[Approving an Amendment to the Rincon Point-South Beach Redevelopment Plan to Extend the Redevelopment Agency's Time for Repaying Debt and to Suspend the Limit on Total Indebtedness and Tax Increment Revenue for Affordable Housing Development.]

Ordinance approving an amendment to the Rincon Point-South Beach Redevelopment Plan to extend the time for the San Francisco Redevelopment Agency's receipt of tax increment and to suspend both the limit on the total indebtedness outstanding at any one time and the limit on the total number of dollars of tax increment revenue that may be received by the San Francisco Redevelopment Agency under the Plan in order to continue financing Low and Moderate Income Housing Fund activities under the Plan.

Note: Additions are single-underline italics Times New Roman; deletions are strikethrough italics Times New Roman. Board amendment additions are double underlined. Board amendment deletions are strikethrough normal.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The Board of Supervisors of the City and County of San Francisco hereby finds and declares as follows:

a. The Board of Supervisors originally approved the Rincon Point-South Beach Redevelopment Plan by adopting Ordinance No. 14-91 on January 5, 1981. Since then, the Board of Supervisors has amended the plan nine times. (The plan, as so amended, is referred to herein as the "Plan"). The Plan contains several limitations on the use of property taxes received pursuant to California Health and Safety Code Section 33670 previously imposed by the Community Redevelopment Law, California Health and Safety Code Sections 33000 et seq. (All future section references are to the California Health and Safety Code unless otherwise noted.) The Plan presently (i) prohibits the Redevelopment Agency of the City and County of San Francisco (the "Redevelopment Agency") from incurring new debt after January 5, 2021, the date on which the Plan terminates, (ii) prohibits the Redevelopment
Agency from repaying any debt incurred for the Plan after January 5, 2031, (iii) imposes a
$100,000,000 limit on the amount of debt that can be outstanding at any one time from the
issuance of bonds to be repaid in whole or in part from the allocation of tax increment
revenue, and (iv) imposes a $230,000,000 limit on the total amount of tax increment revenue
that the Redevelopment Agency may receive cumulatively over the life of the Plan for
redevelopment activities.

b. The current amount of outstanding indebtedness under the Plan is
approximately $88,000,000 and the total amount of tax increment revenue to be received by
the Redevelopment Agency over the life of the Plan is over $229,000,000; thus the limits on
the Redevelopment Agency’s bonded indebtedness and tax increment revenue for the Plan
have either been reached or substantially reached.

c. Since January 1, 1976, all redevelopment agencies have had a statutory
obligation under Section 33413 to provide an equal number of replacement housing units
when they destroy or remove housing affordable by low or moderate income persons
(“Affordable Housing”) in a redevelopment project area.

d. In 2000, the California Legislature added Section 33333.7, which authorized the
Redevelopment Agency, with the Board of Supervisors’ approval, to extend its tax increment
revenue financing powers “to redress the demolition of a substantial number of residential
dwelling units affordable to very low, low, and moderate income households during the
agency’s earlier urban renewal efforts [prior to 1976].” (Statutes 2000, Chapter 661 § 1(a)).
The Legislature found that the “Redevelopment Agency of the City and County of
San Francisco, due to its unique housing situation and net loss of affordable housing units in
[older] project areas, wishes, to the greatest extent feasible, to replace these lost units
according to the formulas set forth in Section 33413 of the Health and Safety Code.”
(Statutes 2000, Chapter 661 § 1 (b)).
e. The California Department of Housing and Community Development ("HCD") has determined that, prior to 1976, the Redevelopment Agency demolished 14,207 units and replaced 7,498 units, resulting in a net loss of 6,709 affordable units. To date, the Redevelopment Agency has not replaced these lost units, but has committed funding for the construction of 241 replacement units that are in the predevelopment phase.

f. In 2001, the California Legislature revised the Health and Safety Code to add Section 33333.8 and Section 33333.6(f). Under Section 33333.8, any time limit in a redevelopment plan for the receipt of tax increment revenue and the repayment of debt, and any limit on the total amount of tax increment funds that a redevelopment agency may receive for any project area, shall be suspended until the redevelopment agency fulfills its affordable housing obligations. Section 33333.8 (a)(1) defines these obligations and includes the "obligation to provide replacement housing pursuant to subdivision (a) of Section 33413, and other similar and related statutes" (the "Affordable Housing Obligations").

Section 33333.6(f) confirms that the suspension of plan limits provided by Section 33333.8 applies to redevelopment plans adopted on or before December 31, 1993. Under Section 33333.6(e)(4)(B) the Board of Supervisors may amend the Plan as contemplated by the Ordinance without following the amendment process otherwise required by the Community Redevelopment Law. Accordingly, under Section 33333.8 the Board of Supervisors has the authority to amend the Plan as contemplated by this Ordinance to permit the Redevelopment Agency to receive additional tax increment revenue from the Rincon Point-South Beach Project Area for use in fulfilling the Redevelopment Agency's Affordable Housing Obligations, subject only to the payment of funds to repay indebtedness and required payments to taxing entities under Section 33607.5.

g. On July 18, 2006, the Board of Supervisors adopted Resolution No. 423-06, approving the Redevelopment Agency's budget for fiscal year 2006-07, and authorizing the

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issuance by the Redevelopment Agency of bonds in a principal amount not to exceed $146,850,000, including at least approximately $34,000,000 in bonds that are contingent on the adoption of this Ordinance.

h. In Ordinance No. 15-05, the Board of Supervisors has previously approved the extension of time limits for establishment of loans, advances and indebtedness applicable to the Embarcadero-Lower Market (Golden Gateway) Redevelopment Plan, the Hunters Point Redevelopment Plan, and the India Basin Redevelopment Plan for the exclusive purpose of financing low and moderate income housing fund activities.

i. The Redevelopment Agency approved the proposed amendments to the Plan at a public hearing on January 16, 2007, and transmitted to the Clerk of the Board of Supervisors a certified copy of San Francisco Redevelopment Agency Resolution No. 4-2007, recommending that the Board of Supervisors amend the Plan. Copies of the San Francisco Redevelopment Agency Resolution and the proposed amendment to the Plan (the "Redevelopment Plan Amendment") are on file with the Clerk of the Board of Supervisors in File No. 070335.

j. This Ordinance is exempt from the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq. and hereafter referred to as "CEQA") because it creates a government funding mechanism that does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment and therefore is not a "project" under Sections 15378(b)(4) and 15060(c)(3) of the State CEQA Guidelines.

Section 2. Pursuant to Sections 33333.8 and 33333.6(e)(4)(B), the Board of Supervisors of the City and County of San Francisco hereby approves the Redevelopment Plan Amendment filed with the Clerk of the Board of Supervisors in File No. 070335.

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The Redevelopment Plan Amendment will (i) extend the time limit for the receipt of tax increment revenue to repay indebtedness for the purpose of enabling the Redevelopment Agency to fulfill its Affordable Housing Obligations under Sections 33333.8(a) and 33333.7(d), and (ii) suspend, for the exclusive purpose of financing Low and Moderate Income Housing Fund activities as described in Section 1 above, (a) the $100,000,000 limit on the amount of debt that can be outstanding at any one time from the issuance of bonds to be repaid in whole or in part from the allocation of tax increment funds, and (b) the limit on the amount of tax increment funds that the Redevelopment Agency may receive.

Section 3. Nothing in this Ordinance shall be construed to: 1) change the existing January 5, 2021 time limit for incurring new debt under Plan for the purpose of financing Low and Moderate Income Housing Fund activities; 2) extend the effectiveness of the Plan beyond its expiration date of January 5, 2021; 3) limit the Redevelopment Agency’s ability to refund, in whole or in part, any indebtedness incurred by the Redevelopment Agency for any purpose so long as the refunding achieves debt service savings; or 4) authorize the Redevelopment Agency to incur any indebtedness, other than as provided in subsection 3 above, not previously approved by the Board of Supervisors.

Section 4. The Redevelopment Agency will continue to (a) ensure that its expenditure of funds will be consistent with San Francisco’s housing element and its consolidated and annual action plans submitted to the United States Department of Housing and Urban Development, and will address the unmet housing needs of very low, low- and moderate income households, (b) request that HCD certify annually, among other things, that San Francisco has a housing element that substantially complies with state law, that the housing element indicates an unmet need for Low and Moderate Income Housing Fund activities, and that the Redevelopment Agency has met its other affordable housing
obligations, and the Redevelopment Agency will obtain the appropriate certifications prior to incurring any debt that this Ordinance would authorize, and (c) make the required payments to taxing entities under Section 33607.5 until the Plan terminates on January 5, 2021.

Section 5. The Clerk of the Board of Supervisors shall without delay (1) transmit a copy of this Ordinance to the Redevelopment Agency, (2) record or ensure that the Redevelopment Agency records a certified copy of this Ordinance, and (3) transmit, by certified mail, return receipt requested, a copy of this Ordinance, together with a copy of the Redevelopment Plan Amendment and a legal description of the Rincon Point-South Beach Project Area and a map indicating the boundaries of the Rincon Point-South Beach Project Area, to the Controller, the Tax Assessor, the State Board of Equalization and the governing body of all taxing agencies in the Rincon Point-South Beach Project Area.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By:  
ANITA L. WOOD
Deputy City Attorney

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May 1, 2007 Board of Supervisors — PASSED ON FIRST READING
Ayes: 10 - Ammiano, Alioto-Pier, Daly, Dufty, Elsbernd, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval
Noes: 1 - Jew

May 8, 2007 Board of Supervisors — FINALLY PASSED
Ayes: 9 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Maxwell, Mirkarimi, Peskin, Sandoval
Noes: 1 - Jew
Excused: 1 - McGoldrick
I hereby certify that the foregoing Ordinance was FINALLY PASSED on May 8, 2007 by the Board of Supervisors of the City and County of San Francisco.

Kay Gulbengay
Interim Clerk of the Board

MAY 18 2007
Date Approved

Mayor Gavin Newsom