Office of Community Investment and Infrastructure

FY 2023-24 Budget Workshop

April 4, 2023

OCII

OCII Mission and Strategic Goals

Within Mission Bay, Transbay & Shipyard/Candlestick

- Invest in these communities by accelerating delivery of and access to new housing, especially affordable units
- Create new public infrastructure and open spaces
- Maximize opportunities for local business and workers
- Implement wind down of activities under State Redevelopment Dissolution Law

Mission Bay, Transbay, & Shipyard /Candlestick to provide:

- 22,000 new housing units, approximately 30% affordable
- 379 acres parks and open space
- 13 million sq. ft. commercial space

OCII FY 23-24 Major Initiatives – Projects

Transbay Block 3 Park & Streetscape Improvement Project

Mission Bay Block 9A

Infrastructure & Community

- Complete Mission Bay Park P22 and 1450 Owens
- Design Transbay Block 3 Park & Streetscape Improvement Project and Under Ramp Park
- Complete street acceptance on Hilltop and complete Block 48 horizontal infrastructure

Housing

- Fund TB 2E and TB 2W
- Begin pre-development on MBS 12W and MBS 4E
- Begin construction on HPS 52/54 and HPS 56
- Continue construction on MBS 9A

Budget: FY23-24 Process

- 1/9/23 OSB ROPS Workshop
- 1/25/23 OSB ROPS Action
- 4/4/23 Commission Budget Workshop
- 4/15/23 DOF Decision on ROPS
- 4/18/23 Commission Budget Action
- 5/1/23 Mayor’s Budget Office Submission
- 6/1/23 Board of Supervisors Submission

Budget: FY23-24 Summary

Cost Center Sources (M)	Mission Bay	Transbay	Hunters Point Shipyard / Candlestick Point	Debt Service/ Non-Projects	Total	*Percent*
Property Tax	$0.0	$44.6	$2.6	$99.4	$146.5	20.4%
Bonds	$0.0	$125.0	$0.0	$2.9	$127.9	17.8%
Developer Payments	$8.7	$1.4	$12.2	$0.0	$22.4	3.1%
Other Funds	$0.0	$0.0	$0.4	$5.1	$5.5	0.8%
Fund Balance	$23.7	$66.3	$0.2	$51.8	$142.1	19.8%
Prior Period Authority	$103.1	$59.4	$101.2	$9.7	$273.4	38.1%
Total Sources	**$135.6**	**$296.7**	**$116.6**	**$168.9**	**$717.7**	100.0%

Note: Affordable housing and staffing costs are embedded into Project costs above.

Budget: FY23-24 Sources

Primary Budget Sources are
Prior Period Authority, Property Tax, and Fund Balance.

Sources	Amount ($M)
Property Tax	$146.5
Bonds	$127.9
Developer Payments	$22.4
Other Funds	$5.5
Fund Balance	$142.1
Prior Period Authority*	$273.4
Total Sources	**$717.7**

*Prior Period Authority is expenditure carried forward from prior year, including affordable housing loans awarded but not yet drawn down fully and multi-year construction budgets.

Budget: FY23-24 Uses

Primary Uses are
Affordable Housing and Infrastructure & Other Non-Housing.

Uses	Amount ($M)	*Percent*
<u>Direct Program Spending</u>		
Affordable Housing	$331.6	*46.2%*
Infrastructure & Other Non-Housing	$178.5	*24.9%*
Project Management & Operations	$20.3	*2.8%*
Community Development & Workforce	$2.1	*0.3%*
Direct Programmatic Subtotal	**$532.5**	*74.2%*
<u>Indirect Program Spending</u>		
Debt	$151.0	*21.0%*
Pass-through to TJPA	$33.7	*4.7%*
Other	$0.4	*0.1%*
Asset Management	$0.2	*0.0%*
Indirect Programmatic Subtotal	**$185.3**	*25.8%*
Total	**Total**	**$717.7**

Affordable Housing: FY23-24 Budget & Workplan Overview

Work Program	Budget Category	Amount ($M)
New and Additional Affordable Housing Loans		
• MBS 12W, MBS 4E (new) • MBS 9A, TBY 2E, TBY 2W, TBY 4 (additional)	Affordable Housing Loans (includes added funds for existing loans)	$116.0
Existing Affordable Housing Loans *(funding continuation)*		
• CP 10a, CP 11a, HPS 52/54, HPS 56, MBS 9, MBS 9A, TBY 2E, TBY 2W	Prior Period Authority - Housing	$215.6
Other Housing Activities		
• Loan underwriting & admin • Asset transfers • Marketing • COP Outreach	Staffing & Support Expenses	$2.5
	Professional Services	$1.7
Total Housing Budget		**$335.8**

OCII Budget: FY 23-24 Highlights

- FY 23-24 Budget of $717.7M is an increase of $0.4M from FY22-23 Budget of $717.3M.
- Operational expenses make up $20.3M or 2.8% of FY 23-24 Budget
- Staffing levels unchanged from prior year; 55 FTE
- Budget includes $116.0M in new affordable housing loans.
- Workplan includes issuance of $129.0M new money bond to fund infrastructure and affordable housing projects

Mission Bay North & South

MBN & MBS: FY23-24 Budget & Workplan Overview

Work Program	Budget Category	Amount ($M)
Infrastructure Reimbursement		
• Reimbursement: Streets, Parks P22 P19 & P2/P8, and Stormwater Pump Stations	Development Infrastructure	$38.5
Plans & Permit Review		
• Land Use: Design review for residential and other uses • Infrastructure: Parks (P2/P8) • Commercial: Design review of a new building, tenant improvements. • Reimbursement: City Agencies for infrastructure review.	Staffing & Support Expenses	$2.1
	Professional Services	$4.1
Public Art Program		
• Arts Commission MOU: Install Public Art in park	Public Art	$1.0
Total		**$45.6**

**Numbers are slightly off due to rounding.*

MBN & MBS: FY23-24 Sources by Uses

Primary Source is Bond Proceeds;
Primary Use is Infrastructure.

Sources (M) / Uses	PILOT/ Developer Payments & Fees	Bond Proceeds	Property Tax (Prior Year and Current Year)	Public Art Fees	Total
Infrastructure Development	$0.6	$35.8	$2.0	-	$38.5
Staffing & Support Expenses	$2.1	-	-	-	$2.1
Professional Services	$0.6	$3.2	$0.2	-	$4.1
Public Art	-	-	-	$1.0	$1.0
Total	**$3.3**	**$39.0**	**$2.8**	**$1.0**	**$45.6**

**Numbers are slightly off due to rounding.*

Mission Bay: Project Photos

Park P2-P8

Gladstone Expansion

1450 Owens

Park P22

MBS Affordable Housing

Project	Loan Type	Amount ($M)	Number of Units	Anticipated Completion Date
Existing Loans				
MBS 9	Construction	$12.3	141 units	Complete
MBS 9A	Construction	$55.0	See below.	See below.
New Loans				
MBS Block 12W (A&B)	Predevelopment Loan	$7.0	538 units	TBD
MBS Block 4E (A&B)	Predevelopment Loan	$7.0	442 units	TBD
MBS Block 9A	Additional Loan	$8.0	148 units	May 2024
Total		**$89.3**		

Mission Bay South Block 9

Mission Bay South Block 9A

Transbay

Transbay: FY23-24 Budget & Workplan Overview

Work Program	Budget Category	Amount ($M)
Infrastructure Development		
• Construction closeout: Folsom Streetscape close out • Design: Block 3 Park & Under Ramp Park	Development Infrastructure	$118.3
• Pass-through to TJPA	Property Tax	$33.7
Plans & Permit Review		
• Design & Permitting: Block 2 Approval • Infrastructure: Block 3 Park & Under Ramp Park • Housing: Block 1 project close-out	Staffing & Support Expenses	$2.1
	Legal Services	$0.0 *($40k)*
	Professional Services	$1.1
Total		**$155.3**

**Numbers are slightly off due to rounding.*

Transbay: FY23-24 Sources by Uses

Primary Source is Bonds;
Primary Uses are Development Infrastructure & TJPA Pass-Through.

Sources (M) / Uses	Bond Proceeds	Developer Payments	Other	Property Tax	Total
Development Infrastructure	$108.6	-	$9.6	$0.1	$118.3
Staffing & Support Expenses	-	$0.9	-	$1.2	$2.1
Legal Services	-	$0.0 *($30k)*	-	$0.0 *($10k)*	$0.0 *($40k)*
Professional Services	-	$0.4	-	$0.7	$1.1
Pass-through to TJPA	-	-	-	$33.7	$33.7
Total	**$108.6**	**$1.3**	**$9.6**	**$35.7**	**$155.3**

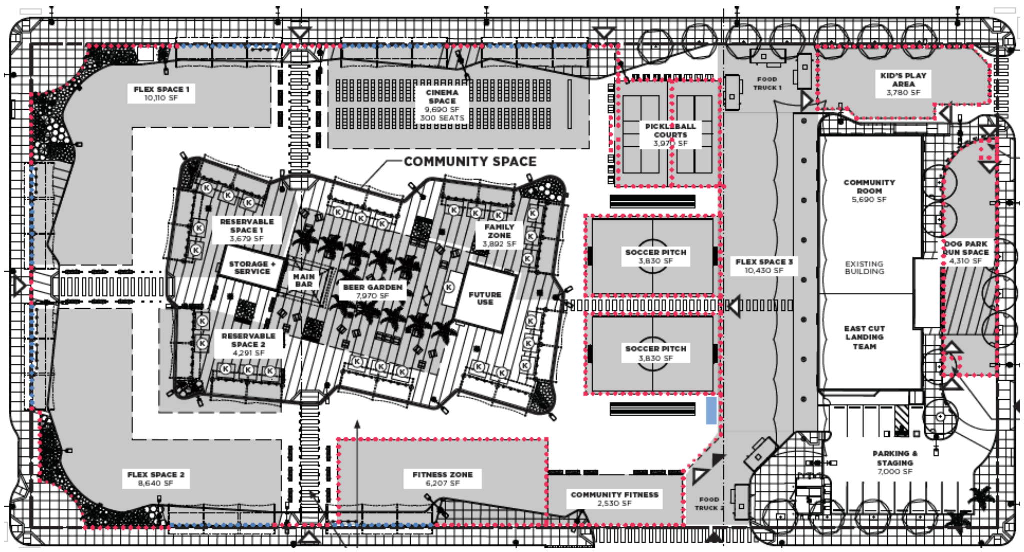
**Numbers are slightly off due to rounding.*

Transbay: Project Renderings & Photos

Block 3 Park

Under Ramp Park

Interim Activation of form Temp Terminal



Under Ramp Park

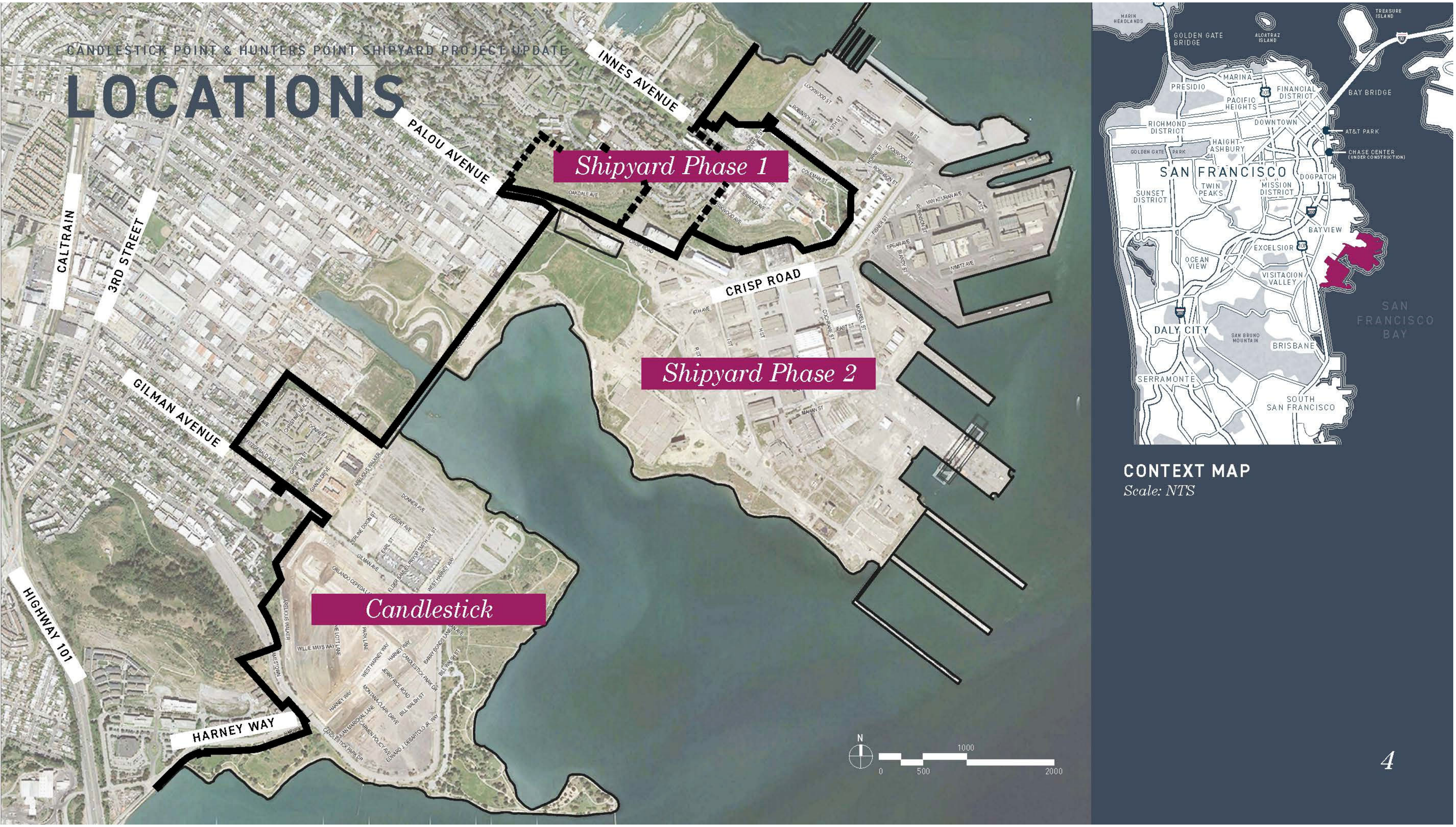
Transbay Affordable Housing

Work program includes 2 new and 2 existing affordable housing loans.

Project	Loan Type	Amount ($M)	Number of Units	Anticipated Completion Date
Existing Loans				
Transbay Block 2 West	Construction	$45.3	See below.	See below.
Transbay Block 2 East	Predevelopment	$2.3	See below.	See below.
New Loans				
Transbay Block 2 West	Construction (additional)	$19.7	151 units.	January 2026
Transbay Block 2 East	Construction	$70.7	184 units	April 2026
Transbay Block 4	Predevelopment	$3.5	202 units	TBD
Total		**$141.5**		

Office of Community Investment and Infrastructure

Hunters Point Shipyard Phases 1 & 2 / Candlestick Point



HPS/CP: F23-24 Budget & Workplan Overview

Work Program	Budget Category	Amount ($M)
Plans & Permit Review		
• Land Use: Candlestick Plan Amendments and Navy Five Year Review Plan • Infrastructure: HPS1 streets • Housing: HPS Block 1,56,52,54 and 4 blocks in Hillside	Staffing & Support Expenses	$4.2
	Legal Services	$1.1
	Planning & Infrastructure Review	$5.0
	Professional Services and Workforce Development	$1.6
Community Benefits Grants		
• Legacy Foundation, Contractor Assistance, College Readiness, Neighborhood Building, Scholarship, Education Improvement, Surety Bond	Grants to Community Based Organizations	$1.5
Infrastructure Reimbursement		
• Reimbursement of Predevelopment Costs	Infrastructure Development	$1.4
Lease Payments		
• Lease Payments	Payments to Other Public Agencies	$0.4
Property Management		
• Building 101 Improvements		$0.2
Total		**$15.6**

**Numbers are slightly off due to rounding.*

HPS/CP: FY23-24 Sources by Uses

Primary Source is Developer Payments; Primary Use is Planning & Infrastructure.

Sources (M) / Uses	Bond Proceeds	Developer Payments	Property Tax	Rent/ Other	Total
Staffing & Support Expenses	-	$3.0	$1.2	-	$4.2
Legal Services	-	$1.1	-	-	$1.1
Planning & Infrastructure	-	$5.0	-	-	$5.0
Professional Services	-	$1.6	-	-	$1.6
Building 101	-	-	-	$0.2	$0.2
Grants to Community Based Organizations	-	$1.5	-	-	$1.5
Infrastructure Development	-	-	$1.4	-	$1.4
Workforce Development	-	$0.1	-	-	$0.1
Payments to Other Agencies (Navy)	-	-	-	$0.4	$0.4
Total	**-**	**$12.3**	**$2.6**	**$0.6**	**$15.6**

**Numbers are slightly off due to rounding.*

HPS/CP: Project Photos

Phase 1 Parks

Artists’ Building 101 Improvements

HPS/CP Affordable Housing

Project	Loan Type	Amount ($M)	Number of Units	Anticipated Completion Date
Existing Loans				
CP Block 10a	Predevelopment	$1.6	156 units	TBD
CP Block 11a	Predevelopment	$1.2	176 units	TBD
HPS Block 52/54	Predevelopment & Construction	$64.3	112 units	April 2025
HPS Block 56	Predevelopment & Construction	$33.8	73 units	February 2025
Total		**$100.9**		

Hunters Point Shipyard Block 52/54

Hunters Point Shipyard Block 56

Debt

Debt: Sources & Uses

RPTTF Non-Admin is primary source.
Debt Service for existing TAB Bonds is primary use.

Sources ($M) / Uses	Bond Proceeds	Reserve Funds	Other Funds	RPTTF Non-Admin	RPTTF Admin	Total
Debt Service - Existing TAB Bonds	$3.1	-	-	$80.0	-	$83.1
Debt Service - New TAB Bonds	-	-	-	$12.4	-	$12.4
Refunding 2016D	$45.8	-	$2.3	-	-	$48.1
Other Debt	-	-	$4.6	-	-	$4.6
Professional Services – Cost of Issuance	$2.7	-	-	-	-	$2.7
Staffing	$0.1		$0.6			$0.7
Total	**$51.8**	**-**	**$7.5**	**$92.4**	**-**	**$151.7**

Debt: New Issuance & Refunding

- **$129.0 million total principal**
  - $115.2 million total project funds, 2% COI, 10% Reserve
  - 7% rate over 30 years
    - **Transbay**
      - Funds Transbay Block 3 Park
      - $37.0 million project fund, aggregate principal amount not to exceed $45.0 million
      - $3.3 million estimated annual debt service
    - **Affordable Housing**
      - Funds Transbay affordable housing projects
      - $24.0 million project fund, aggregate principal amount not to exceed $30.0 million
      - $2.2 million estimated annual debt service
    - **Mission Bay**
      - Maintain funding for Mission Bay South infrastructure work
      - $54.2 million parks and infrastructure reimbursement fund
      - $4.9 million estimated annual debt service
      - Refund 2016D bond

Operations

Operations: Uses Detail

Operations: $20.3M total

- **$10.4M Existing Staff Salaries & Benefits**
  - 55 Full Time Equivalent (FTE) positions
  - COLA
- **$6.4M in Non-Labor Costs**
  - Work Orders, Software and IT, Other Current Expenses, Professional Services, Insurance
- **$3.3M Retiree Obligations**
  - $2.5M for current pension
  - $0.8M for current retiree health benefits

**Numbers are slightly off due to rounding*

Operations: Work Orders with City Departments Detail

Work Orders with Mayor's Office of Housing/Comm. Dev. and with ADM for Rent, Mail, OLSE & are largest.

Department	Service	Amount ($M)
Mayor's Office of Housing and Comm. Dev. (MOHCD)	Affordable Housing Services	$1.5
Office of City Administrator (ADM)	Rent, Mail, OLSE	$0.9
Controller	Accounting and Audit Services	$0.3
Department of Technology	IT Services	$0.2
Office of Economic and Workforce Development (OEWD)	Contract Compliance Support	$124k
City Attorney	Legal Services	$50k
Treasurer Tax Collector	Investment Management	$30k
Planning Department	Planning Review	$26k
Total		**$3.1**

Response to Mayor's 23-24 Budget Instructions

- Mayor's budget instructions were issued in December 2022 and proposed reductions of 5% in General Fund support while maintaining Mayoral initiatives and priorities.

- General Fund savings implemented:
  - Reduced Property Tax request for staffing by $1.3M and supplanted with Other Funds (fees on hand).

- General Fund support for OCII budget is our Property Tax support ($146.5M)
  - $3.5M for an Administrative Cost Allowance is set by formula
  - $92.4M in Debt Service on bonds cannot be reduced
  - $44.9M in pledges for Affordable Housing loans and Infrastructure reimbursements are Mayoral priorities
  - $3.3M in retiree health and pension payments are existing obligations
  - Remaining $6.1M evaluated for cost savings

General Economic Outlook

- The March 2023 update to the City's Five Year Financial Plan was published on 3/31/23
  - $290.9M deficit in FY 23-24
  - $488.9M deficit in FY 24-25
- Historically, property assessment appeals have not had a material impact – 1.3% of appealed assessed value has been lost on appeals over the past 5 years ending in 2022.
- OCII's debt coverage is about 4X—in other words available revenues are 400% of debt service.
- Our annual debt service is less than $100M.

Budget: FY 23-24

Questions?