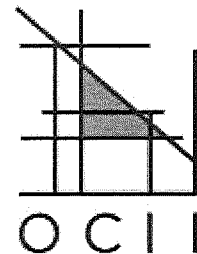


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12/7/16. f.w.

# Office of Community Investment & Infrastructure

## Use of Redevelopment Property Tax Trust Fund by OCII to secure bonds for Affordable Housing in Candlestick Point/Hunters Point Shipyard Phase 2



**December 7, 2016**

## Proposed Actions

### **Resolution 16-1242:**

Provides technical clarification (under the Pledge Agreement for the Candlestick Point/Hunters Point Shipyard Phase 2 Project) necessary to issue the bonds approved in FY 16-17 Budget to fund affordable housing, specifically in Candlestick Point

## Reason for Action

- FY 16-17 Budget provides State authorized bond funding for OCII to fulfill Affordable Housing Obligations
- Half of units funded with FY 16-17 bonds are in Candlestick Point
- Provision in Candlestick Point/Hunters Point Shipyard Phase 2 Tax Allocation Agreement inconsistent with post-Dissolution State Law and the FY 16-17 Budget
- Technical clarification needed now to allow FY 16-17 Bond Issuance to proceed

# Background: FY16-17 Budget

- **\$185 Million in Bonds in FY 16/17 Budget (under SB 107)**
  - **\$50 Million for Transbay Infrastructure**
  - **\$135 Million for approx. 900 units of Affordable Housing Obligations**
    - *Approx. 460 of those housing units in Candlestick Point*

<b>CP/HPSY Ph2 Project - Units to be Funded by OCII's FY 16/17 Bonds:</b>	<b>Estimated Units</b>
Alice Griffith Public Housing Revitalization Phase 5 Predevelopment Funds	36
Alice Griffith Public Housing Revitalization Phase 6 Predevelopment Funds	131
Candlestick Point Block 10A Low-Income & Homeless Family Rental Construction Funds	141
Candlestick Point Block 11A Low-Income & Homeless Family Rental Construction Funds	151
<b>TOTAL</b>	<b>459</b>

## CP/HPSY Ph2 Tax Allocation Pledge Agreement

- **Candlestick Point projects are part of larger Candlestick Point / Hunters Point Shipyard Phase 2 Disposition and Development Agreement**
- **CP/HPSY Phase 2 DDA includes a “Tax Allocation Agreement” between City and OCII**
  - **aka “Pledge Agreement”**: Irrevocably pledges CP/HPSY Phase 2 tax increment to CP/HPSY Phase 2 Project
  - **“Outside Increment” Limits**: limits use of tax increment from other redevelopment areas within the CP/HPSY Phase 2 Project Site.

# Impact of Redevelopment Dissolution

## **Pre-Dissolution**

- Outside Increment Limitation consistent with Redevelopment Law prior to Dissolution
- Preserved funding for redevelopment projects in other redevelopment areas

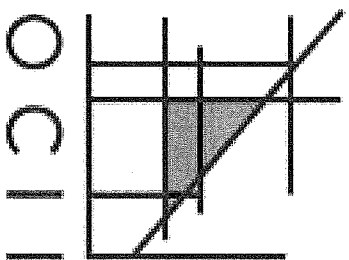
## **Post-Dissolution**

- Limitation is inconsistent with Budget and OCII's obligation under Dissolution Law to fund affordable housing; limitation remains in effect for infrastructure
- Prevents OCII from issuing bonds under SB 107 and accelerating funding/development of affordable housing in CP/HPSY Phase 2
- Inconsistency creates technical barrier for bond issuance

## Action

- Provide additional clarity under the CP/HPSY Phase 2 Pledge Agreement that the BOS consents to OCII's funding of its Affordable Housing Enforceable Obligations with the Redevelopment Property Tax Trust Fund, including Outside Increment, which is consistent with the approved FY 16-17 Budget

THANK YOU



OCII