

1 [Opposing Proposed Changes to the FY2011-2012 California State Budget to Eliminate
2 Redevelopment Agencies]

3 **Resolution opposing current proposed changes to the FY2011-2012 California State**
4 **Budget to eliminate Redevelopment Agencies, urging Governor Brown and the State**
5 **Legislature to retain the existing authority of Redevelopment Agencies as needed to**
6 **alleviate blight particularly in disadvantage neighborhoods, produce jobs, build public**
7 **infrastructure, promote urban infill in furtherance of SB 375 and fund affordable**
8 **housing development, and further urging Governor Brown and the State Legislature to**
9 **work with local governments to explore other alternatives to solve the state's fiscal**
10 **crisis.**

11
12 WHEREAS, Governor Brown released his proposed 2011-12 budget package on
13 January 10, 2011 and proposed, among other things, to repeal the authority of local
14 jurisdictions, such as the City and County of San Francisco (the "City"), to maintain a
15 redevelopment agency with the authority to use property tax increment financing, and other
16 tools to alleviate blight in areas designated in locally adopted redevelopment plans; and,

17 WHEREAS, The Redevelopment Agency of the City and County of San Francisco
18 (the "Agency") is a local governmental entity authorized pursuant to the California Community
19 Redevelopment Law, Health and Safety Codes Sections 33000 et seq. ("CRL"), and
20 established by the City's Board of Supervisors (the "Board of Supervisors") pursuant to
21 Chapter 24 of the San Francisco Administrative Code; and,

22 WHEREAS, The CRL requires the Agency to focus its redevelopment activities on the
23 planning, development, reconstruction, and rehabilitation of physical improvements in blighted
24 urban areas and on providing residential, commercial, industrial, public and other structures or
25 spaces, including the development and preservation of permanent affordable housing; and,

1 WHEREAS, In San Francisco, the Agency plays a critical role in alleviating physical
2 and economic blight in disadvantaged neighborhoods because the Agency provides the City
3 with unique economic development tools, including tax increment financing whereby the
4 Agency, with the Board of Supervisors' approval, issues bonds to pay for capital
5 improvements and affordable housing that are repaid from a portion of new property taxes
6 generated in the previously-blighted redevelopment project areas and that would not exist but
7 for the use of redevelopment powers ("Redevelopment Agency Funds"); and,

8 WHEREAS, In recent years, the Board of Supervisors has approved, with significant
9 community involvement and support, a number of redevelopment plans providing for
10 important projects to regenerate the City's economy, produce jobs, improve public
11 infrastructure, revitalize disadvantaged neighborhoods, promote smart growth, and develop
12 critically needed affordable housing, including:

- 13 • the Redevelopment Plan for the Hunters Point Shipyard, Ordinance No. 285-97 (July
14 14, 1997), as amended by Ordinance No. 211-10 (Aug. 3, 2010), which, consistent
15 with an ordinance approved by San Francisco voters and with federal legislation,
16 provides for development of a major mixed-use project to revitalize a military base that
17 the federal government closed decades ago, causing the loss of thousands of jobs in
18 the community and leaving land and structures in need of environmental clean up,
19 which redevelopment plan, in conjunction with amendments to the Bayview Hunters
20 Point Redevelopment Plan, will produce hundreds of acres of new open space,
21 thousands of units of market-rate and below market-rate housing, extensive job-
22 generating retail and research and development space, and permanent space for the
23 existing Shipyard artists community;
- 24 • the Redevelopment Plan for the Bayview Hunters Point Redevelopment Project,
25 Ordinance No. 113-06 (June 1, 2006), as amended by Ordinance No. 210-10 (Aug.3,

2010), which provides for a variety of projects and activities to alleviate blighting conditions in approximately 1,360 acres of southeastern San Francisco, including, again consistent with a voter approved ordinance, development at Candlestick Point and the rebuilding of the Alice Griffith Public Housing site;

- the Redevelopment Plan for the Visitacion Valley Redevelopment Project, Ordinance No. 70-09 (May 8, 2009), which will create a new mixed- use, transit village on the former Schlage Lock Site, a contaminated site undergoing remediation, through the development of 1,250 housing units, 25 percent of which will be affordable, together with parks and retail space;
- the Redevelopment Plan for the Transbay Redevelopment Project Area, Ordinance No. 124-05 (June 23, 2005) and No. 99-06 (May 19, 2006) , which in furtherance of the transfer of property from the State comprising the former transbay terminal site, is necessary to assist in the construction of a new Transbay Terminal, including the terminus of the State's planned high speed rail line and region serving bus terminal, and the development of high-density, transit-oriented residential projects consisting of 3,400 units of which approximately 1,200 would be affordable units;
- the Redevelopment Plan for the South of Market Project Area, Ordinance No. 276-05 (Dec. 16, 2005), which is revitalizing Sixth Street and surrounding areas through investment in affordable housing, small businesses, and public improvements; and
- the Redevelopment Plans for the Mission Bay North and South Redevelopment Projects, Ordinance Nos. 327-98 (Oct. 26, 1998) and 335-98 (Nov. 2, 1998, which, consistent with State legislation, is in the process of redeveloping over 300 acres of former railroad yards into 6,000 housing units of which 30 percent will be affordable (and of which already over 3,100 new homes, and 674 affordable units have already been built), 4.5 million square feet of biotechnology and office space, a medical

1 research campus for the University of California at San Francisco on 43 acres
2 donated by the City and a private developer for that purpose, a new UCSF hospital,
3 and extensive public parks and open space; and,

4 WHEREAS, The redevelopment plans described above are thirty year plans, are in
5 varying stages of implementation and are using or contemplate the use of a portion of
6 property tax increment to leverage many more dollars of private investment, but none of the
7 plans are close to completion and most are in their early stages of development; these plans
8 are collectively referred to as the “Active Redevelopment Plans;” and,

9 WHEREAS, Completion of the Active Redevelopment Plans and the associated public
10 benefits depends on the Agency’s exercise of authority granted by the state legislature in the
11 CRL and the Board of Supervisors in the local legislation approving the plans, including the
12 use of Redevelopment Agency Funds; and,

13 WHEREAS, Each of the Active Redevelopment Plans requires the construction and
14 rehabilitation of a significant amount of affordable housing that far exceeds the state law
15 standards, that makes the Agency the primary local funder of affordable housing development
16 in the City, and that is consistent with the Board of Supervisors’ policy of devoting over fifty
17 percent (50%) of Redevelopment Agency Funds for affordable housing, Resolution No. 427-
18 05 (June 10, 2005) (“Project Area Affordable Housing”); and,

19 WHEREAS, The City and Agency are currently engaged in community based planning
20 processes for future redevelopment project areas, including the economic conversion former
21 Naval Station Treasure Island and the revitalization of Mid-Market Street; and,

22 WHEREAS, In 1997 the Treasure Island Development Authority (“TIDA”) was formed in
23 accordance with State legislation to advance the reuse of the closed military base known as
24 Naval Station Treasure Island and current plans for the site include the creation of 8,000 units
25

1 of housing with 30% of them offered at affordable rates, 300 acres of parks and open space
2 and thousands of square feet of new retail and commercial office space; and,

3 WHEREAS, The City has embarked on an aggressive program to redevelop its most
4 distressed public housing developments ("HOPE SF") and Redevelopment Agency Funding is
5 a necessary component of the financing for the first two projects, Hunters View and Alice
6 Griffith, consisting of 493 and 504 units, respectively ("HOPE SF Housing"); and,

7 WHEREAS, The tools of redevelopment are critical to focusing both public and private
8 investment into the local economy, such that Agency actions led to the creation of over 3,000
9 construction jobs in San Francisco in 2010 and \$293 million in construction activity. The
10 agency expects its projects will create an additional 3,000 construction jobs in 2011.

11 Additionally, public infrastructure improvements supported by tax increment financing and
12 planned for 2011, including roadways and parks, total more than \$50 million; and,

13 WHEREAS, The Agency has over 1,400 units of affordable housing in the planning or
14 pre-development stages in 2011 alone, which will serve almost 4,200 residents; and,

15 WHEREAS, The Board of Supervisors has also approved, as authorized under
16 Sections 33333.7 (Senate Bill No. 2113) and 33333.8 of the CRL, the continuing use of
17 Redevelopment Agency Funds from expired project areas for the sole purpose of creating
18 new affordable housing units that would replace the approximately 7,000 affordable units
19 destroyed in the 1960's and early 1970's, Ordinance No. 256-09 (Dec. 30, 2009) (Yerba
20 Buena Center), No. 316-08 (Dec. 19, 2008) (Western Addition A-2), No. 15-05 (Jan. 21, 2005)
21 (Golden Gateway, Hunters Point, and India Basin) ("SB 2113 Replacement Housing"); and,

22 WHEREAS, The Agency's Project Area Affordable Housing, HOPE SF Housing, and
23 SB 2113 Replacement Housing are collectively referred to as the "Affordable Housing
24 Program"; and,

1 WHEREAS, The implementation of Active Redevelopment Plans, completion of
2 associated public benefits, the Affordable Housing Program and the creation of new
3 redevelopment project areas to convert closed military bases and otherwise address blight are
4 at grave risk if the authority granted to redevelopment agencies is repealed as currently
5 proposed by the Governor; and,

6 WHEREAS, The State of California faces a budget shortfall of over \$25 billion in the
7 current and next fiscal years and the Governor has proposed drastic reductions in a number
8 of state-funded programs; and,
9

10 WHEREAS, SB 375 (Chapter 728, Statutes of 2008) is a key piece of California's
11 efforts to reduce greenhouse gas emissions in accordance with the State's landmark AB 32
12 (California Global Warming Solutions Act of 2006) legislation, which was recently affirmed by
13 California voters in defeating an initiative to overturn AB 32, and which provides for the
14 development of regional sustainable communities plans to promote urban infill development
15 and reduce vehicle miles travelled; and,

16 WHEREAS, With the end of the federal stimulus program fast approaching and with
17 other substantial reductions in other state or federal grant funding, property tax increment
18 financing is one of the only tools that the City and other local governments have to fund
19 necessary public infrastructure improvements in blighted urban areas without raising taxes;
20 and,

21 WHEREAS, The Governor's proposal will harm local economic development and
22 community based planning efforts, and jeopardize the City's ability to leverage the investment
23 of private capital and Federal and State grant funds in the City's disadvantaged
24 neighborhoods; and,
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1 WHEREAS, The Governor's proposal will eliminate a key tool the City has successfully
2 used to advance the creation of transit-oriented development, affordable housing,
3 infrastructure, parks and open space and other public benefits, as demonstrated in the Active
4 Redevelopment Plans; and,

5 WHEREAS, There are alternatives to the repeal of redevelopment agency authority
6 that would provide additional funds to help the Governor and State Legislature address the
7 fiscal crisis, including possibly giving counties and taxing entities a larger role in the allocation
8 of tax increment, while still allowing local redevelopment agencies to implement the Active
9 Redevelopment Plans and Affordable Housing Program; and,

10 WHEREAS, Despite the grave harm that City would face if the authority of
11 redevelopment agencies is repealed, any successor entities must have sufficient authority and
12 resources to fulfill all of the indebtedness incurred and contractual obligations and
13 commitments made under existing redevelopment plans to local communities in the Active
14 Redevelopment Plans and the Affordable Housing Program; now, therefore, be it

15 RESOLVED, That the Board of Supervisors recognizes the vital role of redevelopment
16 under the CRL, particularly through the use of property tax increment financing, in creating
17 affordable housing, generating jobs, promoting urban infill in furtherance of SB 375, improving
18 public infrastructure, alleviating blight and reusing former military bases to enhance the quality
19 of life for residents of the City and provide public benefits for residents, the region and the
20 State; and, be it

21 FURTHER RESOLVED, That the Board of Supervisors opposes the current 2011-12
22 budget proposal to eliminate local redevelopment agencies and urges Governor Brown and
23 the State Legislature to retain the authority of redevelopment agencies as needed to alleviate
24 physical and economic blight; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors urges Governor Brown and the
2 State Legislature to work with cities and redevelopment agencies to explore alternative budget
3 proposals that may involve other changes in the tax allocation process or contributions to
4 assist in the State's current fiscal crisis; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors urges Governor Brown and the
6 State Legislature, to ensure at a minimum that if despite the harm to local government that will
7 occur if redevelopment agencies are eliminated, any successor entities to redevelopment
8 agencies have sufficient authority and resources, including the ability to incur new
9 indebtedness and to fulfill contractual obligations and commitments under existing
10 redevelopment plans that have been made to local communities, including those in the Active
11 Redevelopment Plans and the Affordable Housing Program, and under existing or proposed
12 plans to convert closed military bases, such as former Treasure Island Naval Base, or to help
13 construct major components of regional and state transportation infrastructure, such as the
14 Transbay Redevelopment Project Area.