



107-0742024-002

Agenda Item **No. 5(b)**
Meeting of January 21, 2025

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Thor Kaslofsky, Executive Director

SUBJECT: Workshop on the Recognized Obligation Payment Schedule for July 1, 2025 to June 30, 2026 (“ROPS 25-26”)

EXECUTIVE SUMMARY

Redevelopment Dissolution Law requires (“Successor Agencies”) to annually create a Recognized Obligation Payment Schedule (“ROPS”) to set forth the revenue sources and payment amounts for enforceable obligations. Successor Agencies prepare the ROPS for a twelve-month fiscal period that begins July 1 and ends June 30. ROPS are due to the Department of Finance (“DOF”) and the County Auditor Controller on February 1 of each year. Any amendments to an approved ROPS are only permitted once a year and are subject to DOF review with relatively strict standards for approval.

The Office of Community Investment and Infrastructure (“OCII”), operating as Successor Agency to the San Francisco Redevelopment Agency, is seeking approval of a ROPS

Summary ROPS 25-26

The total projected ROPS 25-26 expenditure is \$630.1 million. The largest funding sources will be Bond Proceeds and Other Funds. OCII mostly funds large expenditures like affordable housing loans and project infrastructure reimbursements with Bond Proceeds. OCII also funds its affordable housing projects with Other Funds, which consists of funds such as developer fees, tax credits, state bond financing, and related sources.

ROPS 25-26 Sources

Sources	Proposed Amount (M)
Bond Proceeds	\$348.2
Reserve Funds	\$40.1
Other Funds	\$105.0
RPTTF Non-Admin	\$133.0
RPTTF Residual	\$0.3
RPTTF Admin	\$3.6
Total Sources	\$630.1

In ROPS 25-26, OCII's largest expenditure areas are affordable housing loans. OCII issues bonds to fund affordable housing loans and to fund project infrastructure reimbursements, and the bonds are repaid from property tax revenues.

ROPS 25-26 Uses

Uses	Proposed Amount (\$M)
Aff	

Affordable Housing

In ROPS 25-26, OCII anticipates expending \$293.2 million to support affordable housing development required by OCII’s enforceable obligations. The expenditures in the next fiscal year are on predevelopment and gap loans that fund design and construction of affordable housing in HPS Phase 1, Mission Bay South, and Transbay.

OCII will fund expenditures with Bond Proceeds, Other Funds, and Reserve Funds. Bond proceeds and Other Funds, which are mostly comprised of developer fees, fund primarily predevelopment and gap loans. Reserve funds, which consists of RPTTF Non-Admin received in prior years, will fund a smaller portion of the loans.

ROPS 25-26 Affordable Housing Expenditure

Sources (\$M)	Bond Proceeds	Reserve Funds	Other Funds	RPTTF Non-Admin	RPTTF Admin	Total
Uses						
Permanent Funding	\$186.8	\$24.8	\$38.6	\$0.0	\$0.0	\$250.2
Predevelopment Loan	\$15.1	\$3.5	\$24.2	\$0.0	\$0.0	\$42.9
Professional Services	\$0.0	\$0.0	\$0.2	\$0.0	\$0.0	

On HPS/CP Phase 2 the Master Developer will begin infrastructure construction for the second Major Phase of housing and commercial development at Candlestick Point, that will consist of 675 units that will have 41% affordable units. The infrastructure improvements include new utilities, grading and new road section that will include the extension of Harney and Arelious Waker Drive, and include new transit amenities such as, bus rapid transit lanes and cycle track.

OCII will fund the majority of HPS/CP Phase 1 and Phase 2 expenditure with Other Funds, which are developer fees. In addition, OCII will expend \$1.5 RPTTF Non-Admin to fund Phase 2 developer reimbursements.

Replacement Housing

SB 593 funding requires DOF approval of the ROPS, as well as additional budget approvals from the Mayor and the City Board of Supervisors. Approximately \$345,000 in SB 593 Residual RPTTF is needed for staffing costs in FY 25-26 to develop SB 593 Units. OCII also intends to issue a new affordable housing bond that will fund up to 120 units of a larger 165-unit affordable housing project in Mission Bay Block 4 East Phase 1, which is currently in predevelopment subsequent to a developer selection process in FY 23-24. If approved by the Commission, Oversight Board and the City, OCII plans to include a portion of the 165 units that represent the remaining Mission Bay South affordable housing enforceable obligation (“MBS Units”) across all four remaining housing parcels in Mission Bay and to also include SB 593 Units in all four projects.

ROPS 25-26 Replacement Housing Expenditure

Operating Costs

OCII expects to expend \$9.1 million on direct salaries and benefits, which reflects labor costs for 55 full-time equivalent ("FTE") staff. There are no new FTEs. OCII will expend the remaining \$12.3 million on non-labor expenses such as enforceable obligations, services from City departments, consulting services for legal and other professional services, insurance, materials and supplies, employee training, and software licensing fees. In addition to staffing and non-labor expenses, OCII will expend \$4.2 million in RPTTF Non-Admin on its retirement obligations, including accrued pension liability, health benefits for current retirees, and accrued retiree health liability. This is a total of \$25.6 million for OCII's operational costs.

ROPS 25-26 Operating Costs

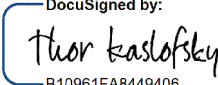
Operations	Amount (\$M)
Sources	
Bond Proceeds	\$6.0
Reserve Funds	\$1.1
Other Funds	\$8.0
RPTTF Non-Admin	\$6.9
RPTTF Admin	\$3.6
Total	\$25.6
Uses	
Salaries and Benefits	\$9.1
Non-Labor	\$12.3

NEXT STEPS

Staff will incorporate Oversight Board input into the final ROPS. Pending Oversight Board approval, staff will submit the ROPS to the DOF on or before February 1, 2025. DOF will make its determination of the enforceable obligations, and the amounts and funding sources of the enforceable obligations, within 45 days of submission.

If DOF disapproves certain expenditures on the ROPS 25-26, OCII may request an opportunity to meet and confer with DOF. The meet and confer request must be made within five business days of DOF's determination. DOF will notify OCII and the County Controller as to the outcome of the meet and confer at least 15 days before the June 2025 property tax distribution. Staff will update the Oversight Board on the final actions of the ROPS process. During ROPS 25-26, OCII may request one amendment to ROPS 25-26. OCII must make the request before October 1, 2025, and must be for payments made in the period covering January – June 2026.

(Originated by Mina Yu, Budget & Project Finance Manager)

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Thor Kaslofsky
Executive Director

Attachment A-1: ROPS 25-26 – Detail Worksheet
Attachment A-2: ROPS 25-26 – Notes Worksheet

