



Interim FY 2022-23 Budget

Table of Contents

1. Background 1

2. Program Summary 2

3. Land Use and Infrastructure 9

4. Housing Obligations 12

5. Community and Workforce Development 16

6. Other Significant Initiatives 18

7. Debt 19

8. Operations Budget 22

9. Budgeted Positions 25

1. Background

On February 1, 2012, the State of California dissolved the San Francisco Redevelopment Agency (“SFRA”) along with all 400 redevelopment agencies in California under Cal. Health & Safety Code §§ 34170 *et seq* (“Dissolution Law”). Pursuant to the Dissolution Law and to Board of Supervisors (“BOS”) Ordinance 215-12, the Office of Community Investment & Infrastructure (“OCII”) is the Successor Agency to the SFRA.

OCII is charged with completing work related to approved enforceable obligations. Those enforceable obligations are related to: (1) the Projects defined in BOS Ordinance No. 215-12 as the Mission Bay North and South Projects, the Transbay Project, and the Hunters Point Shipyard/Candlestick Point Project; (2) management of SFRA assets, 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 Affordable Housing Obligations.

Governance

Ordinance 215-12 establishes the Successor Agency Commission as the main governing body of OCII. The Commission provides financial and policy oversight and exercises land use and design approval authority for the 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 that contain the largest amounts of the Projects.

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

Dissolution Law establishes that OCII is a separate entity from the City and County of San Francisco (“CCSF”), as was the SFRA. However, under BOS Ordinance No. 215-12, the BOS, in its capacity as the legislative body for CCSF, must still approve OCII’s annual budget (Cal Health & Safety Code § 33606). Accordingly, the OCII’s budget must be approved first by the Commission and subsequently approved by the Mayor and Board of Supervisors.

2. Program Summary

OCII's primary activity is funding and facilitating delivery of affordable housing and infrastructure in the project areas of Mission Bay North and South, Transbay, and Hunters Point Shipyard/Candlestick Point. OCII's programmatic spending reflects this mission. Much of OCII staff time is spent on working closely with development partners and City agencies on land use plans and the associated permits and maps necessary to build these new communities. Additional details on OCII's staffing efforts related to that review, as well as information on FY 2022-23 programmatic goals for the delivery of public infrastructure (such as parks and open spaces), affordable housing units, and support of community benefits and workforce development can be found in the subsequent sections. Below are brief summaries OCII's three Projects, along with FY 2022-23 program highlights.

Mission Bay North and South

The project areas of Mission Bay North and Mission Bay South, together referred to as Mission Bay, were established in 1998 to create a vibrant transit-oriented and mixed-use community that will result in 6,535 residential units (29 percent of which will be affordable), 5.2 million square feet of office and biotechnology space, 560,000 square feet of retail uses, a new University of California San Francisco ("UCSF") research campus and medical center including a 550-bed hospital, 18,000-seat event center, 129-room and 300-room hotels, library, school, police headquarters, and a local police and fire department. Mission Bay contains 49 acres of open space, approximately 41 of which are owned by the City (master leased by and managed by OCII) and approximately eight of which are owned by UCSF. The master developer of the Mission Bay Project, FOCIL MB, is responsible for constructing public infrastructure and parks pursuant to two Owner Participation Agreements. OCII reimburses the developer for constructed infrastructure. OCII is responsible for approving the land uses and designs of both the public and private development projects and directly funds affordable housing in Mission Bay. Completion of the Mission Bay Project is anticipated in six to eight years and will result in construction of more than \$900 million of new infrastructure, development of over \$8 billion in private vertical development, and creation of 31,000 permanent jobs. The Mission Bay Redevelopment Plans will expire in late 2028.

To date 6,060 residential units, 3.991 million square feet of office and biotechnology space, 540,000 square feet of retail uses, a 550-bed hospital, an 18,000-seat event center, 68 percent of the UCSF research campus and 30 acres of open space have been built. In FY 2022-23, OCII will continue to reimburse the master developer for completed infrastructure using a combination of tax allocation bond proceeds, property tax increment, and Community Facility District ("CFD") funds. OCII will also monitor the construction and completion of 141 affordable housing units on Block 9 and the construction of 148 units of for sale affordable housing on Block 9A, continue to

review designs and permits for open spaces and private commercial development, and create public art in Park P2 using public art fees contributed by various developers. Construction of one park will be completed in FY 2022-23, and OCII will incorporate the completed park into a contract with a third-party parks manager, which is funded through special tax levied by Community Facilities District #5.

Transbay

The Transbay Project was established in 2005 and is located primarily between Folsom and Howard Streets, east of 2nd Street, and west of Spear and Main Streets. A small portion of the Transbay Project extends south of Folsom Street along Essex Street to Harrison Street. The Transbay Project consists of two zones. Zone 1 is under the land use authority of OCII and consists of twelve blocks of land, eleven of which were formerly owned by the State. Zone 2 is under the City Planning Department's jurisdiction and includes the Salesforce Transit Center and two former State-owned parcels. OCII is responsible for funding the design and construction of two new parks, streetscape improvements on Folsom Street, selling designated formerly State-owned parcels to fund construction of the Salesforce Transit Center, forming partnerships with for-profit and non-profit developers to build housing, and directly funding affordable housing. Thirty-five percent of all new housing units in the entire Transbay Project Area will be affordable. After the entirety of all the former State-owned and OCII parcels have been fully built out, the Transbay Project will have contributed approximately 3,900 residential units, 2.5 million square feet of office, 94,000 square feet of retail, and 9 acres of open space to the neighborhood.

In Zone 1, all of the office space is complete, and 2,196 residential units have been built. In FY 22-23, 1,085 units in Zone 1 will be in the planning phase. These units consist of three projects, two of which will occupy the northern and southern ends of the former Transbay Temporary Bus Terminal site. The first is a large mixed-income residential project on Block 4, which may require amendments to the Redevelopment Plan and associated design controls to allow for maximum efficiency of the site. Second, two stand-alone affordable housing projects subsidized by OCII are proposed for Block 2. OCII is in negotiations with a development team on Block 4 and has approved agreements with two development teams for Block 2. The third project is Block 12, a future affordable housing site that will be constructed after the Caltrain rail tunnel is extended from its current terminus at the 4th and King Street station to the new Salesforce Transit Center. Since Block 12 sits atop the future rail extension's route OCII cannot move its development forward until after the new rail infrastructure is completed, the timing of which is to be determined.

In compliance with its infrastructure obligations, OCII will disburse funds, in FY 2022-23 through an existing contract with San Francisco Public Works ("SFPW") to close out payments on a major streetscape construction project on Folsom Street between Essex and Spear Streets that completed construction in FY 20-21. OCII will also disburse funds through existing contracts with SFPW

and third-party design consultants to facilitate the design and predevelopment activities associated with two future parks: the nearly 2.45-acre Under-ramp Park, which will be located underneath the Fremont off-ramp and the bus ramp to the Salesforce Transit Center, and the 1-acre Block 3 Park that will occupy the middle section of the current Temporary Bus Terminal. Since construction on the permanent development for the various projects on the Temporary Terminal site won't begin in FY 2022-23, OCII has entered into agreements to provide interim activation of the site.

Hunters Point Shipyard and Candlestick Point

The Hunters Point Shipyard/Candlestick Point Project is composed of approximately 780 acres along the southeastern waterfront of San Francisco. The San Francisco Board of Supervisors originally adopted the Shipyard Redevelopment Plan in 1997 and amended it in 2010, along with the Bayview Hunters Point Redevelopment Plan. These amendments added the Candlestick Point portion of the Bayview Hunters Point Redevelopment Plan to the Project to facilitate integrated development of the Hunters Point Shipyard and Candlestick Point Projects. Hunters Point Shipyard will be developed in two distinct phases by different master developers: Lennar, which is developing Hunters Point Shipyard Phase 1, and FivePoint, which is developing Hunters Point Shipyard Phase 2/Candlestick Point. Together, the entire Hunters Point Shipyard/Candlestick Point Project will generate more than 12,100 units of housing (of which approximately one-third will be affordable), 326 acres of parks, over 4.4 million square feet of commercial space, and approximately \$89 million of community benefits such as homeowner assistance, workforce development, job training, educational assistance, and contributions to South East Health Center.

In the Shipyard, OCII will focus on affordable housing, street acceptance, park management, and upgrading Building #101. To date, a total of 842 units have been built at Hunters Point Shipyard Phase 1 and Candlestick Point, including the first four phases of a revitalized Alice Griffith public housing development. In FY 2022-23, OCII hopes to begin construction on three OCII funded affordable housing buildings, Blocks 52/54 and Block 56, which total approximately 185 units. A third-party Community Developer intends to begin construction 224 units on Block 1. OCII will continue to work with Lennar to facilitate the City's acceptance of streets at Hunters Point Shipyard Phase 1. OCII owns the artists' studio building known as "Building 101." In FY 2022-23, OCII will continue to implement an existing contract with SFPW to design and implement significant upgrades to this artists' building. This contract is funded by two federal Economic Development Administration grants.

At Candlestick Point, OCII staff will work with FivePoint and various City departments to facilitate public street acceptance surrounding the Alice Griffith neighborhood. Both Lennar and FivePoint have made significant monetary contributions in accordance with their Community Benefits Agreements. OCII will utilize this funding for contracts with community non-profits to

administer scholarships, contractor assistance, and other community development programs.

Year-Over-Year Comparison and Budget Summary

As shown in Exhibit 1, the proposed FY 2022-23 budget of \$717.3 million represents an increase of \$151.5 million from the FY 2021-22 budget of \$565.8 million. Of this amount, \$458.0 million in uses is new budget authority and \$259.2 million is Prior Period Authority carried forward from FY 2021-22. Prior Period Authority is expenditure carried forward from prior fiscal years, including affordable housing loans awarded but not drawn down and multi-year construction budgets.

Changes to current year revenue sources compared to FY 2021-22 are primarily due to an increase in new bonds issued to fund infrastructure projects. An increase in Prior Period Authority (“PPA”) housing reflects the use of affordable housing bond proceeds from bonds issued in a prior year. These increases are offset by a decrease in new bonds issued to fund affordable housing. OCII issued affordable housing bonds in FY 2021-22 but will not issue such bonds in FY 2022-23.

Changes to current year uses compared to FY 2021-22 are primarily due to an increase in PPA for housing that reflects the continued spending on affordable housing loans made in prior years.

[This section is intentionally left blank]

Exhibit 1: Proposed FY 2022-23 Budget Compared to FY 2021-22 Budget, *Millions**

| | FY 21-22 Budget | FY 22-23 Proposed | YOY Difference |
|---|--------------------|----------------------|-------------------|
| Sources | | | |
| Property Tax Increment - TAB Debt Service | \$ 75.3 | \$ 61.1 | \$ (14.2) |
| Property Tax Increment - Debt Portfolio | \$ 2.0 | \$ 1.1 | \$ (0.9) |
| Property Tax Increment - Mission Bay | \$ 27.1 | \$ 40.3 | \$ 13.1 |
| Property Tax Increment - HPS2/CP | \$ 1.1 | \$ 1.0 | \$ (0.1) |
| Property Tax Increment - State Owned TBY | \$ 30.2 | \$ 36.8 | \$ 6.6 |
| Property Tax Increment - Other | \$ 8.3 | \$ 7.7 | \$ (0.6) |
| Property Tax Increment - ACA | \$ 4.3 | \$ 3.9 | \$ (0.4) |
| Subtotal CY Property Tax Increment | \$ 148.3 | \$ 151.8 | \$ 3.5 |
| | | | |
| New Bonds - Housing | \$ 119.8 | \$ - | \$ (119.8) |
| New Bonds - Infra | | \$ 92.1 | \$ 92.1 |
| Subtotal CY New Bonds | \$ 119.8 | \$ 92.1 | \$ (27.8) |
| | | | |
| Developer Payments | \$ 62.8 | \$ 66.8 | \$ 4.0 |
| Subtotal CY Developer Payments | \$ 62.8 | \$ 66.8 | \$ 4.0 |
| | | | |
| Rent & Lease Revenue | \$ 0.4 | \$ 0.4 | \$ - |
| Payments from Other Gov Entities | \$ 3.3 | \$ 2.5 | \$ (0.8) |
| Hotel Tax | \$ 4.5 | \$ 4.5 | \$ - |
| Subtotal CY Other | \$ 8.2 | \$ 7.4 | \$ (0.8) |
| | | | |
| Fund Balance - Housing | \$ 77.4 | \$ 112.8 | \$ 35.4 |
| Fund Balance - Non-Housing | \$ 52.9 | \$ 27.2 | \$ (25.7) |
| Subtotal CY Fund Balance | \$ 130.3 | \$ 140.0 | \$ 9.7 |
| | | | |
| Prior Period Authority - Housing | \$ 29.1 | \$ 198.0 | \$ 168.9 |
| Prior Period Authority - Non-Housing | \$ 67.3 | \$ 61.3 | \$ (6.1) |
| Subtotal CY Prior Period Authority | \$ 96.4 | \$ 259.2 | \$ 162.8 |
| | | | |
| Total CY Sources | \$ 565.8 | \$ 717.3 | \$ 151.5 |
| | | | |
| Uses | | | |
| Uses - Operations | | | |
| Operational Salaries and Benefits | \$ 9.2 | \$ 9.8 | \$ 0.6 |
| Affordable Housing Services | \$ 1.1 | \$ 0.8 | \$ (0.3) |
| Rent | \$ 0.9 | \$ 1.0 | \$ 0.1 |
| Retiree Health and Pension Costs | \$ 4.6 | \$ 4.3 | \$ (0.3) |
| Auditing & Accounting Services | \$ 0.3 | \$ 0.3 | \$ - |
| Legal Services | \$ 1.4 | \$ 1.4 | \$ - |
| Planning & Infrastructure Rvw | \$ 6.7 | \$ 5.0 | \$ (1.7) |
| Workforce Development Services | \$ 0.1 | \$ 0.1 | \$ - |
| Other Professional Services | \$ 10.9 | \$ 10.2 | \$ (0.7) |
| Grants to Community-Based Organizations | \$ 4.1 | \$ 1.5 | \$ (2.6) |
| Payments to Other Public Agencies | \$ 0.4 | \$ 0.4 | \$ - |
| Other Current Expenses | \$ 1.5 | \$ 1.5 | \$ - |
| Subtotal CY Uses - Operations | \$ 41.2 | \$ 36.2 | \$ (4.9) |
| | | | |
| Uses - Non-Operations | | | |
| Affordable Housing Loans | \$ 239.7 | \$ 162.5 | \$ (77.2) |
| Development Infrastructure | \$ 98.7 | \$ 167.5 | \$ 68.8 |
| Pass-through to TJPA | \$ 30.2 | \$ 36.8 | \$ 6.6 |
| Debt Service - OCII TAB Bonds | \$ 103.6 | \$ 88.0 | \$ (15.6) |
| Public Art | \$ 1.1 | \$ 1.4 | \$ 0.3 |
| Other Debt | \$ 6.3 | \$ 5.7 | \$ (0.6) |
| Subtotal CY Uses - Non-Operations | \$ 479.6 | \$ 461.9 | \$ (17.7) |
| | | | |
| Prior Period Authority - Housing | \$ 29.1 | \$ 198.0 | \$ 168.9 |
| Prior Period Authority - Non-Housing | \$ 16.0 | \$ 21.2 | \$ 5.2 |
| Subtotal CY Prior Period Authority | \$ 45.1 | \$ 219.1 | \$ 174.1 |
| | | | |
| Total CY Uses | \$ 565.8 | \$ 717.3 | \$ 151.5 |

**Dollar amounts will be slightly off due to rounding.*

As shown in Exhibit 2, in FY 2022-23 OCII proposes to expend \$564.3 million, or 78.7 percent of its budget, on direct program spending including \$360.5 million on affordable housing, \$201.7 million on infrastructure and other non-housing activities, and \$2.2 million on community development and workforce activities. OCII will fund these activities using primarily PPA, fund balance, and new bonds - infrastructure. Fund balance reflects funds received in a prior year that OCII is budgeting for the first time in FY 2022-23.

Exhibit 2: Proposed FY 2022-23 Budget Programmatic Summary, *Millions**

| Uses | Sources | Property Tax | Developer Payments | New Bonds - Infra | Rent & Lease Revenue | Fund Balance | Prior Period Authority | Other | Total | Percent |
|---------------------------------------|---------|-----------------|--------------------|-------------------|----------------------|-----------------|------------------------|---------------|-----------------|---------------|
| Direct Program Spending | | | | | | | | | | |
| Affordable Housing | | \$ - | \$ 50.5 | \$ - | \$ - | \$ 112.0 | \$ 198.0 | \$ - | \$ 360.5 | 50.3% |
| Infrastructure & Other Non-Housing | | \$ 14.7 | \$ 8.3 | \$ 89.0 | \$ - | \$ 26.7 | \$ 60.7 | \$ 2.2 | \$ 201.7 | 28.1% |
| Comm Dev & Workforce | | \$ - | \$ 1.7 | \$ - | \$ - | \$ - | \$ 0.5 | \$ - | \$ 2.2 | 0.3% |
| Direct Programmatic Subtotal | | \$ 14.7 | \$ 60.5 | \$ 89.0 | \$ - | \$ 138.6 | \$ 259.2 | \$ 2.2 | \$ 564.3 | 78.7% |
| Indirect Program Spending | | | | | | | | | | |
| Project Mgmt & Operations | | \$ 11.1 | \$ 6.3 | \$ 0.1 | \$ - | \$ 1.3 | \$ - | \$ 0.3 | \$ 19.0 | 2.7% |
| Debt | | \$ 89.2 | \$ - | \$ 3.0 | \$ - | \$ 0.1 | \$ - | \$ 4.5 | \$ 96.7 | 13.5% |
| TJPA Pass-through | | \$ 36.8 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 36.8 | 5.1% |
| Other | | \$ - | \$ - | \$ - | \$ 0.4 | \$ - | \$ - | \$ - | \$ 0.4 | 0.1% |
| Indirect Programmatic SubTotal | | \$ 137.0 | \$ 6.3 | \$ 3.1 | \$ 0.4 | \$ 1.4 | \$ - | \$ 4.8 | \$ 152.9 | 21.3% |
| Total | | \$ 151.8 | \$ 66.8 | \$ 92.1 | \$ 0.4 | \$ 140.0 | \$ 259.2 | \$ 7.0 | \$ 717.3 | 100.0% |
| | | 21.2% | 9.3% | 12.8% | 0.1% | 19.5% | 36.1% | 1.0% | 100.0% | |

**Dollar amounts will be slightly off due to rounding.*

In order to support the delivery of these direct programmatic activities, the Proposed FY 2022-23 Budget includes funding for indirect program expenditures, such as project management and operations, debt, and Transbay Joint Powers Authority (“TJPA”) Pass-through obligation, which is a pass-through of pledged property tax to the TJPA. Exhibit 2 shows a total of \$152.9 million budgeted to these indirect programmatic expenditures, which are primarily supported through property tax.

Exhibit 3 shows the total Proposed FY 2022-23 Budget by Project Area and Cost Center. The column headers describe Operations, Debt, and OCII’s major active projects: Hunters Point Shipyard Phase 1 and Phase 2 / Candlestick Point (“Hunters Point Shipyard / Candlestick Point”) or (“HPS/CP”), Mission Bay North (“MBN”), Mission Bay South (“MBS”), and Transbay (“TBY”). Expenditures unrelated to the major active project areas, Operations, or Debt are rolled up and shown in the Other column. Exhibit 3 integrates the proposed budget for affordable housing into the appropriate project area, according to each project’s location.

Exhibit 3: Proposed FY 2022-23 Budget by Project Area/Cost Center, Millions*

| | Operations | Debt | HPS / CP | MBN | MBS | TBY | Other | Total |
|---|----------------|----------------|-----------------|----------------|-----------------|-----------------|---------------|--------------|
| Sources | | | | | | | | |
| Property Tax Increment - TAB Debt Service | \$ - | \$ 61.1 | \$ - | \$ - | \$ - | \$ - | \$ - | 61.1 |
| Property Tax Increment - Debt Portfolio | \$ - | \$ 1.1 | \$ - | \$ - | \$ - | \$ - | \$ - | 1.1 |
| Property Tax Increment - Mission Bay | \$ - | \$ 27.0 | \$ - | \$ - | \$ 13.3 | \$ - | \$ - | 40.3 |
| Property Tax Increment - HPS2/CP | \$ - | \$ - | \$ 1.0 | \$ - | \$ - | \$ - | \$ - | 1.0 |
| Property Tax Increment - State Owned TBY | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 36.8 | \$ - | 36.8 |
| Property Tax Increment - Other | \$ 5.8 | \$ - | \$ 0.8 | \$ - | \$ - | \$ 1.1 | \$ - | 7.7 |
| Property Tax Increment - ACA | \$ 3.9 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 3.9 |
| Subtotal CY Property Tax Increment | \$ 9.7 | \$ 89.2 | \$ 1.7 | \$ - | \$ 13.3 | \$ 37.9 | \$ - | 151.8 |
| New Bonds - Infra | \$ - | \$ 3.1 | \$ - | \$ - | \$ - | \$ 89.0 | \$ - | 92.1 |
| Subtotal CY New Bonds | \$ - | \$ 3.1 | \$ - | \$ - | \$ - | \$ 89.0 | \$ - | 92.1 |
| Developer Payments | \$ 0.6 | \$ - | \$ 11.7 | \$ 0.0 | \$ 6.0 | \$ 48.4 | \$ 0.1 | 66.8 |
| Subtotal CY Developer Payments | \$ 0.6 | \$ - | \$ 11.7 | \$ 0.0 | \$ 6.0 | \$ 48.4 | \$ 0.1 | 66.8 |
| Rent & Lease Revenue | \$ - | \$ - | \$ 0.4 | \$ - | \$ - | \$ - | \$ - | 0.4 |
| Payments from Other Gov Entities | \$ 0.3 | \$ - | \$ 2.2 | \$ - | \$ - | \$ - | \$ - | 2.5 |
| Hotel Tax | \$ - | \$ 4.5 | \$ - | \$ - | \$ - | \$ - | \$ - | 4.5 |
| Subtotal CY Other | \$ 0.3 | \$ 4.5 | \$ 2.6 | \$ - | \$ - | \$ - | \$ - | 7.4 |
| Fund Balance - Housing | \$ - | \$ - | \$ 5.0 | \$ - | \$ 4.1 | \$ 103.8 | \$ - | 112.8 |
| Fund Balance - Non-Housing | \$ - | \$ 0.3 | \$ 0.1 | \$ 17.7 | \$ 4.4 | \$ 4.7 | \$ - | 27.2 |
| Subtotal CY Budget Sources | \$ - | \$ 0.3 | \$ 5.1 | \$ 17.7 | \$ 8.5 | \$ 108.4 | \$ - | 140.0 |
| Prior Period Authority - Housing | \$ - | \$ - | \$ 105.4 | \$ - | \$ 85.6 | \$ 7.0 | \$ - | 198.0 |
| Prior Period Authority - Non-Housing | \$ - | \$ - | \$ 0.5 | \$ - | \$ 42.6 | \$ 11.4 | \$ 6.8 | 61.3 |
| Subtotal CY Sources - Prior Period Authority | \$ - | \$ - | \$ 105.9 | \$ - | \$ 128.1 | \$ 18.4 | \$ 6.8 | 259.2 |
| Total CY Sources | \$ 10.6 | \$ 97.0 | \$ 127.1 | \$ 17.7 | \$ 155.9 | \$ 302.1 | \$ 6.8 | 717.3 |
| Uses | | | | | | | | |
| Uses - Operations | | | | | | | | |
| Allocated Staff & Operating Expenses | \$ (8.5) | \$ 0.4 | \$ 3.6 | \$ 0.2 | \$ 2.4 | \$ 1.8 | \$ 0.1 | (0.0) |
| Operational Salaries and Benefits | \$ 9.8 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 9.8 |
| Affordable Housing Services | \$ 0.8 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 0.8 |
| Rent | \$ 1.0 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 1.0 |
| Retiree Health and Pension Costs | \$ 4.3 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 4.3 |
| Auditing & Accounting Services | \$ 0.3 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 0.3 |
| Legal Services | \$ 0.3 | \$ - | \$ 1.1 | \$ - | \$ - | \$ 0.0 | \$ - | 1.4 |
| Planning & Infrastructure Rvw | \$ 0.0 | \$ - | \$ 5.0 | \$ - | \$ - | \$ - | \$ - | 5.0 |
| Workforce Development Services | \$ 0.1 | \$ - | \$ 0.1 | \$ - | \$ - | \$ - | \$ - | 0.1 |
| Other Professional Services | \$ 1.1 | \$ 3.0 | \$ 1.3 | \$ 0.3 | \$ 3.6 | \$ 1.0 | \$ - | 10.2 |
| Grants to Community-Based Organizations | \$ - | \$ - | \$ 1.5 | \$ - | \$ - | \$ - | \$ - | 1.5 |
| Payments to Other Public Agencies | \$ - | \$ - | \$ 0.4 | \$ - | \$ - | \$ - | \$ - | 0.4 |
| Other Current Expenses | \$ 1.5 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 1.5 |
| Subtotal CY Uses - Operations | \$ 10.6 | \$ 3.4 | \$ 12.9 | \$ 0.5 | \$ 6.0 | \$ 2.8 | \$ 0.1 | 36.2 |
| Uses - Non-Operations | | | | | | | | |
| Affordable Housing Loans | \$ - | \$ - | \$ 4.7 | \$ - | \$ 7.0 | \$ 150.8 | \$ - | 162.5 |
| Development Infrastructure | \$ - | \$ - | \$ 1.1 | \$ 17.1 | \$ 55.8 | \$ 93.4 | \$ - | 167.5 |
| Pass-through to TJPA | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 36.8 | \$ - | 36.8 |
| Debt Service - OCII TAB Bonds | \$ - | \$ 88.0 | \$ - | \$ - | \$ - | \$ - | \$ - | 88.0 |
| Public Art | \$ - | \$ - | \$ - | \$ - | \$ 1.4 | \$ - | \$ - | 1.4 |
| Other Debt | \$ - | \$ 5.6 | \$ - | \$ 0.1 | \$ - | \$ - | \$ - | 5.7 |
| Subtotal CY Uses - Non-Operations | \$ - | \$ 93.7 | \$ 5.8 | \$ 17.2 | \$ 64.3 | \$ 281.0 | \$ - | 461.9 |
| Prior Period Authority - Housing | \$ - | \$ - | \$ 105.4 | \$ - | \$ 85.6 | \$ 7.0 | \$ - | 198.0 |
| Prior Period Authority - Non-Housing | \$ - | \$ - | \$ 3.0 | \$ - | \$ - | \$ 11.4 | \$ 6.8 | 21.2 |
| Subtotal CY Uses - Prior Period Authority | \$ - | \$ - | \$ 108.4 | \$ - | \$ 85.6 | \$ 18.4 | \$ 6.8 | 219.1 |
| Total CY Uses | \$ 10.6 | \$ 97.0 | \$ 127.1 | \$ 17.7 | \$ 155.9 | \$ 302.1 | \$ 6.8 | 717.3 |

*Dollar amounts will be slightly off due to rounding.

As shown in Exhibit 3, Transbay expenditures are the largest cost center in OCII's budget, reflecting the planned expenditure on designing and constructing Under-ramp and Block 3 parks. MBS reflects the second largest cost center, reflecting affordable housing loans and reimbursement of infrastructure.

3. Land Use and Infrastructure

OCII's Projects are developed in accordance with land uses approved through a variety of regulatory documents including Redevelopment Plans, design and zoning control documents, as well as phased development applications ("Major Phases" or "Sub Phases"). The design and construction of infrastructure, including streets, utilities, parks and open spaces must be in compliance with these regulatory documents. OCII staff work closely with other City agencies, developers, and a variety of professional consultants to review and ultimately approve the land uses and designs. Below is a summary of the major land use reviews OCII will undertake in FY 2022-23.

FY 2022-23 Land Use Approvals and Planning

Mission Bay

Mission Bay is the most mature of OCII's Projects. The major land use approvals in Mission Bay are complete, along with the majority of the infrastructure. In FY 2020-21 Alexandria Real Estate ("ARE") received entitlements to build a 170,000 square foot office and life science building at 1450 Owens and the Golden State Warriors received entitlements to develop a hotel and residential project. In FY 2022-23, ARE will continue construction of their project. The Golden State Warriors are assessing the current development environment before moving forward with their project. In FY 2022-23, OCII will be working with the San Francisco Arts Commission to create public art in Park P2 with the public art fees paid by various developers pursuant to the Redevelopment Plan requirements. Additionally, OCII will pursue potential actions for additional housing entitlement.

Transbay

Transbay is comparable to an infill style of development, rather than a master developed project on vacant land. As such, the existing infrastructure and streetscape network of downtown primarily supports the developments in the Transbay Project. OCII will utilize an existing contract with a third-party design consultant to finalize schematic designs for Under-ramp Park. As this park will be owned by the TJPA, OCII will seek final design approvals from the TJPA Board of Directors as well as the OCII Commission and utilize an existing contract with SFPW to prepare the project for construction bidding. Predevelopment design work for the Block 3 Park will continue in FY 2022-23. OCII will utilize an existing contract with SFPW to design this park.

OCII anticipates formal schematic design approvals in FY 2022-23.

Hunters Point Shipyard/Candlestick Point

The Hunters Point Shipyard/Candlestick Point developments are comprised of two distinct projects, Hunters Point Shipyard Phase 1 and Hunters Point Shipyard Phase 2/Candlestick Point. Hunters Point Shipyard Phase 1 is composed of two areas, Hilltop and Hillside. The majority of the infrastructure in the Hilltop portion of Phase 1 is complete. In FY 2022-23, the Developer will begin the public acceptance process of the streets in Hilltop. The Developer will also continue to build out all the infrastructure in Hillside. Development at Hunters Point Shipyard Phase 2 is delayed while the U.S. Navy concludes environmental re-testing of several parcels. The schedule for development at Candlestick Point is to be determined.

FY 2022-23 Infrastructure and Non-Housing Completions

There are a number of infrastructure projects in active planning or construction. One park will complete construction in Mission Bay, and three parks will complete in HPS/CP. Exhibit 4 summarizes anticipated infrastructure project completions.

Exhibit 4: FY 2022-23 Infrastructure & Non-Housing Project Completions

| | Mission Bay | Transbay | HPS/CP | Total |
|-------------------------------|-------------|----------|--------|-------|
| Parks and Open Space Projects | 1 | 0 | 3 | 4 |

FY 2022-23 Infrastructure Funding

OCII anticipates expending \$201.7 million on infrastructure in FY 2022-23, using the sources shown in Exhibit 5. Of the amount shown in Exhibit 5, OCII will spend \$167.5 million on development infrastructure reimbursements and \$15.3 million on other various support services, including legal services, other professional services, planning and infrastructure review, services contracted in a prior year, and public art.

Exhibit 5: FY 2022-23 Infrastructure & Non-Housing Sources by Uses, *Millions*

| Uses | Sources | Developer Payments | Bonds | Property Tax | Fund Balance | Prior Period Authority | Total |
|--------------------------------------|----------------|-------------------------------|---------------|---------------------|---------------------|-----------------------------------|----------------|
| Development Infrastructure | | \$0.0 | \$89.0 | \$14.2 | \$64.2 | \$0.0 | \$167.5 |
| Legal Services | | \$1.1 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$1.1 |
| Other Professional Services | | \$2.3 | \$0.0 | \$0.5 | \$3.3 | \$0.0 | \$6.0 |
| Planning & Infrastructure Rvw | | \$5.0 | \$0.0 | \$1.7 | \$0.0 | \$0.0 | \$6.7 |
| Prior Period Authority - Non-Housing | | \$2.2 | \$0.0 | \$0.2 | \$0.0 | \$16.5 | \$19.0 |
| Public Art | | \$0.0 | \$0.0 | \$0.0 | \$1.4 | \$0.0 | \$1.4 |
| Total | | \$10.6 | \$89.0 | \$16.7 | \$68.9 | \$16.5 | \$201.7 |

4. Housing Obligations

One of OCII’s most important missions is to ensure the completion of the affordable housing obligations throughout Mission Bay North and South, Transbay, and Hunters Point Shipyard/Candlestick Point. Exhibit 6 shows OCII’s total housing production obligation of 21,916 units, which represents the full build out of the Projects from inception to completion. This includes market rate units, developer funded inclusionary affordable units, and OCII funded affordable housing units. By the start of FY 2022-23, OCII anticipates that a total of 9,098 housing units will be complete and occupied across the Projects.

Exhibit 6: Total Housing Production, as of July 1, 2022

| Project Status | Mission Bay North | Mission Bay South | Transbay | Hunters Point Shipyard Phase 1 | Hunters Point Shipyard Phase 2 / Candlestick Point | Total | % of Total |
|-----------------------|--------------------------|--------------------------|-----------------|---------------------------------------|---|---------------|-------------------|
| Completed & Occupied | 2,964 | 3,096 | 2,196 | 505 | 337 | 9,098 | 41.5% |
| In Construction | - | 141 | - | 77 | - | 218 | 1.0% |
| In Predevelopment | - | 148 | 1,005 | 813 | 1,263 | 3,229 | 14.7% |
| In Planning | - | 186 | - | - | 1,225 | 1,411 | 6.4% |
| Future Development | - | - | 80 | 33 | 7,847 | 7,960 | 36.3% |
| Total | 2,964 | 3,571 | 3,281 | 1,428 | 10,672 | 21,916 | 100.0% |

Of the 21,916 total housing units shown in Exhibit 6, OCII’s development agreements require the agency to produce over 7,100 affordable housing units, as shown by Project Area in Exhibit 7.

Exhibit 7: OCII-Funded Retained Affordable Housing Production Obligation, by Project Area

| Project Status | Mission Bay North | Mission Bay South | Transbay | Hunters Point Shipyard Phase 1 | Hunters Point Shipyard Phase 2 / Candlestick Point | Total | % of Total |
|-----------------------|--------------------------|--------------------------|-----------------|---------------------------------------|---|--------------|-------------------|
| Completed & Occupied | 698 | 758 | 721 | 102 | 333 | 2,612 | 36.8% |
| In Construction | - | 140 | - | 9 | - | 149 | 2.1% |
| In Predevelopment | - | 148 | 626 | 263 | 397 | 1,434 | 20.2% |
| In Planning | - | 164 | - | - | 386 | 550 | 7.7% |
| Future Development | - | - | 79 | 33 | 2,247 | 2,359 | 33.2% |
| Total | 698 | 1,210 | 1,426 | 407 | 3,363 | 7,104 | 100.0% |

Note: Affordable Unit Totals do not include Manager's Units (which are not income restricted).

FY 2022-23 Housing Completions

In FY 2022-23, OCII will complete 218 OCII-funded affordable housing units, which are comprised of 141 units in Mission Bay South and 77 units in Hunters Point Shipyard Phase2/Candlestick Point. There are no completions scheduled in OCII-funded affordable, inclusionary affordable, or market rate units in Mission Bay North, Transbay, and Hunters Point Shipyard Phase 1.

In FY 2022-23, 218 housing units will complete in OCII's Project Areas. All units are located in Mission Bay South. There are no completions scheduled of OCII-funded affordable, inclusionary affordable, or market rate units in Mission Bay North, Transbay, Hunters Point Shipyard Phase 1, or Hunters Point Shipyard Phase2/Candlestick Point. Exhibit 8 provides a breakdown of projected completions by Project.

Exhibit 8: Housing Production, FY 2022-23 Projected Completions

| <i>Project</i> | Mission Bay South | Hunters Point Shipyard Phase 2/ Candlestick Point | Total |
|-------------------------------|--------------------------|--|--------------|
| | <i>Block 9</i> | <i>Block 52</i> | |
| Housing Type | | | |
| OCII-Funded Affordable Units | 141 | 77 | 218 |
| Inclusionary Affordable Units | | | |
| Market Rate Units | | | |
| Total Completions | 141 | 77 | 218 |

FY 2022-23 Housing Budget

Each fiscal year, OCII funds a significant amount of affordable housing in stand-alone projects which typically serve low or very-low income households (up to 60 percent or 50 percent area median income). The sources of funding for OCII’s affordable housing include taxable housing bonds, pay-go tax increment, and developer fees such as job-housing linkage fees. OCII makes direct loans to affordable housing developers in the form of predevelopment and construction loans.

To fulfill its production obligation, OCII anticipates expending \$363.5 million in FY 2022-23, as shown in Exhibit 9. Of this amount, OCII will expend \$162.5 million on new affordable housing loans, \$198.0 million on existing loans, and \$1.1 million on professional services. An additional \$1.9 million is integrated into the proposed budget for Operations shown in Exhibit 2 and Exhibit 9.

**Exhibit 9: OCII-Funded Affordable Housing Program, FY 2022-23 Sources by Uses,
*Millions***

| | Sources | Developer Payments | Bonds | Property Tax | Fund Balance | Prior Period Authority | Total |
|-----------------------|---------|-----------------------|--------------|-----------------|-----------------|---------------------------|----------------|
| Uses | | | | | | | |
| Existing Loan | | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$198.0 | \$198.0 |
| New Loan | | \$50.5 | \$0.0 | \$0.0 | \$112.0 | \$0.0 | \$162.5 |
| Professional Services | | \$1.1 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$1.1 |
| Operations | | \$0.0 | \$0.0 | \$1.0 | \$0.8 | \$0.0 | \$1.9 |
| Total | | \$51.7 | \$0.0 | \$1.0 | \$112.8 | \$198.0 | \$363.5 |

In FY 2022-23, OCII will fund five new loans and continue to manage eight existing loans. These loans will result in construction of housing that serves a wide variety of housing needs, including family rental units, first time homeownership units, and senior and supportive housing units. Exhibit 10 provides a breakdown of OCII-funded affordable housing loans by housing type.

Exhibit 10: OCII-Funded Affordable Housing Loans, *Millions*

| Project | Type | Amount (\$M) | Number of Units |
|-----------------------|-------------------------------|---------------------|------------------------|
| Existing Loans | | | |
| CP Block 10a | Predevelopment | \$1.6 | 156 units |
| CP Block 11a | Predevelopment | \$1.2 | 176 units |
| HPS Block 52/54 | Predevelopment & Construction | \$62.0 | 112 units |
| HPS Block 56 | Predevelopment & Construction | \$45.3 | 73 units |
| MBS Block 9 | Construction | \$13.8 | 141 units |
| MBS Block 9A | Predevelopment & Construction | \$71.8 | 148 units |
| Transbay Block 2 West | Predevelopment | \$3.5 | See below. |
| Transbay Block 2 East | Predevelopment | \$3.5 | See below. |
| New Loans | | | |
| MBS Block 4E | Predevelopment | \$3.5 | 165 units |
| MBS Block 12W | Predevelopment | \$3.5 | 165 units |
| Transbay Block 2 West | Construction | \$42.8 | 150 units |
| Transbay Block 2 East | Construction | \$61.0 | 172 units |
| Transbay Block 4 | Construction | \$47.0 | 202 units |
| Total | | \$360.4 | 1,660 units |

5. Community and Workforce Development

OCII, as the Successor Agency to the SFRA, has a long history of promoting equal opportunity in contracts for professional design and construction services and in the workforce of contractors performing work on OCII-administered contracts. OCII adopted and continues to actively implement the Equal Opportunity Programs (“EOP”) of the prior SFRA. These programs are comprehensive and mirror ordinances enacted by the City, including nondiscrimination in contracts and benefits, health care accountability, minimum compensation, prevailing wage, local hiring, and small business contracting.

OCII’s EOP program applies to all OCII-administered contracts, including Development and Disposition Agreements, ground leases, and loan agreements, among others. OCII administers the EOP program on all stages of a project, from design through construction.

Since dissolution of the former SFRA in 2012, OCII has overseen the award of over \$5.6 billion in contracts with nearly \$1.7 billion or 30 percent credited to small business enterprises (“SBE”). Of this amount, \$903 million has been awarded to San Francisco-based small businesses. Minority and women-owned businesses have also participated in a significant manner with over \$888 million in contracts or nearly 16 percent of all awards, reflecting the ethnic and gender diversity of the region. As an economic driver, OCII’s SBE program has benefited over 1,000 local and small businesses since 2012. In FY 2022-23, OCII will continue to promote small business contracting and facilitate economic development.

In addition to small business contracting, OCII has a robust workforce development program to hire local residents. Since 2012, over 48,200 workers (of which 7,170 are San Francisco residents) have performed over 18 million construction hours on OCII-administered projects. Local residents performed over 3.4 million hours or 20 percent of the total, garnering \$152 million in wages. For FY 2022-23, OCII will continue to implement its local construction hiring program to ensure local residents have employment opportunities on OCII-administered projects.

In support of the mission to build communities through housing and infrastructure, OCII provides direct grants, funded by developers, to fund community benefits programs. In addition, OCII contracts with OEWD to support local hire efforts on OCII-administered projects. In FY 2022-23, OCII will expend a total of \$2.2 million on these Community Development and Workforce activities.

Exhibit 11: Community Development and Workforce Sources by Uses, *Millions*

| Sources | Developer Payments | Bonds | Property Tax | Fund Balance | Prior Period Authority | Total |
|---|--------------------|--------------|--------------|--------------|------------------------|--------------|
| Uses | | | | | | |
| Grants to Community-Based Organizations | \$0.0 | \$0.0 | \$0.0 | \$2.0 | \$0.0 | \$2.0 |
| Other Professional Services | \$0.1 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.1 |
| Prior Period Authority - Non-Housing | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Workforce Development Services | \$0.1 | \$0.0 | \$0.1 | \$0.0 | \$0.0 | \$0.1 |
| Total | \$0.2 | \$0.0 | \$0.1 | \$2.0 | \$0.0 | \$2.2 |

6. Other Significant Initiatives

OCII plans to implement a number of significant initiatives that are outside, but related to, its core mission of providing affordable housing, building infrastructure, and supporting community and workforce development.

Development Services

OCII continues its wind down activities, including the disposition of OCII assets pursuant to the approved Long Range Property Management Plan (“LRPMP”) and disbursing remaining funds in existing agreements. In FY 2022-23, OCII will disburse the remaining grant funds for the Mexican Museum project at 706 Mission Street, pending DOF approval of an extension to the grant term, which currently ends in FY 2021-22.

Racial Equity Planning

In December 2020, OCII prepared the first phase of a Racial Equity Plan in collaboration with the City through the Office of Racial Equity. The first phase of the Racial Equity Plan focuses on various OCII internal hiring, recruitment, promotional policies, as well as training curriculum. Staff has begun implementing the Plan by conducting a staff survey, the results of which are currently being analyzed.

In FY 2022-23, the proposed training budget is \$80,000 (100 percent increase over FY 2021-22 allocation). Racial Equity Training programs have been identified as a key need to support staff and will be a priority use of the training funds, while still allowing for other staff professional development activities. The Racial Equity Training Curriculum will focus on the following:

- Implicit bias training in supervision and performance evaluations
- Defining institutional and structural racism and its impact on recruitment, retention, professional development, and professional mobility.

7. Debt

OCII's debt portfolio contains pre-Dissolution bonds issued by the former San Francisco Redevelopment Agency to fund enforceable obligations of the former Agency, bonds issued by OCII to fund affordable housing obligations and public infrastructure, and refunding bonds, issued by both the former Redevelopment Agency and OCII, to reduce debt service on outstanding debt. The current outstanding principal balance on OCII's bonds is \$980.5 million.

Of this amount, \$806.0 million is Tax Allocation Bonds (TABs) secured by property taxes generated in the redevelopment project area and \$16.2 million is Hotel Occupancy Tax Revenue Refunding Bonds secured by hotel occupancy tax revenues. This outstanding debt represents a fixed long-term liability for OCII that is reduced each year by semi-annual debt service payments of principal and interest. The annual cost of OCII's debt portfolio is demonstrated by OCII's annual debt service.

Exhibit 12: Outstanding Debt, as of December 31, 2021

| Issue Name | Trustee | Final Maturity Date | Original Par | Outstanding Principal as of 12/31/21 |
|--|-------------|---------------------|------------------------|--------------------------------------|
| 1998 Series C Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects) | BNY | 8/1/24 | \$12,915,026 | \$1,072,519 |
| 1998 Series D Tax Allocation Revenue Refunding Bonds (San Francisco Redevelopment Projects) | BNY | 8/1/24 | \$21,034,002 | \$10,417,686 |
| 2006 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects) | BNY | 8/1/36 | \$50,731,331 | \$23,057,533 |
| 2007 Series A Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects) | BNY | 8/1/37 | \$118,285,000 | \$93,560,000 |
| 2009 Series E Taxable Tax Allocation Revenue Bonds (San Francisco Redevelopment Projects) | US Bank | 8/1/39 | \$72,565,000 | \$55,820,000 |
| 2014 Series A Tax Allocation Bonds (Mission Bay South Redevelopment Project) | US Bank | 8/1/43 | \$56,245,000 | \$50,645,000 |
| 2014 Series B Taxable Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) | US Bank | 8/1/35 | \$67,955,000 | \$21,130,000 |
| 2014 Series C Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) | US Bank | 8/1/29 | \$75,945,000 | \$5,100,000 |
| 2016 Series A Tax Allocation Refunding Bonds (Mission Bay North Redevelopment Project) | US Bank | 8/1/41 | \$73,890,000 | \$66,785,000 |
| 2016 Series B Tax Allocation Bonds (Mission Bay South Redevelopment Project) | US Bank | 8/1/43 | \$45,000,000 | \$40,450,000 |
| 2016 Series C Tax Allocation Refunding Bonds (Mission Bay South Redevelopment Project) | US Bank | 8/1/41 | \$73,230,000 | \$65,665,000 |
| 2016 Series D Subordinate Tax Allocation Bonds (Mission Bay South Redevelopment Project) | US Bank | 8/2/43 | \$74,651,825 | \$58,651,825 |
| 2017 Series A Taxable Third Lien Tax Allocation Bonds (Affordable Housing Projects) | US Bank | 8/1/44 | \$89,765,000 | \$37,895,000 |
| 2017 Series B Third Lien Tax Allocation Bonds (Transbay Infrastructure Projects) | US Bank | 8/1/46 | \$19,850,000 | \$19,850,000 |
| 2017 Series C Taxable Subordinate Tax Allocation Bonds (Mission Bay New Money and Refunding Housing Projects) | US Bank | 8/1/43 | \$43,400,000 | \$33,235,000 |
| 2017 Series D Taxable Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) | US Bank | 8/1/41 | \$116,665,000 | \$77,855,000 |
| 2017 Series E Subordinate Tax Allocation Refunding Bonds (San Francisco Redevelopment Projects) | US Bank | 8/1/41 | \$19,745,000 | \$17,645,000 |
| 2021 Series A Taxable Third Lien Tax Allocation Bonds (Affordable Housing Projects) (Social Bonds) | US Bank | 8/1/32 | \$127,210,000 | \$127,210,000 |
| Subtotal | | | \$1,159,082,184 | \$806,044,563 |
| Former Agency Revenue Bonds | | | | |
| Hotel Occupancy Tax Revenue Refunding Bonds Series 2011 | BNY | 6/1/24 | \$43,780,000 | \$16,230,000 |
| Subtotal | | | \$43,780,000 | \$16,230,000 |
| Special Tax Bonds | | | | |
| Community Facilities District No. 4 (Mission Bay North Public Improvements) Variable Rate Revenue Bonds, Series 2002-North | Wells Fargo | 8/1/32 | \$23,440,000 | \$10,600,000 |
| Community Facilities District No. 6 (Mission Bay South Public Improvements) Special Tax Bonds, Series 2005A Parity-South | Wells Fargo | 8/1/35 | \$15,160,000 | \$13,145,000 |
| Community Facilities District No. 6 (Mission Bay South Public Improvements) Special Tax Bonds, Series 2005B Parity-South | Wells Fargo | 8/1/34 | \$5,708,939 | \$3,996,150 |
| Community Facilities District No. 6 (Mission Bay South Public Improvements) Special Tax Refunding Bonds, Series 2013A Parity-South | Wells Fargo | 8/1/33 | \$81,775,000 | \$64,155,000 |
| Community Facilities District No. 6 (Mission Bay South Public Improvements) Special Tax Bonds, Series 2013B Parity-South | Wells Fargo | 8/1/33 | \$19,635,000 | \$12,950,000 |
| Community Facilities District No. 6 (Mission Bay South Public Improvements) Special Tax Bonds, Series 2013C Parity-South | Wells Fargo | 8/1/43 | \$21,601,256 | \$21,601,256 |
| Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements) Special Tax Refunding Bonds, Series 2014 | BNY | 8/1/44 | \$36,445,000 | \$31,800,000 |
| Subtotal | | | \$203,765,195 | \$158,247,406 |
| Total | | | \$1,448,532,379 | \$980,521,969 |

Exhibit 13 shows OCII's credit ratings, which are credit agencies' assessment of the creditworthiness of the revenues supporting OCII's bonds.

Exhibit 13: Credit Ratings

| Credit | Rating | Rating Agency | Date of Last Rating |
|-------------------------------------|--------|-------------------|--------------------------|
| Tax Allocation Bonds | | | |
| RPTTF Senior/Cross Collateralized | AA | Standard & Poor's | 12/16/2017 |
| RPTTF Senior/Cross Collateralized | Aa3 | Moody's | 5/3/2019 |
| RPTTF Subordinate | AA- | Standard & Poor's | 12/16/2017 |
| RPTTF Third Lien/"SB 107" | A | Standard & Poor's | 9/21/2021 |
| Mission Bay North Infrastructure | A | Standard & Poor's | 3/17/2016 |
| Mission Bay South Infrastructure | A- | Standard & Poor's | 3/17/2016 |
| Mission Bay North and South Housing | A | Standard & Poor's | 2/24/2017 |
| Other | | | |
| Hotel Occupancy Tax Revenue | A1 | Moody's | 9/29/2021 as per website |
| Hotel Occupancy Tax Revenue | AA | Standard & Poor's | 5/26/2020 |

In FY 2022-23 OCII plans to issue a \$99.7 million taxable new money tax allocation bond to fund infrastructure in Transbay. OCII will also monitor its tax allocation bond portfolio to determine if market conditions favor refunding additional bonds. As per OCII's debt policy, refunding bonds must achieve at least three percent net present value debt service savings.

In FY 2022-23, OCII anticipates expending \$96.7 million on its debt program. The largest expenditure will be for debt service on existing and new tax allocation bonds ("TAB"), which are bonds issued against property tax revenues and are OCII's primary debt instrument. The second largest expenditure will other debt, which is expenditure on OCII's debt portfolio that is unrelated to debt service on the TAB portfolio. In FY 2022-23, these expenditures include debt service payments on the 2011 hotel tax bond and payments on OCII's Low Moderate Income Housing Fund loan, which will be fully paid off in FY 2022-23. The smallest expenditure will be professional services related to the debt issuances described above. Exhibit 14 details these expenditures by sources and uses.

Exhibit 14: FY 2022-23 Debt Program, Sources by Uses, *Millions*

| | Sources | Developer Payments | Bonds | Property Tax | Hotel Tax | Fund Balance | Prior Period Authority | Total |
|-------------------------------|---------|--------------------|--------------|---------------|--------------|--------------|------------------------|---------------|
| Uses | | | | | | | | |
| Debt Service - OCII TAB Bonds | | \$0.0 | \$0.0 | \$88.0 | \$0.0 | \$0.0 | \$0.0 | \$88.0 |
| Other Debt | | \$0.0 | \$0.0 | \$1.1 | \$4.5 | \$0.1 | \$0.0 | \$5.7 |
| Other Professional Services | | \$0.0 | \$3.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$3.0 |
| Total | | \$0.0 | \$3.0 | \$89.2 | \$4.5 | \$0.1 | \$0.0 | \$96.7 |

California Redevelopment Dissolution Law imposes limitations on the debt OCII can issue. OCII issues debt to finance the construction of affordable housing or infrastructure required by specified agreements or to refund outstanding debt.

8. Operations Budget

In FY 2022-23, OCII will expend \$18.7 million to fund its operational costs, which is \$0.4 million or 2.1 percent less than FY 2021-22. These savings were achieved by identifying efficiencies in non-labor spending such as software licensing fees and asset management costs, and reductions in OCII’s retiree health and pension expenditures. Reductions in OCII’s retiree health and pension expenditures are the result of strategic prior year payments made to reduce the long-term obligation, which translates to lower annual payments.

Specifically, OCII will expend \$9.4 million on salaries and benefits, which reflects labor costs for 55 Full-Time Equivalent staff, the same number of staff as FY 2021-22. OCII will expend the remaining \$5.0 million on non-labor expenses such as services from City departments, consulting services for legal and other professional services, insurance, materials and supplies, employee training, and software licensing fees. In addition to staffing and non-labor expenses, OCII will expend \$4.3 million on its retirement obligations, which are retiree health and pension.

Exhibit 15 details the sources and uses for OCII’s operations. OCII will fund the majority of its operating costs with property tax and other funds, which includes developer fees. Bond proceeds will fund staff time required to issue bonds.

Exhibit 15: FY 2022-23 Operations, Sources by Uses, *Millions*

| Operations | FY 2021-22 Budget (\$M) | FY 2022-23 Proposed (\$M) | Change (\$M) |
|----------------------------|------------------------------------|--------------------------------------|---------------------|
| Sources | | | |
| Bond Proceeds | \$0.4 | \$0.1 | -\$0.3 |
| Reserve Funds | \$1.8 | \$1.0 | -\$0.8 |
| Other Funds | \$6.2 | \$6.5 | \$0.3 |
| Property Tax | \$10.7 | \$11.1 | \$0.3 |
| Total | \$19.1 | \$18.7 | -\$0.4 |
| Uses | | | |
| Salaries and Benefits | \$9.3 | \$9.4 | \$0.1 |
| Non-Labor | \$5.3 | \$5.0 | -\$0.3 |
| Retiree Health and Pension | \$4.5 | \$4.3 | -\$0.2 |
| Total | \$19.1 | \$18.7 | -\$0.4 |

Exhibit 16 provides details on the non-labor uses in the FY 2022-23 budget.

Exhibit 16: FY 2022-23 Non-Labor Uses

| Use | Amount (\$M) |
|-------------------------------------|--------------|
| Work Orders with City Departments | \$2.5 |
| Professional Services | \$0.7 |
| Other Current Expenses | \$0.6 |
| Insurance | \$0.6 |
| Software and Information Technology | \$0.4 |
| Legal Services | \$0.3 |
| Total | \$5.0 |

The operational work performed via work orders with City departments is detailed in Exhibit 17.

Exhibit 17: FY 2022-23 Operational Work Orders with City Departments, Millions

| Department | Service | Amount (\$M) |
|---|-------------------------------|--------------|
| Office of City Administrator (ADM) | Rent, Mail, OLSE | \$1.0 |
| Mayor’s Office of Housing (MOH) | Affordable Housing Services | \$0.9 |
| Controller | Accounting and Audit Services | \$0.3 |
| Department of Technology | IT Services | \$0.3 |
| Office of Economic and Workforce Development (OEWD) | Contract Compliance Support | \$57k |
| City Attorney | Legal Services | \$50k |
| Treasurer Tax Collector | Investment Management | \$30k |
| Planning Department | Planning Review | \$1k |
| Total | | \$2.5 |

Other items of note in the non-labor budget include:

- **Affordable Housing Services:** The proposed FY 2022-23 budget includes \$0.9 million for affordable housing services provided by the Mayor’s Office of Housing and Community Development.
- **Legal Services Related to OCII’s General Operations:** The proposed FY 2022-23 Operations budget includes \$0.3 million for legal services. Legal costs specific to projects are embedded into the project budgets.
- **Other Professional Services:** The proposed FY 2022-23 budget includes \$0.7 million for professional services including:
 - \$0.2 million for affordable housing professional services;
 - \$0.2 million for financial and information technology services;
 - \$0.1 million for professional services related to asset management;
 - \$0.1 million for general professional services; and

- \$0.1 million for public communications support, including website design.
- **Other Current Expenses:** The proposed FY 2022-23 budget includes \$0.6 million for other current expenses:
 - \$0.3 million for facilities improvements, materials and supplies, off-site records storage, and mail and reproduction;
 - \$0.2 million for recruitment, employee training, temporary salaries, and field expenses; and
 - \$0.1 million for Commission and Oversight Board meeting expenses, including audiovisual recording of Commission meetings by SFGOV TV.

9. Budgeted Positions

The proposed FY 2022-23 budget contains 55 Full Time Equivalent (“FTE”s).

Exhibit 18: FY 2022-23 Budgeted Positions

| Title | Class | FY 21-22 FTE | FY 22-23 FTE | YOY Difference |
|--|-------|--------------|--------------|----------------|
| Executive Director | 500 | 1 | 1 | 0 |
| General Counsel | 520 | 1 | 1 | 0 |
| Deputy General Counsel | 525 | 1 | 1 | 0 |
| Development Svcs Manager | 535 | 1 | 1 | 0 |
| Housing Program Manager | 540 | 1 | 1 | 0 |
| HPS Sr. Project Manager | 550 | 1 | 1 | 0 |
| Contract Compl. Supervisor | 585 | 1 | 1 | 0 |
| Project Manager | 590 | 3 | 3 | 0 |
| Senior Development Specialist | 595 | 4 | 4 | 0 |
| Development Specialist | 615 | 8 | 8 | 0 |
| Sr. Financial Analyst | 630 | 1 | 1 | 0 |
| Contract Compl. Sp. II | 640 | 2 | 2 | 0 |
| Senior Planner | 655 | 1 | 1 | 0 |
| Financial Systems Accountant | 670 | 1 | 1 | 0 |
| Accountant III | 695 | 1 | 1 | 0 |
| Assistant Development Specialist | 705 | 2 | 2 | 0 |
| Senior Programmer Analyst - A | 720 | 1 | 1 | 0 |
| Associate Planner | 730 | 2 | 2 | 0 |
| Administrative Secretary - A | 810 | 1 | 1 | 0 |
| Record Specialist II - A | 855 | 1 | 1 | 0 |
| Senior Office Assistant - A | 860 | 1 | 1 | 0 |
| Staff Associate II | 915 | 1 | 1 | 0 |
| Staff Associate IV | 921 | 1 | 1 | 0 |
| Staff Associate V - A | 930 | 1 | 1 | 0 |
| Human Resources Manager | 965 | 1 | 1 | 0 |
| Asst. Project Manager | 990 | 2 | 2 | 0 |
| Commission Secretary | 995 | 1 | 1 | 0 |
| EA to Executive Director | 1000 | 1 | 1 | 0 |
| Senior Engineer | 1010 | 1 | 1 | 0 |
| Contract and Fiscal Services Manager (Z) | 1015 | 1 | 1 | 0 |
| Housing Construction Specialist | 1025 | 1 | 1 | 0 |
| Mgmt. Assistant II | 1035 | 2 | 2 | 0 |
| Accountant II | 1035 | 1 | 1 | 0 |
| Deputy Director | 1060 | 2 | 2 | 0 |
| Contract Compl. Sp. III | 1065 | 1 | 1 | 0 |
| Accountant IV | 1100 | 1 | 1 | 0 |
| Principal Personnel Analyst | 1110 | 1 | 1 | 0 |
| TOTAL | | 55 | 55 | 0 |