

RESOLUTION NO. 73-2008

Adopted July 10, 2008

APPROVING AN EXTENSION OF TAX INCREMENT AUTHORITY UNDER THE REDEVELOPMENT PLAN FOR THE WESTERN ADDITION A-2 REDEVELOPMENT PROJECT TO PROVIDE AFFORDABLE HOUSING FUNDING PURSUANT TO SECTIONS 33333.7 (SENATE BILL NO. 2113) AND 33333.8 OF THE COMMUNITY REDEVELOPMENT LAW AND AUTHORIZING TRANSMITTAL TO THE BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO; WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2

BASIS FOR RESOLUTION

1. 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"), originally approved the Redevelopment Plan for the Western Addition A-2 Redevelopment Project by adopting Ordinance No. 273-64 on October 13, 1964. Since then, the Board of Supervisors has amended the plan seven times. (The plan, as so amended, is referred to herein as the "Plan").
2. The Plan will expire on January 1, 2009, after which time the Agency shall have no authority to act pursuant to the Plan except to pay previously incurred indebtedness, to comply with Section 33333.8 of the California Health and Safety Code, and to enforce existing covenants, contracts, or other obligations. California Health and Safety Code, Section 33333.6(a). (All future section references are to the Community Redevelopment Law, California Health and Safety Code, Sections 33000 et seq. unless otherwise noted.) Furthermore, Section 33333.4 provides that the Agency shall not have the authority to establish or incur loans, advances, or indebtedness to be repaid from the allocation of tax increment after Plan expiration "except as necessary to comply with subdivision (a) of Section 33333.8."
3. The Plan presently prohibits the Agency from repaying any debt incurred for the Plan after January 1, 2019 and imposes a \$270,000,000 limit on the total amount of tax increment revenue that the Agency may receive cumulatively for redevelopment activities.
4. Since January 1, 1976, all redevelopment agencies have had a statutory obligation under Section 33413 to provide an equal number of replacement housing units when they destroy or remove housing affordable by low or moderate income persons ("Affordable Housing") in a redevelopment project area.
5. In 2000, the California Legislature added Section 33333.7 (SB 2113), which authorized the Agency, with the Board of Supervisors approval, to extend its tax increment revenue financing powers "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 [prior to 1976]." (Statutes 2000, Chapter 661 § 1(a)). The California Legislature found that the "Redevelopment Agency of the City and County of San Francisco, due to its unique housing situation and net loss of affordable housing units in [older] project areas, wishes, to the greatest extent feasible, to replace these lost units according to the formulas set forth in Section 33413 of the Health and Safety Code." (Statutes 2000, Chapter 661 § 1 (b)).

6. Section 33333.7 acknowledged the Agency's interest in fulfilling its housing obligation to replace these lost units and thus is a statute similar, and related, to Section 33413.
7. The California Department of Housing and Community Development 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. To date, the Agency has not replaced these lost units, but has committed funding for the construction of 794 replacement units that are in the predevelopment phase.
8. As originally enacted, Section 33333.7 (SB 2113) authorized the Agency to incur indebtedness exclusively for 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. SB 2113 also authorized the Agency to receive tax increment funds through 2044 to repay indebtedness incurred to fund these Low and Moderate Income Housing Fund activities.
9. In 2001, the California Legislature revised the Health and Safety Code to add Section 33333.8 and Section 33333.6(f). Under Section 33333.8, a local legislative body must suspend any time limit in a redevelopment plan for the receipt of tax increment revenue and the repayment of debt, and any limit on the total amount of tax increment funds that a redevelopment agency may receive for any project area, until the redevelopment agency fulfills its affordable housing obligations. Section 33333.8(a)(1)(E) defines these housing obligations to include "the obligation to provide replacement housing pursuant to subdivision (a) of Section 33413, Article 9 (commencing with Section 33410), and other similar and related statutes." Section 33333.6(f) confirms that the suspension of plan limits provided by Section 33333.8 applies to redevelopment plans adopted on or before December 31, 1993. Under Section 33333.6(e)(4)(B), the Board of Supervisors may amend the Plan as contemplated by the Ordinance without following the amendment process otherwise required by the Community Redevelopment Law.
10. Section 33333.8 and its suspension of tax increment limits for the funding of Affordable Housing applies to every redevelopment project area established under the Community Redevelopment Law "[n]otwithstanding any other provision of law." Section 33333.8(a).

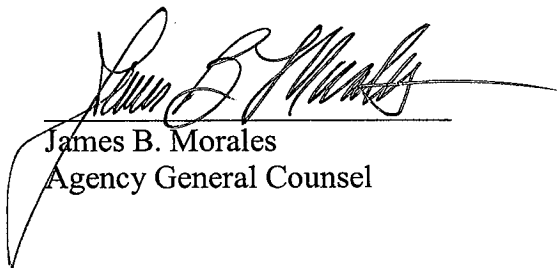
11. Under Sections 33333.8 and Section 33333.7, the Agency and the Board of Supervisors have the authority to amend the Plan as contemplated by this Resolution to permit the Agency to receive additional tax increment revenue from the Western Addition Redevelopment Project Area A-2 for use in fulfilling its affordable housing obligations, subject only to the payment of funds to repay indebtedness.
12. On April 15, 2008, the Agency Commission adopted, per Resolution No. 29-2008, the Agency's Budget for Fiscal Year 2008-09 and included \$5,000,000 of Affordable Housing funding that is contingent on the adoption of the amendment to the Plan described in this Resolution. On June 24, 2008, the Board of Supervisors adopted Resolution No. 08-0922, approving the Agency's budget for fiscal year 2008-09, and Resolution No. 08-0728, authorizing the Agency's issuance of bonds, including at least approximately \$5,000,000 that are contingent on the adoption of the amendment to the Plan described in this Resolution.
13. For the exclusive purpose of financing Low and Moderate Income Housing Fund and fulfilling the Agency's replacement housing obligations, the Board of Supervisors has approved two previous ordinances extending the Agency's tax increment authority: 1) In Ordinance No. 15-05, it approved an extension of time limits for establishment of loans, advance, and indebtedness applicable to the Embarcadero-Lower Market (Golden Gateway) Redevelopment Plan, the Hunters Point Redevelopment Plan, and the India Basin Redevelopment Plan and 2) In Ordinances Nos. 115-07 and 201-07, it approved the extension of time limits for the Agency's receipt of tax increment and the suspension of both the limit of total indebtedness outstanding at any one time and the limit on the total number of dollars of tax increment revenue that the Agency may receive under the Rincon Point-South Beach Redevelopment Plan.
14. Staff recommends the submission of a request to the Board of Supervisors to adopt, pursuant to Sections 33333.7 and 33333.8, an ordinance amending the Plan so that the Agency can continue to incur tax increment indebtedness and repay such indebtedness, to the maximum extent permissible under the law, for the exclusive purpose of funding Low and Moderate Income Fund activities.
15. The adoption of an ordinance pursuant to Sections 33333.7 and 33333.8 is not a "project" as defined in the California Environmental Quality Act Guidelines Section 15378(b)(4) 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 is being approved at this time.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that it approves of an amendment to the Western Addition A-2 Redevelopment Plan to extend tax increment authority and thus implement Sections 33333.7 and 33333.8 of the California Health and Safety Code;

IT IS FURTHER RESOLVED that the Executive Director is authorized to transmit a Plan amendment implementing Sections 33333.7 and 33333.8 to the Board of Supervisors for its consideration and adoption.

APPROVED AS TO FORM:



James B. Morales
Agency General Counsel