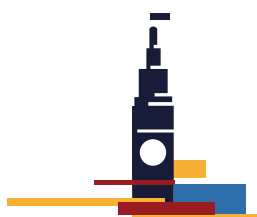




Item 3: Mission Rock and Pier 70 Moving Possessory Interest onto Secured Tax Roll

Government Audit and Oversight
Committee

April 16, 2020
Port of San Francisco



Presentation Overview

- Mission Rock & Pier 70 Projects
- Projects Public Financing Structure
- Assessment of possessory interest taxes on secured rather than unsecured roll
- Requested Action
- Next Steps



Mission Rock and Pier 70 *Project Location*



Mission Rock Overview

At completion:

- 28 acres, 2.7 – 2.8M GSF
- 1,200 units of housing
- 1.0 – 1.4M GSF office
- 240K GSF retail/PDR
- 8 acres of parks and open space

Public Benefits:

- 40 percent on-site affordable housing
- First Source, Prevailing Wage, LBE, Local Hire, and Workforce Training Program
- TDM program
- Rehabilitation of Historic Pier 48
- Sea level rise protections and ongoing revenue stream
- On-site childcare





Pier 70 Project Overview

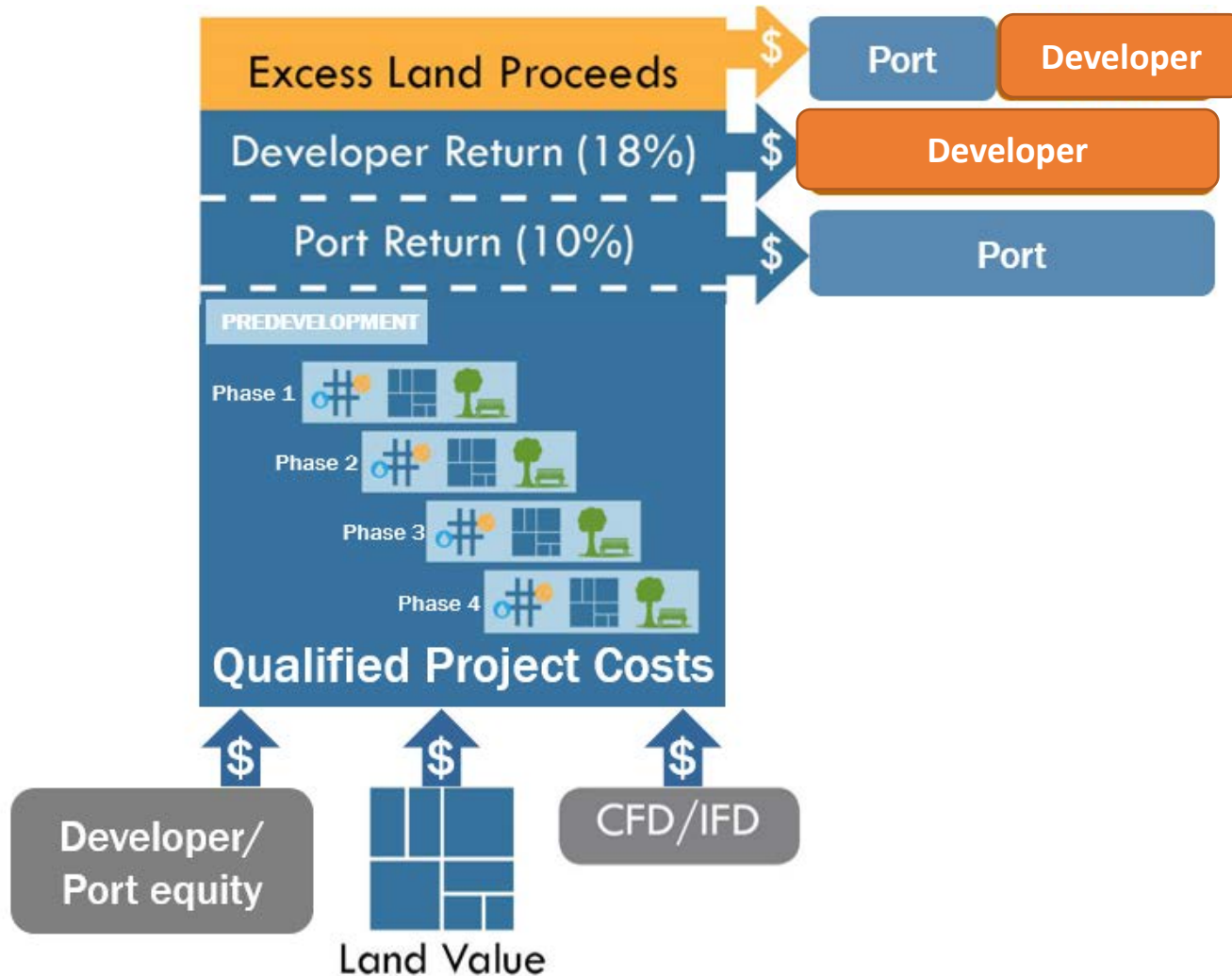
Overview

- Entitled Fall 2017
- 35 acres
- 1,645-3,025 residential units
- 1.1-1.75 million gsf commercial
- 9 acres open space

Public Benefits

- 30% onsite affordability
- First Source, Prevailing Wage, LBE
- TDM Program
- Historic Rehabilitation
- Sea Level Rise Protections
- Ongoing Sea Level Rise Revenue Stream
- 90,000 SF Arts Facility
- On-site Child Care

Project Funding Structure



Use of CFD/IFD bond proceeds means:

- less use of expensive Developer Capital and
- Preservation of Port's land value for other projects and other uses.

Terminology

- **Possessory Interest Tax** – property tax on the value of a lease, use, or other private possession of publicly-owned property
- **Ad Valorem Tax** – a tax applied on the assessed value of a property; property taxes are a common form of ad valorem taxes
- **Secured Roll** - includes taxes on real property (land and structures), fixtures, and business property
- **Unsecured Roll** – includes property in which the real property is insufficient to secure payment of taxes



Assess Projects Leases on the Secured Roll

Function

- Typically, possessory interests are assessed on the unsecured roll
- Assess property taxes within the IFD and CFD special taxes on the secured roll
- Secured roll has priority lien

Benefits

- Bonds secured by taxes on the secured roll receive better interest rates
- For large issuances such as Pier 70 and Mission Rock, lower interest rates generate \$10s of millions of additional bond proceeds
- More bonds increase project funding and Port land value

Action today

- Request positive recommendation of the Resolution to Levy Ad Valorem and Special Taxes – Possessory Interests – on the Secured Roll for the Pier 70 and Mission Rock IFD and Special Tax Districts





QUESTIONS?