

7/23 Land Use & Transportation Committee Amendments

CENTRAL SOMA PUBLIC BENEFITS PACKAGE: SUMMARY (IN 2017 DOLLARS)

BENEFIT	TOTAL REVENUES	CATEGORY ALLOCATION (%)
Affordable Housing	\$940,000,000	44%
38% of new/rehabilitated housing is Below-Market Rate (BMR) (35% low/moderate income and 3% middle income)	\$940,000,000	44%
Transit	\$500,000,000	23%
Local transit improvements to enhance convenience and safety	\$340,000,000	16%
Regional transit capacity enhancement and expansion	\$160,000,000	7%
Parks & Recreation	\$185,000,000	9%
Gene Friend Recreation Center Reconstruction/Expansion	\$25,000,000	1%
Victoria Manalo Draves Park Programming	\$5,000,000	0%
New 1-acre park in Southwest portion of Plan Area	\$35,000,000	2%
New public recreation center*	\$10,000,000	0%
Park and greenery maintenance and activation	\$15,000,000	1%
New large (2+ acre) SoMa park (initial site identification)*	\$5,000,000	0%
New Bluxome linear park*	\$5,000,000	0%
New under-freeway public recreation area	\$5,000,000	0%
Privately-Owned Public Open Spaces (POPOS)	\$80,000,000	4%
(Alternative project: 7th & Mission Park)	(\$20,000,000)	(1%)
Production, Distribution, & Repair	\$180,000,000	8%
Preservation and creation of PDR space to ensure no net loss due to the Plan	\$180,000,000	8%
Complete Streets	\$110,000,000	5%
Redesign of all major streets in the Plan Area to be safe and comfortable for people walking, biking, and on transit.	\$110,000,000	5%
Cultural Preservation & Community Services	\$11409,000,000	5%
Restoration of the US Mint Building	\$1520 ,000,000	1%
Preservation and maintenance of historic buildings	\$20,000,000	1%
New community facilities (e.g. health care clinics and job training centers)	\$20,000,000	1%
Social and cultural programming	\$25,000,000	1%
Capital for cultural amenities (e.g. Yerba Buena Gardens)	\$15,000,000	1%
PDR Relocation Assistance Fund	\$10,000,000	0%
Neighborhood cleaning	\$9,000,000	0%
Environmental Sustainability & Resilience	\$6570,000,000	3%
Enhanced stormwater management in complete street projects	\$2832 ,000,000	1%
Freeway corridor air quality and greening improvements	\$22,000,000	1%
Living Roofs enhanced requirements	\$6,000,000	0%
Other energy and water efficiency projects	\$910 ,000,000	0%
Schools & Childcare	\$64,000,000	3%
New childcare centers	\$26,000,000	1%
Capital investments in schools serving K-12 population	\$32,000,000	1%
Bessie Carmichael supplemental services	\$6,000,000	0%
TOTAL	\$2,160,000,000	100%

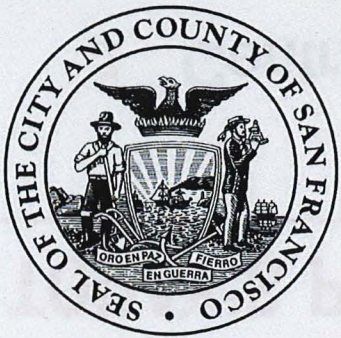
* If funds for these Parks & Recreation projects are provided by other sources (such as contributions from new development) or if revenues exceed the projected amounts, funding could be allocated to the "Alternative" project listed here.

NOTE: Over the course of Plan build out (roughly 25 years), the City expects to allocate funds among the public benefit categories in the amounts listed (or proportionally according to the category allocation percentages listed, should the final amount of revenues differ from what is shown here). However, the sequence of fund disbursement will be determined based on a variety of factors, including project readiness, community priorities, completion of any additional required environmental review, and other funding opportunities. The list of specific projects is subject to change and is not legally binding.

7/23 Land Use & Transportation Committee Amendments

CENTRAL SOMA PUBLIC BENEFITS PACKAGE: DETAILED FUNDING SOURCES & USES (IN 2017 DOLLARS)

PUBLIC BENEFIT	DIRECT PROVISION BY NEW DEVELOPMENT	CENTRAL SOMA COMMUNITY FACILITIES DISTRICT (CFD)	EASTERN NEIGHBORHOODS INFRASTRUCTURE FEE (\$423)	TRANSPORTATION SUSTAINABILITY FEE (\$411A)	JOBS-HOUSING LINKAGE FEE (\$413)	AFFORDABLE HOUSING FEE (\$415)	CENTRAL SOMA INFRASTRUCTURE FEE (\$428.2)	SCHOOL IMPACT FEE (CA ED. CODE §17620)	CHILD CARE FEE (\$414 AND 414(A))	CENTRAL SOMA COMMUNITY FACILITIES FEE (\$428.1)	TOTAL (BY CATEGORY)	% SHARE
AFFORDABLE HOUSING	\$550,000,000				\$210,000,000	\$180,000,000					\$940,000,000	44%
TRANSIT		\$160,000,000	\$90,000,000	\$210,000,000			\$40,000,000				\$500,000,000	23%
PARKS & RECREATION	\$80,000,000	\$45,000,000	\$60,000,000								\$185,000,000	9%
PRODUCTION, DISTRIBUTION, & REPAIR (PDR)	\$180,000,000										\$180,000,000	8%
COMPLETE STREETS		\$10,000,000	\$90,000,000	\$10,000,000							\$110,000,000	5%
CULTURAL PRESERVATION & COMMUNITY SERVICES	\$20,000,000	\$7469,000,000								\$20,000,000	\$11409,000,000	5%
ENVIRONMENTAL SUSTAINABILITY	\$6,000,000	\$5964,000,000									\$6570,000,000	3%
SCHOOLS & CHILDCARE		\$6,000,000						\$26,000,000	\$32,000,000		\$64,000,000	3%
TOTAL (BY SOURCE)	\$836,000,000	\$354,000,000	\$240,000,000	\$220,000,000	\$210,000,000	\$180,000,000	\$40,000,000	\$26,000,000	\$32,000,000	\$20,000,000	\$2,160,000,000	100%



CENTRAL SOMA

PLAN & IMPLEMENTATION STRATEGY

Government Audit & Oversight Committee
October 25, 2018

TODAY'S PRESENTATION

- 1 Central SoMa Plan: Public Benefits Package**
- 2 Central SoMa Special Tax District**
- 3 Conclusion**

TODAY'S ACTIONS

- 1 **Approval of Resolution of Intent (ROI) to establish Central SoMa Special Tax District (no. 180622)**
 - » Exhibit A: Description of Facilities and Services That May be Financed by the Special Tax District
 - » Exhibit B: Rate and Method of Apportionment of Special Tax
 - » Exhibit C: Form of Unanimous Approval

- 2 **Approval of Resolution of Intent (ROI) to Incur Bonded Indebtedness in an Amount Not to Exceed \$5.3 billion (no. 180623)**



CENTRAL SOMA PLAN - CONTENTS

<p>General Plan</p>	<ul style="list-style-type: none"> • Creation of the Central SoMa Plan • Amendments to East SoMa & Western SoMa Plans
<p>Planning Code & Administrative Code</p>	<ul style="list-style-type: none"> • Planning Code: creation of the Central SoMa Special Use District (SUD) • Admin Code: PDR protection
<p>Zoning Map</p>	<ul style="list-style-type: none"> • Amendments to Height and Bulk District Maps • Amendments to Zoning Use District Maps
<p>Implementation Program <i>(adopted by reference)</i></p>	<ul style="list-style-type: none"> • Implementation Matrix • Public Benefits Program • Guide to Urban Design • Key Development Sites Guidelines • Key Streets Guidelines

(continued on next page)

CENTRAL SOMA PLAN - CONTENTS

Special Tax District

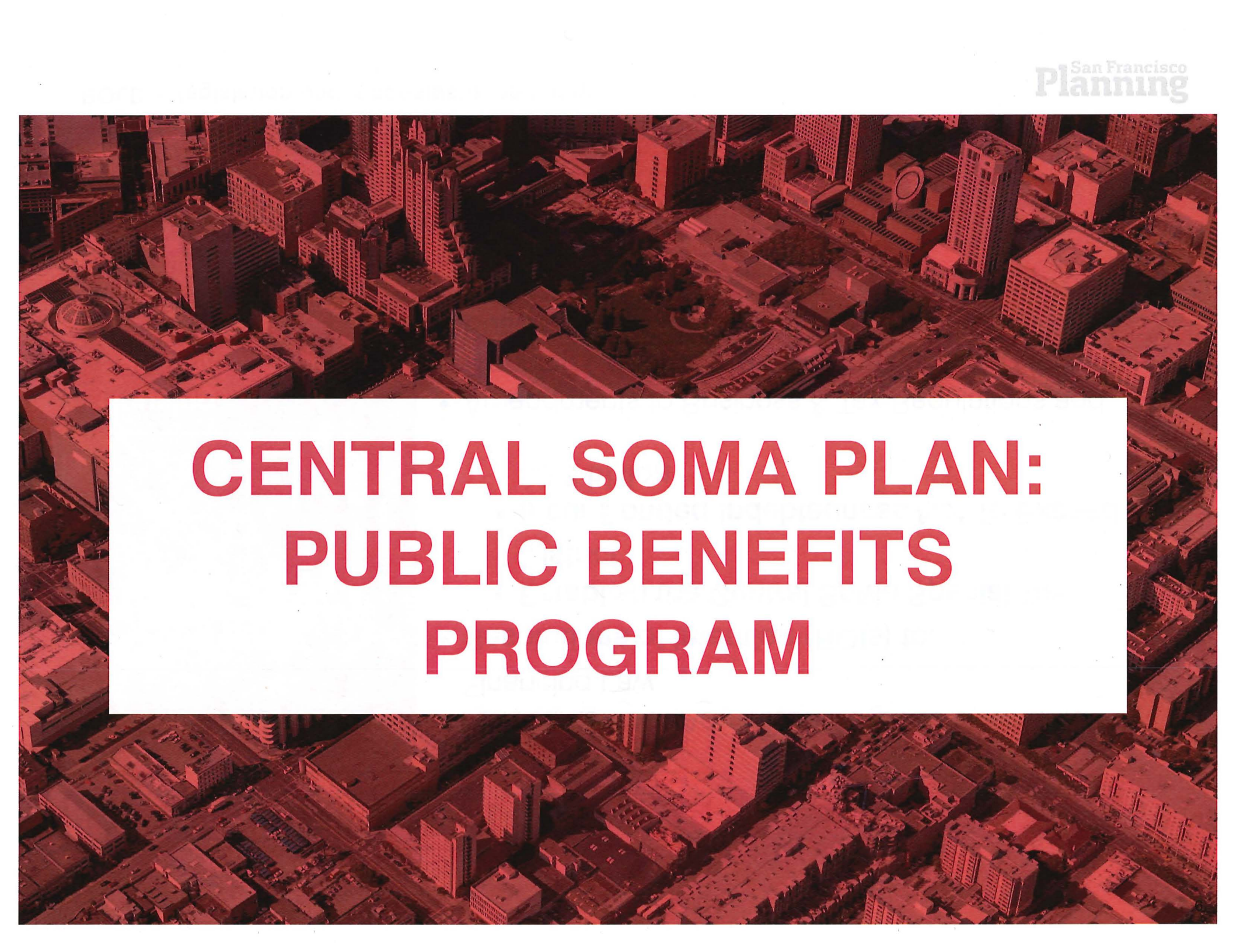
(a.k.a. Community Facilities District, or CFD)

- Amendments to Administrative Code Special Tax Financing Law
- **Resolutions of Intention (ROIs) to:**
 - **Establish the Central SoMa Special Tax District**
 - **Incur Bonded Indebtedness Not To Exceed \$5.3 billion**

Housing Sustainability District

- Amendments to Business & Tax Regulations and Planning Codes to create a Central SoMa Housing Sustainability District (HSD), pursuant to California AB73

BOLD = legislation under consideration today



**CENTRAL SOMA PLAN:
PUBLIC BENEFITS
PROGRAM**

PLAN STRATEGY

*Accommodate
Demand*



*Provide
Public Benefits*



*Respect and
Enhance
Neighborhood
Character*



VISUALIZATION - EXISTING DEVELOPMENT



3-D Model of Existing Buildings (2016)

Digital Model by Skidmore, Owings, & Merrill

VISUALIZATION - POTENTIAL DEVELOPMENT

- Central SoMa Development Potential
- Anticipated Projects Outside of Central SoMa

- 32,500 jobs
- 8,570 housing units



3-D Model of Potential Development









Digital Model by Skidmore, Owings, & Merrill

PUBLIC BENEFITS: FUNDING SOURCES (25 YEARS; 2017 DOLLARS)

FUNDING SOURCE	AMOUNT
Central SoMa Special Tax District (<i>NEW</i>)	\$354 million
Eastern Neighborhoods Infrastructure Fee	\$240 million
Transportation Sustainability Fee	\$220 million
Jobs-Housing Linkage Fee	\$210 million
Affordable Housing Fee	\$180 million
Central SoMa Infrastructure Fee (<i>NEW</i>)	\$40 million
School Impact Fee	\$26 million
Child Care Fee	\$32 million
Central SoMa Community Facilities Fee (<i>NEW</i>)	\$20 million
Direct provision of benefits (e.g. on-site BMR units)	\$836 million
TOTAL	\$2.16 billion

NOTE: Public benefits package represents 25 years of revenues (the estimated time to Plan build out).

PUBLIC BENEFITS (25 YEARS; 2017 DOLLARS)

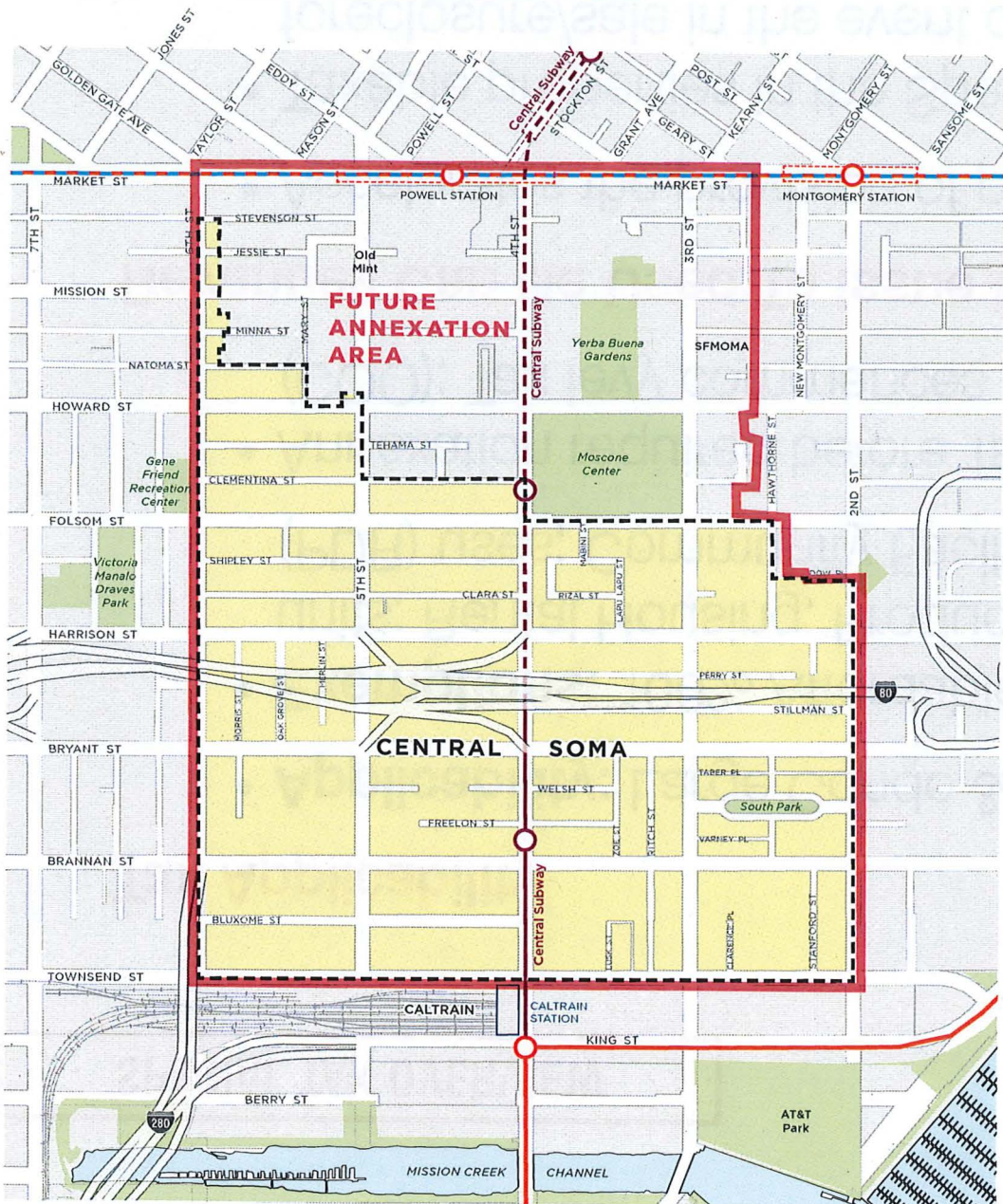
	PUBLIC BENEFIT	TOTAL	CFD-FUNDED
	Affordable Housing	\$940 million	\$0
	Transit	\$500 million	\$160 million
	Parks & Recreation	\$185 million	\$45 million
	Production, Distribution, & Repair (including Arts)	\$180 million	\$0
	Complete Streets	\$110 million	\$10 million
	Cultural Preservation & Community Services	\$114 million	\$74 million
	Environmental Sustainability	\$65 million	\$59 million
	Schools & Childcare	\$64 million	\$6 million
	TOTAL	\$2.16 billion	\$354 million

NOTE: As amended at 7/23 Land Use & Transportation Committee. Public benefits package represents 25 years of revenues (the estimated time to Plan build out).



CENTRAL SOMA SPECIAL TAX DISTRICT

FUTURE ANNEXATION MAP



- Central SoMa only considers annexation of parcels within the Plan Area
- Other parcels in the C-3 zones would be annexed only if there is future legislation, a Development Agreement, or other agreement.



SPECIAL TAX OVERVIEW

Tax Applicability

- **Applicability:** Large Condo & Non-Residential Projects
- **Exemptions:** 100% Affordable Housing Projects; BMR units; Rental Housing; Production, Distribution & Repair (PDR) uses; Community Facilities
- Annexation required before 1st Certificate of Occupancy (COO); Tax levy commences after 1st COO

Revenues Can Be Used To Issue Bonds

- Accelerates the provision of public benefits
- Taxable properties in the Special Tax District are subject to foreclosure/sale in the event of non-payment of taxes*

* Special taxes are secured by priority liens (ahead of private liens)

PROJECTED BONDING CAPACITY

- **Annual Revenue:** Approximately \$85 million/year at buildout (year 25)
- **Anticipated Initial Bond Issuance** is 2023-2027, pending:
 - » Approval of District
 - » Sufficient capacity exists to support debt
 - » Board approval
- **Subsequent Bond Issuance:** every 5 years as revenues and capital improvement plans dictate
- **Amending maximum authorized amount** would require property owner vote

SPECIAL TAX RATES - 10/22 AMENDMENTS AT LAND USE & TRANSPORTATION

Years 1-99: Facilities Tax*

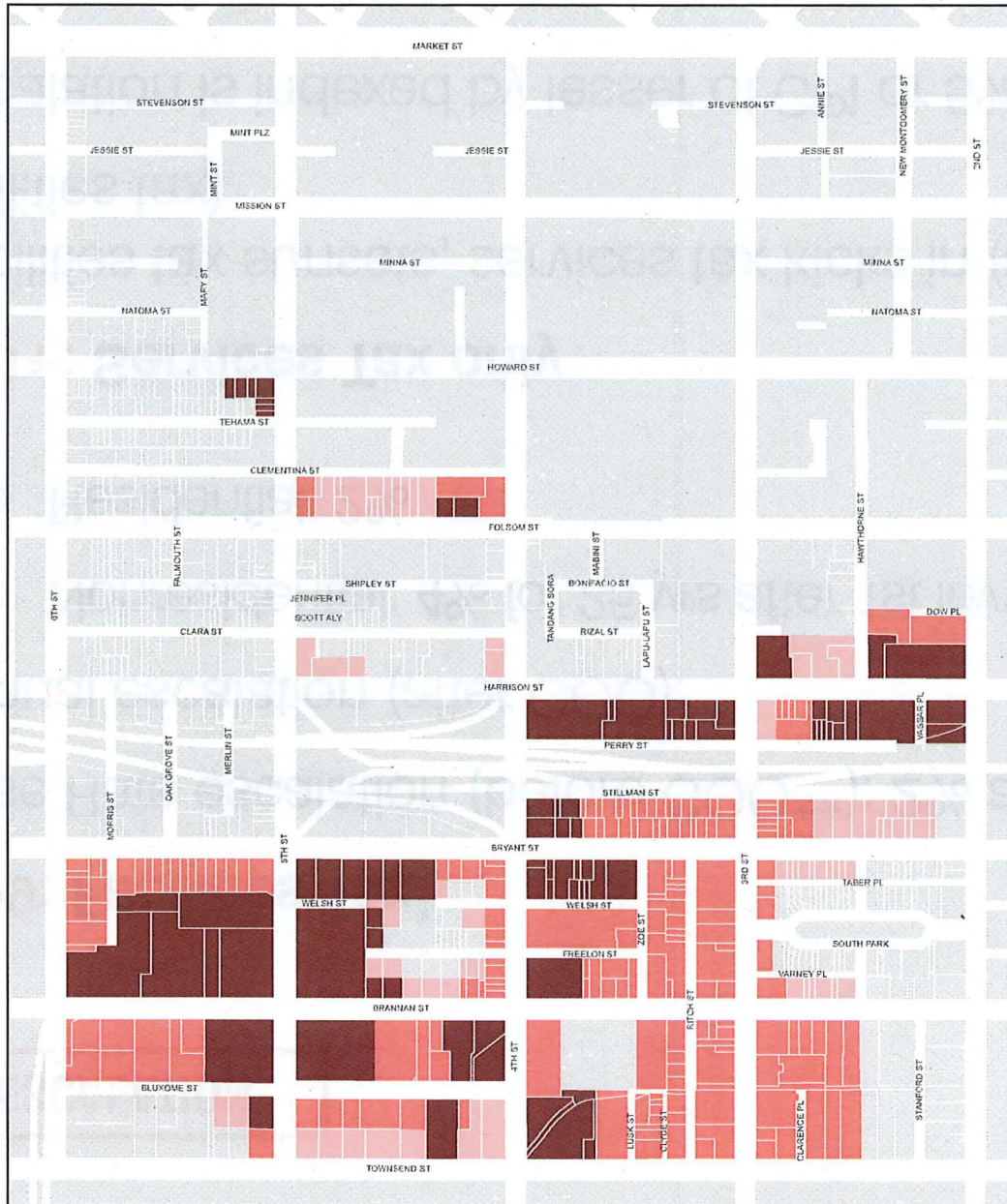
	TIER A (15'-45' height increase)		TIER B (50'-85' height increase)		TIER C (90'+ height increase)	
	as introduced	10/22 LUT amendment	as introduced	10/22 LUT amendment	as introduced	10/22 LUT amendment
NON-RESIDENTIAL	\$0	same	\$0	\$2.00	\$2.75	same
RESIDENTIAL CONDOS	\$0	same	\$3.30	\$0	\$5.50	same

Years 100+: Services Tax Only

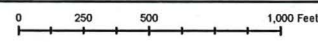
	TIER A		TIER B		TIER C	
	as introduced	10/22 LUT amendment	as introduced	10/22 LUT amendment	as introduced	10/22 LUT amendment
NON-RESIDENTIAL	\$0	same	\$0	\$0.50	\$0.69	same
RESIDENTIAL CONDOS	\$0	same	\$0.82	\$0	\$1.37	same

*FY 18-19 rates. Facilities tax may be spent on either capital facilities or services (e.g. maintenance, programming)

CENTRAL SOMA FEE TIERS



- Tier A (15' - 45' increase)
- Tier B (50' - 85' increase)
- Tier C (90' or more increase)



SPECIAL TAX ESCALATION**Years 1-99: Facilities Tax***

- Base Rate escalation (before COO**): 2% annually
- Annual escalation (after COO):
 - » Nonresidential: 4% for 25 yrs after 1st levy; 2% thereafter
 - » Residential: 2%

Years 100+: Services Tax only

- Facilities tax sunsets, services tax kicks in (rate = ~25% of facilities tax)
- Escalation is indexed by lesser of CPI or 5%

* Facilities tax may be spent on either capital facilities or services (e.g. maintenance, programming)

** COO = Certificate of Occupancy

SPECIAL TAX DISTRICT: EXPENDITURE PLAN (2017 DOLLARS)*

During Plan Buildout (25 years)

	Transit	\$160 million
	Parks & Recreation	\$45 million
	Complete Streets	\$10 million
	Cultural Preservation & Community	\$74 million
	Environmental Sustainability	\$59 million
	Schools & Childcare	\$6 million
	TOTAL	\$354 million

Longer term needs (>25 years): could include, but are not limited to, Sea Level Rise adaptation and maintenance of capital facilities

*Expenditures are as amended at 7/23 Land Use & Transportation Committee. Note that projects are non-binding, and the Public Benefits Package may be amended, subject to Board approval.

PUBLIC BENEFITS VS BOND CAPACITY**Public benefits package: \$2.16 billion (\$354mn in CFD funding)**

- Based on 25 years of funding
- Assumes 75% development build out
- Assumes bond issuance every 5 years

Not-to-Exceed Bond amount in ROI: \$5.3 billion (to fund up to \$4.8bn in public infrastructure over 99 years)

- Total bonding capacity over 99-year term
- Assumes 100% development build out
- Assumes back-to-back bonds (higher \$ over a longer period)
- Accounts for inflation

ADMINISTRATION ENTITIES

<p>Capital Planning Committee</p>	<ul style="list-style-type: none"> • Approve 5-year expenditure plan (subject to Board approval) • Recommend changes in revenue allocation
<p>Director of Public Finance</p>	<ul style="list-style-type: none"> • Develop 5-year revenue forecast • Authorize tax commencement • Authorize bond issuances (subject to Board approval)
<p>Interagency Plan Implementation Committee (IPIC)</p>	<ul style="list-style-type: none"> • Develop 5-year Expenditure Plan • Advisor to CPC & Director of Public Finance
<p>Community Advisory Committees (CACs)</p>	<ul style="list-style-type: none"> • Provide public oversight & advise on expenditure plan

COLLABORATION

Joint Community Facilities Agreements (JCFAs)

- Will be required for non-City agencies receiving tax revenues
- Example: Regional transit providers are slated to receive roughly \$160 million (representing 1/3 of total transportation funding) in collaboration with City through the Mayor/Board

ADMINISTRATIVE ENTITIES



CONCLUSION

TODAY'S ACTIONS

- 1 Approval of Resolution of Intent (ROI) to establish Central SoMa Special Tax District (no. 180622)**
 - » Exhibit A: Description of Facilities and Services That May be Financed by the Special Tax District
 - » Exhibit B: Rate and Method of Apportionment of Special Tax
 - » Exhibit C: Form of Unanimous Approval

- 2 Approval of Resolution of Intent (ROI) to Incur Bonded Indebtedness in an Amount Not to Exceed \$5.3 billion (no. 180623)**



THANK YOU

LISA CHEN

415.575.9124

LISA.CHEN@SFGOV.ORG