

**RESOLUTION NO. 25-2010**

*Adopted March 16, 2010*

**APPROVING AN AMENDMENT OF THE AGENCY'S FISCAL YEAR 2009-2010 BUDGET TO: (1) INCREASE THE AMOUNT OF BOND PROCEEDS TO BE RECEIVED BY THE AGENCY IN AN AMOUNT NOT TO EXCEED \$28.0 MILLION; (2) INCREASE EXPENDITURE AUTHORITY BY \$28.8 MILLION, WHICH INCLUDES \$16.483 MILLION THAT IS BORROWED FROM THE LOW AND MODERATE INCOME HOUSING FUND (LMIHF), FOR PAYMENT TO THE SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUND (SERAF); AND MAKING FINDINGS THAT THERE ARE INSUFFICIENT FUNDS FROM SOURCES OTHER THAN THE LMIHF TO MAKE THE SERAF PAYMENT; ESTABLISHING A REPAYMENT OBLIGATION IN THE AMOUNT OF \$16.483 MILLION TO THE LMIHF BY JUNE 30, 2015; AND AMENDING THE AGENCY'S FISCAL YEAR 2009-10 STATEMENT OF INDEBTEDNESS**

**BASIS FOR RESOLUTION**

1. The Redevelopment Agency of the City and County of San Francisco (the "Agency") is implementing various Redevelopment Plans and programs in the City and County of San Francisco (the "City") in accordance with the California Community Redevelopment Law, Cal. Health & Safety Code, §§ 33000 et seq. (the "Law").
2. Section 33606 of the Law provides for approval of the annual budget of the Agency, and any amendments to the budget, by the Legislative Body of the City (the "Board of Supervisors").
3. The Board of Supervisors approved the Agency's budget for fiscal year 2009-10 by Resolution No. 267-09 (the "Budget") and authorized the Agency to issue \$87.5 million in tax allocation bonds.
4. On October 6, 2009, the Agency Commission approved, by Resolution No. 108-2009, an amendment to the Budget to (i) increase expenditure authority by the amount of additional grant reimbursements received from the Economic Development Administration of the U.S. Department of Commerce ("EDA"); (ii) increase expenditure authority by the amount of additional funds received pursuant to the Housing Opportunities for Persons with AIDS ("HOPWA") Program; (iii) increase the amount of tax increment bond proceeds to be received by the Agency by \$28.0 million; and (iv) allocate \$28.7 million for payment to the Supplemental Educational Revenue Augmentation Fund (SERAF).

5. On November 18, 2009, the Budget and Finance Committee of the Board of Supervisors (the "Committee") considered the Agency's proposed resolution to authorize the issuance of additional tax allocation bonds and to increase its expenditure authority. The Committee divided the resolution into two parts. It approved the increased expenditure authority for additional federal funds from the EDA and the HOPWA Program and approved the allocation of \$28.7 million from existing funds to pay the SERAF. The Committee, however, continued, to the call of the chair, the approval of the issuance of the additional \$28.0 million in tax allocation bonds.
6. On November 24, 2009, the Board of Supervisors approved, by Resolution No. 473-09, an amendment to the Budget increasing the Agency's expenditure authority for EDA and HOPWA funding and allocating \$28.7 to SERAF from existing funds (the "First Amended Budget"). Resolution No. 473-09, however, did not increase the amount of tax allocation bonds, which remained at \$87.5 million for fiscal year 2009-2010. On December 3, 2009, the Mayor approved Resolution No. 473.09.
7. On February 24, 2010, the Committee approved the issuance of the additional \$28.0 million in tax allocation bonds (File No. 091344), but did not authorize an amended Agency budget increasing allowable expenditures for the \$28.8 million covering the required SERAF payment. The resolution authorizing the additional tax allocation bonds is pending before the Board of Supervisors and is scheduled to be voted on at its meeting of March 23, 2010.
8. The Agency wishes now to amend its First Amended Budget to increase its expenditure authority by \$28.8 million for the payment to the SERAF and to specify the sources of funding for that payment. In addition, the Agency wishes to request the authorization of the City and County of San Francisco (the "City") to amend the Agency's Statement of Indebtedness dated September 29, 2009 to reflect the changes in additional revenue, debt issuance, and corresponding obligations.
9. Under the state legislation obligating the Agency to make the SERAF payment, the Agency may use any funds that are legally available and not legally obligated for other uses, including proceeds of bonds. Section 33690 (b) of the Law. If, however, the Agency uses funds that are to be allocated to the Low and Moderate Income Housing Fund (LMIHF), the Agency must find "that there are insufficient other moneys to meet the [SERAF payment]" and it must repay the amount to the LMIHF by June 30, 2015. Section 33690 (c) (2) of the Law. If the Agency does not repay the amount by that date, the Agency "shall be required to allocate an additional 5 percent of all taxes that are allocated to that agency pursuant to Section 33670 for low- and moderate-income housing for the remainder of the time the agency receives tax increment pursuant to Section 33670." Section 33690 (c) (2) of the Law.

10. Agency staff proposes making the SERAF payment of \$28.733 million by using bond proceeds in the amount of \$12.25 million from the Transbay Redevelopment Project Area, \$6.125 million from the former Golden Gateway Redevelopment Project Area, and \$6.125 million from the former Western Addition Redevelopment Project Area A-2, and by using pay-as-you-go tax increment revenues in the amount of \$4.233 million that have already been deposited into the LMIHF.
11. Under Section 33333.7 of the Law (SB 2113), the bond proceeds from the Golden Gateway Redevelopment Project Area and the former Western Addition Redevelopment Project Area A-2 are required to be deposited in the LMIHF.
12. The Agency acknowledges that it is borrowing \$16.483 million from the LMIHF to make the SERAF payment and that it is therefore obligated to repay that amount to the LMIHF by June 30, 2015. The Agency further acknowledges that if the \$16.483 million is not repaid to the LMIHF by June 30, 2015, the Agency “shall be required to allocate an additional 5 percent of all taxes that are allocated . . . pursuant to Section 33670 for low- and moderate-income housing for the remainder of the time the agency receives tax increment pursuant to Section 33670.” Section 33690 (c) (2) of the Law.
13. The Agency further recognizes that the actions taken pursuant to this Resolution are subject to the approval of the Mayor’s Office and the Board of Supervisors.
14. Approval of the proposed changes to the Budget is not a “Project,” as defined by the California Environmental Quality Act (“CEQA”) Guidelines Sections 15378(b)(4) and 15378(b)(5). The proposed action will not change conditions in any redevelopment project or survey area or at any affordable housing site, will not independently result in a physical change in the environment, and is not subject to environmental review under CEQA.

## **FINDINGS**

15. To make the SERAF payment, the Agency proposes to use \$16.483 million in funds allocated to the LMIHF. The Agency finds that the use of these funds is necessary because there are insufficient other moneys to meet the SERAF obligation. The Agency’s sources of funding (other than SB 2113 funding for the LMIHF) include tax increment from the following active redevelopment project areas: Transbay, Bayview Hunters Point, South of Market, Yerba Buena Center, Mission Bay South, Mission Bay North, and Visitacion Valley. The Transbay Redevelopment Project Area is providing \$12.25 million to the SERAF payment, but is unable to provide additional funding because of its ambitious redevelopment program. None of the other redevelopment project areas have sufficient tax increment or bonding capacity to meet their redevelopment program objectives and to provide funding to the SERAF payment. The Hunters Point Shipyard Redevelopment Project Area is not yet providing any tax increment to the Agency.

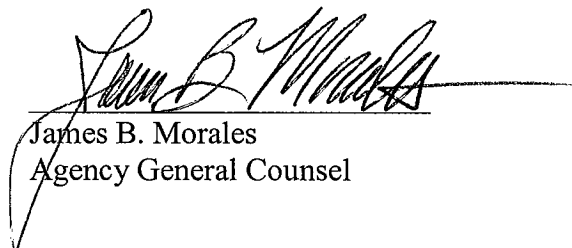
## RESOLUTION

**ACCORDINGLY, IT IS RESOLVED** by the Redevelopment Agency of the City and County of San Francisco (the "Agency") that it does hereby authorize amendments to the fiscal year 2009-10 First Amended Budget to: (1) increase the amount of bond proceeds to be received by the Agency in an additional principal amount not to exceed \$28.0 million; and (2) increase expenditure authority by \$28.8 million, which includes \$16.483 million that is borrowed from the Low and Moderate Income Housing Fund (LMIHF), for payment to the Supplemental Educational Revenue Augmentation Fund (SERAF); and

**BE IT FURTHER RESOLVED** by the Agency that it is obligated to repay \$16.483 million to the LMIHF by June 30, 2015 or else it will be required to allocate an additional five percent (5%) of all taxes that are allocated pursuant to Section 33670 of the Law for low- and moderate-income housing for the remainder of the time the Agency receives tax revenue pursuant to Section 33670; and

**BE IT FURTHER RESOLVED** by the Agency that it is authorized to amend its fiscal year 2009-2010 Statement of Indebtedness to conform to the changes in the First Amended Budget as set forth in the supplemental appropriations request and corresponding obligations.

**APPROVED AS TO FORM:**



James B. Morales  
Agency General Counsel