former SFRA housing programs transferred to the City after dissolution of the Redevelopment Agency.

These transfers are partially offset by the proposed addition of 6.0 FTEs for administrative purposes (including a Deputy General Counsel and a HR and Administration Services Manager) and increased work on affordable housing production (including a Project Manager, Management Assistant, and Senior Development Specialists).

INTERIM EXCEPTIONS

The Office has requested approval of 8.0 FTE positions as interim exceptions. This request reflects the election by 8.0 OCII FTEs to become employees of the City of San Francisco, as permitted by Proposition D which was passed by the voters in 2014. These staff will now be located at the City Administrator's office solely for administrative purposes. The Budget and Legislative Analyst recommends approval of all 8.0 positions as interim exceptions. Salary and benefit expenses will be paid to the City Administrator's office by a work order from OCII. Board approval of these exceptions has no change on the funds for either department.

DEPARTMENT REVENUES:

FY 2015-16

The Department's revenues of \$494,173,000 in FY 2015-16 are \$116,706,000 or 30.9% more than FY 2014-15 revenues of \$377,467,000. OCII does not receive General Fund support.

Specific changes in the Department's FY 2015-16 revenues include:

- Land sale proceeds from the Transbay Project Area which will be passed through to TJPA.
- The anticipated issuance and use of new taxable bond proceeds to finance affordable housing in the Mission Bay South and Hunters Point Shipyard/Candlestick Point Project Areas. The Office's authority to issue these new bonds depends on passage of SB 441 by the California Assembly and approval of the Governor.
- Reduction in one-time developer payments and prior year fund balances included in the FY 2014-15 budget and designated for affordable housing.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEAR 2015-16**

DEPARTMENT: OCII – OFFICE OF COMMUNITY INVESTMENT AND INFRASTRUCTURE

- Reduction in anticipated property tax revenues from the Mission Bay Project Area due to a one-time correction resulting in additional property tax allocated to Mission Bay in FY 2014-15.
- Reduction in hotel tax revenues for debt service due to the final payment made during FY 2014-15 on 1992 hotel tax bonds for the Moscone Convention Center, leaving only one remaining series of hotel tax-funded bonds.

Affordable Housing Obligations

As the successor agency to SFRA, OCII retains Affordable Housing Obligations associated with the three critical redevelopment projects (Hunters Point Shipyard, Mission Bay and Transbay) and must continue to implement under enforceable obligations consistent with the Dissolution Law.

The Department anticipates issuing loans for affordable housing development mainly in the Transbay and Mission Bay South Project Areas. The Department's proposed reduction in expenditures on loans for affordable housing is due to changes in construction and development timelines for ongoing Project Areas.

The Department reduced the amount of resources the City expected to collect from developer fees at the Transbay Project Area because developers have committed to funding the development of inclusionary housing directly, reducing the need for funds to pass through OCII. The Department also anticipates decreased developer payments at the Hunters Point Shipyard Project Area because the next phase of construction for the Alice Griffith public housing/HOPE SF project is not scheduled until FY 2016-17.

The Department still holds funding in reserve for affordable housing development; the Department does not propose additional funding for this reserve in FY2015-16.

RECOMMENDATIONS:

FY 2015-16

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$206,905 in FY 2015-16. Of the \$206,905 in recommended reductions, \$6,000 are ongoing savings and \$200,905 are one-time savings. These reductions would still allow an increase of \$116,499,095 or 30.9% in the Department's FY 2015-16 budget.

Recommendations of the Budget and Legislative Analyst
For Amendment of Budget Items in the FY 2014-15 and FY 2015-16 Two-Year Budget

CII - Office of Community Investment & Infrastructure

Object Title	FY 2015-16						
	FTE		Amount		Savings	GF	1T
	From	To	From	To			
	CRD - Community Redevelopment						
Overhead - OCII Salary			\$4,584,869	\$4,426,228	\$158,641	X	X
Overhead - OCII Benefits & Employer Tax Budget			\$2,346,248	\$2,303,984	\$42,264	X	X
			<i>Total Savings</i>		<i>\$200,905</i>		
	Reduce OCII's Overhead - Salary Cost and Benefits & Employer Tax Budget to reflect the delayed hiring of six new positions and two currently vacant positions.						
Training			\$36,000	\$30,000	\$6,000	X	
	Reduced based on historical expenditures. Amended amount is still far above level expended in current fiscal year and sufficient for anticipated training needs for new staff.						

	FY 2015-16		
	Total Recommended Reductions		
	One-Time	Ongoing	Total
General Fund	\$94,425	\$2,820	\$97,245
Non-General Fund	\$106,479	\$3,180	\$109,659
Total	\$200,905	\$6,000	\$206,905

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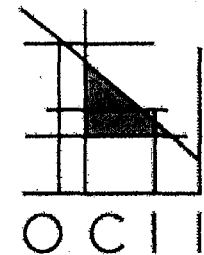
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GF = General Fund
1T = One Time

File # 150565
Received in Committee
6/15/15
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Office of Community Investment & Infrastructure FY 2015-16 Budget

1. Key milestones achieved since former Redevelopment Agency dissolution on Feb. 1, 2012
2. Highlights of FY15-16 work plan for:
 - Major Approved Development Projects
 - Affordable Housing Obligations
 - Asset Management & Disposition
3. Budget overview



Key Milestones Achieved Since Dissolution

- **DOF “Final and Conclusive” Determinations** recognizing “enforceable obligations” for Candlestick Point/Hunters Point Shipyard, Mission Bay, and Transbay project areas.
- **DOF “Finding of Completion” issued May 2013** which allowed
 - OCII to transfer excess bond proceeds for purposes consistent with their indentures to the City
 - OCII to pay back loans to the City up to a maximum annual amount
- **Long Range Property Management Plan** submitted to DOF November 2013. DOF plans to complete review by December 2015.
- **New Bonding Authority – Pending** - through Governor’s FY 15/16 proposed budget trailer legislation; for affordable housing in the 3 major project areas and related parks & streetscape infrastructure in Transbay

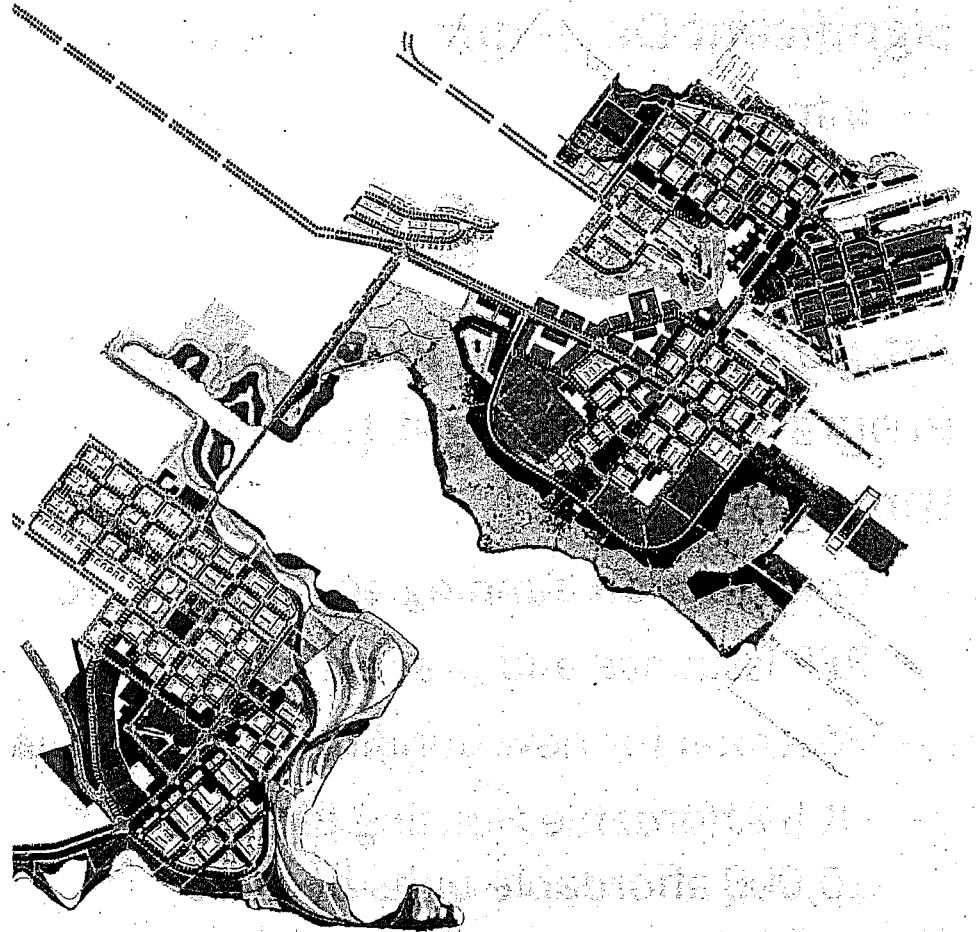
FY 15/16 Budget Overview

Key Trends

- Significant Development Activity in 3 Major Project Areas
 - Infrastructure & Residential Construction underway & ramping up
 - Transbay land sales occurring → \$200+ M for Transit Center construction
- Affordable Housing Program approx. 70% of FY 15/16 Programmatic Budget (i.e. not including debt service and pass-throughs)
 - Construction funding for existing projects
 - RFP Issuance and predevelopment funding for 6 new sites in FY 15/16
 - Potential for new bonding authority through Governor's budget legislation
 - OCII Affordable Housing Pipeline represents 1/3rd of Mayor's Plan to create 10,000 affordable units by 2020

Hunters Point Shipyard/Candlestick Point

- 780 acres along southeastern waterfront
- Approximately 12,000 homes, approximately one-third below market rate
- Revitalization of the Alice Griffith Housing Project
- Up to 3 million square feet of office space / R&D
- 300+ acres of open space
- \$90 million in Community Benefits
- More than 12,000 permanent jobs, plus hundreds of new construction jobs each year
- Total of \$2.7 billion in infrastructure and transportation improvements



Hunters Point Shipyard/Candlestick Point

FY 15-16 Work Plan

- **Support construction completion and permitting for the new homes and Hilltop Parks**
 - First 88 homes completed; 309 homes currently under construction; 449 units with approved designs
- **Affordable Housing**
 - Alice Griffith (HOPE SF): Phases 1-2 in construction; Ph. 3 to start construction; predev for Phs. 4 & 5
 - Release RFP's for Shipyard Phase 1 Block 54 and Candlestick Pt Blocks 10A and 11A (very low & low income)
- **Design review and approval**
 - Candlestick Center design, First Major Phase application for Shipyard Phase 2 of the Shipyard, and Hillside residential parcels in Shipyard Phase 1
- **Land conveyances**
 - 157 acres in Navy Parcels to transfer to OCII
 - State Lands & State Parks Exchanges/Transfers
- **Community benefits monitoring**
- **Transportation coordination**
- **Grants Mgmt; Property Mgmt**
- **Small Business Enterprise & Equal Opportunity Programs**



Mission Bay North and South

- Two Redevelopment Plans adopted 1998
- 6,400 residential units – 30% affordable
- 3.4 million sf office/ biotech/ R&D
- UCSF research campus and hospital
- 250 room hotel
- Neighborhood-serving retail
- Public school, fire/police station and headquarters, library
- 49 acres of public parks



Mission Bay North and South

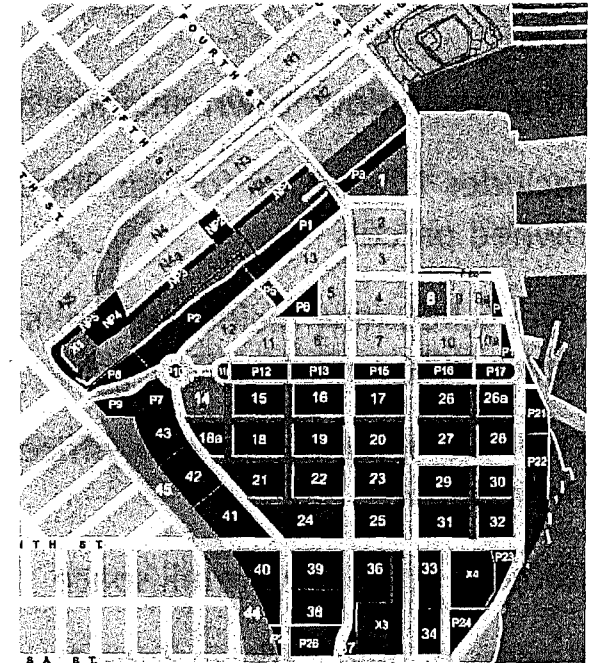
FY 15-16 Work Plan

- **Affordable Housing - Very Low, Low & Moderate**
 - **Block 7 West:** In construction, marketing
 - **Block 6 East:** Design and funding approvals
 - **Block 3 East:** Developer selection, funding
 - **Block 6 West:** Issue RFP
 - **Block N4P3 :** In construction, marketing

- **Public Open Space**
 - Completion of 8 parks, including Children's Park
 - Design or start construction on 3 other parks.

- **Vertical Development**
 - Golden State Warriors Event Center Project: Blocks 29-32
 - Office Projects: Blocks 26/27-Uber, 33/34 - UCSF & 40 -Kilroy
 - Market-Rate residential/Hotel: Block 1

- **Public Management Art Program**
- **Park Transition Plan**
- **Street Improvements**
- **Small Business Enterprise /EEO**



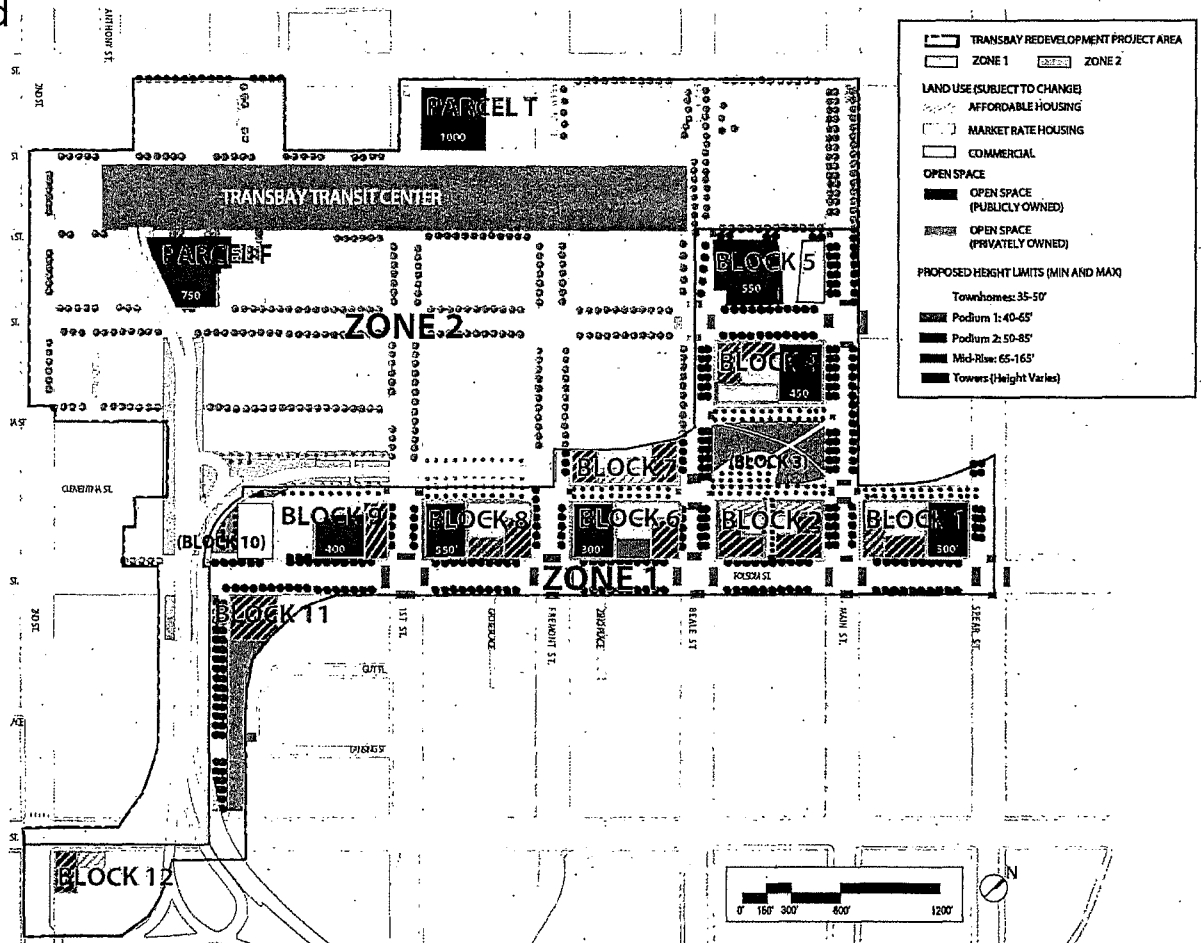
Children's Park (P6) - to open in 2015



Transbay

- 40 acres in downtown neighborhood
- Includes 10 acres of former State-owned parcels
- Over 3,500 new residential units, of which 35% must be affordable
- Over 2.6 million s.f. of new office development
- 200,000 s.f. of new retail space
- 4 acres of new parks in Zone 1
- Transbay Transit Center + 5.5 acre rooftop park
- Reconfiguration of Folsom Street freeway off-ramp
- Streetscape improvements to create safe and attractive pedestrian environment

808



Transbay

FY 15-16 Work Plan

- **Development of State-owned Parcels into Office, Market Rate & Affordable Housing, Ground Floor Retail**

Mixed-Income Residential

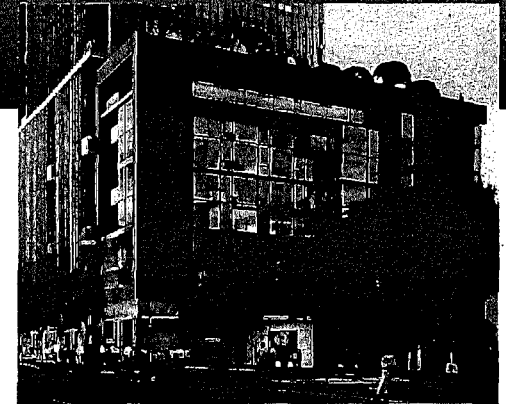
- **Block 6** : Under construction, marketing
- **Block 7**: Start construction, marketing
- **Block 9** : Start construction, marketing
- **Blocks 8**: Close land sale, transfer proceeds to TJPA
- **Block 1**: Design and DDA approvals
- **Block 2**: Issue RFP

Commercial Office

- **Block 5**: Close land sale, transfer proceeds to TJPA

- **Neighborhood Infrastructure Development**
 - Complete Folsom Street Off-Ramp reconfiguration
 - Start construction on Folsom streetscape improvements
 - Complete design for “under-ramp” park improvements
- **Small Business Enterprise and EEO programs**

Block 9



Block 8



Block 6



Affordable Housing Program

- **Key Component of Mayor's Plan for 10,000 Affordable Units by 2020:** Approx. 3,366 units (2,633 stand-alone affordable units, 733 inclusionary units)
 - **Candlestick Point:** Alice Griffith Phases 1-3 in construction in FY 15/16; RFP for Blocks 10A & 11A (adjacent to new Candlestick Retail Center)
 - **HP Shipyard Phase 1:** Issue RFP for Block 54 (first OCII site in Shipyard)
 - **Mission Bay:** Construction underway on Block 7 West; Fund construction for Block 6 East; RFP currently out for Block 3E; Issue RFP for Block 6 West
 - **Transbay:** Blocks 6,7,8 & 9 either under construction or to start construction; approve Block 1 (first affordable homeownership units in Transbay); Issue RFP for Block 2
- **\$1.7 million in funds for MOHCD**
 - \$1.7 million in SERAF Loan Repayment (related to SFRA's 2010 housing fund loan for State Supplemental Educational Revenue Augmentation Fund assessment (SERAF))
- **\$45 million in potential new bond proceeds through Governor's proposed FY 15/16 budget legislation**

Other OCII Obligations

Asset Management

- Dispose of assets per Redevelopment Dissolution Law; pending State approvals of disposition plan
- Manage assets until disposition, including:
 - Yerba Buena Gardens: transition planning underway
 - South Beach Harbor: management by Port underway
 - Garages (Fillmore Heritage & Jesse Square)

Development Services

- Manage existing development & loan agreements
 - Closing for 706 Mission/Mexican Museum Purchase & Sale Agreement
- Manage existing leases and operating agreements
- Manage property management contracts

Small Business Enterprise and Equal Opportunity Programs

- Ongoing enforcement and monitoring of programs with a commitment to San Francisco's most economically disadvantaged neighborhoods

OCII Budget Comparison, Sources & Uses

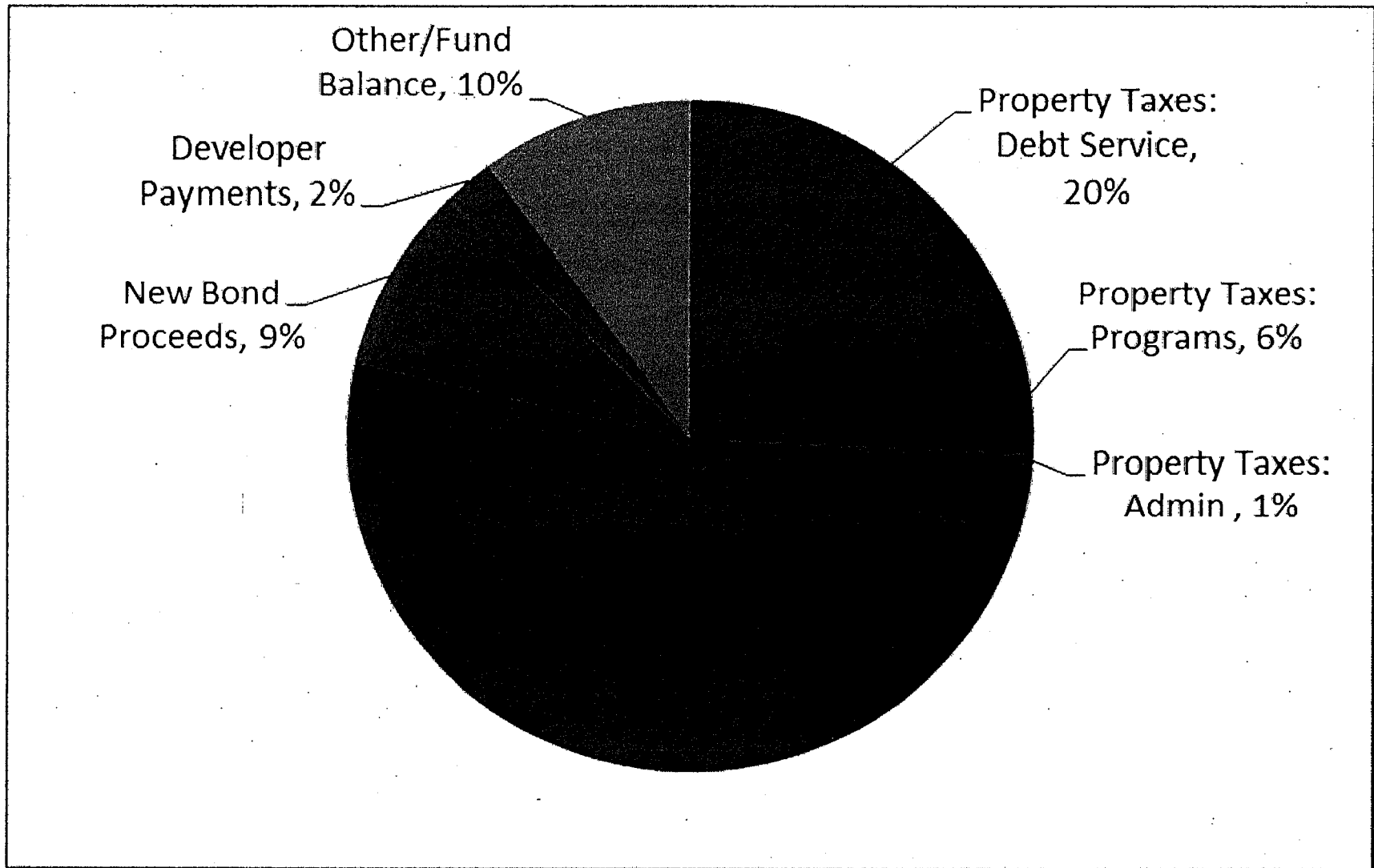
**\$116.7 million increase from
FY 14/15 mainly due to timing
of development:**

- **Transbay Land Sale Proceeds:** \$238 million increase due to timing of Transbay land sales; majority passes through OCII to TJPA for Transit Center construction
- **Developer Payments:** \$111 million decrease due to timing of projects (received payments in FY 14/15 for projects starting in FY 15/16)

Sources	FY 14-15 Budget	FY 15-16 Proposed	Diff
Property Tax Increment - Debt Service	\$ 97,583	\$ 98,234	\$ 651
Property Tax Increment - Mission Bay	17,120	6,300	\$ (10,820)
Property Tax Increment - Admin Allowance	2,910	3,508	\$ 598
Property Tax Increment - Other	13,695	22,480	\$ 8,785
Subtotal Property Tax Increment	131,309	130,522	(787)
Land Sale Proceeds	19,000	257,240	\$ 238,240
New Bond Proceeds	300	44,679	\$ 44,379
Developer Payments	123,724	12,226	\$ (111,498)
Rent, Lease & Garage Revenues	22,873	16,009	\$ (6,864)
US Navy Cooperative Agreement	290	350	\$ 60
Loan Repayments	106	50	\$ (56)
City Reimbursements for OCII Staff	536	303	\$ (233)
Hotel Tax/Moscone Revs for Debt Service	11,805	5,024	\$ (6,782)
Subtotal Current Revenues	309,943	466,403	156,460
Fund Balance - Housing	49,829	21,432	\$ (28,398)
Fund Balance - Other	17,695	6,338	\$ (11,357)
Total Sources	377,467	494,173	116,706
Uses			
Project Management & Admin	43,102	37,118	\$ (5,984)
Affordable Housing Loans	103,172	96,500	\$ (6,672)
Affordable Housing Reserve	69,098	-	\$ (69,098)
Development Infrastructure	24,283	5,860	\$ (18,423)
YBG Capital & Community Grants Reserves	4,662	-	\$ (4,662)
Pass-through to TJPA	3,000	245,700	\$ 242,700
Public Art	1,378	-	\$ (1,378)
Other Use of Bond Proceeds	9,217	-	\$ (9,217)
Debt Service	119,555	108,995	\$ (10,560)
Total Uses	\$ 377,467	\$ 494,173	\$ 116,706

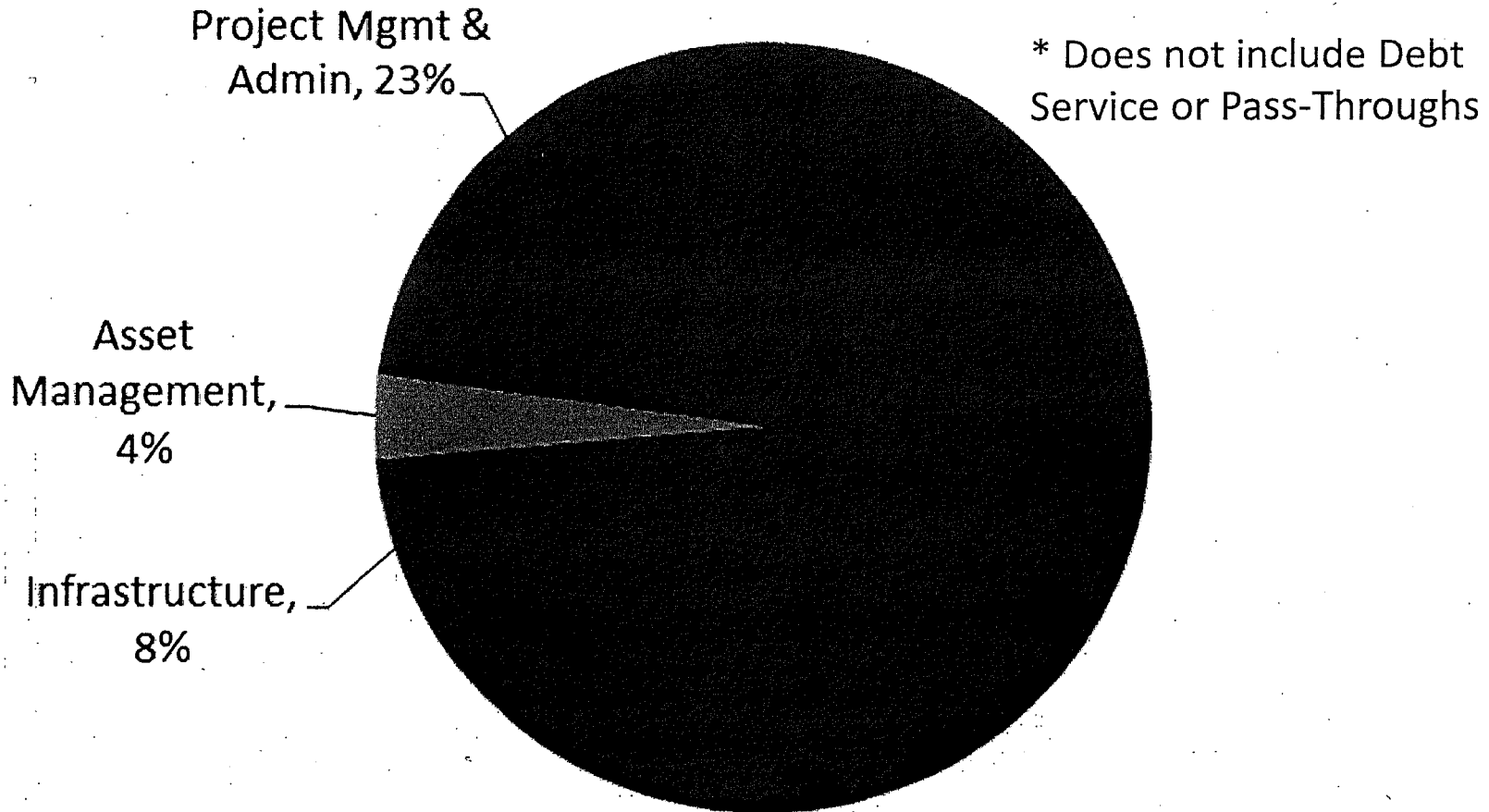
FY 15/16 Sources by %

\$494 M



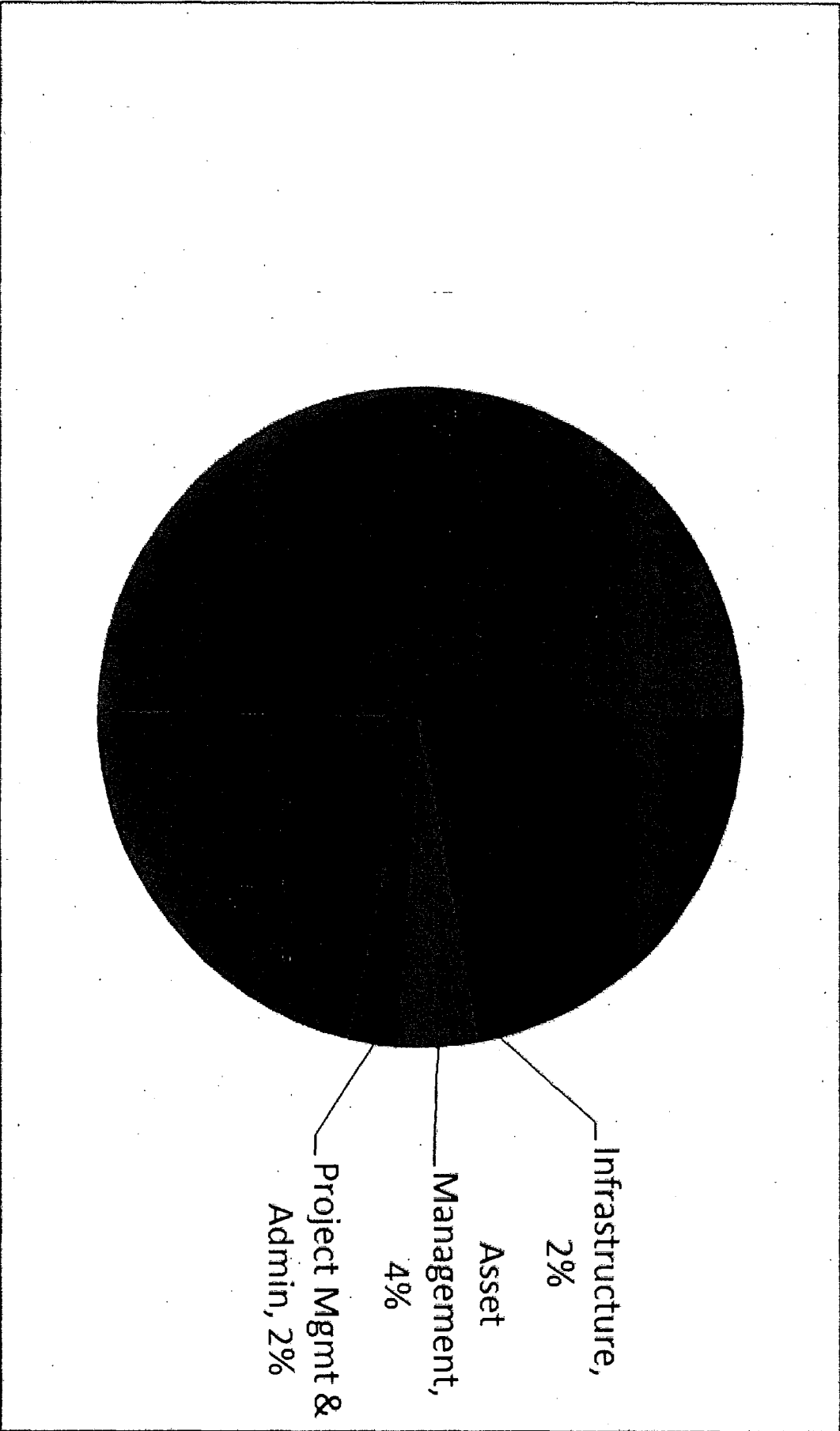
Sources Highlight: Tax Increment for Programs*

\$27 M



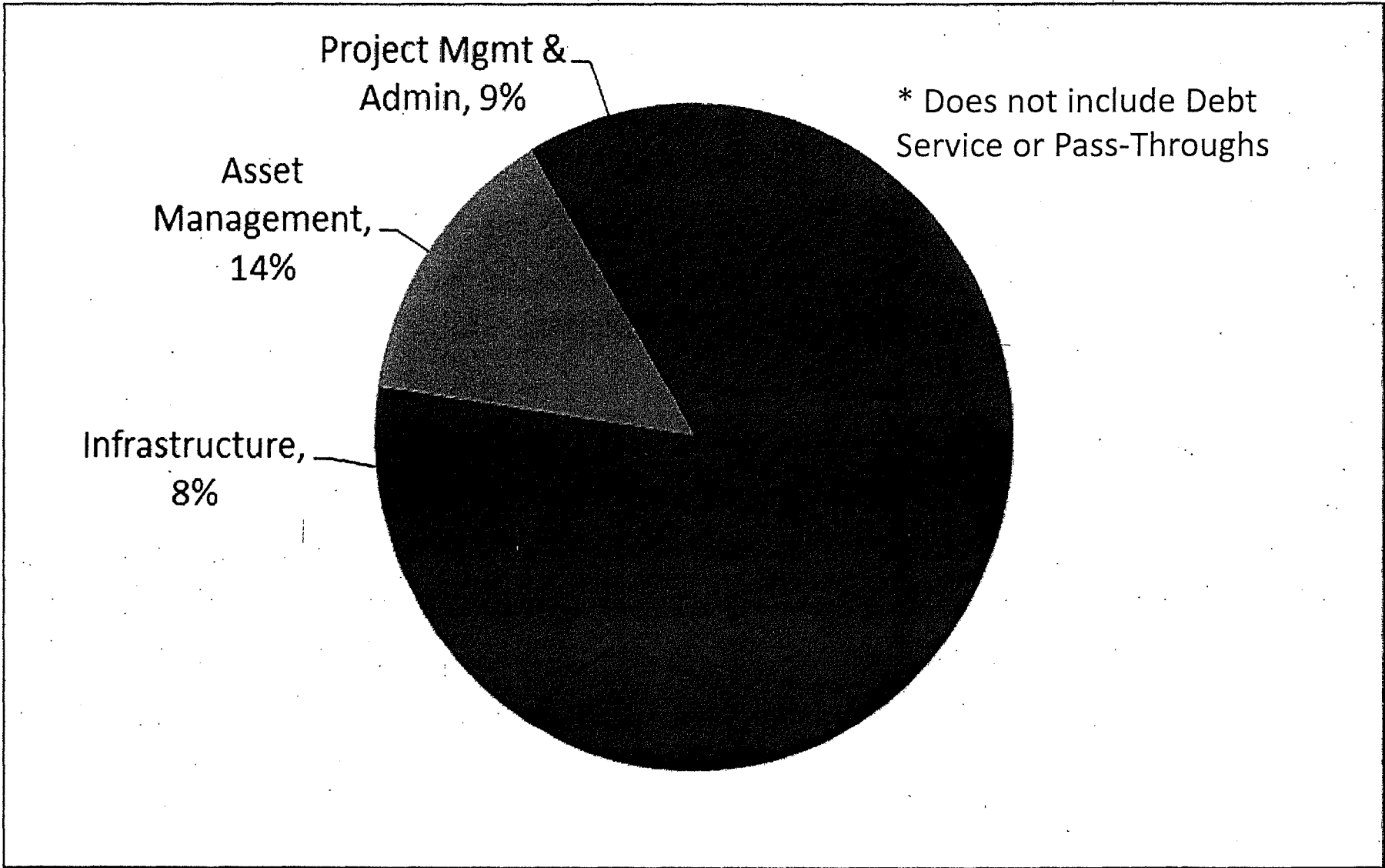
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FY 15/16 Uses by %:
\$ 494 M



Uses Highlight: Projects and Programs*

\$141 M

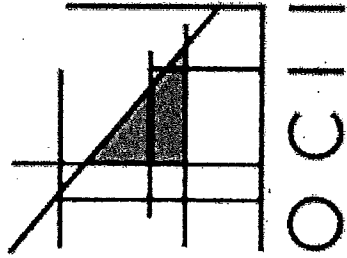


* Does not include Debt Service or Pass-Throughs

FY 15-16 Administrative Budget

- \$12.1 M total (vs. \$11.9M in FY 14-15 budget).
- Property tax Administrative Cost Allowance bgt \$3.5M (vs. \$2.9M in FY 14-15 budget). This is below the 3% cap allowed by State DOF.
- \$7.8M OCII salary/benefit budget is \$600k below FY 2014-15 due to:
 - Transfer of 8.6 FTE South Beach Harbor staff to Port and 2 FTE to MOHCD
 - Decrease in CalPERS employer contribution from 18.2% to 9.5% of salaries
 - Proposed addition of 6 FTE to keep pace with accelerated development and affordable housing programs
- FTE: 46 FTE, decrease from 50.6 FTE in FY 14/15 (and down from 112 FTE pre-dissolution).

THANK YOU



Office of Community
Investment & Infrastructure
Successor to the
San Francisco Redevelopment Agency

FY 2015-16 Budget

1. Background..... 1

2. Budget Summary	3
3. Administration Expenses and Budgeted Positions	6
4. Debt Service.....	10
5. Hunters Point Shipyard/Candlestick Point.....	12
6. Mission Bay North and South Major Approved Development Projects.....	18
7. Transbay Major Approved Development Project.....	22
8. Affordable Housing Obligations.....	27
9. Asset Management Outside Major Approved Project Areas.....	33
Appendix 1. Community Facilities Districts	39

Tables and Figures

Table 1. FY 2015-16 Proposed Budget.....	4
Table 2. FY 2015-16 Budget Summary by Sources and Uses.....	5
Table 3. Proposed FY 2015-16 Budget by Project Area/Cost Center	5
Table 4. Proposed FY 2015-16 Administrative Budget.....	7
Table 5. Proposed FY 2015-16 Proposed FTE, Compared to Prior Year.....	10
Table 6. FY 2015-16 Debt Service Budget.....	11
Table A1: Community Facilities District Annual Tax Levies and Bond Balances	39

**OFFICE OF COMMUNITY INVESTMENT & INFRASTRUCTURE
FY 2015-16 Proposed Budget**

1. Background

The Office of Community Investment & Infrastructure is the Successor OCII to the San Francisco Redevelopment Agency. On February 1, 2012 the San Francisco Redevelopment Agency (“SFRA”), along with all 400 redevelopment agencies in California, was dissolved pursuant to Assembly Bill 26 (“AB 26”) and by order of the California State Supreme Court. In June of 2012, Assembly Bill 1484 was passed to further clarify certain aspects of the dissolution of redevelopment agencies, and together the two assembly bills are known as the “Dissolution Law”. Pursuant to the Dissolution Law and to Board of Supervisors Ordinance 215-12, the Office of Community Investment and Infrastructure (“OCII”) is the Successor OCII 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 Major Approved Development Projects (defined as the Hunters Point Shipyard / Candlestick Point Redevelopment Project, the Mission Bay North and South Redevelopment Project, and the Transbay Redevelopment Project); (2) the asset 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 Major Approved Development Projects.

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 them as permanently affordable. In fact OCII’s Retained Housing Obligations will result in over 3,300 affordable units by 2020 through both stand-alone projects funded with OCII subsidy as well as inclusionary affordable units provided through private development. This includes several OCII sponsored projects that received completion permits just before the close of 2013, and opened their doors to welcome new residents in 253 affordable units in early 2014. The 1180 4th Street project delivered another 150 units later in 2014. Below is a summary of OCII’s contribution to the Mayor’s plan to create this vitally important resource for San Francisco.

**Mayor’s Plan for 10,000 Affordable Units by 2020:
OCII Pipeline**

Project Status	Affordable Stand-Alone Units	Affordable Inclusionary Units	Totals
Completed & Occupied	400		400
In Construction	543	102	645
In Predevelopment	754	272	1,026
In Preliminary Planning	936	359	1,011
Totals	2,633	733	3,366

Governance

The Commission on Community Investment and Infrastructure, which was established by the City through Ordinance 215-12, is the main governing body of OCII and is responsible for implementing and completing the enforceable obligations of the former redevelopment projects, including exercising land use and design approval authority for the Major Approved Development Projects. 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 with the largest amounts of the Major Approved Development Projects.

The Dissolution Law requires that there be an additional governing body known as an Oversight Board to oversee certain functions of OCII as the Successor OCII, and which 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 semi-annual Recognized Obligation Payment Schedules ("ROPS"), as well as approving the issuance of any 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 must represent 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.

The Dissolution Law requires that OCII be a separate legal entity from the City and County of San Francisco, just as SFRA was. However, OCII is still subject to the governance of the City acting through its legislative capacity. 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

As shown in Table 1, the Fiscal Year (“FY”) 2015-16 proposed budget of \$494 million represents an increase of \$116.7 million compared to the prior year, largely due to:

- The anticipated receipt of \$257 million in proceeds from the sale of publicly-owned land in the Transbay area, of which \$243 million represents land sales proceeds from Zone 1 which will be provided to the Transbay Joint Powers Authority to help finance construction of the Transit Center, and the remaining \$12 million will help to subsidize affordable housing development.
- The anticipated issuance and use of \$45 million in new taxable bond proceeds to finance affordable housing in the Mission Bay South and Hunters Point Shipyard/Candlestick Point project areas.
- \$111 million reduction in one-time developer payments and \$28 million reduction in prior year fund balances included in the FY 2014-15 budget and designated for affordable housing.
- \$10 million reduction in anticipated Property Tax – Mission Bay revenues due to a one-time correction resulting in additional property tax allocated to Mission Bay in FY 2014-15.
- \$7 million reduction in hotel tax revenues for debt service due to the final payment made during FY 2014-15 on 1992 hotel tax bonds for the Moscone Convention Center, leaving only one remaining series of hotel tax-funded bonds.

Table 2 shows the OCII FY 2015-16 budget by high-level categories of spending and funding source. These show that excluding debt service and pass-throughs to the Transbay Joint Powers Authority, 70% (\$98 million) of the budget is for Affordable Housing, 8% for infrastructure, 14% for asset management (including Yerba Buena Gardens programming and maintenance), and 9% for project management and administration.

Looking at budget sources for current operations, proposed new bond proceeds make up 32% of the budget, while property tax, developer payments, and fund balances constitute approximately 20% each. Rents and garage revenues make up 10%, with 1% attributed to various other revenues.

Table 3 shows the proposed FY 2015-16 budget by project.

Table 1. FY 2015-16 Proposed Budget, \$ Thousands

Sources	FY 14-15 Budget	FY 15-16 Proposed	Diff
Property Tax Increment - Debt Service	\$ 97,583	\$ 98,234	\$ 651
Property Tax Increment - Mission Bay	17,120	6,300	\$ (10,820)
Property Tax Increment - Admin Allowance	2,910	3,508	\$ 598
Property Tax Increment - Other	13,695	22,480	\$ 8,785
Subtotal Property Tax Increment	131,309	130,522	(787)
Land Sale Proceeds	19,000	257,240	\$ 238,240
New Bond Proceeds	300	44,679	\$ 44,379
Developer Payments	123,724	12,226	\$ (111,498)
Rent, Lease & Garage Revenues	22,873	16,009	\$ (6,864)
US Navy Cooperative Agreement	290	350	\$ 60
Loan Repayments	106	50	\$ (56)
City Reimbursements for OCII Staff	536	303	\$ (233)
Hotel Tax/Moscone Revs for Debt Service	11,805	5,024	\$ (6,782)
Subtotal Current Revenues	298,137	461,379	163,242
Fund Balance - Housing	49,829	21,432	\$ (28,398)
Fund Balance - Other	17,695	6,338	\$ (11,357)
Total Sources	377,467	494,173	116,706
Uses - Operations			
Salaries and Benefits	8,414	7,817	\$ (596)
Affordable Housing Services	619	827	\$ 208
Rent	441	454	\$ 13
Retiree Health and Pension UAAL Contribution	1,040	1,577	\$ 537
Auditing & Accounting Services	210	545	\$ 335
Legal Services	1,395	2,215	\$ 820
Planning & Infrastructure Rvw	2,815	2,415	\$ (400)
Asset Management	6,879	6,770	\$ (109)
Workforce Development Svcs	189	250	\$ 61
Other Professional Services	7,322	4,058	\$ (3,265)
Grants to Community-Based Organizations	5,312	4,005	\$ (1,307)
Payments to other Public Agencies	4,456	4,177	\$ (278)
Other Current Expenses	4,010	2,008	\$ (2,001)
Subtotal Operations	43,102	37,118	(5,984)
Affordable Housing Loans	103,172	96,500	\$ (6,672)
Affordable Housing Reserve	69,098	-	\$ (69,098)
Development Infrastructure	24,283	5,860	\$ (18,423)
YBG Capital Reserve	3,167	-	\$ (3,167)
Community Grants Reserve	1,496	-	\$ (1,496)
Pass-through to TJPA	3,000	245,700	\$ 242,700
Public Art	1,378	-	\$ (1,378)
Other Use of Bond Proceeds	9,217	-	\$ (9,217)
Debt Service	119,555	108,995	\$ (10,560)
Total Uses	\$ 377,467	\$ 494,173	\$ 116,706

Table 2. FY 2015-16 Budget Summary by Sources and Uses, \$ Thousands

Uses - Current Operations	Developer Pmts	Property Tax	Bond Proceeds	Fund Balances	Property Rents and Garage Revs	Other	Total by Use	Subtotal Use %
Affordable Housing	\$ 14,740	\$ 17,818	44,679	\$ 21,085	\$ -	\$ -	\$ 98,323	70%
Infrastructure	8,128	2,050	-	-	536	130	10,844	8%
Asset Management	250	947	-	3,960	14,766	50	19,973	14%
Project Mgmt & Admin	3,848	6,173	-	1,347	-	694	12,062	9%
Subtotal by Source	\$ 26,966	\$ 26,988	\$ 44,679	\$ 26,392	\$ 15,302	\$ 874	\$ 141,201	100%
Subtotal Source %	19%	19%	32%	19%	11%	1%	100%	
Debt Service	-	100,334	-	1,378	536	5,024	107,272	
Pass-through to TJPA	242,500	3,200	-	-	-	-	245,700	
Total Budget	\$ 269,466	\$ 130,522	\$ 44,680	\$ 27,770	\$ 15,838	\$ 5,898	\$ 494,173	

Table 3. Proposed FY 2015-16 Budget by Project Area/Cost Center, \$ Thousands

Sources	Admin	Debt Service	HPS/CP	MBN	MBS	TBY	YBC	YBG	SBH	Other	Total FY 15-16
Property Tax Increment - Debt Service	-	98,234	-	-	-	-	-	-	-	-	98,234
Property Tax Increment - Admin Allowance	1,273	-	1,525	308	-	402	-	-	-	-	3,508
Property Tax Increment - Other	1,577	50	-	2,050	4,250	18,134	-	-	-	2,720	28,780
Land Sale Proceeds	-	-	-	-	-	257,240	-	-	-	-	257,240
New Bond Proceeds	-	-	7,500	-	33,179	4,000	-	-	-	-	44,679
Developer Payments	150	-	9,701	178	1,413	475	309	-	-	-	12,226
rent, Lease & Garage Revenues	-	536	316	-	-	168	4,330	8,198	1,738	723	16,009
S Navy Cooperative Agreement	-	-	350	-	-	-	-	-	-	-	350
Loan Repayments	-	-	-	-	-	-	-	-	-	50	50
City Reimbursements for OCIL Staff	-	-	-	-	-	-	-	-	-	303	303
Hotel Tax/Moscone Revs for Debt Service	-	5,024	-	-	-	-	-	-	-	-	5,024
Fund Balance - Housing	-	-	94	-	-	21,085	-	-	-	253	21,432
Fund Balance - Other	-	1,378	-	-	-	1,000	-	3,960	-	-	6,338
Total Sources	3,000	105,222	19,486	2,536	38,843	302,504	4,639	12,158	1,738	4,048	494,173
Uses - Operations											
Allocated Staff & Operating Expenses	(9,062)	-	4,077	426	1,578	2,144	69	213	-	555	-
Salaries and Benefits	7,817	-	-	-	-	-	-	-	-	-	7,817
Affordable Housing Services	827	-	-	-	-	-	-	-	-	-	827
Rent	454	-	-	-	-	-	-	-	-	-	454
Retiree Health and Pension UAAL Contribution	1,577	-	-	-	-	-	-	-	-	-	1,577
Auditing & Accounting Services	185	-	-	60	300	-	-	-	-	-	545
Legal Services	265	-	1,585	-	-	275	-	40	-	50	2,215
Planning & Infrastructure Rvw	-	-	2,315	-	50	50	-	-	-	-	2,415
Asset Management	-	-	-	-	-	-	1,320	3,780	-	1,670	6,770
Workforce Development Svcs	-	-	200	-	-	50	-	-	-	-	250
Other Professional Services	275	50	3,433	-	-	300	-	-	-	-	4,058
Grants to Community-Based Organizations	-	-	-	-	-	-	-	4,005	-	-	4,005
Payments to other Public Agencies	-	-	316	-	-	-	3,250	90	521	-	4,177
Other Current Expenses	662	-	60	-	-	-	-	70	1,217	-	2,008
Subtotal Uses - Operations	3,000	50	11,986	486	1,928	2,819	4,639	8,198	1,738	2,275	37,118
Other Uses											
Affordable Housing Loans	-	-	7,500	-	35,915	53,085	-	-	-	-	96,500
Development Infrastructure	-	-	-	-	1,000	900	-	3,960	-	-	5,860
Pass-through to TJPA	-	-	-	-	-	245,700	-	-	-	-	245,700
Debt Service	-	105,172	-	2,050	-	-	-	-	-	1,773	108,995
Total Uses	3,000	105,222	19,486	2,536	38,843	302,504	4,639	12,158	1,738	4,048	494,173

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, 2015 are provided for informational purposes in Appendix 1.

In addition to authorizing expenditure of amounts specified in the FY 2015-16 budget, the enabling resolution accompanying the budget would:

- Allow OCII to transfer budgeted appropriations within the projects shown on Table 3 and to transfer appropriations for allocated staffing and overhead costs between projects.
- Direct that the expenditure authority funded by proposed tax allocation bonds shall be reserved and subject to release after receipt by OCII of such bond funds or substitute financing.
- Authorize OCII to expend the interest earned on bond proceeds for purposes consistent with the bond indentures, subject to consistency with an approved ROPS, and provided that OCII has determined that such interest is not subject to Internal Revenue Service arbitrage restrictions.
- Authorize OCII to accept and expend any pledged property tax revenues in the Mission Bay North and South, Rincon Point South Beach and Transbay project areas, and Transbay revenues from sale of formerly state-owned properties, for their pledged purposes, subject to consistency with an approved ROPS.
- Authorize the Executive Director to expend funds appropriated in prior years in reserve accounts designated for affordable housing projects, community benefits grants and Yerba Buena Gardens capital account for their designated purposes; subject to the availability of funds and consistency with an approved ROPS.

3. Administration Expenses and Budgeted Positions

Table 4 provides a summary of OCII’s proposed \$12 million FY 2015-16 administrative budget, representing a \$167 thousand increase from the prior year.

Table 4. Proposed FY 2015-16 Administrative Budget, \$ Thousands

Sources	FY 15-16		
	FY 14-15 Bgt	Proposed	Diff
Property Tax Increment - Administrative Allowance	\$ 2,910	\$ 3,508	\$ 598
Property Tax Increment - Retiree Health and UAAL	1,040	1,577	537
Developer Payments	150	150	-
Staff & Operating Expenses Allocated to Projects	7,795	6,827	(968)
Total Sources	\$ 11,895	\$ 12,062	\$ 167
Uses	FY 15-16		
	FY 14-15 Bgt	Proposed	Diff
Salaries and Benefits	\$ 8,414	\$ 7,817	\$ (597)
Affordable Housing Services	619	827	\$ 208
Rent	441	454	\$ 13
Retiree Health and Pension UAAL Contribution	1,040	1,577	\$ 537
Auditing & Accounting Services	210	185	\$ (25)
Legal Services	285	265	\$ (20)
Other Professional Services	275	275	\$ -
Other Current Expenses	611	662	\$ 51
Total Uses	\$ 11,895	\$ 12,062	\$ 167

The \$7.8 million budget for staff salaries and benefits includes both OCII staff and City Administrator staff assigned to OCII. This budget represents a \$624,000 decrease from the approved FY 2014-15 budget, despite the provision of cost-of-living increases to OCII staff that match those received by City of San Francisco staff. The decrease is primarily due to:

- Transfer of 9.6 FTE South Beach Harbor staff to the Port of San Francisco due to the assumption by the Port of responsibility for operation of South Beach Harbor and transfer of 2 FTE OCII staff to the Mayor's Office of Housing and Community Development to continue work on former SFRA housing programs transferred to the City after redevelopment dissolution. Savings from these transfers is partially offset by:
- Proposed addition of full time equivalent ("FTE") positions to help OCII accelerate affordable housing production and other horizontal and vertical development in FY 2015-16, as described in the "Budgeted Positions" section below.
- Decrease in the CalPERS employer share contribution as a percentage of payroll from 18.19% in FY 2014-15 to 9.52% in FY 2015-16, with the "unfunded accrued actuarial liability ("UAAL") billed separately as a lump sum and included in the budget separately. The employer contribution is further offset by the supplemental employee contribution of 1% salary, rising to 2.25% in October 2015 in accordance with recently negotiated labor agreements.

Other items of note include:

- **Affordable Housing Services:** The \$827,000 budget represents \$687,000 in staffing support provided by the Mayor's Office of Housing and Community Development and \$140,000 for OCII's contribution towards the software development costs of MOHCD's new online Affordable Housing Data Portal (SF DAHLIA). OCII's contribution is 10% of the overall software cost, based on an estimate of OCII projects' usage of the system.
- **Retiree Health and Pension Unfunded Accrued Actuarial Liability ("UAAL") contribution:** This includes \$1,040,000 budgeted for retiree health insurance obligations, and a further \$536,660 budgeted for OCII's contribution to its pension liability, as calculated under a new billing formula and procedure established by the California Public Employees Retirement System ("CalPERS") starting in FY 2015-16. Under the existing system, agencies such as OCII were billed by CalPERS a percentage of their active employee payroll to cover both the pension benefit being earned by their employees each year (also known as the "normal cost") and an additional percentage for the UAAL—an estimated amount needed to catch up for unfunded liabilities in the system as a result of the pension system not meeting expectations in prior years or as a result of new demographic assumptions, such as the realization that retirees are living longer and the system will need to pay out more funds as a result. Under the new formula, the CalPERS bills for the UAAL portion as a fixed dollar amount each year rather than as a percentage of payroll.
- **Legal Services:** The \$265,000 budget includes:
 - \$125,000 budget for City Attorney's Office general legal support of OCII.
 - \$140,000 budget for other legal support that may be required by OCII.

Note that project-specific budgets include an additional \$1.1 million for City Attorney's Office and \$0.85 million for other legal assistance.

- **Other Professional Services:** The \$275,000 budget includes \$100,000 for public communications support, \$20,000 for records management support, \$15,000 for Office of Labor Standards Enforcement investigations support and \$140,000 contingency budget for unforeseen requirements that may come up during the year, unchanged from the FY 2014-15 budgeted amounts.
- **Other Current Expenses:** The \$662,000 budget includes:
 - \$270,000 for insurance premiums and allowance for deductibles;
 - \$105,000 for software licensing fees
 - \$96,000 for mail, e-mail, internet, server hosting, telephone, copy machine and records storage
 - \$60,000 for office supplies and employee training and field expenses
 - \$60,000 for Commission and Oversight Board meeting expenses, including audiovisual recording of Commission meetings by SFGOV TV.
 - \$30,000 for information technology supplies.
 - \$41,000 for other expenses.

FY 2015-16 Budgeted Positions

Budgeted positions and salary ranges are shown in Table 5. Salary ranges shown are as of May 2015 and are subject to change based on negotiated labor agreements. Salary ranges are for information only-- should there be any discrepancy between the salary ranges shown here and negotiated labor agreements, the negotiated labor agreement amount would be determinative. In special circumstances, and in accord with OCII's Personnel Policy, individuals may receive higher salaries than the ranges shown below to reflect acting assignments or unusual recruitment conditions.

In February 2015, OCII employees were offered positions within the City and County of San Francisco at comparable salaries that would allow them to continue working on OCII projects through a contractual arrangement between OCII and the City. At that time, 21 employees accepted the offer, including all nine employees working at South Beach Harbor, who will continue working at the Harbor after the ownership of the facility transfers to the Port of San Francisco, and two employees working on City housing programs that were assumed by the Mayor's Office of Housing and Community Development following redevelopment dissolution. The FY 2015-16 budgeted positions listed in Table 5 reflect the remaining OCII employees plus those former OCII employees who transferred to the City and are continuing to work on OCII work under contract to OCII.

The FY 2015-16 budget includes a net addition of six full time equivalent positions ("FTEs"), reflecting the increased workload based on the anticipated timing of development in the Major Approved Development Projects, along with a proposed accelerated work schedule for affordable housing projects, including up to 6 new Requests for Proposals ("RFPs") for affordable housing projects. The proposed new positions and position changes are:

- Addition of a Deputy General Counsel to support the OCII General Counsel with the increasing volume of legal review work. The cost of this position is partially offset by a reduction in the work order with the City Attorney's office from FY 2014-15 budgeted levels to reflect the actual level of support anticipated to be provided by that office.
- Addition of a Human Resources and Administrative Services manager position to bring in house services that were provided by the City Administrator's Office.
- Addition of one Project Manager, two Senior Development Specialists and one Management Assistant II to assist with the volume of development work proposed for FY 2015-16.

Table 5. FY 15-16 Proposed FTE, Compared to Prior Year

Class	Class Title	Biweekly Salary Range	FY 14/15	FY 15/16
			Adj Bgt	Proposed
500	Executive Director	\$6,968 - \$8,470	1	1
520	General Counsel	\$6,542 - \$7,952	1	1
1060	Deputy Director, Finance and Admin	\$6,099 - \$7,413	1	1
1060	Deputy Director	\$6,099 - \$7,413	1	1
560	Human Resources/Admin Svcs Mngr	\$3,897 - \$4,737	0	1
525	Deputy General Counsel	\$5,268 - \$6,403	0	1
565	Senior Civil Engineer	\$4,935 - \$5,999	1	1
535	Development Services Manager	\$4,630 - \$5,628	1	1
550	Senior Project Manager	\$4,575 - \$5,561	1	1
590	Project Manager	\$3,952 - \$4,804	3	4
990	Assistant Project Manager	\$3,718 - \$4,519	2	2
540	Housing Program Manager	\$4,629 - \$5,627	1	1
595	Senior Development Specialist	\$3,999 - \$4,861	1	3
615	Development Specialist	\$3,718 - \$4,519	8	8
705	Assistant Development Specialist	\$3,212 - \$3,904	1	1
930	Staff Associate V	\$3,952 - \$4,804	1	1
585	Contract Compliance Supervisor	\$4,316 - \$5,246	1	1
1065	Contract Compliance Specialist III	\$4,087 - \$4,968	1	1
640	Contract Compliance Specialist II	\$3,121 - \$3,794	1	1
970	Accounting Supervisor	\$4,316 - \$5,246	1	1
670	Financial Systems Accountant	\$3,575 - \$4,345	1	1
695	Accountant III	\$3,088 - \$3,753	1	1
775	Accountant II	\$2,554 - \$3,104	1	1
630	Senior Financial Analyst	\$4,070 - \$4,947	1	1
720	Senior Programmer Analyst	\$3,203 - \$3,893	1	1
1030	Management Assistant III	\$2,905 - \$3,531	3	3
1035	Management Assistant II	\$2,534 - \$3,080	2	3
855	Records Specialist II	\$1,985 - \$2,413	1	1
860	Senior Office Assistant	\$1,985 - \$2,413	1	1
	Subtotal without South Beach Harbor		40	46
	OCII Positions transferred to City for City Housing Work effective FY 15/16		2	0
	South Beach Harbor Positions (to Port of SF in FY 15-16)		8.6	0
	Total including work transferred to City		50.6	46
	Additional Temporary Staff Budget (rounded)		\$300,000	\$370,000

4. Debt Service

Table 6 provides a summary of OCII's proposed \$105 million FY 2015-16 debt service budget, representing a decrease of \$6.7 million from the prior year:

Table 6. FY 2015-16 Debt Service Budget, \$ Thousands

Sources	FY 15-16		Diff
	FY 14-15 Bgt	Proposed	
Property Tax Increment - Tax Allocation Bonds	\$ 97,283	\$ 97,934	\$ 651
Property Tax Increment - Debt Mgmt Services	144	50	(94)
Property Tax Increment - South Beach Harbor	300	300	-
South Beach Harbor Revs for Debt Service	1,615	1,914	299
Hotel Tax/Moscone Revs for Debt Service	11,805	5,024	(6,781)
Refunding Bond Cost of Issuance Reimbursement	300	-	(300)
Total Sources	\$ 111,448	\$ 105,222	\$(6,226)
Uses	FY 15-16		Diff
	FY 14-15 Bgt	Proposed	
Other Professional Services	444	50	(394)
Debt Service	111,004	105,172	(5,832)
Total Uses	\$ 111,448	\$ 105,222	\$(6,226)

Highlights of the debt service budget include:

- **Property Tax Increment for Tax Allocation Bonds:** \$97.9 million for debt service payments scheduled for August 2014 and February 2015.
- **Property Tax Increment for Debt Management Services:** The \$50,000 budget is for bond trustee expenses, unchanged from prior year. The FY 2014-15 budget also included an additional \$94,000 for OCII staffing costs, and \$300,000 for cost of issuance for refunding debt. Staffing costs are not included in the FY 2015-16 budget because those costs are being accommodated within OCII's administrative cost allowance. Cost of issuance is not included in the budget because the amounts are uncertain and authorization to pay any such approved issuance costs from the proceeds of new debt is being included in the accompanying FY 2015-16 budget resolution.
- **Property Tax Increment for South Beach Harbor:** The \$300,000 budget is the estimated amount of property tax derived from boats and improvements at South Beach Harbor which is pledged toward repayment of a South Beach Harbor revenue bond.
- **South Beach Harbor Revenue for Debt Service:** The \$1.9 million budget represents the \$1.4 million additional amount of South Beach Harbor revenues anticipated to be needed to supplement Harbor property tax increment in order to cover debt service related to the Harbor, plus \$535,000 for debt service for a CalBoating loan.
- **Hotel Tax/Moscone Revenues for Debt Service:** The \$5.0 million budget is for City and County of San Francisco Hotel Taxes and Moscone Center revenues pledged for repayment of revenue bonds issued by the former San Francisco Redevelopment Agency. The debt service is reduced by \$6.4 million as a result of the final payoff in FY 2014-15 of a 1992 series of bonds used to construct the Moscone center.

5. Hunters Point Shipyard/Candlestick Point

Project Description & Status

The Hunters Point Shipyard (the "Shipyard") and Candlestick Point (together "HPS/CP") form 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 land property is divided into Parcels A through G. Transfer of property to OCII and development occur in phases, after environmental remediation from the U.S. Department of the Navy (the "Navy"). 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.

Pursuant to a Disposition and Development Agreement ("DDA") with OCII, a master developer is completing the infrastructure for the first phase of the Shipyard's redevelopment ("Phase 1"), which will ultimately include up to 1,600 homes, 32 percent of which will be affordable, miles of new utilities, and 26 acres of open space. OCII has not yet funded any stand-alone affordable housing, but in the future, will be seeking development teams and providing 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.

On the Hilltop, construction has started on 309 units of housing, of which 84 are Below Market Rate ("BMR"), at Blocks 49, 50, 51, 53, and 54. Block 49 is a 60 unit BMR multi-family development for low-income families earning up to 50% Area Median Income ("AMI") that is sponsored by the master developer and fulfills the Phase 1 50% AMI Inclusionary housing requirement. Block 49 will complete construction in early 2016. Blocks 50 and 51 will receive their certificate of occupancy for 88 units of housing by the end of FY 2014-15, when the first residents will move onto the Shipyard. Blocks 50 and 51 contained nine for-sale BMR Inclusionary units, for low-income families earning up to 80% AMI. All nine BMR units are under contract for sale. The future residents include an Ellis Act Housing Preference Holder and a rent burdened household. San Francisco residents will be owners of the remaining seven BMR units. Blocks 53 and 54 contain 159 condominium flats and townhomes, of which 16 are BMR Inclusionary units for low-income families earning up to 80% AMI. Blocks 53 and 54 will receive their occupancy permits by the end of calendar year 2015.

Schematic Designs for an additional 272 units, including 26 BMR Inclusionary units, have been approved for Blocks 52, 55, 56 and 57. Block 52 is on the Hilltop and is approved for the development of 74 units, of which 8 are BMR Inclusionary units for low-income families earning up to 80% AMI. Block 52 is scheduled to start construction in 2015 and will be completed by Fall 2016. Block 55 is a Hilltop parcel approved for the development of 66 units of housing, of which 3 are BMR Inclusionary for low-income families earning up to 80% AMI. Blocks 56 and 57 is a Hilltop parcel approved for the development of 132 units, of which 15 are BMR Inclusionary units for low-income families earning up to 80% AMI. Blocks 56 and 57 will break ground in Spring 2015 and will be completed by Fall 2016.

OCII has 3 stand-alone affordable housing sites on Hilltop Blocks 52, 54 and 56. The FY 2015-16 budget includes funding for predevelopment on each of these sites. These 3 stand-alone sites will accommodate 119 BMR units.

On the Hillside, the Basic Concept Design for Block 48 has been approved, which will include 404 market rate units, 56 of which will be inclusionary affordable ownership units serving low-income families earning between 80-120% AMI. Schematic Designs for Phase 1A, the first phase of development on Block 48 have also been approved. Phase 1A will include 57 units of housing, including 5 inclusionary ownership units serving low-income families earning up to 80% AMI. Phase 1A is scheduled to start construction in August 2015 and will be complete in May 2017.

OCII has 2 stand-alone affordable housing sites on Hillside. The FY 2015-16 budget includes funding for predevelopment one of these sites, which accommodates 40 units.

A master developer that is separate but affiliated with the Phase 1 developer will complete the remaining portion of infrastructure in the Shipyard and Candlestick Point area as one project under a separate DDA ("Phase 2"). The agreement for the Phase 2 development program provides for an additional 10,500 housing units, 32% of which will be below market rate, including the rebuilding of the Alice Griffith public housing development consistent with the City's HOPE SF program. Of the 32% below market rate housing units, the OCII sponsored affordable housing development consists of 504 public housing replacement and new affordable units through five phases of the Alice Griffith project, plus an additional 1,140 units on 10 stand-alone sites. In March 2015, the first two phases of the Alice Griffith public housing project development broke ground. These first two phases of development include 184 units of replacement and new affordable housing. Both phases are scheduled to be completed by August 2016. The third phase of the Alice Griffith project will receive OCII funding in Spring 2015 and could start construction in FY 2015-16. The fourth phase of Alice Griffith will also receive funding in FY 2015-16 for predevelopment.

In January 2014, the Commission approved the first Major Phase of development for Phase 2. The first vertical development began construction with CP-01, which includes the Alice Griffith project described above. In FY 2015-16 OCII will complete review of the next three sub-phases of development on Candlestick, CP-02, 03, and 04. CP-02 contains a 575,000 square foot regional retail center, 472 units of housing, including a 210 unit senior tower, 45,000 square foot performance hall, and 220 room hotel. CP-03 and 04 are mixed-use development with 45,000 square feet of ground floor neighborhood commercial with 1,057 housing units above. CP-03 and 04 each contain a stand-alone agency affordable lot which will accommodate 230 BMR units predevelopment for these parcels will be funded in FY 2015-16. Of the 1,529 units in these three sub-phases, 118 will be BMR Inclusionary units.

The Phase 2 plan also includes approximately 3 million square feet of research and development and office uses as a hub for emerging technologies on the Shipyard, over 300 acres of parks and open space including a complete renovation of the Candlestick Point State Recreation area. Also the Phase 2 plan will include an investment of more than \$2.7 billion in infrastructure and transportation improvements to the project site.

In total, Phase 1 and 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 the South East Health Center.

Selection of development teams and review of financial and other long-term agreements for the affordable housing sites will be coordinated with the Mayor's Office of Housing and Community Development ("MOHCD"), since affordable housing assets will be transferred to MOHCD after the project is completed and occupied. MOHCD will also assist in monitoring of construction, marketing, and financial disbursements, consistent with OCII's 2014 Memorandum of Understanding with MOHCD.

Staff will also work to 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 the payment of prevailing wages. Staff will work closely with contractors themselves, 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.

On December 14, 2012, the California State Department of Finance 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 that survived the dissolution of the Redevelopment Agency. To implement these obligations, OCII must, among other things, receive and administer grants, execute leases, accept property, approve and amend consulting and construction contracts, and dispose of property. The work and major milestones that are anticipated to be completed in furtherance of these obligations over the course of the budget year summarized below.

FY 2015-16 Workplan

1. **Hilltop 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 for 388 market for-sale rate and 103 BMR units of housing serving low-income families earning between 50-80% AMI on Blocks 52, 53, 54, 55, 56, 57 and Block 49. Utilize MOHCD services to review, approve and monitor implementation of marketing plans of affordable units.
2. **Major Phase Approval for Block 1:** Renew and approve a schematic design for residential projects on Block 1, for a total of 204 market rate for-rent units and 21 for-rent BMR inclusionary units serving low-income families earning up to 80% AMI. Review and approval of design development and construction documents would occur in the second half of FY 2015-16, with construction commencing in 2016.
3. **Design and Construction of the Hilltop Parks & Open Space:** Complete construction for nearly half of the 26 acres of parks & open space on Parcel A. With the Department of Public Works ("DPW"), monitor construction progress and developer's schedule of performance as well as developer's compliance with applicable workforce and contracting requirements.

Park construction will progress concurrent with vertical development. The last art pieces commissioned by OCII will be installed in the parks in Fall 2015.

4. **Design Review and Construction of Block 48 Phases 1A, 2A and 1B:** Complete review of construction documents allowing construction to begin for residential projects on Block 48, Phases 1A. Complete review of schematic design development and construction documents for Phases 2A and 1B. Phases 1A, 2A and 1B include a total of six blocks with 261 market rate for sale units and 38 ownership BMR inclusionary units serving low-income families earning between 80-120% AMI. Construction on Phase 1A is scheduled to start August 2015. Phases 2A and 1B will start construction in Spring 2016.
5. **Construction of New Artist Studios and a Commercial Kitchen:** Construction of a commercial kitchen will be completed in August 2015 to relocate commercial kitchen tenants in Building 110, which will be demolished. Construction on a new artist building for existing Shipyard tenants will start in November of 2015.
6. **Development of Building 813:** Building 813 is an existing four-story, 275,000 square foot building on the Shipyard that may be retained to spur economic development on the Shipyard. OCII will work with the Office of Economic and Workforce Development (“OEWD”) to develop a program for future uses.
7. **Community Facilities Parcels and Community Facilities Space:** 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; the remaining seven parcels are on future phases of development. OCII will work with City departments, including OEWD, San Francisco Fire Department, San Francisco Police Department, and San Francisco Public Library, as well as the San Francisco Unified School District, to program development for the Community Facilities Parcels on Candlestick Point and Hunters Point Shipyard. The master developer is also required to provide up to 65,000 square feet of Community Facilities Space within new retail development to OCII rent-free. It is anticipated that a significant portion of the Community Facilities Space will be within the regional retail center and neighborhood serving retail proposed in CP-02, -03, and -04. The Phase 2 DDA requires the Community Facilities Space to include an International African Marketplace, Library Reading Rooms and a Candlestick Point State Recreation Area Welcome Center. Additional uses for the Community Facilities Space include social services, education, the arts and other community services including public safety facilities such as police and fire stations and facilities for the benefit of senior citizens.
8. **Strategic Planning for the Legacy Foundation for Bayview Hunters Point:** Continue working with the Legacy Foundation’s Interim Board to expend developer funds pledged for community uses (“Community Benefit Fund”). The Community Benefit Fund is funded under the Phase 1 and Phase 2 DDA for programs to benefit the Bayview Hunters Point area as a whole. No additional funds for the Community Benefit Fund are anticipated in FY 2015-16. To date, the developer has provided \$1 million in funding required under the Phase 1 DDA. The Phase 2 Community Benefits Plan obligates each vertical developer to contribute 0.5% of the sales price of the initial sale of each market rate unit to the Community Benefits Fund. The earliest Phase 2 market rate units will complete construction is 2018.

9. **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”). OCII’s total funding for Phases 1 and 2 was provided by the end of FY 2013-14 along with predevelopment funding for Phase 3. Phases 1 and 2 construction started in March 2015. OCII will provide construction funding for Phase 3 in FY 2014-15; and schematic design for Phase 3 will be reviewed and presented to the Commission in FY 2014-15. In FY 2015-16, OCII will provide predevelopment funding for Phase 4.
10. **Navy Parcel Transfer:** The Commission will be asked to accept the transfer of Navy Parcels B-1, B-2, D-1, G, IR17/18 and UC-3 (together approximately 157 acres) in furtherance of the Shipyard Phase 2 development. As permitted by the Navy access agreements, additional work may include pre-development activities such as building and land surveys, as well as lead and asbestos abatement of Navy buildings slated for removal.
11. **State Lands Trust Lands Exchange and California State Parks Properties:** Transfer of portions of the Candlestick site that are currently owned by State Parks or the State Lands Commission to OCII for development under the Phase 2 DDA for development of Harney Way offsite improvements and future housing development. The first exchange occurred in FY 2014-15. The second exchange, which covers 14.5 acres, will occur in FY 2015-16.
12. **Hunters Point Shipyard Major Phase Application:** The first Major Phase application for Hunters Point Shipyard will be reviewed and presented to Commission for approval. The Major Phase application will confirm the locations for infrastructure, parks, and affordable housing as well as lay out the sub-phasing schedule for construction, the types and amounts of community benefits that will be paid out according to the Phase 2 DDA, and confirm any mitigation measures that are to be put in place as required under the California Environmental Quality Act (“CEQA”).
13. **Candlestick Point Center Schematic Design Review:** Complete review of schematic design, design development and construction documents allowing construction to begin for the CP Retail Center, sub-phase CP-02, which includes 635,000 gross square feet of regional retail, performance venue, and up to 472 units of housing of which 43 will be BMR Inclusionary units.
14. **Candlestick Point Neighborhood Design Review:** Complete review of schematic design, design development and construction documents allowing construction to begin for mixed used development on CP-03 and CP-04, which includes 8 blocks with up to 1,057 units of housing, of which 268 will be BMR Inclusionary units and 230 will BMR units in OCII stand-alone parcels, 90,000 gross square feet of neighborhood retail, and community facilities space.

Candlestick Open Space Design Review: Sub-phases CP-02, -03, and -04 will contain 7.4 acres of new and revitalized parks and open space including:

- **Wedge Park Plaza (.77acres).** On Harney Way and Ingerson Avenue, the Wedge Park Plaza will be an urban plaza that provides a “respite” from the activities generated by the retail center, Bus Rapid Transit, and cycle route.

- **Jamestown Walker Slope (3.88 acres).** Located between Jamestown Avenue and Arelious Walker Drive, the Jamestown Walker Slope will be planted with native species to promote habitat restoration.
 - **Bayview Hillside Open Space (2.85 acres).** West of Jamestown Avenue, this open space will follow the recommendations of the Bayview Hill natural Areas Plan, and be enhanced with new native planting to promote habitat restoration.
15. **Candlestick Point Blocks 10a & 11a RFP & Predevelopment Funding:** Issue an RFP, select a development teams, and provide predevelopment funding for the affordable housing projects on Blocks 10a and 11a, which are located adjacent to the proposed new Candlestick Retail Center, to develop the site into approximately 230 units of affordable rental housing.
16. **Hilltop Block 54 RFP & Predevelopment Funding:** Issue an RFP, selected a development team, and provide predevelopment funding for the affordable housing project on Block 54, located on the Hilltop portion of Phase 1 of the Shipyard. The site could accommodate approximately 40 units of affordable rental housing.
17. **Off-Site Transportation Improvements Planning:** Staff will coordinate circulation improvements to be constructed by the master developer which are required per the Phase 2 DDA's Schedule of Performance in connection with the Project's phased development to mitigate traffic impact and improve existing Bayview neighborhood streets to the new development:
- **Harney Way:** The Project will improve and reconfigure auto, transit and bike access between Candlestick Point and US 101. In FY 2015-16, OCII will complete review of design development and construction documents for Harney Way from Ingerson Avenue to Executive Park Boulevard.
 - **Gilman Avenue:** Enhance streetscape improvements such as street trees, sidewalk plantings, furnishing and paving treatments to enhance pedestrian safety and to visually connect Bayview neighborhood to the new development.
 - **Innes:** Streetscape improvements including new sidewalks, striping, and lighting to create an attractive gateway into the Project site.
18. **Oversee Developer Construction of Infrastructure:** Within the CP-01, CP-02, CP-03, and CP-04 sub-phases, Lennar will construct new streets, sewers, electricity and gas lines, and storm drains to support new development. Staff will work with DPW, PUC, SFMTA, and other city agencies as appropriate, to ensure that the new infrastructure meets City standards and is in conformance with the plan documents. New infrastructure development includes development of new, sustainable infrastructure including a recycled water system, automated waste collection system, and Best Management Practice measures for storm water treatment including flow-through planters, soil cells, and bio-retention basins.

6. Mission Bay North and South Major Approved Development Projects

A. Project Description & Status

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 6,400 residential units (29% of which will be affordable), 3.4 million square feet of office and biotechnology space, 425,000 square feet of retail uses, a new University of California, San Francisco research campus and medical center, 250-room hotel, 49 acres of open space, library, school, police headquarters, and local police and fire department. Completion of the Mission Bay project is anticipated to occur over 25 to 30 years and 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.

Mission Bay is currently undergoing a massive construction boom. By mid-2015, Mission Bay will see the majority of the remaining market-rate residential units completed, including the newest affordable housing site, the OCII-sponsored 1180 4th Street project, which opened its doors to house 150 low income households, including formerly homeless families. The remaining market-rate housing (about 350 units) and the next 200-affordable housing project on Block 7 West are anticipated to be under construction by mid-2015. The first phase of the new UCSF medical center opened in February 2015, providing 289-new hospital beds. The 4th Street commercial corridor will be almost complete and filled with new, local serving commercial uses. The Public Safety Building is opening in April 2015, providing additional security to the neighborhood with a local fire and police station, in addition to the San Francisco Police Headquarters. Planning for the next wave of commercial office space is underway with two new commercial buildings anticipated to start construction in 2015 with over 1 million square feet of office space. Planning is also underway for the relocation of the Golden State Warriors to Mission Bay, with project approval anticipated in Fall 2015; with construction to start soon after. To serve all this new development, almost all of the remaining streets and underground utilities will be finished by early 2016, and there will be several new parks, including the new children's park, Mariposa Park and new parks along the bayfront.

Implementation of the Mission Bay project occurs through the Mission Bay North and South Redevelopment Plans and the Mission Bay existing 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. On January 24, 2014, OCII received a Final and Conclusive Determination on the Mission Bay enforceable obligations from the State Department of Finance ("DOF").

OCII also is responsible for the management of the 41-acre planned Mission Bay Open Space System until 2043. Currently there are over 15 acres that are completed and operated by OCII. OCII has entered into a contract with MJM Management Group ("MJM") to do the day-to-day management of the parks. The costs for park management are paid with special taxes collected through Community Facilities District #5 (CFD#5), which OCII administers. The calendar year 2015 budget for CFD#5 and the park management is included in the OCII budget for informational purposes only.

Key responsibilities of OCII, and its Commission, related to the implementation of Mission Bay include financing of infrastructure, land use review and approvals provide financing for the development of affordable housing on land donated by the Master Developer, maintenance of the 41-acre Mission Bay open space system, creation and implementation of a Mission Bay Art Program, and staffing of the Mission Bay Citizens Advisory Committee. Selection of development teams and review of financial and other long-term agreements for the affordable housing sites will be coordinated with the Mayor's Office of Housing and Community Development ("MOHCD"), since affordable housing assets will be transferred to MOHCD after the project is completed and occupied. MOHCD will also assist in monitoring of construction, marketing, and financial disbursements, consistent with OCII's 2014 Memorandum of Understanding with MOHCD.

Staff will also work to 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 themselves, 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.

B. FY 2015-16 Workplan

- 1. Block 6 East Affordable Housing Schematic Design & Construction Funding:** Approve schematic design, provide construction funding, and complete financial closing for construction funds needed for the development on Block 6 East of approximately 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 Human Services Agency.
- 2. Block 3 East Affordable Housing Developer Selection, Predevelopment, and Construction Funding Commitment:** Select a development team based on a FY 2014-15 RFP, and provide predevelopment funding for the affordable housing projects on Block 3 East to develop the site into approximately 101 units of supportive rental housing for veterans, including formerly homeless veterans. Construction funding is budgeted for FY 2015-16.
- 3. Block 7 West Affordable Housing Construction & Marketing Plan Review:** Begin construction of 200 units of affordable rental housing for low-income families on Block 7 West. A marketing plan will be submitted by the developer for OCII and MOHCD review within a month after construction starts, which is anticipated to occur in early summer 2015.
- 4. Block 6 West Affordable Housing RFP & Predevelopment Funding:** Subject to the availability of future funding, OCII may issue an RFP to select a development team and provide predevelopment funding for Block 6 West, which could accommodate approximately 105 affordable rental units.

5. **Block N4P3 Marketing Plan:** This 129 unit project, which includes 26 affordable inclusionary rental units at 90% AMI, will start construction in spring 2015. Utilizing MOHCD services, OCII will review, approve and monitor implementation of marketing plans of inclusionary affordable units within the Block N3P4 residential project in Mission Bay North.
6. **Mission Bay Public Art Program:** Develop a public art program for art within Mission Bay open spaces, which may include utilizing expertise within the art community, such as the San Francisco Arts Commission or consultants to be hired by OCII. The current budget has almost \$1 million in funds, which would be expended over multiple budget years.
7. **Golden State Warriors Arena Project Design & Environmental Approvals & Construction Start:** Continue to work with the Golden State Warriors to design Blocks 29 to 32 for an arena/office/retail project and complete an environmental impact report, major phase, and schematic designs for the site. Start construction in the second half of the fiscal year.
8. **Blocks 26/27 Schematic Design Approval:** If not approved in spring 2015, approve schematic designs for the new Uber headquarters on Blocks 26/27 for approximately 423,000 gross square feet of office space.
9. **Block 40 Design Reviews:** Continue to process the design development and construction drawings for Block 40, a 667,500-gross square foot office building with 15,000 gross square feet of retail space.
10. **UCSF Blocks 33/34 Design Reviews:** Work with UCSF on the design of Blocks 33/34 on the first phase of the 500,000 gross square foot office project pursuant to the Memorandum of Understanding between OCII and UCSF.
11. **Block 1 Residential and Hotel Projects Design Reviews:** Continue to process the design development and construction drawings for 350 for-sale residential units and a 250-room hotel on Block 1, a 2.7-acre triangular parcel that fronts Mission Creek and the future Park P3. The 350 market-rate, for-sale units will pay an affordable housing in-lieu fee to be used for the funding of OCII-sponsored affordable housing in Mission Bay.
12. **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.
13. **Park P6 Children's Park Opening:** Hold the grand opening of an 1.12-acre new children's park on Park P6 that utilized a \$1.37 million Catalyst Grant from the California Department of Housing and Community Development ("HCD"). Park P6 will provide structured play equipment for toddlers and older children, as well as informal areas for creative play.
14. **Park P19 Completion:** Complete construction on the 0.55-acre Park P19 along Terry Francois Boulevard. Park P19 is designed for passive recreation and stormwater

treatment, as well as providing a buffer between the neighboring residential building, an OCII-sponsored affordable housing site, and Terry Francois Boulevard.

15. **Bayfront Park P22 Design:** Work with the Mission Bay community to design the future Bayfront Park P22, a 5-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, it will also provide opportunities for coordinated events with the Golden State Warriors Event Center.
16. **Parks P23 and P24 Completion:** Complete construction on Parks P23 and P24, which combined 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, half basketball court, picnic facilities, lawn areas, and stormwater treatment facilities.
17. **Mariposa Park P26 and P27 Completion:** Complete construction on Mariposa Park (P26) and P27, which combined equal 2.38 acres in size, in the southern part of Mission Bay. Park P26 will include a large multi-use lawn in the middle, a plaza area, and a children's play area on the side closest to the UCSF children's hospital, while Park P27 creates a visual entry to the southern part of Mission Bay along Owens Street.
18. **Mission Creek Park P2 Parking Completion, Construction Drawings, & Maintenance Agreements:** Complete the 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 the construction drawings for the entire park; and finalize the maintenance agreements with MCHA for the community garden and parking area. P2 is located on the southern boundary of Mission Creek and will contain a community garden and will be one of the final links for the Mission Creek park loop.
19. **Future Park Management Strategy:** Continue working with City/Port/Public Utilities Commission, the current owners of Mission Bay Parks, on future park management strategy once the Property Management Plan is approved by the Department of Finance.
20. **Street Improvements:** Continue construction of the remaining Mission Bay roadway improvements, which will be funded in part by a TIGER IV federal grant and HCD Prop 1C Transit Oriented Development grant. As part of this, all of the streets in the southern portion of Mission Bay will either be under construction or in the final planning stages in FY 15-16. These improvements include the surface roadway and sidewalk improvements, as well as the underground utilities. Completion of the street grid system will significantly improve the local connectivity of Mission Bay.

7. Transbay Major Approved Development Project

A. Project Description and Status

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”). The Project Area goals include the development of: 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.

The new, transit-oriented neighborhood that will be developed by OCII on the 10-acres of formerly State-owned property in the Project Area will consist of more than 3,500 new housing units, including approximately 1,400 affordable units, nearly 2 million square feet of new commercial space, and approximately 4 acres of new public open space. In addition, the new Transbay Transit Center site will include a 5.5-acre rooftop park and a 1.35-million-square-foot office tower. The development program for the Project Area 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, conversion of Folsom Street to two-way traffic, and reconfiguration of 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, with TJPA reimbursement of staff costs, 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 shall be available to moderate-income households. On April 15, 2013, the California State Department of Finance 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 are enforceable obligations of OCII.

Phase 1 of the TTC, including the above-ground bus station and the box for the below-ground train station, is under construction and is scheduled to be completed in 2017. The City has

approved a Mello-Roos community facilities district that will provide funding for the TTC and other infrastructure costs.

Regarding the publicly owned parcels over which OCII has jurisdiction, one is fully complete and seven of the publicly-owned parcels in the Project Area are in various stages of development and pre-development:

- **Block 11A:** The portion of Block 11 along Folsom Street known as “Block 11A” is a 120-unit supportive housing project that was funded by OCII and completed construction and lease-up in FY 2013-14 and, as with all completed affordable housing assets, will be transferred, upon final permanent financing by the State, to the Mayor’s Office of Housing and Community Development (“MOHCD”) as Housing Successor pursuant to Dissolution Law.
- **Parcel T:** The TJPA sold Parcel T to Hines in FY 2012-13 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 expected completion in 2017.
- **Blocks 6/7:** OCII selected Golub Real Estate Corp. (“Golub”) and Mercy Housing California (“Mercy”) for a market-rate and affordable housing development on Blocks 6/7 in December 2011. The site was sold to Golub in October 2013 and Block 6 is currently under construction. The affordable building, funded by OCII, will complete construction in Summer 2015. Staff will seek final construction funding and approval of a long-term air-rights lease with Mercy for Block 7, an additional affordable housing portion of the project, by the end of FY 2014-15.
- **Block 9:** OCII selected a team comprised of TMG, Essex Property Trust, and BRIDGE Housing for a market-rate and inclusionary affordable housing development on Block 9, and the Disposition and Development Agreement was approved in December 2014 and the land sale closed in February 2015.
- **Block 8:** OCII selected Related California (“Related”) and Tenderloin Neighborhood Development Corporation (“TNDC”) for a market rate and affordable housing development (comprised of both inclusionary and OCII funded units) on Block 8 and expects to execute a Disposition and Development Agreement (“DDA”) by Spring 2015 and close escrow on the land by Fall 2015.
- **Block 5:** OCII selected the development team of Golub and John Buck Company for an office project on Block 5, and intends to execute an Owner Participation/Disposition and Development Agreement (“OP/DDA”) in Spring 2015 and close escrow on the land in Fall 2015.
- **Block 1:** OCII intends to execute an Owner Participation/Disposition and Development Agreement with Tishman Speyer for a market rate and affordable housing development (comprised of both inclusionary and OCII funded affordable units) on Block 1 in Spring/Summer 2015 and close escrow on the land in late 2015.

Per the Implementation Agreement, OCII is also developing infrastructure plans for the new neighborhood, including new streetscape improvements on Folsom Street and two major new public parks within the Project Area, and the current reconfiguration of the Folsom Street freeway off-ramp is expected to be complete by Summer 2015.

Selection of development teams and review of financial and other long-term agreements for the affordable housing sites will be coordinated with the Mayor's Office of Housing and Community Development ("MOHCD"), since affordable housing assets will be transferred to MOHCD after the project is completed and occupied. MOHCD will also assist in monitoring of construction, marketing, and financial disbursements, consistent with OCII's 2014 Memorandum of Understanding with MOHCD.

Staff will also work to 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 themselves, 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, the TJPA funds all of OCII's staff and consultant costs related to the development of the State-owned parcels in the Project Area up through the selection of a development team. After selection, the developer provides funding for staff and consultant costs. The staffing and construction costs for all infrastructure projects described in the tasks below are financed with tax increment.

B. FY 2015-16 Proposed Workplan

- 1. Block 6 Construction and Marketing:** Land sale closed in October 2013 and construction on the residential project, comprised of 409 market rate units and 70 OCII funded affordable units in a 300-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking, is underway. Construction on the affordable units is expected to complete in Summer 2015. Using MOHCD's services, staff will review, approve and monitor the implementation of the marketing and lease-up of all affordable units (at 50% of AMI). MOHCD is currently reviewing the marketing plan and will oversee the lottery for the affordable units. The market rate units are expected to be complete in April, 2017.
- 2. Block 7 Financial Closing, Construction Start and Marketing Plan Review:** The financial closing and construction start of the affordable residential development on Block 7, consisting of approximately 120 affordable rental units (at 50% of AMI), funded by OCII, in two podium buildings and adjacent townhouses, including a ground-floor child care facility and open space, is expected to occur in Fall 2015. A marketing plan will be submitted for OCII and MOHCD staff review within a month after construction start.
- 3. Block 9 Construction Start and Marketing Plan Review:** Construction of approximately 436 market-rate units and 109 inclusionary affordable rental units (at 50%

of AMI) in a 400-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking, is expected to begin in FY 2015-2016 and a marketing plan would be submitted for OCII and MOHCD staff review within a month of construction start. OCII will also coordinate and assist with MOHCD's issuance of tax exempt mortgage revenue bonds for the inclusionary affordable units.

4. **Block 5 Land Sale Closing and Construction Start:** The sale of the land for Block 5, for an approximately 800,000-sf commercial office project in a 550-foot tower, is expected to occur in Fall 2015, with construction starting within FY 2015-2016.
5. **Block 8 Land Sale Closing, Construction Start, OCII Loan & Air Rights Lease Approvals, Marketing Plan Review:** The sale of the land for Block 8 for a residential project, consisting of approximately 440 market-rate units and 163 affordable rental units (at 50% of AMI), a portion of which will be OCII funded, in a 550-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking, is expected to occur in Fall 2015. An OCII affordable housing loan and air rights lease governing the affordable podium project will be presented for consideration FY 2015-2016, with construction starting by the end of the fiscal year. A marketing plan for the affordable units will be submitted for OCII and MOHCD staff review within a month of construction start.
6. **Block 1 OP/DDA and Financing:** 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) is expected to occur in late Spring/early Summer 2015. The Block 1 condominium project includes 216 market rate units and 116 affordable units if the tower is built at 300 feet; the unit count will increase to 258 market rate units and 141 affordable units if the project is built at 400 feet. OCII will provide funding for the affordable homeownership units in the podium building during FY 2015-2016.
7. **Block 2 Affordable Housing:** Subject to the availability of future funding, OCII may issue an RFP to select a development teams and provide predevelopment funding for Block 2, which could accommodate approximately 286 affordable rental units, and would be developed in multiple buildings across the block. Currently the site is occupied by the Transbay Temporary Bus Terminal, which is slated to be removed upon the opening of the TTC in 2017.
8. **Folsom Street Off-Ramp Reconfiguration Completion:** Complete construction of a reconfiguration of the existing Folsom Street Off-Ramp on Block 8 in order to create a better pedestrian environment and increase the value of the parcel. OCII has a letter agreement with the San Francisco County Transportation Authority, the City's congestion-management agency, to provide technical services for this task.
9. **Folsom Streetscape Improvements Bid Process & Construction Start:** Complete construction documents for a set of streetscape improvements on Folsom Street. Issue request for bids through letter agreement with DPW. Select contractor and begin construction.

10. **Under-Ramp Park Design Approvals:** 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 the Project Area. Complete negotiations with TJPA and Caltrans.
11. **Rincon-Hill/Transbay CBD Formation:** Work with an outside consultant and a steering committee composed of neighborhood property owners to create a community benefit district to provide funding for future maintenance of the new public parks and street improvements to be constructed by OCII within the Project Area.
12. **TJPA Support:** Assist the TJPA with various financial and market analyses, as required by the TJPA's funding partners and the TJPA Board of Directors.
13. **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.

8. Affordable Housing Obligations

Affordable Housing Obligations Summary

OCII has retained Affordable Housing Obligations integrally related to the three critical redevelopment projects referred to as the “Major Approved Development Projects” that OCII, as successor agency to SFRA, must continue to implement under enforceable obligations consistent with the Dissolution Law.

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. In general, OCII is responsible for directly managing the affordable housing projects through completion, and procures services from MOHCD staff for construction monitoring, review and monitoring of marketing for both inclusionary and OCII funded projects (including implementation of the Certificate of Preference program), and assisting with the fiscal management and disbursement of OCII’s funds pursuant to the relevant project’s financing agreements, and other ancillary tasks as needed.

Commitment to the Mayor’s Plan for 10,000 Affordable Units by 2020

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 them as permanently affordable. In fact OCII’s affordable housing projects will result in over 3,300 affordable units by 2020 through both stand-alone projects funded with OCII subsidy as well as inclusionary affordable units provided through private development. This includes several OCII sponsored projects that received completion permits just before the close of 2013, and opened their doors to welcome new residents in 251 affordable units in early 2014. The 1180 4th Street project delivered another 150 units later in 2014. 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 2015-2016 Budget includes authority for funding to advance 6 new sites (in addition to the 8 sites already underway in predevelopment or master planning), subject to the availability of funding.

Mayor’s Plan for 10,000 Affordable Units by 2020: OCII Pipeline

Project Status	Affordable Stand-Alone Units	Affordable Inclusionary Units	Totals
Completed & Occupied	400		400
In Construction	543	102	645
In Predevelopment	754	272	1,026
In Preliminary Planning	936	359	1,011
Totals	2,633	733	3,366

FY 2015-16 Workplan – Major Approved Development Projects

The Affordable Housing Projects within the Major Approved Development Projects are more fully described within the specific Project Area section of the budget. Currently over 5,300 affordable units remain to be completed through OCII sponsorship, through either direct subsidy on stand-alone affordable sites or through inclusionary housing requirements, for the remaining Retained Housing Obligations. Those obligations break down as follows:

<i>OCII Sponsored & Funded Units</i>					
Production Obligation	4,933	1,843	1,622	939	529
Completed Prior FY13-14/14-15	407	-	407	-	-
Completed FY13-14/14-15	506	-	149	120	237
In Construction	543	182	-	69	292
Predev & Prelim Planning	1,690	585	545	560	-
Future Sites	1,783	1,076	517	190	-
Remaining Obligation subtotal	4,016	1,843	1,062	819	292
<i>OCII Sponsored Inclusionary Units</i>					
Production Obligation	1,775	1,001	291	467	16
Completed Prior FY13-14/14-15	265	-	265	-	-
Completed FY13-14/14-15	-	-	-	-	-
In Construction	102	86	-	-	16
Predev & Prelim Planning	631	390	26	215	-
Future Sites	777	525	-	252	-
Remaining Obligation Subtotal	1,510	1,001	26	467	16
REMAINING OBLIGATION TOTALS	5,526	2,844	1,088	1,286	308

* Projects in Bayview Hunters Point, Rincon Point-South Beach, South of Market, or Western Addition A-2

Below is a summary of those workplan activities for OCII in FY 2015-16:

A. Hunters Point Shipyard / Candlestick Point

- a. **Alice Griffith Project:** 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”). OCII’s total funding for Phases 1 and 2 was provided by the end of FY 2013-14 along with predevelopment funding for Phase 3. Phases 1 and 2 construction started in March 2015. Schematic design approval on construction funding for Phase 3, comprised of 95 public housing replacement units and 46 new affordable units (at 50% AMI), is expected to be provided by OCII by the end of FY 2014-15. The start of construction and the submission of marketing plan will therefore occur in FY 2015-16. Also during FY 2015-16, OCII will provide predevelopment funding for Phase 4, comprised of 47 new public housing replacement units. Subject to the availability of future funding, OCII may also

begin predevelopment on Phase 5, consisting of approximately 132 new affordable units.

- b. **HPSY Phase II/Candlestick Point Blocks 10a & 11a:** Issue an RFP, select a development teams, and provide predevelopment funding for the affordable housing projects on Blocks 10a and 11a, which are located adjacent to the proposed new Candlestick Park Retail Center, to develop the site into approximately 230 units of affordable rental housing.
- c. **HPSY Phase 1/Block 54:** Issue an RFP, select a development team, and provide predevelopment funding for the affordable housing project on Block 54, located on the Hilltop portion of Phase 1 of the Shipyard. The site could accommodate approximately 40 units of affordable rental housing.
- d. **Marketing of Phase 1 Inclusionary Units:** Now that Hunters Point Shipyard Phase 1 has begun vertical development on the privately developed parcels, the marketing and sales of the inclusionary units to first-time homebuyers will be underway for Blocks 50, 51, 53, and 54 in FY 2014-15. Block 49 in HPSY Phase 1 will also market its inclusionary rental units during FY 2015-16. OCII is engaging the services of the Below Market Housing team at MOHCD to help monitor and implement the marketing and sales or leasing of these units.

B. Mission Bay

- a. **1300 4th Street (Block 6 East) Affordable Housing:** The developer team led by TNDC is proceeding with predevelopment activities for the affordable housing project at 1300 4th Street to develop the site into approximately 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 Human Services Agency. TNDC is pursuing Affordable Housing and Sustainable Communities (AHSC) through the state Housing and Community Development (HCD) office, also known as “cap and trade” funds in order to maximize the leverage of OCII subsidy. In FY 2015-16, staff will seek approval of schematic designs and construction funding.
- b. **Block 3 East Affordable Housing:** Issuance of an RFP is planned for late Spring 2015 to select a development team. In FY 2015-16, staff will seek approval of the development team and predevelopment funding for affordable housing on Block 3 East. The project will include approximately 101 units of supportive rental housing for veterans, including formerly homeless veterans, and low-income veterans and their families to be referred by the Human Services Agency. Construction funding is budgeted to occur in FY 2015-16.
- c. **588 Mission Bay Boulevard North (Block 7 West) Affordable Housing:** OCII committed gap funding in FY 2014-15, and staff will seek approval of the OCII ground lease prior to the schedule construction start in May 2015. The development will include 198 units of affordable rental housing for low-income families, plus 2 managers’ units, and ground floor retail space, and a

marketing plan will be submitted by the developer for OCII and MOHCD review within a month after construction start.

- d. **Block N4P3 Inclusionary Housing:** This 129 unit project, which includes 26 affordable inclusionary rental units at 90% AMI, will start construction in spring 2015. Utilizing MOHCD services, OCII will review, approve and monitor implementation of marketing plans of inclusionary affordable units within the Block N3P4 residential project in Mission Bay North.
- e. **Block 6 West Affordable Housing:** Subject to the availability of future funding, OCII may issue an RFP to select a development team and provide predevelopment funding for Block 6 West, which could accommodate approximately 105 affordable rental units.

C. Transbay

- a. **Block 6 Affordable Housing:** OCII approval construction funding and a long-term air rights lease in FY 2013-14. Construction completion is scheduled for summer 2015. MOHCD is currently reviewing the marketing plan and will oversee the lottery for the affordable units. Block 6 consists of 409 market-rate units and 69 affordable rental units (at 50% of AMI), plus 1 manager's unit, in a 300-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking. Using MOHCD's services, review, approve and monitor the implementation of the marketing and lease-up of all affordable units.
- b. **Block 7 Affordable Housing:** Approval of construction funding and a long-term air rights lease with the selected development team for an affordable residential development on Block 7 is scheduled for FY 2014-15. Due to innovative construction methods and improved economies of scale, the affordable unit count of the project has increased from 77 rental units to 120 units (at 50% of AMI) including 1 manager's unit, in two podium buildings and adjacent townhouses, including a ground-floor child care facility and open space. The increase in the number of units helps OCII meet the mandate that 35% of the residential units in Transbay be affordable. Construction is scheduled to begin in Fall 2015, and a marketing plan will be submitted for OCII and MOHCD staff review one month later.
- c. **Block 9 Affordable Housing:** The Block 9 land sale closed in February 2015, subsequent to the execution of a disposition and development agreement. The project Block 9 for a residential project consists of 436 market-rate rental units and 109 affordable inclusionary rental units (at 50% 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 2015-16, OCII will coordinate with MOHCD for the tax exempt housing bond issuance for the inclusionary component of the project.
- d. **Block 8 Affordable Housing:** Execute a DDA in Spring 2015 with the selected developer of Block 8 for a residential project consisting of approximately 440 market-rate units and 163 affordable rental units (at 50% of AMI), including 1 manager's unit, in a 550-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking. Commitment of permanent gap financing and approval of air rights lease for the standalone affordable podium building will occur in FY 2015-16. Construction is expected to begin during FY 2015-16, and a marketing plan for the affordable units will be submitted for OCII and MOHCD staff review within one month.
- e. **Block 1 Affordable Homeownership Housing:** Execute 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 216 market rate

units and 116 affordable units if the tower is built at 300 feet; the unit count will increase to 258 market rate units and 141 affordable units if the project is built at 400 feet. Commitment of permanent gap financing for the standalone affordable podium building will occur in FY 2015-16.

- f. **Block 2 Affordable Housing:** Subject to the availability of future funding, OCII may issue an RFP to select a development teams and provide predevelopment funding for Block 2, which could accommodate approximately 286 affordable rental units, and would be developed in multiple buildings across the block. Currently the site is occupied by the Transbay Temporary Bus Terminal, which is slated to be removed after the opening of the Transbay Transit Center in 2017.

D. Hunters View Public Housing Revitalization – Phase II Construction Monitoring: The Hunters View Public Housing Revitalization Project is not within one of the Major Approved Development Projects, but is an enforceable obligation since the former SFRA Commission authorized a loan to provide funding for Phases II and III of this HOPE SF project in April of 2011. OCII approved the disbursement of the funds needed for Phase II in FY 2013-14, which includes 106 public housing replacement and new affordable units, and vertical construction commenced in January 2015. OCII staff is utilizing services from MOHCD to monitor that construction.

SERAF Loan Repayment to Low-Moderate Income Housing Asset Fund

In FY 2009-10, the former SFRA borrowed \$16.483 million from the LMIHF Low and Moderate Income Housing Fund (LMIHF) to pay its SERAF assessment. Under Dissolution Law, the Mayor's Office of Housing and Community Development may receive repayments of the LMIHF loan into the City's Low and Moderate Income Housing Asset Fund. OCII made an initial repayment of \$2.96 million in FY 2014-15. This budget includes a second repayment in FY 2015-16 of \$1.77 million, the maximum allowed under DOF formulas.

Affordable Housing Data Portal (SF DAHLIA)

The Mayor's Office of Housing and Community Development (MOHCD) is launching an Affordable Housing Data Portal, called as "SF DAHLIA", which will be an online multi-lingual one stop resource for information on all San Francisco housing programs. The system will provide one place for applicants to see and apply for affordable housing in San Francisco, and will include property listings for MOHCD's inclusionary and below market rate homeownership and multifamily rental programs, along with all OCII funded and inclusionary affordable units. Information will be available in English, Spanish, Chinese, and Tagalog. The website will also include tools to help applicants determine eligibility for available units, and once an applicant enters their information it will be saved and available for applications to other properties. Applicants will receive email confirmations and alerts throughout the application process, including status in any lotteries.

Phase 1 of the program, which will focus on below market rate homeownership housing, is expected to launch later this Spring. Phase 2, which will include all rental programs, is expected to launch in Fall 2015. The development cost of the software program is approximately \$1.4 million. MOHCD has asked OCII to budget 10% of the software development cost, or \$140,000, to represent OCII's projects' share of housing units on the site. This amount has been added to the overall Administrative Cost Allowance budget and would be paid through the existing Memorandum of Understanding with MOHCD.

9. Asset Management Outside Major Approved Project Areas

In addition to the Major Approved Project Areas, OCII has significant asset management responsibilities in several active and expired redevelopment project areas. These asset management responsibilities 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, which is a plan for disposition of all real property assets and is required under Redevelopment Dissolution Law (the "PMP").

The PMP was approved by OCII's Commission and the Oversight Board and submitted to the State Department of Finance ("DOF") in November 2013. DOF is still reviewing the PMP. Successor Agency staff are hopeful DOF will approve the PMP during calendar year 2015, which would allow staff to begin implementing the PMP. This work would include, among other things, title and escrow work, drafting transactional documents related to property sales or transfers, lease assignments, and shepherding properties through the approvals process. The budget includes \$200,000 in tax increment and other available revenues for these purposes.

The following briefly describes OCII's asset management responsibilities in several active and expired redevelopment project areas.

Yerba Buena Center (Expired Project Area)

Project Description & Status

The Yerba Buena Center ("YBC") Redevelopment Plan was adopted by the Board of Supervisors in 1966 and expired on January 1, 2011¹. 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.

Major commercial developments included (1) the expansion of Westfield's Shopping Centre onto the site of the former historic Emporium department store on Market Street and development of a new Bloomingdales fronting Mission Street as part of that project, and (2)

¹ The Redevelopment Plan for the Emporium Site (the redeveloped Bloomingdales/Westfield Mall expansion) remains in place and tax increment funds from this site are directed to affordable housing projects.

development of new hotels including the Marriott Hotel, the Four Seasons, the W Hotel, the Westin San Francisco Market Street, and the St. Regis Hotel, totaling over 2,500 new hotel rooms in YBC. Major YBC residential development projects included the Paramount Apartments, the St. Regis and Four Seasons condominiums, and over 1,400 senior affordable units throughout YBC. Altogether about 3,100 new residential units were created.

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 the SFRA. The Moscone Convention Center was developed in partnership with the City, when the SFRA issued lease revenue bonds to finance the construction of the convention center.

In 2009, in anticipation of the expiration of the Yerba Buena Center Redevelopment Plan (the "YBC Plan"), the YBC Plan was amended pursuant to SB 2113. Adoption of this amendment lifted the "cap" on the aggregate amount of tax increment which can be collected from the YBC project area and extended the period for repayment of debt. As required by SB 2113, all new tax increment funds are used only for affordable housing development.

Since January 1, 2011, no new development could be initiated in YBC and OCII moved into an asset management role for its numerous real property assets in YBC. The assets include the last developable parcel of land in the Yerba Buena neighborhood (the future Mexican Museum site), Jessie Square Garage and 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.

FY 2015-16 Workplan

- a. **706 Mission Street/Mexican Museum Project/Jessie Square Garage:** OCII, Millennium Partners, and the Mexican Museum have formed a public-private partnership to build a residential tower at 706 Mission Street that would include a new museum space in the tower's base. OCII entered into a purchase and sale agreement with Millennium Partners in June 2013 to sell land and the Jessie Square Garage to the developer as part of the development of the 706 Mission Street/Mexican Museum project. OCII also has an exclusive negotiation agreement and grant agreement with the museum. It is anticipated that that title to the land and garage will be transferred to Millennium Partners in FY 2015-16. Work will include drafting transaction and escrow documents, and assisting with project approvals. Staff time will be reimbursed by the developer.
- b. **Paramount Apartments:** Staff negotiated a lease buy-out deal with Paramount's tenant that includes repayment of the developer's land discount. The budget reflects the second of four \$250,000 payments from the developer pursuant to the lease buy-out deal. This money is Community Development Block Grant program income to be transferred to the Mayor's Office of Housing and Community Development. Any work not funded by the project sponsor will be covered by OCII's administrative cost allowance.

Yerba Buena Gardens Asset Management: Yerba Buena Gardens ("YBG") includes cafes, fountains -- including the Martin Luther King Jr. Memorial Fountain -- performance venues,

children's play areas, a child development center, a historic carousel, recreational venues such as an ice skating center and a bowling center, public artwork, and many other attractions. YBG is owned and operated by OCII, which supports the operations, capital expenditures, and programming of the YBG open spaces, cultural facilities and children's play areas using funds generated from existing short- and long-term commercial and ground leases, operating leases, and an annual development fee from the St. Regis Hotel. This fiscal year, OCII is projecting about \$12 million of revenue for YBG, which comes from leases, a developer contribution (from the St. Regis Hotel), and YBG reserves. This money will be spent on (1) property management expenses (\$3.78 million), (2) programmed events in YBG's open space area (\$75,000); (3) operating subsidies for Yerba Buena Center for the Arts (\$3.3 million); (4) operating subsidies for the Children's Creativity Museum (\$600,000); (5) Yerba Buena Community Business District assessments (\$90,000); (6) legal and risk management services (\$100,000); (7) staffing costs (\$219,000); and (8) \$3.96 million in capital improvements.

Capital improvements planned for this fiscal year include (1) irrigation and soil replacement, turf renovation, repair/replacement of pavers, refurbishment of YBG signage and movable furnishings all in the public open spaces; (2) replacement of specialized equipment and floor refinishing at the bowling center; (3) elevator overhaul, replacement of the ice making equipment and ice resurfacers at the ice skating center; (4) HVAC and electrical work, some new seating, and replacement of mechanical shades at Yerba Buena Center for the Arts; (5) installation of updated security fencing and lighting at the Children's Creativity Museum; (6) ceiling replacement at B Restaurant; and (7) continuation of expansion joint waterproofing work at the Children's Creativity Museum and elsewhere at YBG.

Work done by OCII staff this fiscal year includes a wide range of asset management responsibilities and planning work related to the transfer of Yerba Buena Gardens to the City (pending DOF approval of OCII's PMP).

Rincon Point – South Beach (Active Project Area)

Project Description & Status

The Redevelopment Plan for this project area does not expire until January 5, 2021; however, the former redevelopment agency's ("SFRA's") work program has been largely completed, and therefore its activities are of an asset management nature.² Since 1981, the area has been transformed into a new mixed-use neighborhood. The majority of the private development was developed under owner participation agreements, or OPAs, which are considered existing enforceable obligations. Only one OPA in this project area is still active, and that is for the development of 74 condominiums over a rehabilitated historic warehouse at 72 Townsend Street, which should be completed during FY 15-16. OCII also manages a community facilities district that pays for additional landscaping and property maintenance on some of the project area's open spaces.

FY 2015-16 Workplan

² The Board of Supervisors for the City and County of San Francisco (the "Board of Supervisors") and the SFRA authorized the use of new tax increment financing from the Rincon Point-South Beach Redevelopment Project Area exclusively for affordable housing to fulfill the SFRA's replacement housing obligations.

- a. **Port-Owned Property, including South Beach Harbor:** OCII and the Port 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 and the Oversight Board on March 27, 2015 and submitted to the Department of Finance for concurrence. The MOA is also conditional upon approval by the State Lands Commission. Staff anticipates those leases will be terminated in the first half of FY 2015-16, 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 2014-15 budget.

Even after OCII terminates the underlying ground leases with the Port and transfers the properties back to the Port, OCII will still have the responsibility to (1) pay off the outstanding bonds associated with the construction of the harbor facilities. The source of funds for this payment will be tax increment from the Harbor, fund balance remaining in the South Beach Harbor account at the time of lease termination, and if necessary, Harbor revenues transferred to OCII by the Port pursuant to the terms of the MOA. The bonds will be fully paid off in December 2016.

- b. **72 Townsend Street Development Agreement:** Development is nearing completion under an owner participation agreement to build 74 condominiums over a rehabilitated warehouse at 72 Townsend Street. Agency work on this project includes ensuring agreed-upon affordable housing requirements and contract compliance. The project sponsor will pay for staff time.
- c. **Community Facility District #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). Work includes managing the contract with a landscape maintenance firm that does the work and managing the maintenance funds paid by the property owners.

Western Addition A-2 (Expired Project Area)

Project Description & Status

The Redevelopment Plan for the former Western Addition A-2 Redevelopment Project Area (the “Western Addition”) expired on January 1, 2009.³ The former San Francisco Redevelopment Agency (the “SFRA”) implemented a development program for the Western Addition that included thousands of units of new and rehabilitated housing, the revitalization of the Nihonmachi and Fillmore business districts, public infrastructure improvements, small business assistance, job training, and workforce development. Since January 1, 2009, 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

³ The Board of Supervisors and the SFRA authorized the use of new tax increment financing from the Western Addition A-2 Redevelopment Project Area exclusively for affordable housing to fulfill the SFRA’s replacement housing obligations.

participation agreements for unfinished private development, disposition and development agreements, and economic development loan agreements.

FY 2015-16 Workplan

- a. **Fillmore Heritage Center Garage:** The Fillmore Heritage Center is a mixed-use project the SFRA helped finance over 10 years ago to stimulate economic development along the lower Fillmore Street commercial corridor. The project includes 80 condominiums, ground-floor commercial space (which currently houses a music venue/restaurant and a second restaurant), and a 112-space public parking garage. The SFRA built the garage primarily to serve the two commercial tenants, and OCII continues to own this asset. Pacific Park Management operates the garage for OCII under a garage management agreement that runs until June 30, 2015 (Staff will be bringing an extension of this agreement to the Commission for its consideration prior to its expiration).

The proposed budget for FY 2015-16 includes \$1.0 million in expenses related to the garage. These expenses, which are paid with garage revenues and some new property tax revenue received this FY, include: 1) \$415,000 for operating expenses and 2) \$600,000 for operating deficits, which are expected to increase given the closure of the project's largest commercial tenant (as explained below), and capital reserves. These amounts assume that OCII continues to own the garage this FY, and that the current contract is extended until the PMP is approved by DOF. Work includes general asset management duties and implementing the disposition plan. Staff time will be paid out of OCII's administrative cost allowance.

- b. **Fillmore Heritage Center Commercial Parcel:** OCII also owns the commercial space within the Fillmore Heritage Center. The commercial space is leased to a master tenant ("FDC"), who subleased it to Yoshi's jazz club/restaurant (subsequently renamed "The Addition"), and another restaurant, "1300." The Addition closed in January 2015. The commercial space pays common area maintenance ("CAM") charges to the homeowners' association, which manages the entire building and the common areas. Pursuant to the ground lease, FDC is responsible for paying the CAM charges on the commercial parcel. If FDC fails to make these payments, for whatever reason, OCII, as owner of the commercial parcel, is responsible for paying any outstanding CAM charges. To be prudent, OCII is assuming that it will be responsible for paying all of the CAM charges for the commercial parcel, which run about \$15,000 per month.. Therefore, the budget includes \$180,000 to cover this expense for 12 months, if necessary. Work includes managing the master tenant and subtenants, resolving problems with the homeowners' association, dealing with property management issues of the common areas, conducting analyses associated with a tenant's bankruptcy, and other asset management duties. Work also will include implementing the disposition plan. Staff time is paid from OCII's administrative cost allowance.

- c. **1450 Franklin and 1210 Scott Street Development Agreements:** Staff monitors two development agreements in this project area. Development is proceeding on an owner participation agreement to build new condominium units at 1450 Franklin Street. Agency work on this project includes reviewing construction documents, design review and contract compliance. Staff also monitors a disposition and development agreement for a

school gymnasium and classroom space at 1210 Scott Street. Any work not funded by the project sponsors will be covered by the administrative cost allowance.

- d. **Tenant Improvement Loan Agreements:** OCII is currently the party to several tenant improvement loan agreements with businesses along Fillmore Street. Work includes loan administration and monitoring. Any loan payments received (budgeted at \$50,000) will pay for staff time and legal expenses associated with the Fillmore Heritage Center.

Other Active and Expired Redevelopment Project Areas

- a. **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. Several planned projects and economic development programs have either been cancelled or not renewed, and the ongoing alleyway improvement project was transferred to the City to complete. OCII has very few enforceable obligations left in this project area.

There are still several active façade and tenant improvement loan agreements that were executed under OCII'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. This work is paid through OCII's administrative cost allowance.

- b. **Hunters Point (Expired Project Area):** The Redevelopment Plan for this project area expired in 2009 and the SFRA's redevelopment program for this project area was complete. The redevelopment program focused on creating a new residential community for low- to moderate-income residents with supporting commercial, educational and recreational uses. OCII continues to own several mini-parks in this project area, and one larger park known as Shoreview Park.

OCII pays property management expenses for one property it owns in this project area (Shoreview Park). The other mini-parks OCII owns in this project area are maintained by either the City or adjacent property owners. This FY, staff expects to spend about \$17,000 on property management for Shoreview Park. Work includes managing the property management contract with a property management firm and implementing a disposition strategy, once approved by DOF. Staff time and property management costs are paid from OCII's administrative cost allowance.

In addition, OCII is carrying forward \$1.3 million in prior year budget authority and budgeting a further \$308,000 for capital improvements and deferred maintenance at Shoreview Park. The source of funds is Community Development Block Grant ("CDBG") program income mostly generated from a parcel of land OCII owns at 345 Williams Avenue. OCII anticipates transferring Shoreview Park to the City pursuant to the PMP, and may transfer any remaining maintenance and capital improvement funds at the same time.

- c. **Bayview Industrial Triangle (Active Project Area):** The Redevelopment Plan for this project area doesn't expire until 2020 but the SFRA's redevelopment program for this project area (i.e., to create a new industrial park) was largely complete. OCII occasionally receives requests for land use approvals in this project area. Development is proceeding on a mixed-use building containing approximately 40 new residential units and ground-floor commercial space on a vacant, privately-owned lot at 4101 Third Street. Work includes design review, zoning checks, and shepherding entitlement approvals through the Commission. Staff time will be reimbursed by the project sponsor.

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.

Table A1: Community Facilities District Annual Tax Levies and Bond Balances

District Number	District Name	FY 2016 Tax Levy	FY 15-16 Exps - Debt Svc	FY 15-16 Exps - Operation	Bonds Outstanding 6/30/15	Final Bond Maturity	Purpose
CFD#1 ¹	South Beach Harbor	0.0	0.0	0.2	0.0	N/A	Park Maintenance
CFD#4 ²	Mission Bay North	0.0	0.0	0.0	19.6	8/1/2031	Infrastructure
CFD#5	Mission Bay North and South	1.6	0.0	2.4	N/A	N/A	Park Maintenance
CFD#6	Mission Bay South	10.1	7.9	0.0	138.0	8/1/2043	Infrastructure
CFD#7	Hunter's Point Shipyard	0.0	1.9	0.0	34.5	8/1/2036	Infrastructure
CFD#8	Hunter's Point Shipyard	0.0	0.0	1.7	N/A	N/A	Park Maintenance
1. Tax Levy will resume in 2015. FY2014 expense cover by bond surplus. 2. 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).							

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

**RESOLUTION NO. 25-2015
Adopted May 5, 2015**

**APPROVING A BUDGET FOR THE PERIOD JULY 1, 2015 THROUGH JUNE 30, 2016,
AND AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT THE BUDGET TO
THE MAYOR'S OFFICE AND THE BOARD OF SUPERVISORS**

WHEREAS, In accordance with Redevelopment Dissolution Law, Cal. Health & Safety Code § 34173, and San Francisco City and County Board of Supervisors ("Board of Supervisor's) Ordinance No. 215-12, the Office of Community Investment and Infrastructure ("OCII"), as Successor Agency to the San Francisco Redevelopment Agency, is recognized as a separate legal entity from the City and is subject to the governance of the Board of Supervisors acting in its legislative capacity. The Board of Supervisors has final budget approval authority over the OCII in its annual budget process in accordance with Section 33606 of the California Health and Safety Code; and,

WHEREAS, On April 7, 2015 and April 21, 2015, the OCII Commission held workshops on a proposed FY 2015-16 budget that the OCII Staff prepared and has included as Attachment A to this Resolution ("FY 2015-16 Proposed Budget"); and,

WHEREAS, In addition to the revenues included in the FY 2015-16 Proposed Budget, OCII may receive additional property tax increment related to the Mission Bay North and Mission Bay South Redevelopment Project Areas as a result of the correction of assessor records. This increment is pledged to specified uses under pledge agreements that constitute enforceable obligations as finally and conclusively determined by the California Department of Finance ("DOF"); and,

WHEREAS, In addition to the revenues included in the FY 2015-16 Proposed Budget, OCII may receive additional sales proceeds and property tax increment from formerly State-owned parcels in the Transbay Redevelopment Project Area that is pledged to be disbursed to the Transbay Joint Powers Authority under a pledge agreement that constitutes an enforceable obligation as finally and conclusively determined by Department of State; and,

WHEREAS, In addition to the revenues included in the FY 2015-16 Proposed Budget, OCII may receive interest on bond proceeds; and,

WHEREAS, In addition to the activities programmed in the FY 2015-16 Proposed Budget, OCII may have opportunities to refund existing debt at lower interest rates to reduce debt service costs; and,

WHEREAS, The FY 2015-16 Proposed Budget includes \$44,656,000 of spending that is conditional upon the sale of tax allocation bonds and if the bonds are sold, there will be issuance costs paid from the bond proceeds; and,

WHEREAS, OCII anticipates the receipt of funds from the Purchase and Sale Agreement for 706 Mission Street that will be designated for defeasing tax-exempt bonds used to construct the Jessie Square Garage and for repaying the City and County of San Francisco for amounts owed pursuant to the Cooperation and Tax Increment Reimbursement Agreement (Jessie Square Improvements) dated January 13, 2003; and,

WHEREAS, OCII serves as the administrator of certain Community Facilities Districts (“CFDs”) listed in Table A1 of the OCII Proposed FY 2015-16 Budget, created under the provisions of the Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code (known as the “Mello-Roos Act”) , and is responsible to make debt service payments and make other expenditures in fulfillment of other obligations associated with the CFDs; and,

WHEREAS, Approval of the FY 2015-16 Budget is not a “Project,” as defined by the California Environmental Quality Act (“CEQA”) Guidelines Sections 15378(b)(4) and 15378(b)(5). The budget will provide administrative, technical assistance support, and funding for activities authorized under Redevelopment Dissolution Law. Actions related to the approval of the budget will not independently result in a physical change in the environment are not subject to environmental review under CEQA; now therefore be it

RESOLVED, That the OCII Commission approves the Proposed Budget for the period July 1, 2015 through June 30, 2016 (“FY 2015-16 Budget”), attached to this Resolution as Attachment A, and furthermore authorizes the Executive Director to transmit the Proposed FY 2015-16 Budget to the Mayor’s Office and the Board of Supervisors for final budget approval, and to make any nonmaterial changes to the Proposed Budget that may be proposed during review by the Mayor or Board of Supervisors, provided that the Executive Director shall seek Commission approval for any material changes to the budget; and be it further

RESOLVED, That this Commission authorizes the Executive Director to reprogram funds between expenditure categories within the project areas and administrative budget shown as columns on Table 3 of the attached Proposed FY 2015-16 Budget, and to move appropriated budgets for allocated staffing and operating costs between projects, and to transfer appropriations between affordable housing projects in response to changes in project schedules; and to expend funds appropriated in prior years in reserve accounts designated for affordable housing projects, community benefits grants and Yerba Buena Gardens capital account for their designated purposes; subject to the availability of funds and consistency with an approved ROPS; and be it further

RESOLVED, That \$44,656,000 in expenditure authority in the attached Proposed FY 2015-16 Budget that would be funded by proposed tax allocation bonds shall be reserved and subject to release upon receipt by OCII of such bond funds or substitute financing; and this Commission authorizes OCII to pay for any issuance costs in connection with the issuance of the debt instruments necessary to provide the aforementioned tax allocation bond proceeds; and be it further

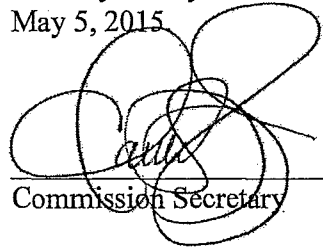
RESOLVED, That this Commission authorizes OCII to accept and expend, subject to any ROPS or contract approval that may be necessary, pledged tax increment revenues for the Mission Bay North, Mission Bay South, Hunters Point Shipyard Phase 2/Candlestick Point, Transbay and Rincon Point South Beach Project Areas, and sale proceeds from formerly state-owned parcels in the Transbay Project Area that may be received in excess of amounts included in the FY 2015-16 Budget; and be it further

RESOLVED, That this Commission authorizes OCII to expend the interest earned on bond proceeds for purposes consistent with the bond indentures, subject to consistency with an approved ROPS, and provided that OCII has determined that such interest is not subject to Internal Revenue Service arbitrage restrictions; and be it further

RESOLVED, That this Commission authorizes OCII to direct the expenditure of any special taxes assessed for Community Facilities Districts ("CFDs") in its capacity as administrator for such CFDs.

Attachment A: OCII Proposed FY 2015-16 Budget

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of May 5, 2015.



Commission Secretary

Office of Community
Investment & Infrastructure
Successor to the
San Francisco Redevelopment Agency

FY 2015-16 Budget

Submitted for Approval to the Commission on Community Investment and Infrastructure
Meeting of May 5, 2015

1. Background.....	1
2. Budget Summary	3
3. Administration Expenses and Budgeted Positions	6
4. Debt Service.....	11
5. Hunters Point Shipyard/Candlestick Point.....	12
6. Mission Bay North and South Major Approved Development Projects.....	18
7. Transbay Major Approved Development Project.....	22
8. Affordable Housing Obligations.....	27
9. Asset Management Outside Major Approved Project Areas.....	32
Appendix 1. Community Facilities Districts	38

Tables and Figures

Table 1. FY 2015-16 Proposed Budget.....	4
Table 2. FY 2015-16 Budget Summary by Sources and Uses.....	5
Table 3. Proposed FY 2015-16 Budget by Project Area/Cost Center	5
Table 4. Proposed FY 2015-16 Administrative Budget.....	7
Table 5. Proposed FY 2015-16 Proposed FTE, Compared to Prior Year.....	10
Table 6. FY 2015-16 Debt Service Budget.....	11
Table A1: Community Facilities District Annual Tax Levies and Bond Balances	39

**OFFICE OF COMMUNITY INVESTMENT & INFRASTRUCTURE
FY 2015-16 Proposed Budget**

1. Background

The Office of Community Investment & Infrastructure is the Successor OCII to the San Francisco Redevelopment Agency. On February 1, 2012 the San Francisco Redevelopment Agency (“SFRA”), along with all 400 redevelopment agencies in California, was dissolved pursuant to Assembly Bill 26 (“AB 26”) and by order of the California State Supreme Court. In June of 2012, Assembly Bill 1484 was passed to further clarify certain aspects of the dissolution of redevelopment agencies, and together the two assembly bills are known as the “Dissolution Law”. Pursuant to the Dissolution Law and to Board of Supervisors Ordinance 215-12, the Office of Community Investment and Infrastructure (“OCII”) is the Successor OCII 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 Major Approved Development Projects (defined as the Hunters Point Shipyard / Candlestick Point Redevelopment Project, the Mission Bay North and South Redevelopment Project, and the Transbay Redevelopment Project); (2) the asset 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 Major Approved Development Projects.

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 them as permanently affordable. In fact OCII’s Retained Housing Obligations will result in over 3,000 affordable units by 2020 through both stand-alone projects funded with OCII subsidy as well as inclusionary affordable units provided through private development. This includes several OCII sponsored projects that received completion permits just before the close of 2013, and opened their doors to welcome new residents in 253 affordable units in early 2014. The 1180 4th Street project delivered another 150 units later in 2014. Below is a summary of OCII’s contribution to the Mayor’s plan to create this vitally important resource for San Francisco.

**Mayor’s Plan for 10,000 Affordable Units by 2020:
OCII Pipeline**

Project Status	Affordable Stand-Alone Units	Affordable Inclusionary Units	Totals
Completed & Occupied	400		400
In Construction	543	101	644
In Predevelopment	747	279	1,026
In Preliminary Planning	936	75	1,011
Totals	2,626	455	3,081

Governance

The Commission on Community Investment and Infrastructure, which was established by the City through Ordinance 215-12, is the main governing body of OCII and is responsible for implementing and completing the enforceable obligations of the former redevelopment projects, including exercising land use and design approval authority for the Major Approved Development Projects. 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 with the largest amounts of the Major Approved Development Projects.

The Dissolution Law requires that there be an additional governing body known as an Oversight Board to oversee certain functions of OCII as the Successor OCII, and which 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 semi-annual Recognized Obligation Payment Schedules ("ROPS"), as well as approving the issuance of any 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 must represent 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.

The Dissolution Law requires that OCII be a separate legal entity from the City and County of San Francisco, just as SFRA was. However, OCII is still subject to the governance of the City acting through its legislative capacity. 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

As shown in Table 1, the Fiscal Year (“FY”) 2015-16 proposed budget of \$493.6 million represents an increase of \$116 million compared to the prior year, largely due to:

- The anticipated receipt of \$257 million in proceeds from the sale of publicly-owned land in the Transbay area, of which \$243 million represents land sales proceeds from Zone 1 which will be provided to the Transbay Joint Powers Authority to help finance construction of the Transit Center, and the remaining \$12 million will help to subsidize affordable housing development.
- The anticipated issuance and use of \$45 million in new taxable bond proceeds to finance affordable housing in the Mission Bay South and Hunters Point Shipyard/Candlestick Point project areas.
- \$11 million reduction in one-time developer payments and \$28 million reduction in prior year fund balances included in the FY 2014-15 budget and designated for affordable housing.
- \$10 million reduction in anticipated Property Tax – Mission Bay revenues due to a one-time correction resulting in additional property tax allocated to Mission Bay in FY 2014-15.
- \$7 million reduction in hotel tax revenues for debt service due to the final payment made during FY 2014-15 on 1992 hotel tax bonds for the Moscone Convention Center, leaving only one remaining series of hotel tax-funded bonds.

Table 2 shows the OCII FY 2015-16 budget by high-level categories of spending and funding source. These show that excluding debt service and pass-throughs to the Transbay Joint Powers Authority, 70% (\$98 million) of the budget is for Affordable Housing, 8% for infrastructure, 14% for asset management (including Yerba Buena Gardens programming and maintenance), and 9% for project management and administration.

Looking at budget sources for current operations, proposed new bond proceeds make up 32% of the budget, while property tax, developer payments, and fund balances constitute approximately 20% each. Rents and garage revenues make up 10%, with 1% attributed to various other revenues.

Table 3 shows the proposed FY 2015-16 budget by project.

Table 1. FY 2015-16 Proposed Budget, \$ Thousands

Sources	FY 14-15 Budget	FY 15-16 Proposed	Diff
Property Tax Increment - Debt Service	\$ 97,583	\$ 98,234	\$ 651
Property Tax Increment - Mission Bay	17,120	6,300	\$ (10,820)
Property Tax Increment - Admin Allowance	2,910	3,524	\$ 614
Property Tax Increment - Other	13,695	22,481	\$ 8,786
Subtotal Property Tax Increment	131,309	130,539	(770)
Land Sale Proceeds	19,000	257,240	\$ 238,240
New Bond Proceeds	300	44,656	\$ 44,356
Developer Payments	123,724	12,205	\$ (111,519)
Rent, Lease & Garage Revenues	22,873	15,474	\$ (7,399)
US Navy Cooperative Agreement	290	350	\$ 60
Loan Repayments	106	50	\$ (56)
City Reimbursements for OCII Staff	536	303	\$ (233)
Hotel Tax/Moscone Revs for Debt Service	11,805	5,019	\$ (6,787)
Subtotal Current Revenues	298,137	460,816	162,679
Fund Balance - Housing	49,829	21,432	\$ (28,397)
Fund Balance - Other	17,695	6,338	\$ (11,357)
Total Sources	377,467	493,605	116,138
Uses - Operations			
Salaries and Benefits	8,414	7,790	\$ (623)
Affordable Housing Services	619	827	\$ 208
Rent	441	454	\$ 13
Retiree Health and Pension UAAL Contribution	1,040	1,577	\$ 537
Auditing & Accounting Services	210	545	\$ 335
Legal Services	1,395	2,215	\$ 820
Planning & Infrastructure Rvw	2,815	2,415	\$ (400)
Asset Management	6,879	6,770	\$ (109)
Workforce Development Svcs	189	250	\$ 61
Other Professional Services	7,322	4,058	\$ (3,265)
Grants to Community-Based Organizations	5,312	4,005	\$ (1,307)
Payments to other Public Agencies	4,456	4,177	\$ (278)
Other Current Expenses	4,010	2,008	\$ (2,001)
Subtotal Operations	43,102	37,091	(6,011)
Affordable Housing Loans	103,172	96,500	\$ (6,672)
Affordable Housing Reserve	69,098	-	\$ (69,098)
Development Infrastructure	24,283	5,860	\$ (18,423)
YBG Capital Reserve	3,167	-	\$ (3,167)
Community Grants Reserve	1,496	-	\$ (1,496)
Pass-through to TJPA	3,000	245,700	\$ 242,700
Public Art	1,378	-	\$ (1,378)
Other Use of Bond Proceeds	9,217	-	\$ (9,217)
Debt Service	119,555	108,454	\$ (11,101)
Total Uses	\$377,467	\$ 493,605	\$ 116,138

Table 2. FY 2015-16 Budget Summary by Sources and Uses, \$ Thousands

Uses - Current Operations	Developer Pmts	Property Tax	Bond Proceeds	Fund Balances	Property Rents and Garage Revs	Other	Total by Use	Subtotal Use %
Affordable Housing	\$ 14,740	\$ 17,841	44,656	\$ 21,085	\$ -	\$ -	\$ 98,323	70%
Infrastructure	8,128	2,050	-	-	-	666	10,844	8%
Asset Management	250	947	-	3,960	14,766	50	19,973	14%
Project Mgmt & Admin	3,827	6,166	-	1,347	-	694	12,035	9%
Subtotal by Source	\$ 26,945	\$ 27,005	\$ 44,656	\$ 26,392	\$ 14,766	\$ 1,410	\$ 141,174	100%
Subtotal Source %	19%	19%	32%	19%	10%	1%	100%	
Debt Service	-	100,334	-	1,378	-	5,019	106,731	
Pass-through to TJPA	242,500	3,200	-	-	-	-	245,700	
Total Budget	\$ 269,445	\$ 130,539	\$ 44,657	\$ 27,770	\$ 14,766	\$ 6,429	\$ 493,605	

Table 3. Proposed FY 2015-16 Budget by Project Area/Cost Center, \$ Thousands

Sources	Admin	Debt Service	HPS/CP	MBN	MBS	TBY	YBC	YBG	SBH	Other	Total FY 15-16
Property Tax Increment - Debt Service	-	98,234	-	-	-	-	-	-	-	-	98,234
Property Tax Increment - Admin Allowance	1,242	-	1,547	293	-	441	-	-	-	-	3,524
Property Tax Increment - Other	1,577	50	-	2,050	4,250	18,135	-	-	-	2,720	28,781
Land Sale Proceeds	-	-	-	-	-	257,240	-	-	-	-	257,240
New Bond Proceeds	-	-	7,500	-	33,156	4,000	-	-	-	-	44,656
Developer Payments	150	-	9,722	173	1,365	475	321	-	-	-	12,205
Rent, Lease & Garage Revenues	-	-	316	-	-	168	4,330	8,199	1,738	723	15,474
US Navy Cooperative Agreement	-	-	350	-	-	-	-	-	-	-	350
Loan Repayments	-	-	-	-	-	-	-	-	-	50	50
City Reimbursements for OCII Staff	-	-	-	-	-	-	-	-	-	303	303
Hotel Tax/Moscone Revs for Debt Service	-	5,019	-	-	-	-	-	-	-	-	5,019
Fund Balance - Housing	-	-	94	-	-	21,085	-	-	-	253	21,432
Fund Balance - Other	-	1,378	-	-	-	1,000	-	3,960	-	-	6,338
Total Sources	2,969	104,681	19,529	2,516	38,771	302,544	4,651	12,159	1,738	4,048	493,605
Uses - Operations											
Allocated Staff & Operating Expenses	(9,065)	-	4,121	406	1,506	2,184	81	214	-	555	-
Salaries and Benefits	7,790	-	-	-	-	-	-	-	-	-	7,790
Affordable Housing Services	827	-	-	-	-	-	-	-	-	-	827
Rent	454	-	-	-	-	-	-	-	-	-	454
Retiree Health and Pension UAAL Contribution	1,577	-	-	-	-	-	-	-	-	-	1,577
Auditing & Accounting Services	185	-	-	60	300	-	-	-	-	-	545
Legal Services	265	-	1,585	-	-	275	-	40	-	50	2,215
Planning & Infrastructure Rvw	-	-	2,315	-	50	50	-	-	-	-	2,415
Asset Management	-	-	-	-	-	-	1,320	3,780	-	1,670	6,770
Workforce Development Svcs	-	-	200	-	-	50	-	-	-	-	250
Other Professional Services	275	50	3,433	-	-	300	-	-	-	-	4,058
Grants to Community-Based Organizations	-	-	-	-	-	-	-	4,005	-	-	4,005
Payments to other Public Agencies	-	-	316	-	-	-	3,250	90	521	-	4,177
Other Current Expenses	662	-	60	-	-	-	-	70	1,217	-	2,008
Subtotal Uses - Operations	2,969	50	12,029	466	1,856	2,859	4,651	8,199	1,738	2,275	37,091
Other Uses											
Affordable Housing Loans	-	-	7,500	-	35,915	53,085	-	-	-	-	96,500
Development Infrastructure	-	-	-	-	1,000	900	-	3,960	-	-	5,860
Pass-through to TJPA	-	-	-	-	-	245,700	-	-	-	-	245,700
Debt Service	-	104,631	-	2,050	-	-	-	-	-	1,773	108,454
Total Uses	2,969	104,681	19,529	2,516	38,771	302,544	4,651	12,159	1,738	4,048	493,605

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, 2015 are provided for informational purposes in Appendix 1:

In addition to authorizing expenditure of amounts specified in the FY 2015-16 budget, the enabling resolution accompanying the budget would:

- Allow OCII to transfer budgeted appropriations within the projects shown on Table 3 and to transfer appropriations for allocated staffing and overhead costs between projects.
- Direct that the expenditure authority funded by proposed tax allocation bonds shall be reserved and subject to release after receipt by OCII of such bond funds or substitute financing.
- Authorize OCII to expend the interest earned on bond proceeds for purposes consistent with the bond indentures, subject to consistency with an approved ROPS, and provided that OCII has determined that such interest is not subject to Internal Revenue Service arbitrage restrictions.
- Authorize OCII to accept and expend any pledged property tax revenues in the Mission Bay North and South, Rincon Point South Beach and Transbay project areas, and Transbay revenues from sale of formerly state-owned properties, for their pledged purposes, subject to consistency with an approved ROPS.
- Authorize the Executive Director to expend funds appropriated in prior years in reserve accounts designated for affordable housing projects, community benefits grants and Yerba Buena Gardens capital account for their designated purposes; subject to the availability of funds and consistency with an approved ROPS.

3. Administration Expenses and Budgeted Positions

Table 4 provides a summary of OCII’s proposed \$12 million FY 2015-16 administrative budget, representing a \$140 thousand increase from the prior year.

Table 4. Proposed FY 2015-16 Administrative Budget, \$ Thousands

Sources	FY 15-16		Diff
	FY 14-15 Bgt	Proposed	
Property Tax Increment - Administrative Allowance	\$ 2,910	\$ 3,524	\$ 614
Property Tax Increment - Retiree Health and UAAL	1,040	1,577	537
Developer Payments	150	150	-
Staff & Operating Expenses Allocated to Projects	7,795	6,784	(1,011)
Total Sources	\$ 11,895	\$ 12,035	\$ 140
Uses	FY 15-16		Diff
	FY 14-15 Bgt	Proposed	
Salaries and Benefits	\$ 8,414	\$ 7,790	\$ (624)
Affordable Housing Services	619	827	\$ 208
Rent	441	454	\$ 13
Retiree Health and Pension UAAL Contribution	1,040	1,577	\$ 537
Auditing & Accounting Services	210	185	\$ (25)
Legal Services	285	265	\$ (20)
Other Professional Services	275	275	\$ -
Other Current Expenses	611	662	\$ 51
Total Uses	\$ 11,895	\$ 12,035	\$ 140

The \$7.8 million budget for staff salaries and benefits includes both OCII staff and City Administrator staff assigned to OCII. This budget represents a \$624,000 decrease from the approved FY 2014-15 budget, despite the provision of cost-of-living increases to OCII staff that match those received by City of San Francisco staff. The decrease is primarily due to:

- Transfer of 9.6 FTE South Beach Harbor staff to the Port of San Francisco due to the assumption by the Port of responsibility for operation of South Beach Harbor and transfer of 2 FTE OCII staff to the Mayor’s Office of Housing and Community Development to continue work on former SFRA housing programs transferred to the City after redevelopment dissolution. Savings from these transfers is partially offset by:
- Proposed addition of full time equivalent (“FTE”) positions to help OCII accelerate affordable housing production and other horizontal and vertical development in FY 2015-16, as described in the “Budgeted Positions” section below.
- Decrease in the CalPERS employer share contribution as a percentage of payroll from 18.19% in FY 2014-15 to 9.52% in FY 2015-16, with the “unfunded accrued actuarial liability (“UAAL”) billed separately as a lump sum and included in the budget separately. The employer contribution is further offset by the supplemental employee contribution of 1% salary, rising to 2.25% in October 2015 in accordance with recently negotiated labor agreements.

Other items of note include:

- **Affordable Housing Services:** The \$827,000 budget represents \$687,000 in staffing support provided by the Mayor's Office of Housing and Community Development and \$140,000 for OCII's contribution towards the software development costs of MOHCD's new online Affordable Housing Data Portal (SF DAHLIA). OCII's contribution is 10% of the overall software cost, based on an estimate of OCII projects' usage of the system.
- **Retiree Health and Pension Unfunded Accrued Actuarial Liability ("UAAL") contribution:** This includes \$1,040,000 budgeted for retiree health insurance obligations, and a further \$536,660 budgeted for OCII's contribution to its pension liability, as calculated under a new billing formula and procedure established by the California Public Employees Retirement System ("CalPERS") starting in FY 2015-16. Under the existing system, agencies such as OCII were billed by CalPERS a percentage of their active employee payroll to cover both the pension benefit being earned by their employees each year (also known as the "normal cost") and an additional percentage for the UAAL—an estimated amount needed to catch up for unfunded liabilities in the system as a result of the pension system not meeting expectations in prior years or as a result of new demographic assumptions, such as the realization that retirees are living longer and the system will need to pay out more funds as a result. Under the new formula, the CalPERS bills for the UAAL portion as a fixed dollar amount each year rather than as a percentage of payroll.
- **Legal Services:** The \$265,000 budget includes:
 - \$125,000 budget for City Attorney's Office general legal support of OCII.
 - \$140,000 budget for other legal support that may be required by OCII.

Note that project-specific budgets include an additional \$1.1 million for City Attorney's Office and \$0.85 million for other legal assistance.

- **Other Professional Services:** The \$275,000 budget includes \$100,000 for public communications support, \$20,000 for records management support, \$15,000 for Office of Labor Standards Enforcement investigations support and \$140,000 contingency budget for unforeseen requirements that may come up during the year, unchanged from the FY 2014-15 budgeted amounts.
- **Other Current Expenses:** The \$662,000 budget includes:
 - \$270,000 for insurance premiums and allowance for deductibles;
 - \$105,000 for software licensing fees
 - \$ 96,000 for mail, e-mail, internet, server hosting, telephone, copy machine and records storage
 - \$ 60,000 for office supplies and employee training and field expenses
 - \$ 60,000 for Commission and Oversight Board meeting expenses, including audiovisual recording of Commission meetings by SFGOV TV.
 - \$ 30,000 for information technology supplies.
 - \$ 41,000 for other expenses.

FY 2015-16 Budgeted Positions

Budgeted positions and salary ranges are shown in Table 5. Salary ranges shown are as of May 2015 and are subject to change based on negotiated labor agreements. Salary ranges are for information only-- should there be any discrepancy between the salary ranges shown here and negotiated labor agreements, the negotiated labor agreement amount would be determinative. In special circumstances, and in accord with OCII's Personnel Policy, individuals may receive higher salaries than the ranges shown below to reflect acting assignments or unusual recruitment conditions.

In February 2015, OCII employees were offered positions within the City and County of San Francisco at comparable salaries that would allow them to continue working on OCII projects through a contractual arrangement between OCII and the City. At that time, 21 employees accepted the offer, including all nine employees working at South Beach Harbor, who will continue working at the Harbor after the ownership of the facility transfers to the Port of San Francisco, and two employees working on City housing programs that were assumed by the Mayor's Office of Housing and Community Development following redevelopment dissolution. The FY 2015-16 budgeted positions listed in Table 5 reflect the remaining OCII employees plus those former OCII employees who transferred to the City and are continuing to work on OCII work under contract to OCII.

The FY 2015-16 budget includes a net addition of six full time equivalent positions ("FTEs"), reflecting the increased workload based on the anticipated timing of development in the Major Approved Development Projects, along with a proposed accelerated work schedule for affordable housing projects, including up to 6 new Requests for Proposals ("RFPs") for affordable housing projects. The proposed new positions and position changes are:

- Addition of a Deputy General Counsel to support the OCII General Counsel with the increasing volume of legal review work. The cost of this position is partially offset by a reduction in the work order with the City Attorney's office from FY 2014-15 budgeted levels to reflect the actual level of support anticipated to be provided by that office.
- Addition of a Human Resources and Administrative Services manager position to bring in house services that were provided by the City Administrator's Office.
- Addition of one Project Manager, two Senior Development Specialists and one Management Assistant II to assist with the volume of development work proposed for FY 2015-16.

Table 5. FY 15-16 Proposed FTE, Compared to Prior Year

Class	Class Title	Biweekly Salary Range	FY 14/15	FY 15/16
			Adj Bgt*	Proposed
500	Executive Director	\$6,968 - \$8,470	1	1
520	General Counsel	\$6,542 - \$7,952	1	1
1060	Deputy Director, Finance and Admin	\$6,099 - \$7,413	1	1
1060	Deputy Director	\$6,099 - \$7,413	1	1
560	Human Resources/Admin Svcs Mngr	\$3,897 - \$4,737	0	1
525	Deputy General Counsel	\$5,268 - \$6,403	0	1
565	Senior Civil Engineer	\$4,935 - \$5,999	1	1
535	Development Services Manager	\$4,630 - \$5,628	1	1
550	Senior Project Manager	\$4,575 - \$5,561	1	1
590	Project Manager	\$3,952 - \$4,804	3	4
990	Assistant Project Manager	\$3,718 - \$4,519	2	2
540	Housing Program Manager	\$4,629 - \$5,627	1	1
595	Senior Development Specialist	\$3,999 - \$4,861	1	3
615	Development Specialist	\$3,718 - \$4,519	7	7
705	Assistant Development Specialist	\$3,212 - \$3,904	1	1
930	Staff Associate V	\$3,952 - \$4,804	1	1
730	Associate Planner	\$3,340 - \$4,060	1	1
585	Contract Compliance Supervisor	\$4,316 - \$5,246	1	1
1065	Contract Compliance Specialist III	\$4,087 - \$4,968	1	1
640	Contract Compliance Specialist II	\$3,121 - \$3,794	1	1
970	Accounting Supervisor	\$4,316 - \$5,246	1	1
670	Financial Systems Accountant	\$3,575 - \$4,345	1	1
695	Accountant III	\$3,088 - \$3,753	1	1
775	Accountant II	\$2,554 - \$3,104	1	1
630	Senior Financial Analyst	\$4,070 - \$4,947	1	1
720	Senior Programmer Analyst	\$3,203 - \$3,893	1	1
1030	Management Assistant III	\$2,905 - \$3,531	3	3
1035	Management Assistant II	\$2,534 - \$3,080	2	3
855	Records Specialist II	\$1,985 - \$2,413	1	1
860	Senior Office Assistant	\$1,985 - \$2,413	1	1
Subtotal without South Beach Harbor			40	46
OCII Positions transferred to City for City Housing Work effective FY 15/16			2	0
South Beach Harbor Positions (to Port of SF in FY 15-16)			8.6	0
Total including work transferred to City			50.6	46
Additional Temporary Staff Budget (rounded)			\$300,000	\$370,000
* Reflects reclassification of vacant positions of FY 14/15 to meet staffing needs				

4. Debt Service

Table 6 provides a summary of OCII's proposed \$105 million FY 2015-16 debt service budget, representing a decrease of \$6.7 million from the prior year:

Table 6. FY 2015-16 Debt Service Budget, \$ Thousands

Sources	FY 15-16		
	FY 14-15 Bgt.	Proposed	Diff
Property Tax Increment - Tax Allocation Bonds	\$ 97,283	\$ 97,934	\$ 651
Property Tax Increment - Debt Mgmt Services	144	50	(94)
Property Tax Increment - South Beach Harbor	300	300	-
South Beach Harbor Revs for Debt Service	1,615	1,378	(237)
Hotel Tax/Moscone Revs for Debt Service	11,805	5,019	(6,786)
Refunding Bond Cost of Issuance Reimbursement	300	-	(300)
Total Sources	\$ 111,448	\$ 104,681	\$(6,767)
Uses	FY 15-16		
	FY 14-15 Bgt.	Proposed	Diff
Other Professional Services	444	50	(394)
Debt Service	111,004	104,631	(6,373)
Total Uses	\$ 111,448	\$ 104,681	\$(6,767)

Highlights of the debt service budget include:

- **Property Tax Increment for Tax Allocation Bonds:** \$97.9 million for debt service payments scheduled for August 2014 and February 2015.
- **Property Tax Increment for Debt Management Services:** The \$50,000 budget is for bond trustee expenses, unchanged from prior year. The FY 2014-15 budget also included an additional \$94,000 for OCII staffing costs, and \$300,000 for cost of issuance for refunding debt. Staffing costs are not included in the FY 2015-16 budget because those costs are being accommodated within OCII's administrative cost allowance. Cost of issuance is not included in the budget because the amounts are uncertain and authorization to pay any such approved issuance costs from the proceeds of new debt is being included in the accompanying FY 2015-16 budget resolution.
- **Property Tax Increment for South Beach Harbor:** The \$300,000 budget is the estimated amount of property tax derived from boats and improvements at South Beach Harbor which is pledged toward repayment of a South Beach Harbor revenue bond.
- **South Beach Harbor Revenue for Debt Service:** The \$1.4 million budget represents the additional amount of South Beach Harbor revenues anticipated to be needed to supplement Harbor property tax increment in order to cover debt service related to the Harbor.
- **Hotel Tax/Moscone Revenues for Debt Service:** The \$5.0 million budget is for City and County of San Francisco Hotel Taxes and Moscone Center revenues pledged for repayment of revenue bonds issued by the former San Francisco Redevelopment Agency. The debt service is reduced by \$6.4 million as a result of the final payoff in FY 2014-15 of a 1992 series of bonds used to construct the Moscone center.

5. Hunters Point Shipyard/Candlestick Point

Project Description & Status

The Hunters Point Shipyard (the "Shipyard") and Candlestick Point (together "HPS/CP") form 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 land property is divided into Parcels A through G. Transfer of property to OCII and development occur in phases, after environmental remediation from the U.S. Department of the Navy (the "Navy"). 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.

Pursuant to a Disposition and Development Agreement ("DDA") with OCII, a master developer is completing the infrastructure for the first phase of the Shipyard's redevelopment ("Phase 1"), which will ultimately include up to 1,600 homes, 32 percent of which will be affordable, miles of new utilities, and 26 acres of open space. OCII has not yet funded any stand-alone affordable housing, but in the future, will be seeking development teams and providing 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.

On the Hilltop, construction has started on 309 units of housing, of which 84 are Below Market Rate ("BMR"), at Blocks 49, 50, 51, 53, and 54. Block 49 is a 60 unit BMR multi-family development for low-income families earning up to 50% Area Median Income ("AMI") that is sponsored by the master developer and fulfills the Phase 1 50% AMI Inclusionary housing requirement. Block 49 will complete construction in early 2016. Blocks 50 and 51 will receive their certificate of occupancy for 88 units of housing by the end of FY 2014-15, when the first residents will move onto the Shipyard. Blocks 50 and 51 contained nine for-sale BMR Inclusionary units, for low-income families earning up to 80% AMI. All nine BMR units are under contract for sale. The future residents include an Ellis Act Housing Preference Holder and a rent burdened household. San Francisco residents will be owners of the remaining seven BMR units. Blocks 53 and 54 contain 159 condominium flats and townhomes, of which 16 are BMR Inclusionary units for low-income families earning up to 80% AMI. Blocks 53 and 54 will receive their occupancy permits by the end of calendar year 2015.

Schematic Designs for an additional 272 units, including 26 BMR Inclusionary units, have been approved for Blocks 52, 55, 56 and 57. Block 52 is on the Hilltop and is approved for the development of 74 units, of which 8 are BMR Inclusionary units for low-income families earning up to 80% AMI. Block 52 is scheduled to start construction in 2015 and will be completed by Fall 2016. Block 55 is a Hilltop parcel approved for the development of 66 units of housing, of which 3 are BMR Inclusionary for low-income families earning up to 80% AMI. Blocks 56 and 57 is a Hilltop parcel approved for the development of 132 units, of which 15 are BMR Inclusionary units for low-income families earning up to 80% AMI. Blocks 56 and 57 will break ground in Spring 2015 and will be completed by Fall 2016.

OCII has 3 stand-alone affordable housing sites on Hilltop Blocks 52, 54 and 56. The FY 2015-16 budget includes funding for predevelopment on each of these sites. These 3 stand-alone sites will accommodate 119 BMR units.

On the Hillside, the Basic Concept Design for Block 48 has been approved, which will include 404 market rate units, 56 of which will be inclusionary affordable ownership units serving low-income families earning between 80-120% AMI. Schematic Designs for Phase 1A, the first phase of development on Block 48 have also been approved. Phase 1A will include 57 units of housing, including 5 inclusionary ownership units serving low-income families earning up to 80% AMI. Phase 1A is scheduled to start construction in August 2015 and will be complete in May 2017.

OCII has 2 stand-alone affordable housing sites on Hillside. The FY 2015-16 budget includes funding for predevelopment one of these sites, which accommodates 40 units.

A master developer that is separate but affiliated with the Phase 1 developer will complete the remaining portion of infrastructure in the Shipyard and Candlestick Point area as one project under a separate DDA ("Phase 2"). The agreement for the Phase 2 development program provides for an additional 10,500 housing units, 32% of which will be below market rate, including the rebuilding of the Alice Griffith public housing development consistent with the City's HOPE SF program. Of the 32% below market rate housing units, the OCII sponsored affordable housing development consists of 504 public housing replacement and new affordable units through five phases of the Alice Griffith project, plus an additional 1,140 units on 10 stand-alone sites. In March 2015, the first two phases of the Alice Griffith public housing project development broke ground. These first two phases of development include 184 units of replacement and new affordable housing. Both phases are scheduled to be completed by August 2016. The third phase of the Alice Griffith project will receive OCII funding in Spring 2015 and could start construction in FY 2015-16. The fourth phase of Alice Griffith will also receive funding in FY 2015-16 for predevelopment.

In January 2014, the Commission approved the first Major Phase of development for Phase 2. The first vertical development began construction with CP-01, which includes the Alice Griffith project described above. In FY 2015-16 OCII will complete review of the next three sub-phases of development on Candlestick, CP-02, 03, and 04. CP-02 contains a 575,000 square foot regional retail center, 472 units of housing, including a 210 unit senior tower, 45,000 square foot performance hall, and 220 room hotel. CP-03 and 04 are mixed-use development with 45,000 square feet of ground floor neighborhood commercial with 1,057 housing units above. CP-03 and 04 each contain a stand-alone agency affordable lot which will accommodate 230 BMR units predevelopment for these parcels will be funded in FY 2015-16. Of the 1,529 units in these three sub-phases, 118 will be BMR Inclusionary units.

The Phase 2 plan also includes approximately 3 million square feet of research and development and office uses as a hub for emerging technologies on the Shipyard, over 300 acres of parks and open space including a complete renovation of the Candlestick Point State Recreation area. Also the Phase 2 plan will include an investment of more than \$2.7 billion in infrastructure and transportation improvements to the project site.

In total, Phase 1 and 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 the South East Health Center.

Selection of development teams and review of financial and other long-term agreements for the affordable housing sites will be coordinated with the Mayor's Office of Housing and Community Development ("MOHCD"), since affordable housing assets will be transferred to MOHCD after the project is completed and occupied. MOHCD will also assist in monitoring of construction, marketing, and financial disbursements, consistent with OCII's 2014 Memorandum of Understanding with MOHCD.

Staff will also work to 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 the payment of prevailing wages. Staff will work closely with contractors themselves, 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.

On December 14, 2012, the California State Department of Finance 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 that survived the dissolution of the Redevelopment Agency. To implement these obligations, OCII must, among other things, receive and administer grants, execute leases, accept property, approve and amend consulting and construction contracts, and dispose of property. The work and major milestones that are anticipated to be completed in furtherance of these obligations over the course of the budget year summarized below.

FY 2015-16 Workplan

1. **Hilltop 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 for 388 market for-sale rate and 103 BMR units of housing serving low-income families earning between 50-80% AMI on Blocks 52, 53, 54, 55, 56, 57 and Block 49. Utilize MOHCD services to review, approve and monitor implementation of marketing plans of affordable units.
2. **Major Phase Approval for Block 1:** Renew and approve a schematic design for residential projects on Block 1, for a total of 204 market rate for-rent units and 21 for-rent BMR inclusionary units serving low-income families earning up to 80% AMI. Review and approval of design development and construction documents would occur in the second half of FY 2015-16, with construction commencing in 2016.
3. **Design and Construction of the Hilltop Parks & Open Space:** Complete construction for nearly half of the 26 acres of parks & open space on Parcel A. With the Department of Public Works ("DPW"), monitor construction progress and developer's schedule of performance as well as developer's compliance with applicable workforce and contracting requirements.

Park construction will progress concurrent with vertical development. The last art pieces commissioned by OCII will be installed in the parks in Fall 2015.

4. **Design Review and Construction of Block 48 Phases 1A, 2A and 1B:** Complete review of construction documents allowing construction to begin for residential projects on Block 48, Phases 1A. Complete review of schematic design development and construction documents for Phases 2A and 1B. Phases 1A, 2A and 1B include a total of six blocks with 261 market rate for sale units and 38 ownership BMR inclusionary units serving low-income families earning between 80-120% AMI. Construction on Phase 1A is scheduled to start August 2015. Phases 2A and 1B will start construction in Spring 2016.
5. **Construction of New Artist Studios and a Commercial Kitchen:** Construction of a commercial kitchen will be completed in August 2015 to relocate commercial kitchen tenants in Building 110, which will be demolished. Construction on a new artist building for existing Shipyard tenants will start in November of 2015.
6. **Development of Building 813:** Building 813 is an existing four-story, 275,000 square foot building on the Shipyard that may be retained to spur economic development on the Shipyard. OCII will work with the Office of Economic and Workforce Development ("OEWD") to develop a program for future uses.
7. **Community Facilities Parcels and Community Facilities Space:** 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; the remaining seven parcels are on future phases of development. OCII will work with City departments, including OEWD, San Francisco Fire Department, San Francisco Police Department, and San Francisco Public Library, as well as the San Francisco Unified School District, to program development for the Community Facilities Parcels on Candlestick Point and Hunters Point Shipyard. The master developer is also required to provide up to 65,000 square feet of Community Facilities Space within new retail development to OCII rent-free. It is anticipated that a significant portion of the Community Facilities Space will be within the regional retail center and neighborhood serving retail proposed in CP-02, -03, and -04. The Phase 2 DDA requires the Community Facilities Space to include an International African Marketplace, Library Reading Rooms and a Candlestick Point State Recreation Area Welcome Center. Additional uses for the Community Facilities Space include social services, education, the arts and other community services including public safety facilities such as police and fire stations and facilities for the benefit of senior citizens.
8. **Strategic Planning for the Legacy Foundation for Bayview Hunters Point:** Continue working with the Legacy Foundation's Interim Board to expend developer funds pledged for community uses ("Community Benefit Fund"). The Community Benefit Fund is funded under the Phase 1 and Phase 2 DDA for programs to benefit the Bayview Hunters Point area as a whole. No additional funds for the Community Benefit Fund are anticipated in FY 2015-16. To date, the developer has provided \$1 million in funding required under the Phase 1 DDA. The Phase 2 Community Benefits Plan obligates each vertical developer to contribute 0.5% of the sales price of the initial sale of each market rate unit to the Community Benefits Fund. The earliest Phase 2 market rate units will complete construction is 2018.

9. **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”). OCII’s total funding for Phases 1 and 2 was provided by the end of FY 2013-14 along with predevelopment funding for Phase 3. Phases 1 and 2 construction started in March 2015. OCII will provide construction funding for Phase 3 in FY 2014-15; and schematic design for Phase 3 will be reviewed and presented to the Commission in FY 2014-15. In FY 2015-16, OCII will provide predevelopment funding for Phase 4.
10. **Navy Parcel Transfer:** The Commission will be asked to accept the transfer of Navy Parcels B-1, B-2, D-1, G, IR17/18 and UC-3 (together approximately 157 acres) in furtherance of the Shipyard Phase 2 development. As permitted by the Navy access agreements, additional work may include pre-development activities such as building and land surveys, as well as lead and asbestos abatement of Navy buildings slated for removal.
11. **State Lands Trust Lands Exchange and California State Parks Properties:** Transfer of portions of the Candlestick site that are currently owned by State Parks or the State Lands Commission to OCII for development under the Phase 2 DDA for development of Harney Way offsite improvements and future housing development. The first exchange occurred in FY 2014-15. The second exchange, which covers 14.5 acres, will occur in FY 2015-16.
12. **Hunters Point Shipyard Major Phase Application:** The first Major Phase application for Hunters Point Shipyard will be reviewed and presented to Commission for approval. The Major Phase application will confirm the locations for infrastructure, parks, and affordable housing as well as lay out the sub-phasing schedule for construction, the types and amounts of community benefits that will be paid out according to the Phase 2 DDA, and confirm any mitigation measures that are to be put in place as required under the California Environmental Quality Act (“CEQA”).
13. **Candlestick Point Center Schematic Design Review:** Complete review of schematic design, design development and construction documents allowing construction to begin for the CP Retail Center, sub-phase CP-02, which includes 635,000 gross square feet of regional retail, performance venue, and up to 472 units of housing of which 43 will be BMR Inclusionary units.
14. **Candlestick Point Neighborhood Design Review:** Complete review of schematic design, design development and construction documents allowing construction to begin for mixed used development on CP-03 and CP-04, which includes 8 blocks with up to 1,057 units of housing, of which 268 will be BMR Inclusionary units and 230 will BMR units in OCII stand-alone parcels, 90,000 gross square feet of neighborhood retail, and community facilities space.

Candlestick Open Space Design Review: Sub-phases CP-02, -03, and -04 will contain 7.4 acres of new and revitalized parks and open space including:

- **Wedge Park Plaza (.77acres).** On Harney Way and Ingerson Avenue, the Wedge Park Plaza will be an urban plaza that provides a “respite” from the activities generated by the retail center, Bus Rapid Transit, and cycle route.

- **Jamestown Walker Slope (3.88 acres).** Located between Jamestown Avenue and Arelious Walker Drive, the Jamestown Walker Slope will be planted with native species to promote habitat restoration.
 - **Bayview Hillside Open Space (2.85 acres).** West of Jamestown Avenue, this open space will follow the recommendations of the Bayview Hill natural Areas Plan, and be enhanced with new native planting to promote habitat restoration.
15. **Candlestick Point Blocks 10a & 11a RFP & Predevelopment Funding:** Issue an RFP, select a development teams, and provide predevelopment funding for the affordable housing projects on Blocks 10a and 11a, which are located adjacent to the proposed new Candlestick Retail Center, to develop the site into approximately 230 units of affordable rental housing.
16. **Hilltop Block 54 RFP & Predevelopment Funding:** Issue an RFP, selected a development team, and provide predevelopment funding for the affordable housing project on Block 54, located on the Hilltop portion of Phase 1 of the Shipyard. The site could accommodate approximately 40 units of affordable rental housing.
17. **Off-Site Transportation Improvements Planning:** Staff will coordinate circulation improvements to be constructed by the master developer which are required per the Phase 2 DDA's Schedule of Performance in connection with the Project's phased development to mitigate traffic impact and improve existing Bayview neighborhood streets to the new development:
- **Harney Way:** The Project will improve and reconfigure auto, transit and bike access between Candlestick Point and US 101. In FY 2015-16, OCII will complete review of design development and construction documents for Harney Way from Ingerson Avenue to Executive Park Boulevard.
 - **Gilman Avenue:** Enhance streetscape improvements such as street trees, sidewalk plantings, furnishing and paving treatments to enhance pedestrian safety and to visually connect Bayview neighborhood to the new development.
 - **Innes:** Streetscape improvements including new sidewalks, striping, and lighting to create an attractive gateway into the Project site.
18. **Oversee Developer Construction of Infrastructure:** Within the CP-01, CP-02, CP-03, and CP-04 sub-phases, Lennar will construct new streets, sewers, electricity and gas lines, and storm drains to support new development. Staff will work with DPW, PUC, SFMTA, and other city agencies as appropriate, to ensure that the new infrastructure meets City standards and is in conformance with the plan documents. New infrastructure development includes development of new, sustainable infrastructure including a recycled water system, automated waste collection system, and Best Management Practice measures for storm water treatment including flow-through planters, soil cells, and bio-retention basins.

6. Mission Bay North and South Major Approved Development Projects

A. Project Description & Status

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 6,400 residential units (29% of which will be affordable), 3.4 million square feet of office and biotechnology space, 425,000 square feet of retail uses, a new University of California, San Francisco research campus and medical center, 250-room hotel, 49 acres of open space, library, school, police headquarters, and local police and fire department. Completion of the Mission Bay project is anticipated to occur over 25 to 30 years and 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.

Mission Bay is currently undergoing a massive construction boom. By mid-2015, Mission Bay will see the majority of the remaining market-rate residential units completed, including the newest affordable housing site, the OCII-sponsored 1180 4th Street project, which opened its doors to house 150 low income households, including formerly homeless families. The remaining market-rate housing (about 350 units) and the next 200-affordable housing project on Block 7 West are anticipated to be under construction by mid-2015. The first phase of the new UCSF medical center opened in February 2015, providing 289-new hospital beds. The 4th Street commercial corridor will be almost complete and filled with new, local serving commercial uses. The Public Safety Building is opening in April 2015, providing additional security to the neighborhood with a local fire and police station, in addition to the San Francisco Police Headquarters. Planning for the next wave of commercial office space is underway with two new commercial buildings anticipated to start construction in 2015 with over 1 million square feet of office space. Planning is also underway for the relocation of the Golden State Warriors to Mission Bay, with project approval anticipated in Fall 2015, with construction to start soon after. To serve all this new development, almost all of the remaining streets and underground utilities will be finished by early 2016, and there will be several new parks, including the new children's park, Mariposa Park and new parks along the bayfront.

Implementation of the Mission Bay project occurs through the Mission Bay North and South Redevelopment Plans and the Mission Bay existing 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. On January 24, 2014, OCII received a Final and Conclusive Determination on the Mission Bay enforceable obligations from the State Department of Finance ("DOF").

OCII also is responsible for the management of the 41-acre planned Mission Bay Open Space System until 2043. Currently there are over 15 acres that are completed and operated by OCII. OCII has entered into a contract with MJM Management Group ("MJM") to do the day-to-day management of the parks. The costs for park management are paid with special taxes collected through Community Facilities District #5 (CFD#5), which OCII administers. The calendar year 2015 budget for CFD#5 and the park management is included in the OCII budget for informational purposes only.

Key responsibilities of OCII, and its Commission, related to the implementation of Mission Bay include financing of infrastructure, land use review and approvals provide financing for the development of affordable housing on land donated by the Master Developer, maintenance of the 41-acre Mission Bay open space system, creation and implementation of a Mission Bay Art Program, and staffing of the Mission Bay Citizens Advisory Committee. Selection of development teams and review of financial and other long-term agreements for the affordable housing sites will be coordinated with the Mayor's Office of Housing and Community Development ("MOHCD"), since affordable housing assets will be transferred to MOHCD after the project is completed and occupied. MOHCD will also assist in monitoring of construction, marketing, and financial disbursements, consistent with OCII's 2014 Memorandum of Understanding with MOHCD.

Staff will also work to 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 themselves, 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.

B. FY 2015-16 Workplan

1. **Block 6 East Affordable Housing Schematic Design & Construction Funding:** Approve schematic design, provide construction funding, and complete financial closing for construction funds needed for the development on Block 6 East of approximately 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 Human Services Agency.
2. **Block 3 East Affordable Housing Developer Selection, Predevelopment, and Construction Funding Commitment:** Select a development team based on a FY 2014-15 RFP, and provide predevelopment funding for the affordable housing projects on Block 3 East to develop the site into approximately 101 units of supportive rental housing for veterans, including formerly homeless veterans. Construction funding is budgeted for FY 2015-16.
3. **Block 7 West Affordable Housing Construction & Marketing Plan Review:** Begin construction of 200 units of affordable rental housing for low-income families on Block 7 West. A marketing plan will be submitted by the developer for OCII and MOHCD review within a month after construction starts, which is anticipated to occur in early summer 2015.
4. **Block 6 West Affordable Housing RFP & Predevelopment Funding:** Subject to the availability of future funding, OCII may issue an RFP to select a development team and provide predevelopment funding for Block 6 West, which could accommodate approximately 105 affordable rental units.

5. **Block N4P3 Marketing Plan:** This 129 unit project, which includes 26 affordable inclusionary rental units at 90% AMI, will start construction in spring 2015. Utilizing MOHCD services, OCII will review, approve and monitor implementation of marketing plans of inclusionary affordable units within the Block N3P4 residential project in Mission Bay North.
6. **Mission Bay Public Art Program:** Develop a public art program for art within Mission Bay open spaces, which may include utilizing expertise within the art community, such as the San Francisco Arts Commission or consultants to be hired by OCII. The current budget has almost \$1 million in funds, which would be expended over multiple budget years.
7. **Golden State Warriors Arena Project Design & Environmental Approvals & Construction Start:** Continue to work with the Golden State Warriors to design Blocks 29 to 32 for an arena/office/retail project and complete an environmental impact report, major phase, and schematic designs for the site. Start construction in the second half of the fiscal year.
8. **Blocks 26/27 Schematic Design Approval:** If not approved in spring 2015, approve schematic designs for the new Uber headquarters on Blocks 26/27 for approximately 423,000 gross square feet of office space.
9. **Block 40 Design Reviews:** Continue to process the design development and construction drawings for Block 40, a 667,500-gross square foot office building with 15,000 gross square feet of retail space.
10. **UCSF Blocks 33/34 Design Reviews:** Work with UCSF on the design of Blocks 33/34 on the first phase of the 500,000 gross square foot office project pursuant to the Memorandum of Understanding between OCII and UCSF.
11. **Block 1 Residential and Hotel Projects Design Reviews:** Continue to process the design development and construction drawings for 350 for-sale residential units and a 250-room hotel on Block 1, a 2.7-acre triangular parcel that fronts Mission Creek and the future Park P3. The 350 market-rate, for-sale units will pay an affordable housing in-lieu fee to be used for the funding of OCII-sponsored affordable housing in Mission Bay.
12. **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.
13. **Park P6 Children's Park Opening:** Hold the grand opening of an 1.12-acre new children's park on Park P6 that utilized a \$1.37 million Catalyst Grant from the California Department of Housing and Community Development ("HCD"). Park P6 will provide structured play equipment for toddlers and older children, as well as informal areas for creative play.
14. **Park P19 Completion:** Complete construction on the 0.55-acre Park P19 along Terry Francois Boulevard. Park P19 is designed for passive recreation and stormwater

treatment, as well as providing a buffer between the neighboring residential building, an OCII-sponsored affordable housing site, and Terry Francois Boulevard.

15. **Bayfront Park P22 Design:** Work with the Mission Bay community to design the future Bayfront Park P22, a 5-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, it will also provide opportunities for coordinated events with the Golden State Warriors Event Center.
16. **Parks P23 and P24 Completion:** Complete construction on Parks P23 and P24, which combined 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, half basketball court, picnic facilities, lawn areas, and stormwater treatment facilities.
17. **Mariposa Park P26 and P27 Completion:** Complete construction on Mariposa Park (P26) and P27, which combined equal 2.38 acres in size, in the southern part of Mission Bay. Park P26 will include a large multi-use lawn in the middle, a plaza area, and a children's play area on the side closest to the UCSF children's hospital; while Park P27 creates a visual entry to the southern part of Mission Bay along Owens Street.
18. **Mission Creek Park P2 Parking Completion, Construction Drawings, & Maintenance Agreements:** Complete the 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 the construction drawings for the entire park; and finalize the maintenance agreements with MCHA for the community garden and parking area. P2 is located on the southern boundary of Mission Creek and will contain a community garden and will be one of the final links for the Mission Creek park loop.
19. **Future Park Management Strategy:** Continue working with City/Port/Public Utilities Commission, the current owners of Mission Bay Parks, on future park management strategy once the Property Management Plan is approved by the Department of Finance.
20. **Street Improvements:** Continue construction of the remaining Mission Bay roadway improvements, which will be funded in part by a TIGER IV federal grant and HCD Prop 1C Transit Oriented Development grant. As part of this, all of the streets in the southern portion of Mission Bay will either be under construction or in the final planning stages in FY 15-16. These improvements include the surface roadway and sidewalk improvements, as well as the underground utilities. Completion of the street grid system will significantly improve the local connectivity of Mission Bay.

7. Transbay Major Approved Development Project

A. Project Description and Status

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”). The Project Area goals include the development of: 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 1,370 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.

The new, transit-oriented neighborhood that will be developed by OCII on the 10-acres of formerly State-owned property in the Project Area will consist of more than 3,500 new housing units, including 1,370 affordable units, nearly 2 million square feet of new commercial space, and approximately 4 acres of new public open space. In addition, the new Transbay Transit Center site will include a 5.5-acre rooftop park and a 1.35-million-square-foot office tower. The development program for the Project Area 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, conversion of Folsom Street to two-way traffic, and reconfiguration of 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, with TJPA reimbursement of staff costs, 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 shall be available to moderate-income households. On April 15, 2013, the California State Department of Finance 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 are enforceable obligations of OCII.

Phase 1 of the TTC, including the above-ground bus station and the box for the below-ground train station, is under construction and is scheduled to be completed in 2017. The City has

approved a Mello-Roos community facilities district that will provide funding for the TTC and other infrastructure costs.

Regarding the publicly owned parcels over which OCII has jurisdiction, one is fully complete and seven of the publicly-owned parcels in the Project Area are in various stages of development and pre-development:

- **Block 11A:** The portion of Block 11 along Folsom Street known as “Block 11A” is a 120-unit supportive housing project that was funded by OCII and completed construction and lease-up in FY 2013-14 and, as with all completed affordable housing assets, will be transferred, upon final permanent financing by the State, to the Mayor’s Office of Housing and Community Development (“MOHCD”) as Housing Successor pursuant to Dissolution Law.
- **Parcel T:** The TJPA sold Parcel T to Hines in FY 2012-13 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 expected completion in 2017.
- **Blocks 6/7:** OCII selected Golub Real Estate Corp. (“Golub”) and Mercy Housing California (“Mercy”) for a market-rate and affordable housing development on Blocks 6/7 in December 2011. The site was sold to Golub in October 2013 and Block 6 is currently under construction. The affordable building, funded by OCII, will complete construction in Summer 2015. Staff will seek final construction funding and approval of a long-term air-rights lease with Mercy for Block 7, an additional affordable housing portion of the project, by the end of FY 2014-15.
- **Block 9:** OCII selected a team comprised of TMG, Essex Property Trust, and BRIDGE Housing for a market-rate and inclusionary affordable housing development on Block 9, and the Disposition and Development Agreement was approved in December 2014 and the land sale closed in February 2015.
- **Block 8:** OCII selected Related California (“Related”) and Tenderloin Neighborhood Development Corporation (“TNDC”) for a market rate and affordable housing development (comprised of both inclusionary and OCII funded units) on Block 8 and expects to execute a Disposition and Development Agreement (“DDA”) by Spring 2015 and close escrow on the land by Fall 2015.
- **Block 5:** OCII selected the development team of Golub and John Buck Company for an office project on Block 5, and intends to execute an Owner Participation/Disposition and Development Agreement (“OP/DDA”) in Spring 2015 and close escrow on the land in Fall 2015.
- **Block 1:** OCII intends to execute an Owner Participation/Disposition and Development Agreement with Tishman Speyer for a market rate and affordable housing development (comprised of both inclusionary and OCII funded affordable units) on Block 1 in Spring/Summer 2015 and close escrow on the land in late 2015.

Per the Implementation Agreement, OCII is also developing infrastructure plans for the new neighborhood, including new streetscape improvements on Folsom Street and two major new public parks within the Project Area, and the current reconfiguration of the Folsom Street freeway off-ramp is expected to be complete by Summer 2015.

Selection of development teams and review of financial and other long-term agreements for the affordable housing sites will be coordinated with the Mayor's Office of Housing and Community Development ("MOHCD"), since affordable housing assets will be transferred to MOHCD after the project is completed and occupied. MOHCD will also assist in monitoring of construction, marketing, and financial disbursements, consistent with OCII's 2014 Memorandum of Understanding with MOHCD.

Staff will also work to 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 themselves, 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, the TJPA funds all of OCII's staff and consultant costs related to the development of the State-owned parcels in the Project Area up through the selection of a development team. After selection, the developer provides funding for staff and consultant costs.. The staffing and construction costs for all infrastructure projects described in the tasks below are financed with tax increment.

B. FY 2015-16 Proposed Workplan

- 1. Block 6 Construction and Marketing:** Land sale closed in October 2013 and construction on the residential project, comprised of 409 market rate units and 70 OCII funded affordable units in a 300-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking, is underway. Construction on the affordable units is expected to complete in Summer 2015. Using MOHCD's services, staff will review, approve and monitor the implementation of the marketing and lease-up of all affordable units (at 50% of AMI). MOHCD is currently reviewing the marketing plan and will oversee the lottery for the affordable units. The market rate units are expected to be complete in April, 2017.
- 2. Block 7 Financial Closing, Construction Start and Marketing Plan Review:** The financial closing and construction start of the affordable residential development on Block 7, consisting of approximately 120 affordable rental units (at 50% of AMI), funded by OCII, in two podium buildings and adjacent townhouses, including a ground-floor child care facility and open space, is expected to occur in Fall 2015. A marketing plan will be submitted for OCII and MOHCD staff review within a month after construction start.
- 3. Block 9 Construction Start and Marketing Plan Review:** Construction of approximately 436 market-rate units and 109 inclusionary affordable rental units (at 50%

of AMI) in a 400-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking, is expected to begin in FY 2015-2016 and a marketing plan would be submitted for OCII and MOHCD staff review within a month of construction start. OCII will also coordinate and assist with MOHCD's issuance of tax exempt mortgage revenue bonds for the inclusionary affordable units.

4. **Block 5 Land Sale Closing and Construction Start:** The sale of the land for Block 5, for an approximately 800,000-sf commercial office project in a 550-foot tower, is expected to occur in Fall 2015, with construction starting within FY 2015-2016.
5. **Block 8 Land Sale Closing, Construction Start, OCII Loan & Air Rights Lease Approvals, Marketing Plan Review:** The sale of the land for Block 8 for a residential project, consisting of approximately 440 market-rate units and 163 affordable rental units (at 50% of AMI), a portion of which will be OCII funded, in a 550-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking, is expected to occur in Fall 2015. An OCII affordable housing loan and air rights lease governing the affordable podium project will be presented for consideration FY 2015-2016, with construction starting by the end of the fiscal year. A marketing plan for the affordable units will be submitted for OCII and MOHCD staff review within a month of construction start.
6. **Block 1 OP/DDA and Financing:** 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) is expected to occur in late Spring/early Summer 2015. The Block 1 condominium project includes 216 market rate units and 116 affordable units if the tower is built at 300 feet; the unit count will increase to 258 market rate units and 141 affordable units if the project is built at 400 feet. OCII will provide funding for the affordable homeownership units in the podium building during FY 2015-2016.
7. **Block 2 Affordable Housing:** Subject to the availability of future funding, OCII may issue an RFP to select a development teams and provide predevelopment funding for Block 2, which could accommodate approximately 286 affordable rental units, and would be developed in multiple buildings across the block. Currently the site is occupied by the Transbay Temporary Bus Terminal, which is slated to be removed upon the opening of the TTC in 2017.
8. **Folsom Street Off-Ramp Reconfiguration Completion:** Complete construction of a reconfiguration of the existing Folsom Street Off-Ramp on Block 8 in order to create a better pedestrian environment and increase the value of the parcel. OCII has a letter agreement with the San Francisco County Transportation Authority, the City's congestion-management agency, to provide technical services for this task.
9. **Folsom Streetscape Improvements Bid Process & Construction Start:** Complete construction documents for a set of streetscape improvements on Folsom Street. Issue request for bids through letter agreement with DPW. Select contractor and begin construction.

10. **Under-Ramp Park Design Approvals:** 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 the Project Area. Complete negotiations with TJPA and Caltrans.
11. **Rincon-Hill/Transbay CBD Formation:** Work with an outside consultant and a steering committee composed of neighborhood property owners to create a community benefit district to provide funding for future maintenance of the new public parks and street improvements to be constructed by OCII within the Project Area.
12. **TJPA Support:** Assist the TJPA with various financial and market analyses, as required by the TJPA's funding partners and the TJPA Board of Directors.
13. **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.

8. Affordable Housing Obligations

Affordable Housing Obligations Summary

OCII has retained Affordable Housing Obligations integrally related to the three critical redevelopment projects referred to as the “Major Approved Development Projects” that OCII, as successor agency to SFRA, must continue to implement under enforceable obligations consistent with the Dissolution Law.

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. In general, OCII is responsible for directly managing the affordable housing projects through completion, and procures services from MOHCD staff for construction monitoring, review and monitoring of marketing for both inclusionary and OCII funded projects (including implementation of the Certificate of Preference program), and assisting with the fiscal management and disbursement of OCII’s funds pursuant to the relevant project’s financing agreements, and other ancillary tasks as needed.

Commitment to the Mayor’s Plan for 10,000 Affordable Units by 2020

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 them as permanently affordable. In fact OCII’s affordable housing projects will result in approximately 3,100 affordable units by 2020 through both stand-alone projects funded with OCII subsidy as well as inclusionary affordable units provided through private development. This includes several OCII sponsored projects that received completion permits just before the close of 2013, and opened their doors to welcome new residents in 251 affordable units in early 2014. The 1180 4th Street project delivered another 150 units later in 2014. 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 2015-2016 Budget includes authority for funding to advance 6 new sites (in addition to the 8 sites already underway in predevelopment or master planning), subject to the availability of funding.

Mayor’s Plan for 10,000 Affordable Units by 2020: OCII Pipeline

Project Status	Affordable Stand-Alone Units	Affordable Inclusionary Units	Totals
Completed & Occupied	400		400
In Construction	543	101	644
In Predevelopment	747	279	1,026
In Preliminary Planning	936	75	1,011
Totals	2,626	455	3,081

FY 2015-16 Workplan – Major Approved Development Projects

The Affordable Housing Projects within the Major Approved Development Projects are more fully described within the specific Project Area section of the budget. Currently over 5,300 affordable units remain to be completed through OCII sponsorship, through either direct subsidy on stand-alone affordable sites or through inclusionary housing requirements, for the remaining Retained Housing Obligations. Those obligations break down as follows:

	TOTAL AFFORD. UNITS	Shipyards & Candlestick	Mission Bay	Transbay	Other*
<i>OCII Sponsored & Funded Units</i>					
Production Obligation	4,890	1,843	1,622	896	529
Completed Prior FY13-14/14-15	407	-	407	-	-
Completed FY13-14/14-15	506	-	149	120	237
In Construction	543	182	-	69	292
Predev & Prelim Planning	1,647	585	545	517	-
Future Sites	1,787	1,076	521	190	-
Remaining Obligation subtotal	3,977	1,843	1,066	776	292
<i>OCII Sponsored Inclusionary Units</i>					
Production Obligation	1,776	1,001	291	468	16
Completed Prior FY13-14/14-15	265	-	265	-	-
Completed FY13-14/14-15	-	-	-	-	-
In Construction	101	85	-	-	16
Predev & Prelim Planning	354	106	26	222	-
Future Sites	1,062	809	-	253	-
Remaining Obligation Subtotal	1,517	1,000	26	475	16
REMAINING OBLIGATION TOTALS	5,494	2,843	1,092	1,251	308

* Projects in Bayview Hunters Point, Rincon Point-South Beach, South of Market, or Western Addition A-2

Below is a summary of those workplan activities for OCII in FY 2015-16:

A. Hunters Point Shipyard / Candlestick Point

- a. **Alice Griffith Project:** 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”). OCII’s total funding for Phases 1 and 2 was provided by the end of FY 2013-14 along with predevelopment funding for Phase 3. Phases 1 and 2 construction started in March 2015. Schematic design approval on construction funding for Phase 3, comprised of 95 public housing replacement units and 46 new affordable units (at 50% AMI), is expected to be provided by OCII by the end of FY 2014-15. The start of construction and the submission of marketing plan will therefore occur in FY 2015-16. Also during FY 2015-16, OCII will provide predevelopment funding for Phase 4, comprised of 47 new public housing replacement units. Subject to the availability of future funding, OCII may also begin predevelopment on Phase 5, consisting of approximately 132 new affordable units.
- b. **HPSY Phase II/Candlestick Point Blocks 10a & 11a:** Issue an RFP, select a development teams, and provide predevelopment funding for the affordable housing projects on Blocks 10a and 11a, which are located adjacent to the proposed new Candlestick Park Retail Center, to develop the site into approximately 230 units of affordable rental housing.
- c. **HPSY Phase 1/Block 54:** Issue an RFP, select a development team, and provide predevelopment funding for the affordable housing project on Block 54, located on the Hilltop portion of Phase 1 of the Shipyard. The site could accommodate approximately 40 units of affordable rental housing.
- d. **Marketing of Phase 1 Inclusionary Units:** Now that Hunters Point Shipyard Phase 1 has begun vertical development on the privately developed parcels, the marketing and sales of the inclusionary units to first-time homebuyers will be underway for Blocks 50, 51, 53, and 54 in FY 2014-15. Block 49 in HPSY Phase 1 will also market its inclusionary rental units during FY 2015-16. OCII is engaging the services of the Below Market Housing team at MOHCD to help monitor and implement the marketing and sales or leasing of these units.

B. Mission Bay

- a. **1300 4th Street (Block 6 East) Affordable Housing:** The developer team led by TNDC is proceeding with predevelopment activities for the affordable housing project at 1300 4th Street to develop the site into approximately 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 Human Services Agency. TNDC is pursuing Affordable Housing and Sustainable Communities (AHSC) through the state Housing and Community Development (HCD) office, also known as “cap and trade” funds in order to

maximize the leverage of OCII subsidy. In FY 2015-16, staff will seek approval of schematic designs and construction funding.

- b. **Block 3 East Affordable Housing:** Issuance of an RFP is planned for late Spring 2015 to select a development team. In FY 2015-16, staff will seek approval of the development team and predevelopment funding for affordable housing on Block 3 East. The project will include approximately 101 units of supportive rental housing for veterans, including formerly homeless veterans, and low-income veterans and their families to be referred by the Human Services Agency. Construction funding is budgeted to occur in FY 2015-16.
- c. **588 Mission Bay Boulevard North (Block 7 West) Affordable Housing:** OCII committed gap funding in FY 2014-15, and staff will seek approval of the OCII ground lease prior to the scheduled construction start in May 2015. The development will include 198 units of affordable rental housing for low-income families, plus 2 managers' units, and ground floor retail space, and a marketing plan will be submitted by the developer for OCII and MOHCD review within a month after construction start.
- d. **Block N4P3 Inclusionary Housing:** This 129 unit project, which includes 26 affordable inclusionary rental units at 90% AMI, will start construction in spring 2015. Utilizing MOHCD services, OCII will review, approve and monitor implementation of marketing plans of inclusionary affordable units within the Block N3P4 residential project in Mission Bay North.
- e. **Block 6 West Affordable Housing:** Subject to the availability of future funding, OCII may issue an RFP to select a development team and provide predevelopment funding for Block 6 West, which could accommodate approximately 105 affordable rental units.

C. Transbay

- a. **Block 6 Affordable Housing:** OCII approval construction funding and a long-term air rights lease in FY 2013-14. Construction completion is scheduled for summer 2015. MOHCD is currently reviewing the marketing plan and will oversee the lottery for the affordable units. Block 6 consists of 409 market-rate units and 69 affordable rental units (at 50% of AMI), plus 1 manager's unit, in a 300-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking. Using MOHCD's services, review, approve and monitor the implementation of the marketing and lease-up of all affordable units.
- b. **Block 7 Affordable Housing:** Approval of construction funding and a long-term air rights lease with the selected development team for an affordable residential development on Block 7 is scheduled for FY 2014-15. Due to innovative construction methods and improved economies of scale, the affordable unit count of the project has increased from 77 rental units to 120 units (at 50% of AMI) including 1 manager's unit, in two podium buildings

and adjacent townhouses, including a ground-floor child care facility and open space. The increase in the number of units helps OCII meet the mandate that 35% of the residential units in Transbay be affordable. Construction is scheduled to begin in Fall 2015, and a marketing plan will be submitted for OCII and MOHCD staff review one month later.

- c. **Block 9 Affordable Housing:** The Block 9 land sale closed in February 2015, subsequent to the execution of a disposition and development agreement. The project Block 9 for a residential project consists of 436 market-rate rental units and 109 affordable inclusionary rental units (at 50% 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 2015-16, OCII will coordinate with MOHCD for the tax exempt housing bond issuance for the inclusionary component of the project.
- d. **Block 8 Affordable Housing:** Execute a DDA in Spring 2015 with the selected developer of Block 8 for a residential project consisting of approximately 440 market-rate units and 163 affordable rental units (at 50% of AMI), including 1 manager's unit, in a 550-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking. Commitment of permanent gap financing and approval of air rights lease for the standalone affordable podium building will occur in FY 2015-16. Construction is expected to begin during FY 2015-16, and a marketing plan for the affordable units will be submitted for OCII and MOHCD staff review within one month.
- e. **Block 1 Affordable Homeownership Housing:** Execute 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 216 market rate units and 116 affordable units if the tower is built at 300 feet; the unit count will increase to 258 market rate units and 141 affordable units if the project is built at 400 feet. Commitment of permanent gap financing for the standalone affordable podium building will occur in FY 2015-16.
- f. **Block 2 Affordable Housing:** Subject to the availability of future funding, OCII may issue an RFP to select a development teams and provide predevelopment funding for Block 2, which could accommodate approximately 286 affordable rental units, and would be developed in multiple buildings across the block. Currently the site is occupied by the Transbay Temporary Bus Terminal, which is slated to be removed after the opening of the Transbay Transit Center in 2017.

D. Hunters View Public Housing Revitalization – Phase II Construction Monitoring: The Hunters View Public Housing Revitalization Project is not within one of the Major Approved Development Projects, but is an enforceable obligation since the former SFRA Commission authorized a loan to provide funding for Phases II and III of this HOPE SF project in April of 2011. OCII approved the disbursement

of the funds needed for Phase II in FY 2013-14, which includes 106 public housing replacement and new affordable units, and vertical construction commenced in January 2015. OCII staff is utilizing services from MOHCD to monitor that construction.

SERAF Loan Repayment to Low-Moderate Income Housing Asset Fund

In FY 2009-10, the former SFRA borrowed \$16.483 million from the LMIHF Low and Moderate Income Housing Fund (LMIHF) to pay its SERAF assessment. Under Dissolution Law, the Mayor's Office of Housing and Community Development may receive repayments of the LMIHF loan into the City's Low and Moderate Income Housing Asset Fund. OCII made an initial repayment of \$2.96 million in FY 2014-15. This budget includes a second repayment in FY 2015-16 of \$1.77 million, the maximum allowed under DOF formulas.

Affordable Housing Data Portal (SF DAHLIA)

The Mayor's Office of Housing and Community Development (MOHCD) is launching an Affordable Housing Data Portal, called as "SF DAHLIA", which will be an online multi-lingual one stop resource for information on all San Francisco housing programs. The system will provide one place for applicants to see and apply for affordable housing in San Francisco, and will include property listings for MOHCD's inclusionary and below market rate homeownership and multifamily rental programs, along with all OCII funded and inclusionary affordable units. Information will be available in English, Spanish, Chinese, and Tagalog. The website will also include tools to help applicants determine eligibility for available units, and once an applicant enters their information it will be saved and available for applications to other properties. Applicants will receive email confirmations and alerts throughout the application process, including status in any lotteries.

Phase 1 of the program, which will focus on below market rate homeownership housing, is expected to launch later this Spring. Phase 2, which will include all rental programs, is expected to launch in Fall 2015. The development cost of the software program is approximately \$1.4 million. MOHCD has asked OCII to budget 10% of the software development cost, or \$140,000, to represent OCII's projects' share of housing units on the site. This amount has been added to the overall Administrative Cost Allowance budget and would be paid through the existing Memorandum of Understanding with MOHCD.

9. Asset Management Outside Major Approved Project Areas

In addition to the Major Approved Project Areas, OCII has significant asset management responsibilities in several active and expired redevelopment project areas. These asset management responsibilities 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, which is a plan for disposition of all real property assets and is required under Redevelopment Dissolution Law (the "PMP").

The PMP was approved by OCII's Commission and the Oversight Board and submitted to the State Department of Finance ("DOF") in November 2013. DOF is still reviewing the PMP. Successor Agency staff are hopeful DOF will approve the PMP during calendar year 2015, which would allow staff to begin implementing the PMP. This work would include, among other things, title and escrow work, drafting transactional documents related to property sales or transfers, lease assignments, and shepherding properties through the approvals process. The budget includes \$200,000 in tax increment and other available revenues for these purposes.

The following briefly describes OCII's asset management responsibilities in several active and expired redevelopment project areas.

Yerba Buena Center (Expired Project Area)

Project Description & Status

The Yerba Buena Center ("YBC") Redevelopment Plan was adopted by the Board of Supervisors in 1966 and expired on January 1, 2011¹. 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.

Major commercial developments included (1) the expansion of Westfield's Shopping Centre onto the site of the former historic Emporium department store on Market Street and development of a new Bloomingdales fronting Mission Street as part of that project, and (2) development of new hotels including the Marriott Hotel, the Four Seasons, the W Hotel, the Westin San Francisco Market Street, and the St. Regis Hotel, totaling over 2,500 new hotel rooms in YBC. Major YBC residential development projects included the Paramount Apartments, the St. Regis and Four Seasons condominiums, and over 1,400 senior affordable units throughout YBC. Altogether about 3,100 new residential units were created.

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 the SFRA. The Moscone Convention Center was developed in partnership with the City, when the SFRA issued lease revenue bonds to finance the construction of the convention center.

In 2009, in anticipation of the expiration of the Yerba Buena Center Redevelopment Plan (the "YBC Plan"), the YBC Plan was amended pursuant to SB 2113. Adoption of this amendment lifted the "cap" on the aggregate amount of tax increment which can be collected from the YBC project area and extended the period for repayment of debt. As required by SB 2113, all new tax increment funds are used only for affordable housing development.

¹ The Redevelopment Plan for the Emporium Site (the redeveloped Bloomingdales/Westfield Mall expansion) remains in place and tax increment funds from this site are directed to affordable housing projects.

Since January 1, 2011, no new development could be initiated in YBC and OCII moved into an asset management role for its numerous real property assets in YBC. The assets include the last developable parcel of land in the Yerba Buena neighborhood (the future Mexican Museum site), Jessie Square Garage and 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.

FY 2015-16 Workplan

- a. **706 Mission Street/Mexican Museum Project/Jessie Square Garage:** OCII, Millennium Partners, and the Mexican Museum have formed a public-private partnership to build a residential tower at 706 Mission Street that would include a new museum space in the tower's base. OCII entered into a purchase and sale agreement with Millennium Partners in June 2013 to sell land and the Jessie Square Garage to the developer as part of the development of the 706 Mission Street/Mexican Museum project. OCII also has an exclusive negotiation agreement and grant agreement with the museum. It is anticipated that that title to the land and garage will be transferred to Millennium Partners in FY 2015-16. Work will include drafting transaction and escrow documents, and assisting with project approvals. Staff time will be reimbursed by the developer.
- b. **Paramount Apartments:** Staff negotiated a lease buy-out deal with Paramount's tenant that includes repayment of the developer's land discount. The budget reflects the second of four \$250,000 payments from the developer pursuant to the lease buy-out deal. This money is Community Development Block Grant program income to be transferred to the Mayor's Office of Housing and Community Development. Any work not funded by the project sponsor will be covered by OCII's administrative cost allowance.

Yerba Buena Gardens Asset Management: Yerba Buena Gardens ("YBG") includes cafes, fountains – including the Martin Luther King Jr. Memorial Fountain – performance venues, children's play areas, a child development center, a historic carousel, recreational venues such as an ice skating center and a bowling center, public artwork, and many other attractions. YBG is owned and operated by OCII, which supports the operations, capital expenditures, and programming of the YBG open spaces, cultural facilities and children's play areas using funds generated from existing short- and long-term commercial and ground leases, operating leases, and an annual development fee from the St. Regis Hotel. This fiscal year, OCII is projecting about \$12 million of revenue for YBG, which comes from leases, a developer contribution (from the St. Regis Hotel), and YBG reserves. This money will be spent on (1) property management expenses (\$3.78 million), (2) programmed events in YBG's open space area (\$75,000); (3) operating subsidies for Yerba Buena Center for the Arts (\$3.3 million); (4) operating subsidies for the Children's Creativity Museum (\$600,000); (5) Yerba Buena Community Business District assessments (\$90,000); (6) legal and risk management services (\$100,000); (7) staffing costs (\$219,000); and (8) \$3.96 million in capital improvements.

Capital improvements planned for this fiscal year include (1) irrigation and soil replacement, turf renovation, repair/replacement of pavers, refurbishment of YBG signage and movable furnishings all in the public open spaces; (2) replacement of specialized equipment and floor

refinishing at the bowling center; (3) elevator overhaul, replacement of the ice making equipment and ice resurfacers at the ice skating center; (4) HVAC and electrical work, some new seating, and replacement of mechanical shades at Yerba Buena Center for the Arts; (5) installation of updated security fencing and lighting at the Children's Creativity Museum; (6) ceiling replacement at B Restaurant; and (7) continuation of expansion joint waterproofing work at the Children's Creativity Museum and elsewhere at YBG.

Work done by OCII staff this fiscal year includes a wide range of asset management responsibilities and planning work related to the transfer of Yerba Buena Gardens to the City (pending DOF approval of OCII's PMP).

Rincon Point – South Beach (Active Project Area)

Project Description & Status

The Redevelopment Plan for this project area does not expire until January 5, 2021; however, the former redevelopment agency's ("SFRA's") work program has been largely completed, and therefore its activities are of an asset management nature.² Since 1981, the area has been transformed into a new mixed-use neighborhood. The majority of the private development was developed under owner participation agreements, or OPAs, which are considered existing enforceable obligations. Only one OPA in this project area is still active, and that is for the development of 74 condominiums over a rehabilitated historic warehouse at 72 Townsend Street, which should be completed during FY 15-16. OCII also manages a community facilities district that pays for additional landscaping and property maintenance on some of the project area's open spaces.

FY 2015-16 Workplan

- a. **Port-Owned Property, including South Beach Harbor:** OCII and the Port 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 and the Oversight Board on March 27, 2015 and submitted to the Department of Finance for concurrence. The MOA is also conditional upon approval by the State Lands Commission. Staff anticipates those leases will be terminated in the first half of FY 2015-16, 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 2014-15 budget.

Even after OCII terminates the underlying ground leases with the Port and transfers the properties back to the Port, OCII will still have the responsibility to (1) pay off the outstanding bonds associated with the construction of the harbor facilities. The source of funds for this payment will be tax increment from the Harbor, fund balance remaining in the South Beach Harbor account at the time of lease termination, and if necessary, Harbor revenues transferred to OCII by the Port pursuant to the terms of the MOA. The bonds will be fully paid off in December 2016.

² The Board of Supervisors for the City and County of San Francisco (the "Board of Supervisors") and the SFRA authorized the use of new tax increment financing from the Rincon Point-South Beach Redevelopment Project Area exclusively for affordable housing to fulfill the SFRA's replacement housing obligations.

- b. **72 Townsend Street Development Agreement:** Development is nearing completion under an owner participation agreement to build 74 condominiums over a rehabilitated warehouse at 72 Townsend Street. Agency work on this project includes ensuring agreed-upon affordable housing requirements and contract compliance. The project sponsor will pay for staff time.
- c. **Community Facility District #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). Work includes managing the contract with a landscape maintenance firm that does the work and managing the maintenance funds paid by the property owners.

Western Addition A-2 (Expired Project Area)

Project Description & Status

The Redevelopment Plan for the former Western Addition A-2 Redevelopment Project Area (the "Western Addition") expired on January 1, 2009.³ The former San Francisco Redevelopment Agency (the "SFRA") implemented a development program for the Western Addition that included thousands of units of new and rehabilitated housing, the revitalization of the Nihonmachi and Fillmore business districts, public infrastructure improvements, small business assistance, job training, and workforce development. Since January 1, 2009, 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.

FY 2015-16 Workplan

- a. **Fillmore Heritage Center Garage:** The Fillmore Heritage Center is a mixed-use project the SFRA helped finance over 10 years ago to stimulate economic development along the lower Fillmore Street commercial corridor. The project includes 80 condominiums, ground-floor commercial space (which currently houses a music venue/restaurant and a second restaurant), and a 112-space public parking garage. The SFRA built the garage primarily to serve the two commercial tenants, and OCII continues to own this asset. Pacific Park Management operates the garage for OCII under a garage management agreement that runs until June 30, 2015 (Staff will be bringing an extension of this agreement to the Commission for its consideration prior to its expiration).

The proposed budget for FY 2015-16 includes \$1.0 million in expenses related to the garage. These expenses, which are paid with garage revenues and some new property tax revenue received this FY, include: 1) \$415,000 for operating expenses and 2) \$600,000

³ The Board of Supervisors and the SFRA authorized the use of new tax increment financing from the Western Addition A-2 Redevelopment Project Area exclusively for affordable housing to fulfill the SFRA's replacement housing obligations.

- for operating deficits, which are expected to increase given the closure of the project's largest commercial tenant (as explained below), and capital reserves. These amounts assume that OCII continues to own the garage this FY, and that the current contract is extended until the PMP is approved by DOF. Work includes general asset management duties and implementing the disposition plan. Staff time will be paid out of OCII's administrative cost allowance.
- b. **Fillmore Heritage Center Commercial Parcel:** OCII also owns the commercial space within the Fillmore Heritage Center. The commercial space is leased to a master tenant ("FDC"), who subleased it to Yoshi's jazz club/restaurant (subsequently renamed "The Addition"), and another restaurant, "1300." The Addition closed in January 2015. The commercial space pays common area maintenance ("CAM") charges to the homeowners' association, which manages the entire building and the common areas. Pursuant to the ground lease, FDC is responsible for paying the CAM charges on the commercial parcel. If FDC fails to make these payments, for whatever reason, OCII, as owner of the commercial parcel, is responsible for paying any outstanding CAM charges. To be prudent, OCII is assuming that it will be responsible for paying all of the CAM charges for the commercial parcel, which run about \$15,000 per month.. Therefore, the budget includes \$180,000 to cover this expense for 12 months, if necessary. Work includes managing the master tenant and subtenants, resolving problems with the homeowners' association, dealing with property management issues of the common areas, conducting analyses associated with a tenant's bankruptcy, and other asset management duties. Work also will include implementing the disposition plan. Staff time is paid from OCII's administrative cost allowance.
 - c. **1450 Franklin and 1210 Scott Street Development Agreements:** Staff monitors two development agreements in this project area. Development is proceeding on an owner participation agreement to build new condominium units at 1450 Franklin Street. Agency work on this project includes reviewing construction documents, design review and contract compliance. Staff also monitors a disposition and development agreement for a school gymnasium and classroom space at 1210 Scott Street. Any work not funded by the project sponsors will be covered by the administrative cost allowance.
 - d. **Tenant Improvement Loan Agreements:** OCII is currently the party to several tenant improvement loan agreements with businesses along Fillmore Street. Work includes loan administration and monitoring. Any loan payments received (budgeted at \$50,000) will pay for staff time and legal expenses associated with the Fillmore Heritage Center.

Other Active and Expired Redevelopment Project Areas

- a. **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. Several planned projects and economic development programs have either been cancelled or not renewed, and the ongoing alleyway improvement project was transferred to the City to complete. OCII has very few enforceable obligations left in this project area.

There are still several active façade and tenant improvement loan agreements that were executed under OCII'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. This work is paid through OCII's administrative cost allowance.

- b. **Hunters Point (Expired Project Area):** The Redevelopment Plan for this project area expired in 2009 and the SFRA's redevelopment program for this project area was complete. The redevelopment program focused on creating a new residential community for low- to moderate-income residents with supporting commercial, educational and recreational uses. OCII continues to own several min-parks in this project area, and one larger park known as Shoreview Park.

OCII pays property management expenses for one property it owns in this project area (Shoreview Park). The other mini-parks OCII owns in this project area are maintained by either the City or adjacent property owners. This FY, staff expects to spend about \$17,000 on property management for Shoreview Park. Work includes managing the property management contract with a property management firm and implementing a disposition strategy, once approved by DOF. Staff time and property management costs are paid from OCII's administrative cost allowance.

In addition, OCII is carrying forward \$1.3 million in prior year budget authority and budgeting a further \$308,000 for capital improvements and deferred maintenance at Shoreview Park. The source of funds is Community Development Block Grant ("CDBG") program income mostly generated from a parcel of land OCII owns at 345 Williams Avenue. OCII anticipates transferring Shoreview Park to the City pursuant to the PMP, and may transfer any remaining maintenance and capital improvement funds at the same time.

- c. **Bayview Industrial Triangle (Active Project Area):** The Redevelopment Plan for this project area doesn't expire until 2020 but the SFRA's redevelopment program for this project area (i.e., to create a new industrial park) was largely complete. OCII occasionally receives requests for land use approvals in this project area. Development is proceeding on a mixed-use building containing approximately 40 new residential units and ground-floor commercial space on a vacant, privately-owned lot at 4101 Third Street. Work includes design review, zoning checks, and shepherding entitlement approvals through the Commission. Staff time will be reimbursed by the project sponsor.

Appendix 1. Community Facilities Districts

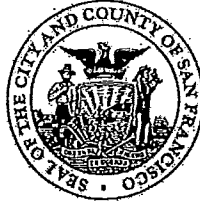
Community Facilities Districts ("CFDs") are special taxing districts formed under the California Mello-Roos Act. The revenues supporting the activities and/or bond obligations of these districts come solely from special taxes, voted by electors within the district at the time of its formation. The OCII 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.

Table A1: Community Facilities District Annual Tax Levies and Bond Balances

District Number	District Name	FY 2016 Tax Levy	FY 15-16 Exps - Debt Svc	FY15-16 Exps - Operation	Bonds Outstanding 6/30/15	Final Bond Maturity	Purpose
CFD#1 ¹	South Beach Harbor	0.0	0.0	0.2	0.0	N/A	Park Maintenance
CFD#4 ²	Mission Bay North	0.0	0.0	0.0	19.6	8/1/2031	Infrastructure
CFD#5	Mission Bay North and South	1.6	0.0	2.4	N/A	N/A	Park Maintenance
CFD#6	Mission Bay South	10.1	7.9	0.0	138.0	8/1/2043	Infrastructure
CFD#7	Hunter's Point Shipyard	0.0	1.9	0.0	34.5	8/1/2036	Infrastructure
CFD#8	Hunter's Point Shipyard	0.0	0.0	1.7	N/A	N/A	Park Maintenance

1. Tax Levy will resume in 2015. FY2014 expense cover by bond surplus.
 2. 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).

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

To: Angela Calvillo, Clerk of the Board of Supervisors
From: Kate Howard, Mayor's Budget Director
Date: June 1, 2015
Re: Mayor's FY 2015-16 and FY 2016-17 Budget Submission

Madam Clerk,

In accordance with City and County of San Francisco Charter, Article IX, Section 9.100, the Mayor's Office hereby submits the Mayor's June 1st proposed budget, corresponding legislation, and related materials for Fiscal Year 2015-16 and Fiscal Year 2016-17.

In addition to the Annual Salary Ordinance and Annual Appropriation Ordinance, the following items are included in the Mayor's submission:

- The budget for the Treasure Island Development Authority for FY 2015-16 and FY 2016-17.
- The budget for the Office of Community Investment and Infrastructure for FY 2015-16.
- 19 separate pieces of legislation (see list attached).
- A Transfer of Function letter detailing the transfer of 1.0 position within the Executive Branch.
- An Interim Exception letter.
- A letter addressing funding levels for consumer price index increases for nonprofit corporations or public entities for the coming two fiscal years.

If you have any questions, please contact me at (415) 554-6515.

Best Regards,

A handwritten signature in black ink that reads "Kate Howard".

Kate Howard
Mayor's Budget Director

cc: Members of the Board of Supervisors
Harvey Rose
Controller

Legislation Introduced with the Mayor's Proposed FY 2015-16 and FY 2015-16 Budget			
DEPT	Description of Local Legislation	Type of Legislation	Budget & Finance Committee Calendar Date
AIR	Appropriation – \$2,673,349 to the Airport Commission - FY2015-2016	Ordinance	15-Jun
CON	Resolution Adjusting the Access Line Tax with the Consumer Price Index of 2015	Resolution	15-Jun
CON	Neighborhood Beautification and Graffiti Clean-up Fund Tax Designation Ceiling	Ordinance	15-Jun
CON	Designation of Hinderliter, de Llamas and Associates ("Contractor") as City's Authorized Representative in Sales and Use Tax Records Examination	Resolution	15-Jun
CON	Proposition J Contract Certification Specified Contracted-Out Services Previously Approved	Resolution	15-Jun
CPC	Administrative Code – California Environmental Quality Act Procedures and Fees (Fee Elimination)	Ordinance	15-Jun
CPC	Planning, Building Codes – Fee Waiver for Legalization of Secondary Dwelling Units	Ordinance	15-Jun
DBI	Building Code - Fees	Ordinance	18-Jun
DPH	Accept and Expend Grants- Recurring State Grant Funds - Department of Public Health- FY2015-2016	Resolution	18-Jun
DPH	Public Health Rates for FY 2015-16 and FY 2016-17	Ordinance	18-Jun
DPH	Administrative Code - Department of Public Health Group Purchasing Organizations	Ordinance	18-Jun
DPW	Public Works Code – Fees for Nighttime Work Permit and Preapplication Meetings	Ordinance	17-Jun
FIR	Business and Tax Regulations Code - Fire Department Licensing Fees	Ordinance	17-Jun
FIR	Fire Code – Fire Department Fines and Fees	Ordinance	17-Jun
H.S.A.	Approval of FY15-16 and FY16-17 Expenditure Plans for the Human Services Care Fund	Resolution	18-Jun
MOHCD	Administrative, Planning, Subdivision Codes - Citywide Affordable Housing Fund, Mayor's Housing Programs Fees Fund	Ordinance	15-Jun
MOHDC	Certificates of Participation – Housing Trust Fund – Reimbursement of Certain Expenditures	Resolution	15-Jun
PUC	Appropriation Amendment - \$2,177,552 to the Public Utilities Commission Operating Budget - FY2015-2016	Ordinance	15-Jun
PUC	Public Employment – Amendment to the Annual Salary Ordinance, FY2015-2016 and FY 2016-2017 – Public Utilities Commission Water Enterprise Department	Ordinance	15-Jun