

1 [Tax Increment Allocation Pledge Agreement for the Candlestick Point and Phase 2 of the
2 Hunters Point Shipyard Project]

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4 **Resolution approving a Tax Increment Allocation Pledge Agreement between the City**
5 **and County of San Francisco and the Redevelopment Agency of the City and County of**
6 **San Francisco for the pledge of net available tax increment to finance public**
7 **improvements and affordable housing in furtherance of the Candlestick Point and**
8 **Phase 2 of the Hunters Point Shipyard Redevelopment Project; adopting findings under**
9 **the California Environmental Quality Act; and adopting findings that the agreement is**
10 **consistent with the City's General Plan and Eight Priority Policies of City Planning**
11 **Code Section 101.1.**

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13 WHEREAS, After an extensive planning process involving the Bayview Hunters Point
14 Project Area Committee (the "PAC") and other community groups and government agencies,
15 on June 1, 2006, by Ordinance No. 113-06, the Board of Supervisors adopted and approved a
16 redevelopment plan for the Bayview Hunters Point Redevelopment Project Area that
17 expanded and renamed the Hunters Point Redevelopment Project Area (the "Bayview
18 Hunters Point Redevelopment Plan"); and

19 WHEREAS, In May 2007, the Board of Supervisors approved Resolution No. 264-07,
20 endorsing a conceptual framework (the "Conceptual Framework") for the integrated
21 development of Phase 2 of the Hunters Point Shipyard and the Candlestick Point subarea
22 ("Zone 1") of the Bayview Hunters Point Project Area (the integrated development site, the
23 "Project Site"). The Conceptual Framework envisioned a major mixed-use project, including
24 hundreds of acres of new and restored open space, thousands of new units of affordable
25 housing, a robust affordable housing program, extensive job-generating retail and research

1 and development space, permanent space for the artist colony that exists in the Shipyard, and
2 a site for a new stadium for the 49ers on the Shipyard (the "Project"); and

3 WHEREAS, On June 3, 2008, the City's voters passed Proposition G, the Jobs Parks
4 and Housing Initiative, which: (i) adopted policies for the revitalization of the Project Site;
5 (ii) authorized the conveyance of the City's land under Recreation and Park Department
6 jurisdiction within Candlestick Point in furtherance of the Project, provided that the transferred
7 property is replaced with other property of at least the same acreage that will be improved and
8 dedicated as public parks or open space in the Project; (iii) repealed Proposition D and
9 Proposition F (June 1997) relating to prior plans for the development of a new stadium and
10 retail entertainment project on Candlestick Point; and (iv) urged the City, the Redevelopment
11 Agency of the City and County of San Francisco (the "Agency"), and all other governmental
12 agencies with jurisdiction to proceed expeditiously with the Project; and

13 WHEREAS, In furtherance of the Conceptual Framework and Proposition G, the
14 Agency, working with the PAC, has prepared a proposed amendment to the Bayview Hunters
15 Point Redevelopment Plan (the "Bayview Redevelopment Plan Amendment"). The Bayview
16 Redevelopment Plan Amendment revises the land uses within Zone 1 of the Bayview Hunters
17 Point Project Area (the Candlestick Point subarea) to facilitate the new development
18 envisioned by the Conceptual Framework and Proposition G. A copy of the Bayview
19 Redevelopment Plan Amendment is on file with the Clerk of the Board of Supervisors in File
20 No. 100658, is incorporated in and made part of this resolution by reference; and

21 WHEREAS, Concurrently herewith, following recommendations of approval from the
22 PAC and the Agency Commission, this Board of Supervisors is adopting an Ordinance to
23 approve and adopt the Bayview Redevelopment Plan Amendment; and

24 WHEREAS, Also in furtherance of the Conceptual Framework and Proposition G, the
25 Agency, in working with the Hunters Point Shipyard Citizens Advisory Committee (the "CAC"),

1 has prepared a proposed amendment to the Hunters Point Shipyard Redevelopment Plan (the
2 "Shipyard Redevelopment Plan Amendment"). The Shipyard Redevelopment Plan
3 Amendment revises the land uses within the Shipyard Project Area to facilitate the new
4 development envisioned by the Conceptual Framework and Proposition G. A copy of the
5 Shipyard Redevelopment Plan Amendment is on file with the Clerk of the Board of
6 Supervisors in File No. 100659, is incorporated in and made part of this resolution by
7 reference; and

8 WHEREAS, Concurrently herewith, following recommendations of approval from the
9 CAC and the Agency Commission, this Board of Supervisors is adopting an Ordinance to
10 approve and adopt the Shipyard Redevelopment Plan Amendment; and,

11 WHEREAS, The Bayview Redevelopment Plan Amendment and the Shipyard
12 Redevelopment Plan Amendment (collectively, the "Redevelopment Plan Amendments")
13 authorize the Agency to use tax increment funds to finance the redevelopment of the Project
14 Site, including the issuance of tax allocation bonds secured by a pledge of property tax
15 increment, subject to the limitations set forth in the Redevelopment Plan Amendments and the
16 California Community Redevelopment Law ("Community Redevelopment Law"; California
17 Health & Safety Code §§ 33000 et seq.); and

18 WHEREAS, In furtherance of the Redevelopment Plan Amendments and the
19 redevelopment of the Project Site, the City and the Agency have negotiated a Tax Increment
20 Allocation Pledge Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard),
21 a copy of which is on file with the Clerk of the Board of Supervisors in File No. 100662 (the
22 "Tax Allocation Agreement") that irrevocably pledges tax increment from the Project Site for
23 certain development costs; and

24 WHEREAS, As set forth in the Financing Plan referenced in the Tax Allocation
25 Agreement (the "Financing Plan"), the Agency will incur specific executory financial

1 obligations to finance certain costs of the Project, including the pledge of tax increment from
2 the Project Site for public improvements and affordable housing purposes, subject to the
3 approval of the City's Board of Supervisors, and the purpose of this Resolution is to provide
4 such approval; and

5 WHEREAS, In accordance with the Financing Plan, the Agency is establishing one or
6 more community facilities districts, which may include improvement areas and tax zones
7 ("CFDs") for Project Site under the Mello-Roos Community Facilities Act of 1982, as
8 amended; the Agency and Developer intend that the CFDs will issue bonds to finance public
9 improvements described in the Infrastructure Plan, which is also referenced in the Tax
10 Allocation Agreement and is an attachment to the Interagency Cooperation Agreement (which
11 is concurrently being approved by this Board of Supervisors in the Ordinance adopting and
12 approving the Redevelopment Plan Amendments); and

13 WHEREAS, In accordance with the Financing Plan, tax increment from the Project Site
14 or the proceeds of bonds secured by a pledge of tax increment from the Project Site will be
15 used to make payments on indebtedness of the Agency under the Financing Plan and to pay
16 or otherwise reimburse directly the costs of public infrastructure or other public improvements,
17 all as further provided in the Financing Plan; and

18 WHEREAS, The Below-Market Rate Housing Plan referenced in the Tax Allocation
19 Agreement (the "Housing Plan") contemplates that all of the Housing Increment (as defined in
20 the Financing Plan) produced by development in the Project Site will be used in the Project
21 Site for the development of up to approximately 3,345 affordable housing units on the Project
22 Site, including one-for-one replacement of housing in the Alice Griffith Housing Development
23 (the "Alice Griffith Replacement Units"), and the Financing Plan acknowledges that the
24 Agency will use Housing Increment produced by development outside of the Project Site to
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1 meet its obligations under the Housing Plan with respect to the Alice Griffith Replacement
2 Units (the "Housing Advance"); and

3 WHEREAS, As further described in the Financing Plan and the Housing Plan, if
4 development in the Project Site generates any Net Available Increment that is not required to
5 pay for public infrastructure and other public improvements, then such Excess Increment (as
6 defined in the Financing Plan) will be used first to repay the Agency for the Housing Advance,
7 then to Developer to pay for or reimburse Developer for constructing public improvements as
8 set forth in the Financing Plan; and

9 WHEREAS, Except to the extent that the Agency uses Housing Increment from outside
10 the Project Site to finance the Alice Griffith Replacement Units, to fund its other affordable
11 housing obligations under the Housing Plan, or to finance Developer's unreimbursed Alice
12 Griffith Costs (as defined in the Housing Plan) to the extent allowed under section 33334.2 of
13 the Community Redevelopment Law (California Health & Safety Code §§ 33000 et seq.), the
14 Agency will use only tax increment generated from development within the Project Site to
15 finance the Project; and

16 WHEREAS, As provided in the Financing Plan, no tax increment revenues or any
17 proceeds of any tax allocation bonds will be made available for the financing of public
18 infrastructure beyond any Candlestick Proceeds generated from development within Zone 1
19 and Shipyard Proceeds generated from development within Phase 2 of the Shipyard Site (all
20 as defined in the Financing Plan), and in this way, except for the Agency's Housing Advance,
21 no tax increment will be drawn for development in the Project Site from any other
22 redevelopment project areas; furthermore, as provided in the Financing Plan, the Project
23 developer has agreed to pay certain shortfalls in tax increment to the extent caused by
24 reassessments initiated by the developer, subject to the terms, conditions and limitations set
25 forth in the Financing Plan; and

1 WHEREAS, The Financing Plan further gives the Agency the discretion on a case-by-
2 case basis in issuing tax allocation bonds to establish principal financing terms as the Agency
3 determines are appropriate to safeguard against the risk of default, provided that the terms
4 are consistent with the Financing Plan; and

5 WHEREAS, The dedication of Housing Increment and Excess Increment as provided in
6 the Financing Plan is essential to the financing of affordable housing on the Project Site,
7 including the Alice Griffith Replacement Units, and complies with the requirements of
8 Community Redevelopment Law and the objectives of Agency Resolution No. 134-2005 and
9 the requirements of the Redevelopment Plan Amendments with respect to the use of tax
10 increment revenues for affordable housing; and

11 WHEREAS, Under the authority granted under article XVI, section 16 of the California
12 Constitution and sections 33670, 33334.2, 33671, and 33675 of the Community
13 Redevelopment Law, and in furtherance of the implementation of the Redevelopment Plan
14 Amendments, the Board intends by this Resolution to provide for the irrevocable pledge of Net
15 Available Increment from the Project Site for the purposes of financing or refinancing the
16 construction of public infrastructure and certain other public improvements in the Project Site,
17 as further provided in the Financing Plan; and

18 WHEREAS, The Planning Commission and the Agency Commission, respectively,
19 certified the completion of a Final Environmental Impact Report for the Project (the "EIR") in
20 compliance with CEQA and the CEQA Guidelines, a copy of which is on file with the Clerk of
21 the Board of Supervisors in File No. 100572; and

22 WHEREAS, The Planning Commission determined that the Project, and the various
23 actions being taken by the City and the Agency to approve and implement the Project, are
24 consistent with the General Plan and with the Eight Priority Policies of City Planning Code
25 Section 101.1, and made findings in connection therewith (the "General Plan Consistency

1 Determination"), a copy of which is on file with the Clerk of the Board of Supervisors in File
2 No. 100572; and

3 WHEREAS, This Board of Supervisors has reviewed and considered the information
4 contained in the EIR and the General Plan Consistency Determination, and concurrently with
5 this Resolution is adopting findings as required by CEQA and findings of consistency with the
6 City's General Plan, which findings are on file with the Clerk of the Board of Supervisors in
7 File No. 100572 and incorporated into this Resolution by reference; now, therefore, be it

8 RESOLVED, That the Board of Supervisors finds that the redevelopment of the Project
9 Site in accordance with the Redevelopment Plan Amendments related documents affords
10 numerous public benefits for the City and County and its residents, including the revitalization
11 of the Project Site, which is currently blighted, and the elimination of the blighting influences,
12 the provision of substantial new affordable housing, the provision of a variety of publicly
13 accessible open space, the creation and enhancement of public access to the waterfront, the
14 creation of jobs, including employment opportunities for economically disadvantaged
15 individuals, the creation of significant new infrastructure; and the replacement of Alice Griffith
16 Housing Development; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors hereby approves the form and
18 substance of the Tax Allocation Agreement and the pledge of tax increment from the Project
19 Site for the purposes described therein; and, be it

20 FURTHER RESOLVED, That this Board of Supervisors authorizes and urges the
21 Mayor and the Controller to execute the Tax Allocation Agreement, in the name and on behalf
22 of the City, in substantially the form presented to this Board of Supervisors; and, be it

23 FURTHER RESOLVED, That the Board of Supervisors authorizes the Mayor and the
24 Controller (or any successor City officer designated by law) to enter into or approve any
25 additions, amendments, or other modifications to the Tax Allocation Agreement (including the

1 Financing Plan, Infrastructure Plan, or Housing Plan) that they determine, in consultation with
2 the City Attorney, are in the best interests of the City, provided that any such additions,
3 amendments, or modifications do not increase the pledge of tax increment that is the subject
4 of this Resolution or otherwise materially increase the liabilities or obligations of the City and
5 are necessary or advisable to effectuate the implementation of the Redevelopment Plan
6 Amendments, or materially decrease the pledge of tax increment for affordable housing
7 purposes, such determination to be conclusively evidenced by the execution and delivery by
8 the Mayor and the Controller of the Tax Allocation Agreement and any amendments to it; and,
9 be it

10 FURTHER RESOLVED, That the Board of Supervisors authorizes and urges the
11 Mayor, Controller, and any other officers, agents, and employees of the City to take any and
12 all steps (including the execution and delivery of any and all agreements, notices, consents
13 and other instruments or documents) as they or any of them deem necessary or appropriate,
14 in consultation with the City Attorney, in order to consummate the Tax Allocation Agreement in
15 accordance with this Resolution, or to otherwise effectuate the purpose and intent of this
16 Resolution, such determination to be conclusively evidenced by the execution and delivery by
17 such person or persons of any such documents; and, be it

18 FURTHER RESOLVED, The approval under this Resolution shall take effect upon the
19 effective date of the amendments to the General Plan, Planning Code and Zoning Map
20 approved under Board of Supervisors Ordinance No. _____, a copy of which is
21 on file with the Clerk of the Board of Supervisors in File No. _____ and is
22 incorporated herein by reference as if fully set forth; and, be it

23 FURTHER RESOLVED, That all of the Housing Increment produced by development in
24 the Project Site, which is required to be set aside for the provision of affordable housing under
25 the Community Redevelopment Law, shall be reserved and dedicated for the

1 predevelopment, development and construction of affordable housing units in the Project Site,
2 including the Alice Griffith Replacement Units.

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