

1 [Tax Increment Allocation Pledge Agreement - Treasure Island/Yerba Buena Island]

2

3 **Resolution approving a Tax Increment Allocation Pledge Agreement (Treasure**  
4 **Island/Yerba Buena Island) between the City and County of San Francisco and the**  
5 **Treasure Island Development Authority for the authorization and approval of the pledge**  
6 **of net available tax increment to finance qualified project costs (including public**  
7 **improvements and affordable housing) in furtherance of the Redevelopment Plan for**  
8 **Treasure Island/Yerba Buena Island; adopting findings under the California**  
9 **Environmental Quality Act; and adopting findings that the agreement is consistent with**  
10 **the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1.**

11

12 WHEREAS, Former Naval Station Treasure Island (the "Base" or "Treasure Island") is  
13 a former military base consisting of approximately 550 acres on Treasure Island and Yerba  
14 Buena Island, and is currently owned by the United States of America, acting by and through  
15 the Department of the Navy (the "Navy"); and

16 WHEREAS, The Base was selected for closure and disposition by the Base  
17 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its  
18 subsequent amendments, and the Base ceased operations in 1997; and

19 WHEREAS, Under the Treasure Island Conversion Act of 1997 (AB 699), which  
20 amended Section 334392.5 of the California Health and Safety Code and added Section 2.1  
21 to Chapter 1333 of the Statutes of 1968, the State Legislature (i) designated the Treasure  
22 Island Development Authority ("TIDA") as a redevelopment agency under the California  
23 Community Redevelopment Law (California Health & Safety Code § 33000 et seq.)  
24 ("Community Redevelopment Law") with authority over the Base upon approval of the Board  
25 of Supervisors, and (ii) with respect to those portions of the Base that are subject to the public

1 trust for commerce, navigation and fisheries (the "Public Trust"), vested in TIDA the authority  
2 to administer the Public Trust as to such property; and

3 WHEREAS, The Board of Supervisors subsequently approved the designation of TIDA  
4 as the redevelopment agency for Treasure Island in 1998; and

5 WHEREAS, In 1994, the Treasure Island/Yerba Buena Island Citizens Advisory  
6 Committee ("CAB") was formed to (1) review reuse planning efforts for Treasure Island by the  
7 San Francisco Planning Department and the San Francisco Redevelopment Agency (the  
8 "Agency"), and (2) make recommendations to the City's Planning Commission and Board of  
9 Supervisors; and

10 WHEREAS, After completion of a competitive master developer selection process, in  
11 2003, TIDA and Treasure Island Community Development, LLC ("Developer") entered into an  
12 Exclusive Negotiating Agreement, with respect to a portion of Treasure Island and Yerba  
13 Buena Island to facilitate the planning for the redevelopment of Treasure Island (the "Project  
14 Site"); and

15 WHEREAS, In 2006, the Board of Supervisors by Resolution No. 699-06 endorsed a  
16 Term Sheet and Development Plan for the Project, and in May of 2010, the Board of  
17 Supervisors endorsed a package of legislation that included an update to the Term Sheet and  
18 Development Plan, terms of an Economic Development Conveyance Memorandum of  
19 Agreement for the conveyance of the site from the Navy to the City, and a Term Sheet  
20 between TIDA and the Treasure Island Homeless Development Initiative ("TIHDI") in  
21 Resolution Nos. 242-10, 243-10 and 249-10, copies of which Resolutions are on file with the  
22 Clerk of the Board of Supervisors in File Nos. 061498, 100428, 100429 and 100432 and  
23 incorporated herein by reference; and

24 WHEREAS, TIDA, the City and the CAB have been working for more than a decade to  
25 plan for the reuse and development of Treasure Island and, as a result of this community-

1 based planning process and in accordance with the Community Redevelopment Law, the  
2 City, acting through the Board of Supervisors, is concurrently considering a Redevelopment  
3 Plan for Treasure Island/Yerba Buena Island (the "Redevelopment Plan"), a copy of which is  
4 on file with the Clerk of the Board of Supervisors in File No. 110231 and  
5 is incorporated herein by reference as though fully set forth herein; and

6 WHEREAS, The Redevelopment Plan was developed to support and implement the  
7 Treasure Island/Yerba Buena Island Redevelopment Project (the "Project"). The Project may  
8 include (1) up to approximately 8,000 new residential units, 30 percent of which (2,400 units)  
9 will be made affordable to a broad range of very-low to moderate income households,  
10 including 435 units to be developed by TIHDI's member organizations, (2) adaptive reuse of  
11 approximately 311,000 square feet of historic structures, (3) approximately 140,000 square  
12 feet of new retail uses and 100,000 square feet of commercial office space, (4) approximately  
13 300 acres of parks and open space, (5) new and or upgraded public facilities, including a joint  
14 police/fire station, a school, facilities for the Treasure Island Sailing Center and other  
15 community facilities, (6) a 400-500 room hotel, (7) a new 400 slip marina, and  
16 (8) transportation infrastructure, including a ferry/quay intermodal transit center; and

17 WHEREAS, The Redevelopment Plan authorizes TIDA to use tax increment funds to  
18 finance the redevelopment of the Project Site, including the issuance of tax allocation bonds  
19 secured by a pledge of property tax increment, subject to the limitations set forth in the  
20 Redevelopment Plan and the Community Redevelopment Law; and

21 WHEREAS, In furtherance of the Redevelopment Plan and the redevelopment of the  
22 Project Site, the City and the Authority have negotiated a Tax Increment Allocation Pledge  
23 Agreement (Treasure Island/Yerba Buena Island), a copy of which is on file with the Clerk of  
24 the Board of Supervisors in File No. 110288 (the "Tax Allocation Agreement") and  
25 incorporated herein by reference, that has the City authorize and agree to the irrevocable

1 pledge of tax increment from the Project Site for certain development costs set forth in the  
2 Disposition and Development Agreement, by and between TIDA and Developer (the "DDA"),  
3 a copy of which is on file with the Clerk of the Board of Supervisors in File No. 110291 and  
4 incorporated herein by reference; and

5 WHEREAS, As set forth in the Financing Plan that is part of the DDA and is referenced  
6 in the Tax Allocation Agreement (the "Financing Plan"), TIDA has incurred specific financial  
7 obligations to finance certain costs of the Project, including the irrevocable pledge of tax  
8 increment from the Project Site for qualified project costs (including public improvements and  
9 affordable housing), subject to the approval of the City's Board of Supervisors, and the  
10 purpose of this Resolution is to provide such approval; and

11 WHEREAS, In accordance with the Financing Plan, TIDA intends to establish one or  
12 more community facilities districts (which may include improvement areas and tax zones)  
13 (herein, "CFDs") for the Project Site under the Mello-Roos Community Facilities Act of 1982,  
14 as amended (the "Mello-Roos Act"); TIDA and Developer intend that the CFDs will (i) levy  
15 special taxes and issue bonds to finance certain public improvements described in the  
16 Financing Plan, and (ii) levy special taxes to finance certain services described in the  
17 Financing Plan; and the Tax Allocation Agreement constitutes a joint community facilities  
18 agreement within the meaning of the Mello-Roos Act; and

19 WHEREAS, In accordance with the Financing Plan, tax increment from the Project Site  
20 and the proceeds of bonds secured by a pledge of tax increment from the Project Site will be  
21 used to make payments on indebtedness of TIDA under the Financing Plan and to pay or  
22 otherwise reimburse directly the costs of public infrastructure, other public improvements, and  
23 qualified project costs, all as further provided in the Financing Plan; and

24 WHEREAS, The Housing Plan that is part of the DDA and is referenced in the Tax  
25 Allocation Agreement contemplates that TIDA will use the Housing Increment (as defined in

1 the Financing Plan) produced by development in the Project Site in accordance with the  
2 Community Redevelopment Law to pay TIDA's costs of predevelopment, development, and  
3 construction of Affordable Housing Units (defined in the Housing Plan) and to reimburse  
4 Developer's qualified project costs, including qualified project costs for public infrastructure  
5 directly benefiting the Affordable Housing Units; and

6 WHEREAS, As further described in the Financing Plan and the Housing Plan, any Net  
7 Available Increment generated by development in the Project Site will be used to pay for the  
8 costs of public infrastructure, other public improvements, and qualified project costs, including  
9 to pay for debt service on obligations incurred to finance such costs of public infrastructure,  
10 other public improvements, and qualified project costs, Authority Costs (as defined in the  
11 Financing Plan), if allowable under the Community Redevelopment Law, and other uses  
12 allowable under the Community Redevelopment Law; and

13 WHEREAS, Except to the extent that the Agency elects to use tax increment revenues  
14 from outside the Project Site to assist TIDA with financing the Affordable Housing Units, all to  
15 the extent allowed under Section 33334.2 of the Community Redevelopment Law (California  
16 Health & Safety Code § 33000 et seq.), TIDA will use only tax increment generated from  
17 development within the Project Site to finance the Project; and

18 WHEREAS, As provided in the Financing Plan, the Developer has agreed to pay  
19 certain shortfalls in tax increment to the extent caused by reassessments initiated by the  
20 Developer, subject to the terms, conditions and limitations set forth in the Financing Plan; and

21 WHEREAS, The Financing Plan further gives TIDA the discretion on a case-by-case  
22 basis in issuing tax allocation bonds to establish principal financing terms as TIDA determines  
23 are appropriate to safeguard against the risk of default, provided that the terms are consistent  
24 with the Financing Plan; and

1           WHEREAS, The dedication of Housing Increment as provided in the Financing Plan is  
2 essential to the financing of affordable housing on the Project Site, and complies with the  
3 requirements of Community Redevelopment Law and the objectives of the Redevelopment  
4 Plan with respect to the use of tax increment revenues for affordable housing; and

5           WHEREAS, Under the authority granted under article XVI, Section 16 of the California  
6 Constitution and the Community Redevelopment Law, and in furtherance of the  
7 implementation of the Redevelopment Plan, the Board of Supervisors intends by this  
8 Resolution to consent to TIDA's irrevocable pledge of Net Available Increment from the  
9 Project Site for the purposes of financing or refinancing the construction of public  
10 infrastructure, other public improvements, and qualified project costs in the Project Site, as  
11 further provided in the Financing Plan; and

12           WHEREAS, On \_\_\_\_\_, 2011, the Planning Commission by Motion  
13 No. \_\_\_\_\_ and the TIDA Board of Directors by Resolution No.  
14 \_\_\_\_\_, as co-lead agencies, certified the completion of the Final Environmental  
15 Impact Report (the "Final EIR") for the Project, of which the Redevelopment Plan and the Tax  
16 Allocation Agreement forms a part; and

17           WHEREAS, On \_\_\_\_\_, 2011, the TIDA Board of Directors, by Resolution  
18 No. \_\_\_\_\_, adopted environmental findings pursuant to CEQA with respect to  
19 approval of the Project, including a mitigation monitoring and reporting program and a  
20 statement of overriding considerations; and

21           WHEREAS, The Planning Commission determined that the Project, and the various  
22 actions being taken by the City and the TIDA Board to approve and implement the Project, are  
23 consistent with the General Plan and with the Eight Priority Policies of City Planning Code  
24 Section 101.1, and made findings in connection therewith (the "General Plan Consistency  
25

1 Determination"), a copy of which is on file with the Clerk of the Board of Supervisors in File  
2 No. \_\_\_\_\_ and is incorporated into this Resolution by reference; and

3 WHEREAS, The Board of Supervisors has reviewed and considered the information  
4 contained in the Final EIR and the General Plan Consistency Determination, and concurrently  
5 with this Resolution is adopting findings as required by CEQA and findings of consistency with  
6 the City's General Plan, which findings are on file with the Clerk of the Board of Supervisors in  
7 File No. \_\_\_\_\_, and incorporated into this Resolution by reference; now,  
8 therefore, be it

9 RESOLVED, That the Board of Supervisors, pursuant to Health and Safety Code  
10 Section 33445, finds that the redevelopment of the Project Site in accordance with the  
11 Redevelopment Plan and related documents and the use of Net Available Increment for the  
12 public improvements and projects affords numerous public benefits for the City and County  
13 and its residents, including the revitalization of the Project Site, which is currently blighted,  
14 and the elimination of the blighting influences, the provision of substantial new affordable  
15 housing, the provision of a variety of publicly accessible open space, the creation and  
16 enhancement of public access to the waterfront, the creation of jobs, including employment  
17 opportunities for economically disadvantaged individuals, and the creation of significant new  
18 infrastructure, and the Board further finds that there are no other reasonable means of  
19 financing the public improvements to be funded with Net Available Increment and that the  
20 financing of the public improvements to be funded with Net Available Increment is consistent  
21 with TIDA's implementation plan; and, be it

22 FURTHER RESOLVED, That the Board of Supervisors hereby approves the Tax  
23 Allocation Agreement, substantially in the form of the agreement on file with the Clerk of the  
24 Board of Supervisors and the irrevocable pledge of tax increment from the Project Site for the  
25 purposes described therein; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors finds and determines that the  
2 Tax Allocation Agreement, as a joint community facilities agreement under the Mello-Roos  
3 Act, will be beneficial to the residents residing within the boundaries of the City; and, be it

4 FURTHER RESOLVED, That the Board of Supervisors authorizes and urges the  
5 Mayor and the Controller to execute the Tax Allocation Agreement, in the name and on behalf  
6 of the City, in substantially the form on file with the Clerk of the Board of Supervisors; and, be  
7 it

8 FURTHER RESOLVED, That the Board of Supervisors authorizes the Mayor and the  
9 Controller (or any successor City officer designated by law) to enter into or approve any  
10 additions, amendments, or other modifications to the Tax Allocation Agreement (including the  
11 Financing Plan, Infrastructure Plan, or Housing Plan) that they determine, in consultation with  
12 the City Attorney, are in the best interests of the City, provided that any such additions,  
13 amendments, or modifications (i) are necessary or advisable to effectuate the implementation  
14 of the Redevelopment Plan, (ii) do not increase the pledge of tax increment that is the subject  
15 of this Resolution or otherwise materially increase the liabilities or obligations of the City,  
16 (iii) do not materially decrease the pledge of tax increment for affordable housing purposes or  
17 other benefits to the City, and (iv) are in the best interests of the City, such determination to  
18 be conclusively evidenced by the execution and delivery by the Mayor and the Controller of  
19 the Tax Allocation Agreement and any amendments to it; and, be it

20 FURTHER RESOLVED, That the Board of Supervisors authorizes and urges the  
21 Mayor, Controller, and any other officers, agents, and employees of the City to take any and  
22 all steps (including the execution and delivery of any and all agreements, notices, consents  
23 and other instruments or documents) as they or any of them deem necessary or appropriate,  
24 in consultation with the City Attorney, in order to consummate the Tax Allocation Agreement in  
25 accordance with this Resolution, or to otherwise effectuate the purpose and intent of this

1 Resolution, such determination to be conclusively evidenced by the execution and delivery by  
2 such person or persons of any such documents; and, be it

3 FURTHER RESOLVED, That all of the Housing Increment produced by development in  
4 the Project Site, which is required to be set aside for the provision of affordable housing under  
5 the Community Redevelopment Law, shall be reserved and dedicated for the  
6 predevelopment, development and construction of affordable housing units in the Project Site.

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25