

RESOLUTION NO. 4-2007

Adopted January 16, 2007

APPROVING AN AMENDMENT TO THE RINCON POINT-SOUTH BEACH REDEVELOPMENT PLAN TO IMPLEMENT SENATE BILL NO. 2113 AND AUTHORIZING TRANSMITTAL THEREOF TO THE BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO; RINCON POINT-SOUTH BEACH REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. On January 5, 1981, the Board of Supervisors of the City and County of San Francisco ("Board of Supervisors"), as the legislative body of the Redevelopment Agency of the City and County of San Francisco ("Agency"), adopted a redevelopment plan establishing the Rincon Point-South Beach Redevelopment Project Area (the "RPSB Plan" and the "RPSB Project Area") pursuant to the Community Redevelopment Law ("CRL"), codified in the California Health and Safety Code beginning with Section 330000.
2. The RPSB Plan's limit on the amount of tax increment that the Agency could receive to pay for redevelopment activities has been met.
3. Under Section 33333.6 (e)(4)(A) of the CRL, a legislative body may amend a redevelopment plan to extend the time limit on the establishment of indebtedness and to establish additional debt in order to fulfill a redevelopment agency's housing obligations.
4. Redevelopment agencies have a statutory obligation to provide an equal number of replacement housing units when an agency destroys or removes housing affordable by low or moderate income persons ("Affordable Housing") in a redevelopment project area, based on a CRL amendment which took effect on January 1, 1976; these replacement housing, together with additional housing requirements added after 1975 are contained in Section 33413 of the CRL. Section 33333.8(a)(1)(E) of the CRL.
5. Failing to fulfill the obligation to replace destroyed Affordable Housing is an obligation for which a redevelopment agency may establish more debt and extend the time to establish such debt. Sections 33333.6 (e)(4)(B) and 33333.8(a)(1)(E) of the CRL.
6. A legislative body may enact plan amendments to extend time and increase debt to fulfill housing obligations through an expedited ordinance process rather than the plan amendment process otherwise required under the CRL. Section 33333.6 (e)(4)(B) of the CRL.

7. In 2000, the California Legislature adopted Senate Bill No. 2113, which added Section 33333.7 to the CRL (generally referred to as "SB 2113") and such legislation acknowledged that the Agency's failure to provide replacement housing for those units destroyed prior to 1976 was an unfulfilled housing obligation and authorized the Agency to extend tax increment financing "to redress the demolition of a substantial number of residential dwelling units affordable to very low, low-, and moderate income households during the agency's earlier urban renewal efforts." Stats. 2000, Ch. 661 § 1.
8. The California Department of Housing and Community Development ("HCD") has determined that, prior to 1976, the Agency demolished 14,207 units and replaced 7,498 units, resulting in a net loss of 6,709 affordable units.
9. SB 2113 authorizes the Agency, with Board of Supervisors approval, to amend redevelopment plans created before 1976, such as the RPSB Plan, for the purpose of incurring indebtedness exclusively for Affordable Housing activities financed by the Agency's Low and Moderate Income Housing Fund activities until the earlier of either January 1, 2014, or the Agency's replacement of all Affordable Housing lost as a result of the implementation of redevelopment plans adopted prior to 1976.
10. SB 2113 also authorizes the Agency to receive tax increment funds through 2044 to repay indebtedness incurred to fund these Low and Moderate Income Housing Fund activities.
11. In enacting SB 2113, the California Legislature found, among other things, that the extension of the time limits to incur indebtedness is appropriate for the limited purpose of enabling the replacement of Affordable Housing units destroyed or removed before the 1975 enactment of replacement housing obligations and that this extension does not signify an expansion of redevelopment plan activities.
12. SB 2113 requires that the Agency's expenditure of funds received under the SB 2113 plan amendments must be consistent with San Francisco's housing element and its consolidated and annual action plans submitted to the United States Department of Housing and Urban Development and must address the unmet housing needs of very low, low- and moderate income households.
13. SB 2113 also requires that all of the tax increment revenues made available through adoption of an ordinance implementing SB 2113 shall be devoted to assisting in the development of Affordable Housing, that no less than 50 percent of the revenues received shall be devoted to housing for very low-income households, and that no more than 10 percent of the revenues received shall be devoted to planning and administrative costs.

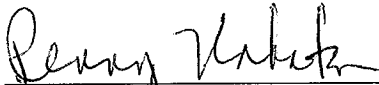
14. The Agency estimates that adoption of an ordinance approving an SB 2113 amendment to the RPSB Plan would generate a total of approximately \$75 million in affordable housing funds during the remaining term of the RPSB Plan.
15. In 2003, the Board of Supervisors recognized that the Agency intended to seek redevelopment plan amendments under SB 2113 when the Board of Supervisors adopted an ordinance addressing the time limitations for the incurrence of debt in certain redevelopment plans, including the Golden Gateway, India Basin Industrial Park, and the Hunters Point Redevelopment Plans. Section 1.k. of Ordinance No. 211-03.
16. On October 28, 2004, HCD sent a letter to the City's Planning Director certifying the Housing Element approved by the Board of Supervisors on September 28, 2004, as complying with the State of California's housing element law; such determination remains in effect until June 30, 2009 (the deadline for the City's submission to HCD of any draft updates to the Housing Element) and is one of the certifications required by Section 33333.7 (3) before the issuance of SB 2113 debt.
17. On January 11, 2005, the Board of Supervisors adopted Ordinance No. 15-05, approving the implementation of SB 2113 by amending the following redevelopment plans: the Golden Gateway, the Hunters Point and the India Basin Industrial Park Redevelopment Plans.
18. In 2006, HCD sent the Agency a letter received on June 21, 2006, that confirms that there remains a net loss of 6,709 Affordable Housing units removed or destroyed prior to 1976 that have not been replaced; this letter confirmation is one of the certifications required by Section 33333.7(e) of the CRL before issuance of SB 2113 debt.
19. On July 18, 2006, the Board of Supervisors approved the Agency's budget for fiscal year 2006-07, which includes approximately \$34 million in bond proceeds that are contingent on the adoption of an SB 2113 amendment to the RPSB Plan.
20. Staff recommends a request to the Board of Supervisors to adopt an ordinance amending the RPSB Plan pursuant to SB 2113 so that the Agency can continue to incur tax increment debt under the RPSB Plan and repay such indebtedness until January 1, 2044 for the exclusive purpose of funding Low and Moderate Income Fund activities.
21. The adoption of an ordinance pursuant to SB 2113 is exempt from the California Environmental Quality Act ("CEQA") pursuant to 14 Cal. Code Regs. Section 15378(b)(4), part of the State CEQA Guidelines, because such an ordinance is adopted solely to enable the continued funding of Low and Moderate Income Housing Fund activities, and no specific Affordable Housing project would be approved by adoption of such an ordinance.

22. The Agency will obtain the remaining SB 2113 certifications from HCD required by Section 33333.7 (e) of the CRL before incurring any SB 2113 debt to be repaid from tax increment generated from the RPSB Project Area, however such certifications are not necessary to adopt the SB 2113 plan amendment ordinance.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that it approves submission of an ordinance amending the RPSB Plan to implement SB 2113 and authorizes the Executive Director to transmit an RPSB plan amendment ordinance implementing SB 2113 to the Board of Supervisors for its consideration and adoption.

APPROVED AS TO FORM:



James B. Morales
Agency General Counsel

for