This filing is made voluntarily by the Successor Agency to the Redevelopment Agency of the City and County of San Francisco a/k/a the Office of Community Infrastructure and Investment (referred to herein as “Successor Agency”), without any intention to provide any update to this filing or its subject matter or to make similar voluntary filings in the future. Any obligation to do so is expressly disclaimed.

The outbreak of a new strain of coronavirus (“COVID-19”), an upper respiratory tract illness, has spread to virtually every country across the globe, including the United States. The World Health Organization has characterized the COVID-19 outbreak as a pandemic, and the President of the United States, the Governor of the State of California and the Mayor of the City and County of San Francisco (“City”) all have declared states of emergency as a result of the COVID-19 pandemic. The Successor Agency is providing this voluntary statement to describe some of the currently known impacts that the COVID-19 outbreak has or may have on its finances and operations.

In an effort to slow the spread of COVID-19, the Governor and the Mayor each issued directives in March 2020, which have been revised over time, for all people to stay at home and shelter-in-place (“Shelter in Place Orders”), except as is necessary to meet essential needs or to work to provide essential services, with restrictions on public gatherings, discretionary travel and the operations of retail establishments. Both of these Shelter in Place Orders currently provide that they will remain in place until further notice with a softening of certain restrictions in a phased manner over time. The Shelter in Place Orders are subject to change at any time.

The health and financial effects of COVID-19 are unprecedented, dynamic and ongoing, and the City’s efforts to mitigate its health impact and adopt appropriate measures to address them are evolving. Potential impacts relevant to the Successor Agency (whose revenue is derived primarily from property taxes in Successor Agency project areas) from the COVID-19 outbreak include disruption of the regional and local economy from a sustained downturn in economic activity, which results in a decrease in assessed values. Currently, the City makes distributions of taxes to the Successor Agency without regard to delinquencies in the payment of property taxes by individual taxpayers in accordance with a Teeter Plan. Additionally, tourism has been materially adversely impacted, resulting in a significant drop in hotel occupancy, which is the basis for a hotel occupancy tax that provides revenues for the Successor Agency’s outstanding Series 2011 Hotel Tax Revenue Bonds.

Notwithstanding the above, the Successor Agency’s operations, which are comprised primarily of facilitating construction of infrastructure and affordable housing, have not been materially adversely affected, as its staff is able to continue to perform those functions remotely. The Successor Agency is expected to end Fiscal Year 2019-20 with a positive net operating result and to meet all of its debt service obligations and its fund balance and debt service coverage requirements. It currently anticipates the same to be true for Fiscal Year 2020-21; however, the Successor Agency can make no guarantees or assurances.
The City has announced emergency relief measures for local businesses that will defer collection of certain tax revenues. The City has also released updates to its Five-Year Financial Plan for the period of FY 2019-20 through 2023-24 on March 31, 2020 and on May 13, 2020 (“City Updates”), which project, among other things that, fiscal year 2021-22 will be the first fiscal year that COVID-19 is expected to have a substantial impact on the City’s property tax revenues. The City has reduced its property tax projections for Fiscal Year 2021-22 as follows: automatic inflationary increases to taxable values, usually assumed at the 2% Prop 13 limit, have been reduced to 1%, and hotel, retail, and office assessed values are assumed reduced by $8.5 billion, reflecting declines of about 20%, 20%, and 7%, respectively. A 20% reduction in unsecured business property tax assessments is included in the projection, reflecting the possibility that many businesses could dissolve prior to the January 1, 2021 lien date. At this time, the Successor Agency does not believe that the above described reductions will have a significant impact on the property tax revenues it receives for Fiscal Year 2021-22. According to the City Updates, the Mayor is currently anticipating introducing a two-year budget for fiscal years 2020-21 and 2021-22 to the Board of Supervisors by August 1, 2020 and for final approval and signature by October 1, 2020.

The COVID-19 outbreak is ongoing, and its dynamic nature leads to uncertainties, including among others: (i) the geographic spread of the virus; (ii) the severity of the disease; (iii) the duration of the outbreak; (iv) the development of medical therapeutics or vaccinations; (v) actions that may be taken by Federal and State authorities to contain or mitigate the outbreak; and (vi) the future impact of the outbreak on the City and actions taken in response to the outbreak on the Successor Agency’s revenues, financial condition and operations. The Successor Agency can provide no assurances that no actions will be taken by the City, State or individuals taxpayers that will not have a material adverse effect on the its financial condition, including assessed values in redevelopment project areas.

The information in this Statement only speaks as of its date and does not constitute, or imply, any representation (i) that all of the foregoing is material to investors, (ii) regarding any other financial, operating or other information about the Successor Agency, its projects or its bonds or (iii) that no other circumstances or events have occurred or that no other information exists concerning the Successor Agency or its bonds, which may have a bearing on the financial condition of the Successor Agency, the security for its bonds, or an investor’s decision to buy, sell or hold any bonds. By posting this Statement, the Successor Agency does not undertake to post any additional statement and disclaims any obligation to do so. Although the Successor Agency may provide additional information from time to time regarding matters in this statement, it is not required to do so.

July 9, 2020

/s/ Nadia Sesay, Executive Director
Successor Agency to the Redevelopment Agency of the City and County of San Francisco a/k/a the Office of Community Infrastructure and Investment