MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee
Executive Director

SUBJECT: Adopting a Resolution of Consideration to amend and restate the amended and restated rate and method of apportionment of special tax for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements); Hunters Point Shipyard Redevelopment Project Area

Adopting a Resolution of Consideration to amend and restate the current rate and method of apportionment of special tax for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 8 (Hunters Point Shipyard Phase One Maintenance); Hunters Point Shipyard Redevelopment Project Area

EXECUTIVE SUMMARY

HPS Development Co., LP., successor in interest to Lennar-BVHP, LLC (the “Developer”), and staff for Office of Community Investment and Infrastructure (“OCII”), as the successor to the Redevelopment Agency of the City and County of San Francisco, seek the approval of the Commission for an amendment and restatement of the current rate and method of apportionment of special tax for each of the community facilities districts shown below (each, a “CFD”; together, the “CFDs”) in the Hunters Point Shipyard (“Shipyard”) Phase 1. The amendments are necessary to reflect the current Phase 1 Disposition and Development Agreement’s (“Phase 1 DDA”) current development program that is planned within the boundaries of the CFDs. The full name of each CFD is:
Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements) (“CFD No. 7”) and Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 8 (Hunters Point Shipyard Phase One Maintenance) (“CFD No. 8”).

To initiate the process, Resolutions of Consideration (as defined below) must be adopted by the Commission first before any further action can be taken. This action will be the first approval in a series of actions that the Commission will undertake, some of which will be subject to review by the Oversight Board, and the Department of Finance (“DOF”) and will conclude with a refinancing of the existing CFD bonds in July of this year (more on this below).

Staff recommends adoption of the Resolutions of Consideration for the purpose of initiating change proceedings in CFD No. 7 and CFD No. 8.
Prior Proceedings for CFD No. 8
In 2008 and in furtherance of the financing plan for the Phase 1 DDA, the Former Commission authorized the formation of CFD No. 8, pursuant to the Mello-Roos Act. Taxes are levied in CFD No. 8 pursuant to a Rate and Method of Apportionment of Special Tax (the “RMA (CFD No. 8)). CFD No. 8 provides a source of revenue for open space maintenance in the Shipyard and will not issue bonds.

Dissolution of SFRA: Implementing Ordinance
Effective as of February 1, 2012, under California Assembly Bill No. 1X26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) (“AB 26”) and the California Supreme Court’s decision in California Redevelopment Association v. Matosantos, No. 5194861, all redevelopment agencies in the State of California (the “State”), including SFRA, were dissolved by operation of law, and their non-affordable housing assets and obligations were transferred to certain designated successor agencies.

In June of 2012, the State legislature adopted Assembly Bill 1484 (“AB 1484”) amending certain provisions of AB 26 and clarifying that successor agencies are separate public entities and have the authority, with approval of the Oversight Board and DOF, to issue bonds in certain circumstances, and the Governor of the State signed the bill and it became effective on June 27, 2012. AB 26 as amended by AB 1484, and as it may be further amended from time to time, is referred to herein as the “Redevelopment Dissolution Law.”

Subsequent to the adoption of AB 1484, on October 2, 2012 the Board of Supervisors of the City and County of San Francisco adopted Ordinance No. 215-12 (the “Implementing Ordinance”), which Implementing Ordinance was signed by the Mayor on October 4, 2012, and which, among other matters:

(a) acknowledged and confirmed that, as of the effective date of AB 1484, OCII is a separate legal entity from the City and County of San Francisco,

(b) acknowledged and confirmed that the Successor Agency holds, subject to the applicable rights and restrictions set forth in the Redevelopment Dissolution Law, title to all assets, and all rights, obligations and liabilities of SFRA,

(c) declared that the name of the Successor Agency is the “Successor Agency to the Redevelopment Agency of the City and County of San Francisco,”

(d) established the Commission and delegated to the Commission the authority (excluding authority as to the transferred “Housing Assets,” as defined in the Implementing Ordinance) to act in place of the Former Commission to, among other matters: (i) implement, modify, enforce and complete SFRA’s enforceable obligations, including its Retained Housing obligations as defined in the Implementing Ordinance, (ii) approve all contracts and actions related to the assets transferred to or returned by the Successor Agency, consistent with applicable enforceable obligations, and (iii) take any
there are sufficient maintenance funds even if fewer or smaller residential units are built in CFD No. 8.

In furtherance of the above changes, Staff and the Developer seek the approval of the Commission of the following resolutions (together, the “Resolutions of Consideration”):

(a) a resolution entitled “Resolution Considering an Amendment and Restatement of the Amended and Restated Rate and Method of Apportionment of Special Tax for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements)” (the “CFD No. 7 Resolution of Consideration”) and

(b) a resolution entitled “Resolution Considering an Amendment and Restatement of the Rate and Method of Apportionment of Special Tax for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 8 (Hunters Point Shipyard Phase One Maintenance)” (the “CFD No. 8 Resolution of Consideration” and, together with the CFD No. 7 Resolution of Consideration, the “Resolutions of Consideration”).

The Resolutions of Consideration will initiate the process by which the Second Amended and Restated RMA (CFD No. 7) and the Amended and Restated RMA (CFD No. 8) may be approved by qualified electors in each CFD.

Change Proceedings under the Mello-Roos Act; Special Election and Public Testimony

The Mello-Roos Act sets forth the procedures for changes to community facilities districts. In accordance with such procedures, the Commission, acting as the legislative body of the CFDs, following the approval of the Resolutions of Consideration, will be required to receive public testimony on the proposed changes to the CFDs at separate public hearings. The public hearings are proposed to be held concurrently at the meeting of the Commission on May 6, 2014. After completion of the public hearings, the Commission will be required to take the following additional steps with respect to each CFD:

1) Adopt a resolution calling a special election of the landowners within the CFD on the proposed changes to the current rate and method of apportionment of special tax for each CFD. The current owners of taxable property in each CFD will cast ballots at that time, which will be opened by the Secretary of the Commission.

2) Adopt a resolution declaring the results of the special election. If two-thirds of the ballots cast in the CFD are in the affirmative, the Commission will continue with the adoption of two additional actions below with respect to the CFD.

3) Adopt a resolution declaring completion of the change proceedings and amending the current rate and method of apportionment of special tax for the CFD. This resolution will also direct recordation of a notice of special tax lien for each CFD in the real property records of the City and County of San Francisco.
California Environmental Quality Act
The proposed changes to the CFDs are not “projects,” as defined by the California Environmental Quality Act Guidelines Section 15378 and would not result in any significant physical effect on the environment.

Community Outreach
OCII staff provided a briefing for the Mayor’s Hunters Point Shipyards Citizens Advisory Committee (“CAC”) and the community at the CAC’s March 24, 2014 Executive Subcommittee meeting and there was consensus to move this item forward to the Commission.

Proposed Timelines
Attached as Attachment A is a summary of the steps required to be taken in connection with the change proceedings for each CFD and the refunding of the 2005 Bonds. Exhibit A also sets forth the dates on or before which such steps are anticipated to be taken, including further approvals by the Commission.

RECOMMENDATION
Staff recommends adoption of the Resolutions of Consideration for the purpose of initiating change proceedings in CFD No. 7 and CFD No. 8.

(Originated by John Daigle, Sr. Financial Analyst
and Thor Kaslofsky, Project Manager)

Tiffany Bohne
Executive Director

Attachment A: Refunding and Change Proceedings Schedule

Attachment B: Exhibit A- Second Amended and Restated Rate and Method of Apportionment of Special Tax for CFD No. 7
Exhibit B- Amended and Restated Rate and Method of Apportionment of Special Tax for CFD No. 8
Attachment B

Exhibit A- Second Amended and Restated Rate and Method of Apportionment of Special Tax for CFD No. 7

Exhibit B- Amended and Restated Rate and Method of Apportionment of Special Tax for CFD No. 8