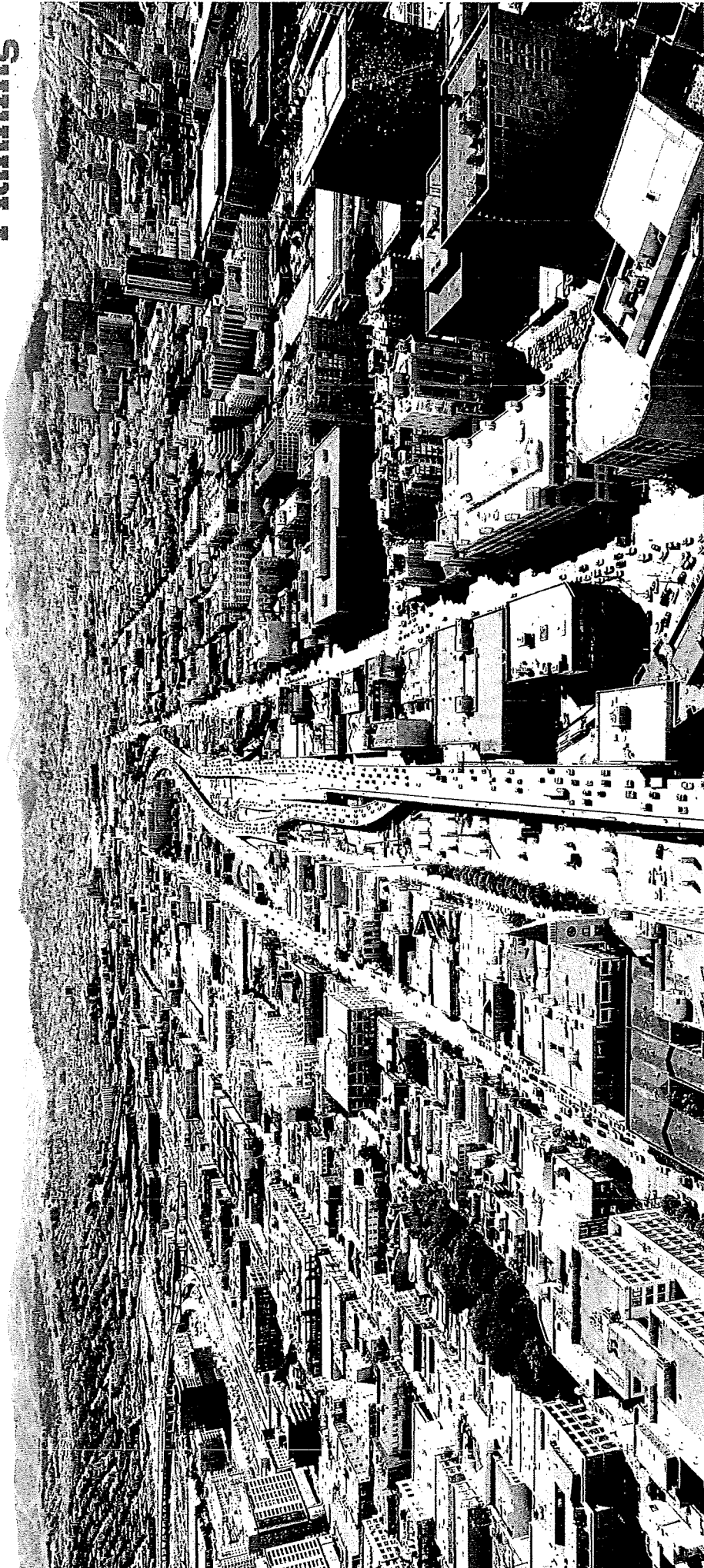


<http://centralsoma.sfplanning.org>

#51 File # 181169

San Francisco
Planning



CENTRAL SOMA

PLAN & IMPLEMENTATION STRATEGY

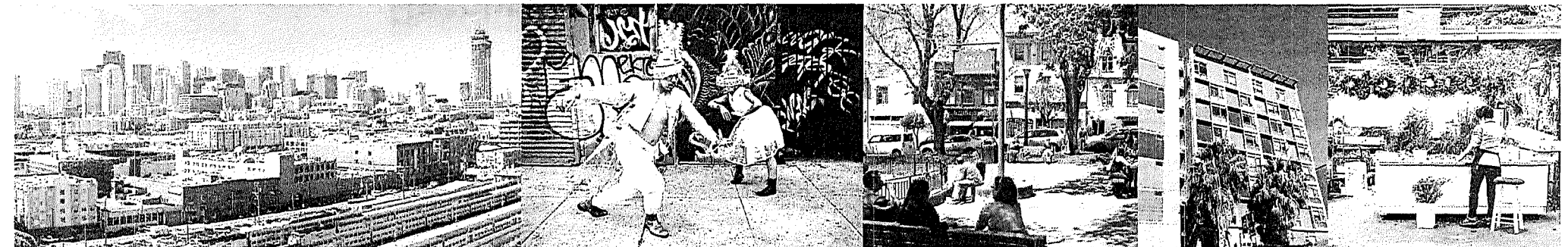
Board of Supervisors - Special Tax District Formation Hearing
January 15, 2019

TODAY'S PRESENTATION

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

TODAY'S ACTIONS

- 1 **Approval of Resolution of Formation to Establish Central SoMa Special Tax District No. 2018-1 (Board no. 181170)**
- 2 **Approval of Resolution Determining Necessity to Incur Bonded Indebtedness in an Amount Not to Exceed \$5.3 billion (no. 181171)**
- 3 **Introduction of Ordinance Levying Special Taxes (no. 181172) - Scheduled for adoption on January 22, 2019**



PRIOR APPROVAL ACTIONS ON THE PLAN & SPECIAL TAX DISTRICT

Nov 21st

Resolutions of Intent to Establish the Central SoMa Special Tax District and Incur Bonded Indebtedness Adopted (date of Mayoral approval)

Dec 7th & 12th

Central SoMa Plan Adopted (Mayoral approval), including:

- » General Plan Amendments, Planning Code & Administrative Code Amendments, Zoning Map Amendments, and Housing Sustainability District (HSD)
- » Implementation Program & Public Benefits Program (adopted by reference)



CENTRAL SOMA PLAN OVERVIEW & PUBLIC BENEFITS PROGRAM

PLAN STRATEGY

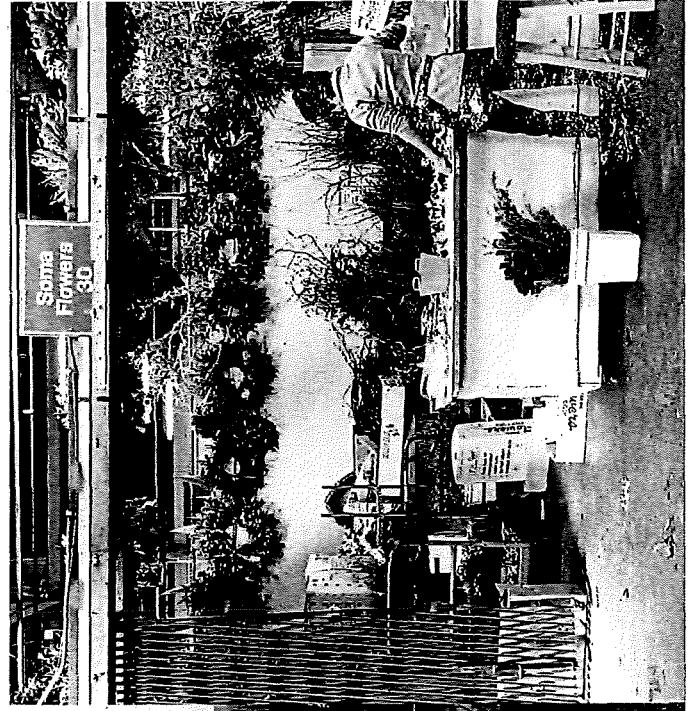
*Accommodate
Demand*



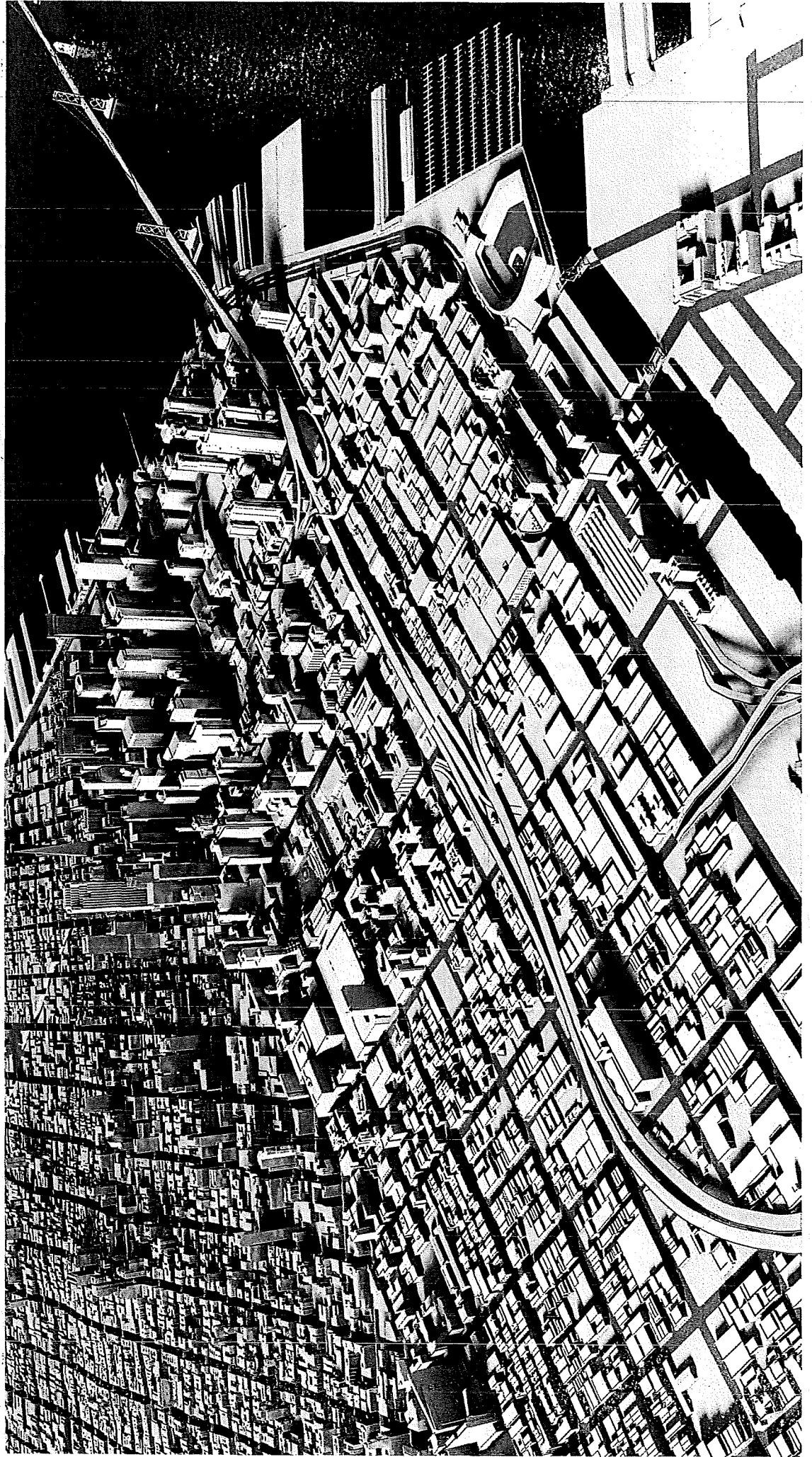
*Provide
Public Benefits*



*Respect and
Enhance
Neighborhood
Character*



VISUALIZATION - EXISTING DEVELOPMENT



3-D Model of Existing Buildings (2016)

VISUALIZATION - POTENTIAL DEVELOPMENT

Central SoMa Development Potential

Anticipated Projects Outside of Central SoMa

- 32,000 jobs
- 8,800 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 (NEW)	\$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 (NEW)	\$40 million
School Impact Fee	\$26 million
Child Care Fee	\$32 million
Central SoMa Community Facilities Fee (NEW)	\$20 million
Direct provision of benefits (e.g. on-site BMR units)	\$836 million
TOTAL	\$2.16 billion

NOTE: Projects are non-binding and the Public Benefits Package may be amended, subject to Board approval.

PUBLIC BENEFITS (25 YEARS; 2017 DOLLARS)

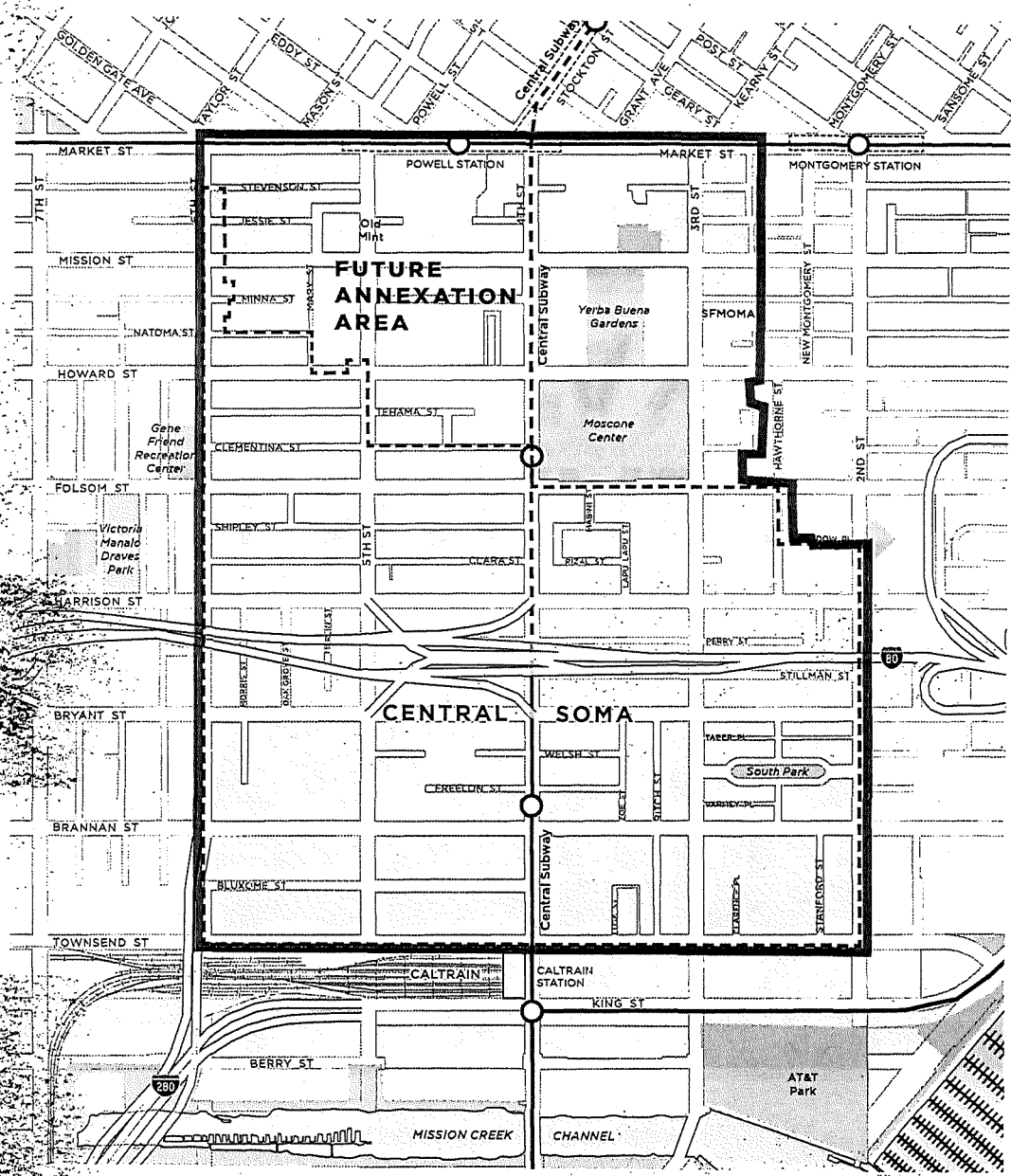
	PUBLIC BENEFIT	TOTAL	CFD-FUNDED
	Affordable Housing	\$940 million	\$0
	Transit	\$500 million	\$155-160 million*
	Parks & Recreation	\$185 million	\$45 million
	Production, Distribution, & Repair (including Arts)	\$180 million	\$0
	Complete Streets	\$110 million	\$10 million
	Cultural Preservation & Community Services	\$114 million	\$74-79 million*
	Environmental Sustainability	\$65 million	\$59 million
	Schools & Childcare	\$64 million	\$6 million
	TOTAL	\$2.16 billion	\$354 million

* The funding for these projects shall be allocated pursuant to Planning Code Section 434(e).

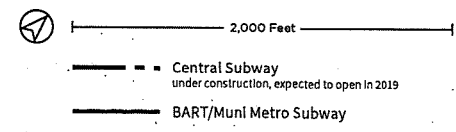
NOTE: Projects are non-binding and the Public Benefits Package may be amended, subject to Board approval. However, Special Tax District revenues are limited to Facilities and Services listed in Exhibit A of the Resolution of Formation.

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 Pay Debt Service on Bonds

- Bonds accelerate 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)

SPECIAL TAX RATES (FY18-19 RATES)

Years 1-99: Facilities Tax*

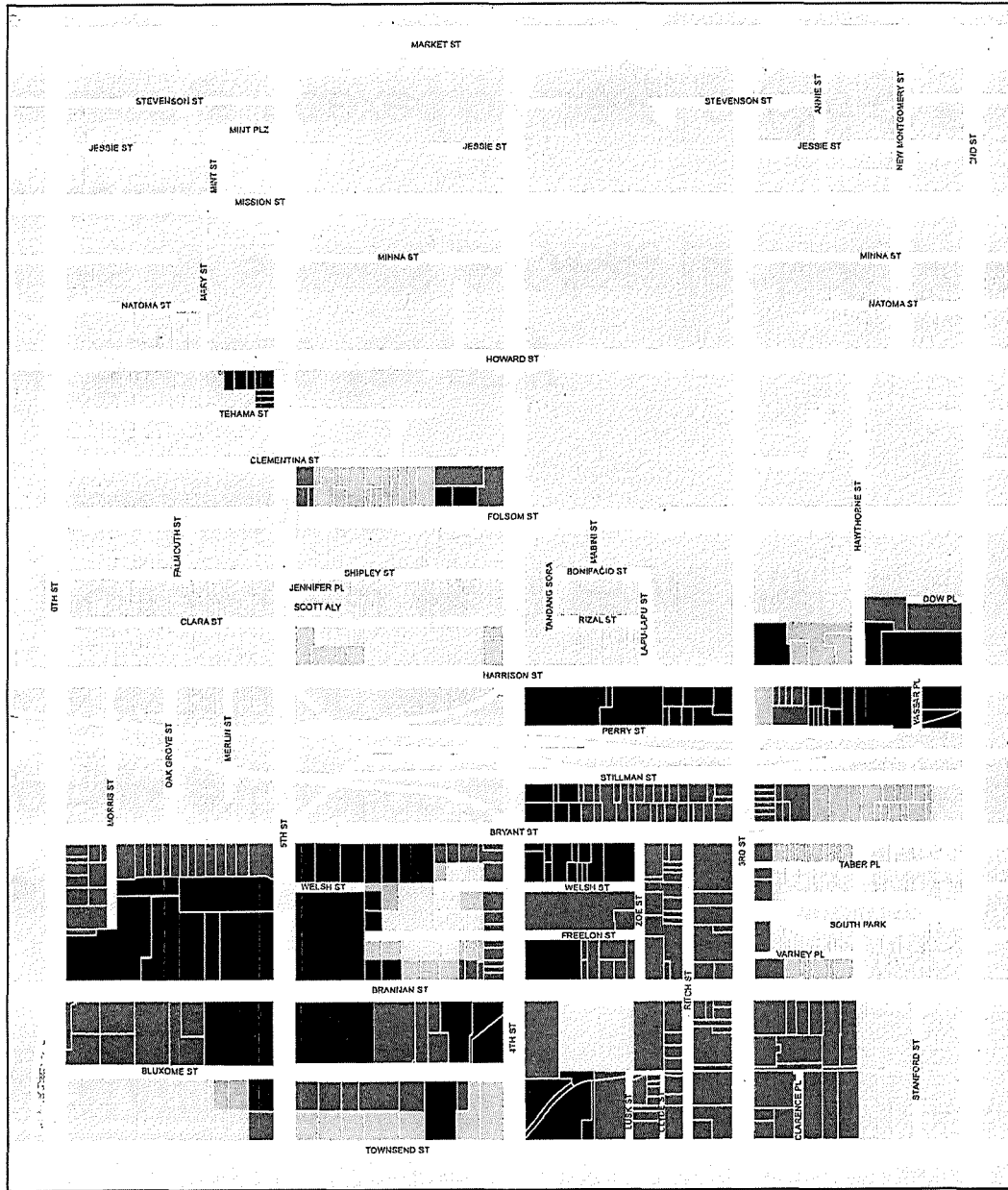
	TIER A (15'-45' height increase)	TIER B (50'-85' height increase)	TIER C (90'+ height increase)
NON-RESIDENTIAL	\$0	\$2.00	\$2.75
RESIDENTIAL CONDOS	\$0	\$0	\$5.50




Years 100+: Services Tax Only

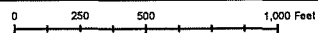
	TIER A	TIER B	TIER C
NON-RESIDENTIAL	\$0	\$0.50	\$0.69
RESIDENTIAL CONDOS	\$0	\$0	\$1.37

*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

PROJECTED BONDING CAPACITY

- **Anticipated Initial Bond Issuance** is 2023-2027, pending:
 - » Board forms Special Tax District
 - » Sufficient Special Tax revenues exist to support debt
 - » Board approves Bonds
- **Subsequent Bond Issuance:** anticipated every 5 years as Special Tax revenues and capital improvement plans dictate*
- **Amending maximum authorized amount** would require election (qualified electors are registered voters if more than 12 residents are registered at annexed properties)

* During plan build out (expected as 25 years). Thereafter, capital improvement plans and timing of bonds will be determined through a subsequent process, to be approved by the Board of Supervisors.

FACILITIES TAX (YEARS 1-99): EXPENDITURE PLAN (2017 DOLLARS)*

During Plan Buildout (25 years)

	Transit	\$155-160 million*
	Parks & Recreation	\$45 million
	Complete Streets	\$10 million
	Cultural Preservation & Community Services	
	<i>Historic Preservation</i>	\$15-20 million*
	<i>Neighborhood Stabilization & Community Services</i>	\$65 million**
	Environmental Sustainability	\$59 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

* The funding for these projects shall be allocated pursuant to Planning Code Section 434(e).

** Includes \$6 million anticipated cost for public school supplemental services

NOTE: Projects are non-binding and the Public Benefits Package may be amended, subject to Board approval. However, Special Tax District revenues are limited to Facilities and Services listed in Exhibit A of the Resolution of Formation.

SERVICES TAX REVENUES & INCIDENTAL COSTS**Annual Services Tax: Revenue estimated at \$10.4-13.2 million/year
(in current dollars)**

- Rates escalate at 2% per year until first levy (Year 100)
- After first levy, rates escalate at lesser of CPI or 5%

Incidental Costs:

- **\$250,000 (one-time):** Cost of forming the Special Tax District
- **\$150,000/year:** Administration of special taxes
- **Up to 5% of the principal amount of bonds:** Bond or other debt-issuance costs

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
- Accounts for inflation

ADMINISTRATION ENTITIES

Capital Planning Committee

- Approve 5-year expenditure plan (subject to Board approval)
- Recommend changes in revenue allocation

Director of Public Finance

- Develop 5-year revenue forecast
- Authorize tax commencement
- Authorize bond issuances (subject to Board approval)

Interagency Plan Implementation Committee (IPIC)

- Develop 5-year Expenditure Plan
- Advisor to CPC & Director of Public Finance

Community Advisory Committees (CACs)

- Provide public oversight & advise on expenditure plan

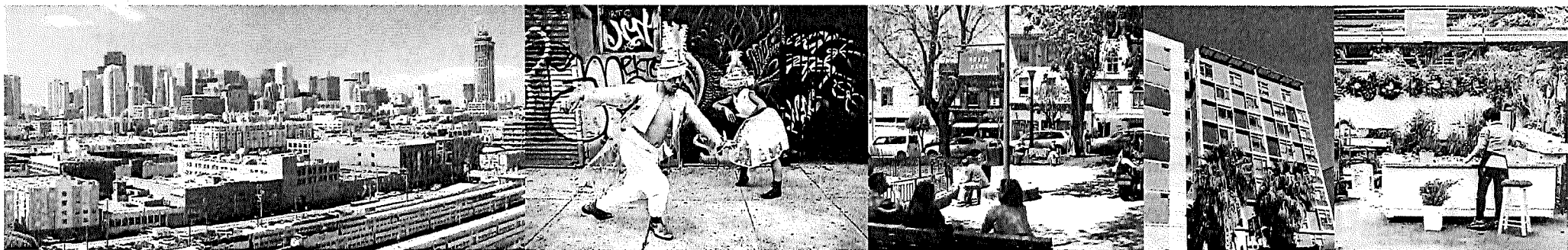
COLLABORATION**Joint Community Facilities Agreements (JCFAs)**

- Will be required for non-City agencies receiving Special Tax Revenues (or Bond proceeds) for Facilities or Services.
- 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.

CONCLUSION

TODAY'S ACTIONS

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THANK YOU

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