

Hunters Point Shipyard Citizens Advisory Committee

Senate Bill 593 Replacement Housing Discussion Item

October 30, 2023



Background

- **Prior to 1976:** the former Redevelopment Agency destroyed 14,207 affordable units, but only produced 7,498 affordable units. The areas with the greatest loss of housing were: Western Addition A-1 and Yerba Buena Center
- **2000:** State Legislature approved Senate Bill 2113 authorizing the former Agency to use tax increment financing to fund and develop units that were destroyed prior to 1976 and not replaced.
- **2003:** The State Department of Housing and Community Development certified “a net loss of 6,709 units the Agency must replace”
- **2003-2012:** The former Agency funded 867 replacement housing units pursuant to Senate Bill 2113
- **2012:** The former Agency, and all California Redevelopment Agencies are dissolved by the State of California, OCII created to complete “enforceable obligations” of former Agency
- **2012-2022:** OCII and the City unsuccessfully sought to establish the replacement housing obligation under Senate Bill 2113 as an “enforceable obligation”
- **2023:** Senate Bill 593 (Wiener) approved by Senate and Assembly establishing the replacement housing obligation as an “enforceable obligation,” but funded with residual tax increment available to the City.

Summary of Senate Bill 593

- Authorizes OCII to fund and develop up to 5,842 units destroyed by the former Redevelopment Agency.
- Replacement housing funds are a limited source of tax increment funds available after payment of OCII's current enforceable obligations and thus will only be available through multiple bond issuances over time.
- First availability of replacement housing funds is projected to occur in late 2025 and the last allocation in the mid- to late 2050s.
- Replacement housing units must be developed pursuant to affordable housing standards in state law, i.e. Community Redevelopment Law

CRL Replacement Housing Standards

- Units may be built anywhere in San Francisco
- Units are restricted to income-eligible households; they must be affordable to “persons in the same or a lower income category” (low, very low, or moderate), as the persons displaced.
- Units must remain affordable and subject to affordability restrictions.
- Replacement housing is additive to OCII’s current housing obligations; it is independent of a OCII’s other obligations to produce housing
- Replacement housing funds must leverage other financing and subsidies for affordable housing.

Impact of Replacement Housing on Certificate of Preference “COP” holders

- Household members displaced by Redevelopment received a Certificate of Preference (“COP”)
- OCII and MOHCD currently provide first preference in 100 percent of all units in OCII affordable housing projects to COP holders.
- In 2022, the state legislature expanded this preference to include the descendants of COP holders.
- Replacement Housing expands the supply of affordable housing for which COP holders are eligible.
- COP holders including descendants, will receive first preference for all replacement housing.

Potential Replacement Housing Funding Categories

- Adding units in excess of existing obligations to Project Areas where sites are available for development and are subject to time constraints to begin construction
- Developing affordable housing in former redevelopment project areas, particularly those subject to urban renewal displacement
- Developing affordable housing in other areas of the City where the City, through MOHCD, has identified priority projects in need of funding

Next Steps

- Work with CACs, MOHCD, and other key constituents to determine priority projects
- Solicit bond financing team for the initial replacement housing bond issuance

Replacement Housing Priorities

Questions / Comments

Bond Financing and Timing

- Initial estimates of property tax revenues available pursuant to Senate Bill 593 show:
 - Financing to build 5,842 units will be generated in bond issuances between 2025 and 2056
 - First bond issuance in 2025-26 of approximately \$300M, funding up to 800 units subject to:
 - Updated revenue analysis
 - Costs of Issuance
 - Housing project costs
- Staff will solicit a financing team in early 2024 to provide fuller analysis of available financing for first bond issuance