[Approving Amendments to the Yerba Buena Center Redevelopment Plan to Extend the
Plan's Effectiveness, to extend the Redevelopment Agency's Time for Issuing and Repaying
Debt and to Suspend the Limit on Total Tax Increment Revenue for Affordable Housing
Development.]

Ordinance approving amendments to the Yerba Buena Center Redevelopment Plan to
extend by one year the time limit on the effectiveness of the plan (other than the
Emporium Site) and, upon expiration of the Plan, to extend both the time for issuance
of debt and the receipt of tax increment by the San Francisco Redevelopment Agency
and to suspend 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 to
continue financing Low and Moderate Income Housing Fund activities under the Plan.

NOTE: Additions are single-underline italics Times New Roman;
deletions are strike-through 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. FINDINGS FOR PLAN EXTENSION. The Board of Supervisors of the City
and County of San Francisco hereby finds and declare as follows:

a. The Board of Supervisors of the City and County of San Francisco ("Board of
Supervisors"), as the legislative body of the Redevelopment Agency of the City and County of
San Francisco ("Redevelopment Agency"), originally approved the Redevelopment Plan for
the Yerba Buena Center Redevelopment Project by adopting Ordinance No. 98-66 on
April 25, 1996. Since then, the Board of Supervisors has amended the Yerba Buena
Center Redevelopment Plan twelve times, most recently by: (1) the adoption of Ordinance
No. 236-00, adding the Emporium Site Area, adopted by the Board of Supervisors on
October 10, 2000 and approved by the Mayor on October 13, 2000, (2) the adoption of
Ordinance No. 211-03, extending the time limit for the establishment of loans, advances, and
indebtedness to the date of Plan expiration, adopted by the Board of Supervisors on
August 12, 2003 and approved by the Mayor on August 22, 2003, and (3) the adoption of
Ordinance No. 1-05, extending the effectiveness of the Plan by one year as to all portions of
the Yerba Buena Redevelopment Plan Area other than the Emporium Site Area (the "Original
Plan Area"), adopted by the Board of Supervisors on January 4, 2005 and approved by the
Mayor on January 8, 2005. All references herein to the "Plan" shall mean the Yerba Buena
Center Redevelopment Plan, as amended. 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.)

b. The Plan presently expires as to the Original Plan Area on January 1, 2010,
after which time the Redevelopment Agency has no authority to act with regard to the Original
Plan Area pursuant to the Plan except to pay previously incurred indebtedness, to comply with
its housing obligations and to enforce existing covenants, contracts or other obligations. (The
Emporium Site Area will remain subject to the Plan for thirty years from the adoption date of
Ordinance No. 236-00.)

c. The Plan imposes a $600 million limit on the total amount of tax increment
revenue that the Redevelopment Agency may receive with regard to the Original Plan Area
cumulatively over the life of the Plan for redevelopment activities. The total amount of tax
increment revenue received or projected to be received by the Redevelopment Agency with
regard to the Original Plan Area over the life of the Plan is over $516,647,829.

d. Under Section 33333.6(b), a redevelopment agency may not pay indebtedness
or receive property taxes after the date that is ten years following the termination of any
redevelopment plan initially adopted before 1994. In accordance with Section 33333.6(b), the
Plan currently prohibits the Redevelopment Agency from repaying any debt incurred for the
Plan with regard to the Original Plan Area after January 1, 2020.

e. On July 24, 2009, the California Legislature enacted, in a special legislative
session, Assembly Bill No. 26 (Statutes 2009, Chapter 21), which added Sections 33690 and
33690.5 and requires the Redevelopment Agency to make a payment estimated to be $28.7
million in fiscal year 2009-10 and $5.9 million in fiscal year 2010-11 for deposit into the
Educational Revenue Augmentation Fund of the City and County of San Francisco (the
"ERAFF"). As a statute enacted at a special session of the California Legislature, Assembly Bill
No. 26 is effective on October 23, 2009, the 91st day after adjournment of the special session.

Cal. Constitution, Art. 4, Section 8 (c). Under Assembly Bill No. 26, the California Director of
Finance shall notify the Redevelopment Agency of the exact amount due in fiscal year 2009-
10 by November 15, 2009 and the amount due in fiscal year 2010-11 by November 15, 2010.

Upon the effective date of Assembly Bill No. 26, the Redevelopment Agency is required to
remit the amount due in fiscal year 2009-10 to the ERAF by May 10, 2010.

f. Assembly Bill No. 26 also added Section 33331.5 to provide that when a
redevelopment agency is required to make an ERAF payment pursuant to Section 33690 and
the agency has allocated the full amount of the payment, the legislative body may amend a
redevelopment plan adopted before 1994 to extend by one year the time limit on the
effectiveness of the plan (an "ERAF Extension"). Section 33331.5 also provides that when an
ERAF Extension is adopted, neither the legislative body nor the redevelopment agency is
required to comply with the process for plan amendments otherwise required by the
Community Redevelopment Law, including but not limited to the requirement to make the
payment to affected taxing entities required by Section 33607.7.

g. Under Section 33333.6 (b), an ERAF Extension also has the effect of extending
by one year the time limit under a plan to receive property taxes and repay indebtedness.
h. The Redevelopment Agency has allocated the full ERAF payment of $28.7 million for fiscal year 2009-10 by amending its budget for fiscal year 2009-10, under Agency Resolution No. 108-2009, a certified copy of which is on file with the Clerk of the Board of Supervisors in File No. 091207. The Board of Supervisors, by Resolution No. 473-09, has approved the amendment to the Agency's budget which provides for the allocation of the funds to ERAF. Accordingly, the Plan (with regard to the Original Plan Area) qualifies for an ERAF Extension through January 1, 2011. A portion of the allocated amount is tax increment revenue generated under the Plan.

i. A lawsuit challenging the validity of Assembly Bill No. 26 has been filed by the California Redevelopment Association on the grounds that the 2009-2010 ERAF payment obligation violates Article XVI, Section 16 of the California Constitution because it is not sufficiently related to redevelopment purposes. If a court invalidates the 2009-10 ERAF payment obligation imposed by Assembly Bill No. 26, it may also invalidate any ERAF Extension which is based on an agency's allocation of funds for the ERAF payment. Any such invalidation of Assembly Bill No. 26 could occur before January 1, 2011, the expiration date of the Plan with respect to the Original Plan Area as extended under this Ordinance. Any such invalidation, however, shall not affect the Affordable Housing Plan Amendment as set forth in Section 2 below.

SECTION 2. FURTHER FINDINGS FOR THE EXTENSION OF TAX INCREMENT AUTHORITY FOR AFFORDABLE HOUSING ACTIVITIES. The Board of Supervisors hereby further finds as follows:

a. Upon expiration of the Plan with regard to the Original Plan Area (as extended by the ERAF Extension approved in this Ordinance), the Plan will expire with regard to the Original Plan Area and the Redevelopment Agency shall have no authority to act under Section 33333.6 (a) except to pay previously incurred indebtedness, to comply with certain

Supervisor Daly
BOARD OF SUPERVISORS

Page 4

11/12/2009
n:\specas2009\100152\00593352.doc
housing obligations (Section 33333.8), and to enforce existing covenants, contracts, or other
obligations. Furthermore, Section 33333.4 provides that the Redevelopment Agency shall not
have the authority to establish or incur loans, advances, or indebtedness to be repaid from the
allocation of tax increment after Plan expiration "except as necessary to comply with
subdivision (a) of Section 33333.8."

b. To avoid the effects of expiration of the Plan with regard to the Original Plan
Area on the ability of the Redevelopment Agency to fulfill its affordable housing obligations,
this Ordinance also approves a Plan amendment extending the time for issuance of debt and
the receipt of tax increment under the Plan with respect to the Original Plan Area and also
suspending the limit on the total number of dollars of tax increment revenue that may be
received by the Agency under the Plan with respect to the Original Plan Area to continue
financing Low and Moderate Income Housing Fund activities (the "Affordable Housing Plan
Amendment"). The Affordable Housing Plan Amendment will become effective upon
expiration or termination of the ERAF Extension, whether that expiration or termination occurs
on January 1, 2011 or by court order at an earlier date.

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 (Senate Bill
No. 2113), which authorized the Redevelopment Agency, with the Board of Supervisors
approval, to extend its tax increment revenue financing powers under any pre-1994
redevelopment plan "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 California
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. By virtue of its acknowledgement of the Redevelopment Agency’s interest in fulfilling its housing obligation to replace units lost prior to 1976, Section 33333.7 is a statute similar, and related, to Section 33413.

f. The California Department of Housing and Community Development 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 (“Agency’s Housing Obligation”). To date, the Redevelopment Agency has not replaced these lost units, but has committed funding for the construction of approximately 875 replacement units that are in the predevelopment phase.

g. As originally enacted, Section 33333.7 (Senate Bill No. 2113) authorized the Redevelopment Agency to incur indebtedness exclusively for fulfilling the Agency’s Housing Obligation until the earlier of either January 1, 2014 or the Redevelopment Agency’s replacement of all Affordable Housing lost as a result of the implementation of redevelopment plans adopted prior to 1976. Section 33333.7 also authorized the Redevelopment Agency to receive tax increment funds through 2044 to repay indebtedness incurred to fund the Agency’s Housing Obligation.

h. 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, a local legislative body must suspend 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, until the redevelopment agency fulfills its affordable housing obligations. Section 33333.8(a)(1)(E) defines these housing obligations to include "the obligation to provide replacement housing pursuant to subdivision (a) of Section 33413, Article 9 (commencing with Section 33410), and other similar and related statutes" and thus includes the Agency's Housing Obligation. 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) and Section 33333.8, the Board of Supervisors may amend or suspend the Plan limits as contemplated by this Ordinance without following the amendment process otherwise required by the Community Redevelopment Law.

i. Section 33333.8 and its suspension of tax increment limits for the funding of Affordable Housing applies to every redevelopment project area established under the Community Redevelopment Law "[n]otwithstanding any other provision of law."

Section 33333.8(a).

j. Under Section 33333.8 and Section 33333.7, the Redevelopment Agency and the Board of Supervisors have the authority to amend the Plan to extend the Redevelopment Agency's authority: 1) to incur indebtedness for the exclusive purpose of fulfilling the Agency's Housing Obligation until January 1, 2014 (or the date the Redevelopment Agency has satisfied the Agency's Housing Obligation, if earlier); 2) if the Redevelopment Agency has not fulfilled the Agency's Housing Obligation by January 1, 2014, to continue incurring indebtedness for the exclusive purpose of fulfilling the Agency's Housing Obligation until the date the Redevelopment Agency has satisfied the Agency's Housing Obligation; and 3) to permit the Redevelopment Agency to receive additional tax increment revenue from the Original Plan Area for use in fulfilling the Agency's Housing Obligation until January 1, 2044 or
later if the Redevelopment Agency must incur indebtedness after January 1, 2014 to fulfill the Agency's Housing Obligation, subject only to the payment of funds to repay indebtedness.

k. The Board of Supervisors previously approved the following ordinances extending the Redevelopment Agency's tax increment authority for the exclusive purpose of financing Low and Moderate Income Housing Fund and fulfilling the Redevelopment Agency's Housing Obligation: 1) in Ordinance No. 15-05, extending time limits for establishment of loans, advance, and indebtedness applicable to the Embarcadero-Lower Market (Golden Gateway) Redevelopment Plan, the Hunters Point Redevelopment Plan, and the India Basin Redevelopment Plan; 2) in Ordinances Nos. 115-07 and 201-07, extending time limits for the Redevelopment Agency's receipt of tax increment and suspending both the limit of total indebtedness outstanding at any one time and the limit on the total number of dollars of tax increment revenue that the Redevelopment Agency may receive under the Rincon Point-South Beach Redevelopment Plan; and 3) in Ordinance No. 316-08, approving an extension of time limits for issuing and repaying debt and a suspension of the limits on the total tax increment that the Redevelopment Agency may receive under the Western Addition A-2 Redevelopment Plan.

l. To date, the Redevelopment Agency has made all payments to taxing entities required under Section 33607.5.

m. At a public hearing on Tuesday, October 6, 2009, the Redevelopment Agency adopted Agency Resolution No. 109-2009, a certified copy of which is on file with the Clerk of the Board of Supervisors in File No. 091207. The resolution recommends that the Board of Supervisors: 1) pursuant to Section 33331.5, extend by one year the effective date of the Plan with respect to the Original Plan Area, and 2) pursuant to Sections 33333.8 and 33333.7 and prior to the expiration of the Plan with respect to the Original Plan Area, extend the time for issuance of debt and the receipt of tax increment under the Plan and also
suspend the limit on the total number of dollars of tax increment revenue that may be received
by the Redevelopment Agency with respect to the Original Plan Area for the sole purpose of
financing Low and Moderate Income Housing Fund activities.

n. This Ordinance shall not be effective until the Redevelopment Agency shall have
adopted a policy requiring that it use, to the greatest extent feasible, any tax increment
revenue authorized by the Affordable Housing Plan Amendment to fulfill the Agency's Housing
Obligation by assisting Affordable Housing in the South of Market area.

o. The Board of Supervisors shall consider, in deciding whether to approve the
Redevelopment Agency's annual budget pursuant to Section 33606 of the California Health
and Safety Code, whether the Redevelopment Agency's work program includes, to the
greatest extent feasible, the use of tax increment revenue authorized by the Affordable
Housing Plan Amendment to fulfill the Agency's Housing Obligation by assisting Affordable
Housing in the South of Market area.

p. 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 3. Pursuant to Sections 33331.5, 33333.8, 33333.7, 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. 091207 (the "Redevelopment Plan Amendment"). The Redevelopment
Plan Amendment will (i) initially extend the effective date of the Yerba Buena Center
Redevelopment Plan by one year with regard to the Original Plan Area; and (ii) subsequently,
upon Plan expiration with regard to the Original Plan Area, (A) extend the time limit for the
establishment of indebtedness to be paid with the proceeds of property taxes with regard to
the Original Plan Area for the exclusive purpose of enabling the Redevelopment Agency to
fulfill the Agency’s Housing Obligations under Sections 33333.8(a) and 33333.7(d);
(B) extend the time limit for the receipt of tax increment revenue with regard to the Original
Plan Area to repay indebtedness for the exclusive purpose of enabling the Redevelopment
Agency to fulfill the Agency’s Housing Obligation under Sections 33333.8(a) and 33333.7(d);
and (C) suspend, for the exclusive purpose of fulfilling the Agency’s Housing Obligation the
$600,000,000 limit on the amount of tax increment funds that the Redevelopment Agency may
receive with regard to the Original Plan Area.

Section 4. Nothing in this Ordinance shall be construed to: 1) extend the effectiveness
of the Plan with regard to the Original Plan Area beyond January 1, 2011; 2) 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 3) authorize the Redevelopment Agency to incur any indebtedness not previously
approved by the Board of Supervisors.

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 Verba Buena Center
Redevelopment Project Area and a map indicating the boundaries of the Verba Buena Center
Redevelopment Project Area, to the Controller, the Tax Assessor, the State Board of
Equalization and the governing body of all taxing agencies in the Verba Buena Center.
APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: [Signature]
Anita L. Wood, Deputy City Attorney
Ordinance approving amendments to the Yerba Buena Center Redevelopment Plan to extend by one year the time limit on the effectiveness of the plan (other than the Emporium Site) and, upon expiration of the Plan, to extend both the time for issuance of debt and the receipt of tax increment by the San Francisco Redevelopment Agency and to suspend 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 to continue financing Low and Moderate Income Housing Fund activities under the Plan.

November 24, 2009 Board of Supervisors - PASSED, ON FIRST READING
Ayes: 11 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar, Maxwell and Mirkarimi

December 08, 2009 Board of Supervisors - FINALLY PASSED
Ayes: 11 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar, Maxwell and Mirkarimi

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 12/8/2009 by the Board of Supervisors of the City and County of San Francisco.

Angela Calville
G Clerk of the Board

Date Approved

Mayor Gavin Newsom