

File No. 110863

Committee Item No. 13

Board Item No. 27

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: July 27, 2011

Board of Supervisors Meeting

Date 8/2/11

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget & Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Ethics Form 126 |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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Completed by: Victor Young

Date: July 22, 2011

Completed by: Victor Young

Date: 7-28-11

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [Extending Time to Consider Continuing Redevelopment Activities]

2
3 **Resolution expressing the non-binding intent of the City and County of San Francisco**
4 **to comply with Part 1.9 of the California Health and Safety Code, recently added by**
5 **Assembly Bill 27, for the purpose of providing the Board of Supervisors with up to an**
6 **additional month, until November 1, 2011, to consider adopting an ordinance allowing**
7 **the City and County of San Francisco to continue to undertake state-authorized**
8 **redevelopment activities by agreeing to make ongoing annual payments for the benefit**
9 **of other taxing entities, including the San Francisco Unified School District and City**
10 **College of San Francisco; and adopting findings that the Resolution is not a project**
11 **under the California Environmental Quality Act.**

12
13 WHEREAS, The Redevelopment Agency of the City and County of San Francisco (the
14 "Agency") has implemented various redevelopment plans that the Board of Supervisors (the
15 "Board") of the City and County of San Francisco (the "City") has approved, all in accordance
16 with the California Community Redevelopment Law, California Health and Safety Code
17 section 33000 et. seq. (the "CRL"). The Agency has played a critical role in alleviating
18 physical and economic blight in disadvantaged neighborhoods in San Francisco and in
19 increasing the City's supply of affordable housing. The financing and other tools that the CRL
20 provides to the Agency are necessary to: complete major multi-phase revitalization projects
21 that are underway and are vital to the City's future, such as Mission Bay (North and South),
22 Hunters Point Shipyard/Candlestick Point (Phases One and Two), and Transbay; to revitalize
23 the Bayview Hunters Point, Visitacion Valley and South of Market Project Areas; to redevelop
24 the City's most distressed public housing developments under its HOPE SF Program; to
25 achieve the goals of the local sustainable communities strategy being developed under SB

1 375, Chapter 4.2 (beginning with Section 21155) of Division 12 of the Public Resources Code
2 ("SB 375"); to produce jobs and much needed affordable housing; to alleviate remaining
3 blight; and to convert closed federal military bases to productive economic use; and,

4 WHEREAS, On February 1, 2011, the Board unanimously approved Resolution No. 52-
5 11, opposing changes to the California State budget for fiscal year 2011-12 then proposed by
6 Governor Brown to eliminate redevelopment agencies, and urging the Governor and the State
7 Legislature to retain the existing authority of redevelopment agencies as needed to alleviate
8 blight particularly in disadvantaged neighborhoods, produce jobs, build public infrastructure,
9 promote urban infill in furtherance of SB 375 and fund affordable housing development; and,

10 WHEREAS, On June 15, 2011, as part of a special session that the Governor called to
11 address the State's fiscal emergency and as trailers to the State's budget bill, the California
12 Legislature adopted two companion bills relating to community redevelopment; and,

13 WHEREAS, The first of those bills, Assembly Bill No. 1X 26 (Chapter 5, Statutes of
14 2011-12, First Extraordinary Session) ("AB 26"), suspends most new activities of
15 redevelopment agencies as of the effective date of the act (other than making payments due,
16 enforcing covenants and performing its obligations under existing bonds, contracts and other
17 enforceable obligations), dissolves all redevelopment agencies in the State as of October 1,
18 2011 and designates successor agencies—generally the cities and counties where the
19 agencies operated—to satisfy "enforceable obligations" (as defined in the act), preserve assets
20 for the benefit of taxing entities and wind up the affairs of former redevelopment agencies.
21 The successor agencies are subject to supervision by newly established oversight boards,
22 which are separate from the local legislative bodies, and many of their actions are also subject
23 to discretionary review by the State Department of Finance; and,

24 WHEREAS, AB 26 also provides for the transfer of certain affordable housing functions
25 of a former redevelopment agency to a successor agency, but AB 26, unless amended in the

1 future, excludes the Low and Moderate Income Housing Fund from the transfer of functions to
2 the successor agency and instead requires the assets in that fund to be distributed to the
3 taxing entities (rather than to be used for the production of affordable housing); and,

4 WHEREAS, The second bill, Assembly Bill No. 1X 27 (Chapter 6, Statutes of 2011-12,
5 First Extraordinary Session) ("AB 27"), allows a city or county (the "Community") to continue
6 to undertake state-authorized redevelopment activities and avoid redevelopment agency
7 dissolution despite AB 26, if by October 1, 2011 the local legislative body enacts an ordinance
8 under Section 34193 of the CRL, including the Community's agreement to make specified
9 payments each year ("Community Remittances") to the Educational Revenue Augmentation
10 Fund ("ERAF") for the benefit of the local school district and community college, and, if
11 applicable, to a new Special District Allocation Fund ("SDAF") for the benefit of certain special
12 districts, consisting of fire protection service and transit districts (the "Community Remittance
13 Ordinance"); and,

14 WHEREAS, AB 27 provides that the Community may receive an additional month to
15 adopt a Community Remittance Ordinance if, before October 1, 2011, the Community adopts
16 a nonbinding resolution stating that it intends to enact a Community Remittance Ordinance
17 after October 1, 2011, and the effect of such resolution is to delay the dissolution of a
18 redevelopment agency under AB 26 until November 1, 2011; and,

19 WHEREAS, Section 34194 of the CRL, added by AB 27, sets forth formulas for
20 determining the required Community Remittances for the 2011-12 fiscal year and subsequent
21 years; and,

22 WHEREAS, Under Section 34194(d)(1), added by AB 27, the annual Community
23 Remittance is due in two equal installments on January 15th and on May 15th of each year
24 during which a redevelopment agency continues to exist in the Community; and,

25

1 WHEREAS, On June 28, 2011, the Governor approved AB 26 and AB 27, on June 29,
2 2011, the Secretary of State chaptered those bills, and on June 30, 2011, the Governor
3 signed the State budget bill. By their terms, AB 26 and AB 27 are effective immediately
4 because they relate to the budget bill, and as a result most of the Agency's new
5 redevelopment activities have been suspended since June 30th, except for those activities
6 related to the performance of existing enforceable obligations and those related to future
7 actions that a successor agency, or the Agency if it is not dissolved, may be required to take;
8 and,

9 WHEREAS, The Board and Mayor may, in their sole discretion, consider approving a
10 Community Remittance Ordinance before October 1, 2011, and the purpose of this resolution
11 is merely to provide the Board and the Mayor with up to an additional month—until November
12 1, 2011—if necessary, to consider whether to adopt a Community Remittance Ordinance; and,

13 WHEREAS, Under AB 27, the California Director of Finance will notify, by August 1,
14 2011, the City of the amount of the Community Remittance that the City would have to make
15 for the 2011-12 fiscal year to continue state-authorized redevelopment activities, and the City
16 will then have fifteen days to appeal that determination on certain limited bases to the Director
17 of Finance, which appeal the Director of Finance may reject or approve at the Director's sole
18 discretion; and,

19 WHEREAS, The City Controller and Executive Director of the Agency estimate that the
20 amount of the Community Remittance required for fiscal year 2011-12 is approximately \$24.6
21 million, most of which AB 27 would require to be paid to the San Francisco Unified School
22 District and the City College of San Francisco to serve pupils living in redevelopment areas or
23 in housing supported by redevelopment agency funds, and a portion of which AB 27 would
4 require to be paid to the Bay Area Rapid Transit District for services that further
25 redevelopment purposes and,

1 WHEREAS, Section 34194.1(a) of the CRL, added by AB 27, allows the City to make a
2 Community Remittance using any available funds not otherwise obligated; and,

3 WHEREAS, Section 24194.2 of the CRL, added by AB 27, also allows the City, in
4 choosing to continue to undertake state-authorized redevelopment activities by adopting a
5 Community Remittance Ordinance, to enter into an agreement with the Agency providing for
6 the Agency to transfer a portion of its tax increment to the City, in an amount not to exceed
7 the annual Community Remittance due that year; and,

8 WHEREAS, In connection with the contemplated future consideration by the Board and
9 the Mayor of the Community Remittance Ordinance, the Agency is preparing, or has
10 prepared; a proposed amendment to its fiscal year 2011-12 budget providing a source of
11 funds to pay the Community Remittance, subject to approval by the Board and Mayor in their
12 sole discretion; and,

13 WHEREAS, Adoption of this non-binding resolution of intent is not an "approval" within
14 the meaning of the California Environmental Quality Act ("CEQA"), nor would the subject
15 matter of the ordinance under AB 27 be a "project" within the meaning of Section 21065 of
16 CEQA and Sections 15378(b)(4) and 15378(b)(5) of the CEQA Guidelines because the
17 resolution would address organizational and administrative matters and contemplates a future
18 possible agreement to make payments under state law, would not authorize the expenditure
19 of funds on specifically identified activities that could result in physical changes to the
20 environment, and would not result in changes in conditions in any redevelopment project or
21 survey area or at any affordable housing site; now, therefore, be it

22 RESOLVED, That the City intends to comply with Part 1.9 of the California Health and
23 Safety Code, added by AB 27, by enacting a Community Remittance Ordinance on or before
24 November 1, 2011, subject to approval by the Board and Mayor in their sole discretion and to
25

1 compliance with the budgetary and fiscal provisions of the City's Charter, to allow state-
2 authorized redevelopment activities to continue in the City; and, be it

3 FURTHER RESOLVED, That the Clerk of the Board shall as soon as reasonably
4 practicable provide a certified copy of this resolution to the City Controller, the State Controller
5 and the State Department of Finance, in accordance with Section 34193(b) of the CRL, added
6 by AB 27; and, be it

7 FURTHER RESOLVED, That the Board authorizes and urges the Mayor, the
8 Controller, and the Executive Director of the Agency to take such steps as they determine, in
9 consultation with the City Attorney, may be necessary or appropriate to comply with AB 27
10 and any applicable parts of AB 26 and to effectuate the purpose and intent of this resolution,
11 including, without limitation, working with State officials to determine the amount of the
12 Community Remittances required for the City under AB 27, and the Board ratifies all actions
13 that City officials have previously taken consistent with this resolution.

