RESOLUTION AUTHORIZING A MEMORANDUM OF UNDERSTANDING WITH THE
MAYOR’S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT FOR THE
IMPLEMENTATION OF THE RETAINED HOUSING OBLIGATIONS.

WHEREAS, On February 1, 2012, the state dissolved the Former Agency pursuant to the
California Assembly Bill known as AB 26 and the California Supreme Court’s
decision and order in the case entitled California Redevelopment Association et
al. v. Ana Matosantos. In June 2012, AB 26 was amended by AB 1484.
(Together, AB 26 and AB 1484 are referred to as the “Dissolution Law.”) The
Former Agency assisted in the development of over 10,000 affordable housing
units restricted to low and moderate income households, and at the time of
Dissolution had over 1,400 affordable housing units in the planning or
predevelopment stages and had obligations to assist in the development of about
5,200 affordable housing units associated with the Hunters Point
Shipyards/Candlestick Point, Mission Bay North and South, and Transbay Projects
(the “Major Approved Development Projects”); and obligations to replace about
6,700 affordable units destroyed in the 1960’s and 1970’s (the “Replacement
Housing Obligation”); and,

WHEREAS, The Redevelopment Dissolution allowed cities or counties to elect to retain the
housing assets and functions previously performed by the redevelopment agency.
Cal. Health & Safety Code § 34176. The Board of Supervisors of the City and
County of San Francisco elected, under Resolution No. 11-12 (Jan. 26, 2012), to
retain the housing functions of the Former Agency and accepted transfer of the
Former Agency’s affordable housing assets. Resolution No. 11-12 designated the
Mayor’s Office of Housing (“MOH” or “MOHCD”) to perform the housing
functions and to accept the housing assets of the Former Agency; and,

WHEREAS, AB 1484 clarified that successor agencies to former redevelopment agencies were
separate public entities and had to retain affordable housing obligations to qualify
for funding from property tax revenues (former tax increment) to fulfill those
obligations. Subsequently, the City implemented AB 1484 by Ordinance No.
215-12 (Oct. 4, 2012) (“Successor Agency Ordinance”) and acknowledged that
the Successor Agency retained enforceable obligations for the development of
affordable housing required to fulfill the Major Approved Development Projects’
affordable housing requirements and the Replacement Housing Obligation,
(together, the “Retained Housing Obligations”); and,

WHEREAS, As a result of these state and local laws, OCII became the Successor Agency to
the Redevelopment Agency of the City and County of San Francisco and assumed
the Retained Housing Obligations. OCII is a public body, corporate and politic,
exercising the Former Agency’s functions and powers under the Community
Redevelopment Law (“CRL”), as amended by Dissolution Law; and,
WHEREAS, Pursuant to the Successor Agency Ordinance, OCII was directed to create a framework with MOHCD for fulfilling their respective responsibilities for the implementation of the funding, approvals, and management of the Retained Housing Obligations. This Memorandum of Understanding (the “MOU”), attached hereto as Exhibit 1, is intended to outline the framework agreed upon by OCII and MOHCD for implementing such obligations, as well as the terms for disposition of the assets related thereto; and,

WHEREAS, OCII is responsible for implementing the Retained Housing Obligations pursuant to the CRL as amended by Dissolution Law and to its enforceable obligations, which includes but is not limited to: the provision of the funding necessary to implement the Retained Housing Obligations pursuant to OCII’s annual budget and semi-annual Recognized Payment Obligation Schedules (“ROPS”), including securing the necessary funds through the receipt of Redevelopment Property Tax Trust Fund (“RPTTF”) from the City’s Auditor-Controller, the issuance of tax allocation bonds, or other alternate forms of financing; the application of OCII’s equal opportunity and workforce programs and land use authority as required by the enforceable obligations, unless otherwise designated in this MOU; the facilitation of community input through applicable Citizens Advisory Committees and other relevant community stakeholders; and the application of OCII’s Purchasing Policy, which includes seeking necessary authorizations from the Commission on Community Investment and Infrastructure (the “Commission”). The Commission will approve the selection of developers through Requests for Proposals, funding requests, land use entitlements, dispositions and other development agreements for the Retained Housing Obligation’s in accordance with OCII’s policies and enforceable obligations. OCII will also seek authorization and approval of certain actions from the Oversight Board of the City and County of San Francisco (“Oversight Board”) as required by the CRL as amended by Dissolution Law and from the Board of Supervisors as required by the CRL or the Successor Agency Ordinance; and,

WHEREAS, Upon completion of each Retained Housing Obligation project, OCII will seek to transfer the affordable housing asset(s) to MOHCD as the Housing Successor pursuant to the CRL as amended by Dissolution Law. On November 25, 2013, the Oversight Board approved Resolution No. 13-2013 confirming that 1,024 affordable housing assets, including but not limited to land and regulatory agreements, had transferred to MOHCD as Housing Successor. From and after the transfer of each asset to MOHCD, MOHCD shall manage the asset in compliance with local, state, and federal requirements, including Dissolution Law, Assembly Bill 987, and Assembly Bill 341, to ensure compliance with affordability restrictions and other requirements imposed through enforceable obligations, including funding, entitlement, and land disposition agreements. Any payments made under the terms of the relevant funding and land disposition agreements after the transfer of the Retained Housing Obligation asset to MOHCD, less any excess OCII loan or grant proceeds that result from the financial close-out of the affordable housing project which are due to OCII, shall be paid to MOHCD, and maintained in a separate Low and Moderate Income Housing Asset Fund, and may be used by MOHCD in compliance with the CRL as amended by Dissolution Law and Assembly Bill 341, or other applicable state laws; and,

WHEREAS, In anticipation of that future transfer of the Retained Housing Obligations to MOHCD, OCII will coordinate with MOHCD during the implementation of the
affordable housing projects in order to ensure an integrated transfer of the asset(s) to MOHCD consistent with the program goals in Redevelopment Plans, the City Consolidated Plan, and HOPE SF Principles. This coordination will include provision of draft project documents to MOHCD for review and comment, collaboration on the MOHCD and OCII affordable housing program annual budgets and semi-annual Recognized Payment Obligation Schedules (ROPS), the inclusion of OCII affordable housing projects in MOHCD project pipeline reporting, and OCII’s continuation of the Former Agency’s practice of underwriting affordable housing funding request consistent with MOHCD’s underwriting guidelines. Variances to the underwriting guidelines will be presented and considered by the Citywide Affordable Housing Loan Committee (“Loan Committee”) and approved variances will be described in relevant Commission memoranda; and,

WHEREAS, Under this MOU, OCII will engage MOHCD to provide designated staffing services to assist in the implementation of the Retained Housing Obligations on behalf of OCII, including but not limited to designated fiscal services, program administration of the Certificate of Preference Program, overseeing the marketing of OCII sponsored affordable units, construction management services, implementation of the limited equity homeownership and below market rate inclusionary programs required by OCII enforceable obligations, and OCII will include the cost for these services in its annual budget and semi-annual ROPS; and,

WHEREAS, Under this MOU, MOHCD will provide services to ensure coordination between OCII and MOHCD as Housing Successor and future holder of the affordable housing assets. MOHCD will include the cost associated with their participation as Housing Successor in its annual budget; and, now, therefore, be it

RESOLVED, That the Commission authorizes the Executive Director to enter into the MOU, substantially in the form of the agreement on file with the Secretary of the Commission, with the Mayor’s Office of Housing and Community Development, and to take any additional actions necessary to consummate the transaction.

Exhibit 1: Retained Housing Obligation Implementation MOU

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of May 6, 2014.

Natasha Jones

Commission Secretary