

# Treasure Island Development Program

## Public Financing Overview

Capital Planning Committee  
May 9, 2016



# Treasure Island Development Program

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- Up to 8,000 homes (25% Affordable)
- New Streets, utility infrastructure, geotechnical improvements
- 300 acres Open Space
- Up to 450,000 sf Retail & Historic Reuse
- Up to 100,000 sf Office
- Up to 500 Hotel Rooms



- Program entitled in June 2011
- Demolition contractor has mobilized
- YBI 100% infrastructure plans under review

## (Re)Development Plan – February 2011

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- City preparing to endorse Disposition and Development Agreement (DDA) and approve project entitlements
  - DDA and Financing Plan structured assuming redevelopment tax increment financing and community facilities district financing
  - Housing Plan to deliver 30% affordable housing
- Dissolution of redevelopment proposed in conjunction with FY 2011/12 State budget discussions
- Uncertainty around the future of redevelopment required TIDA and TICD to restructure Financing Plan
- Infrastructure Financing District(s) provided an alternative mechanism to leverage local tax increment
- Loss of ERAF share reduced public financing capacity by approximately \$150 million (NPV \$2011)

# Revising Development Program

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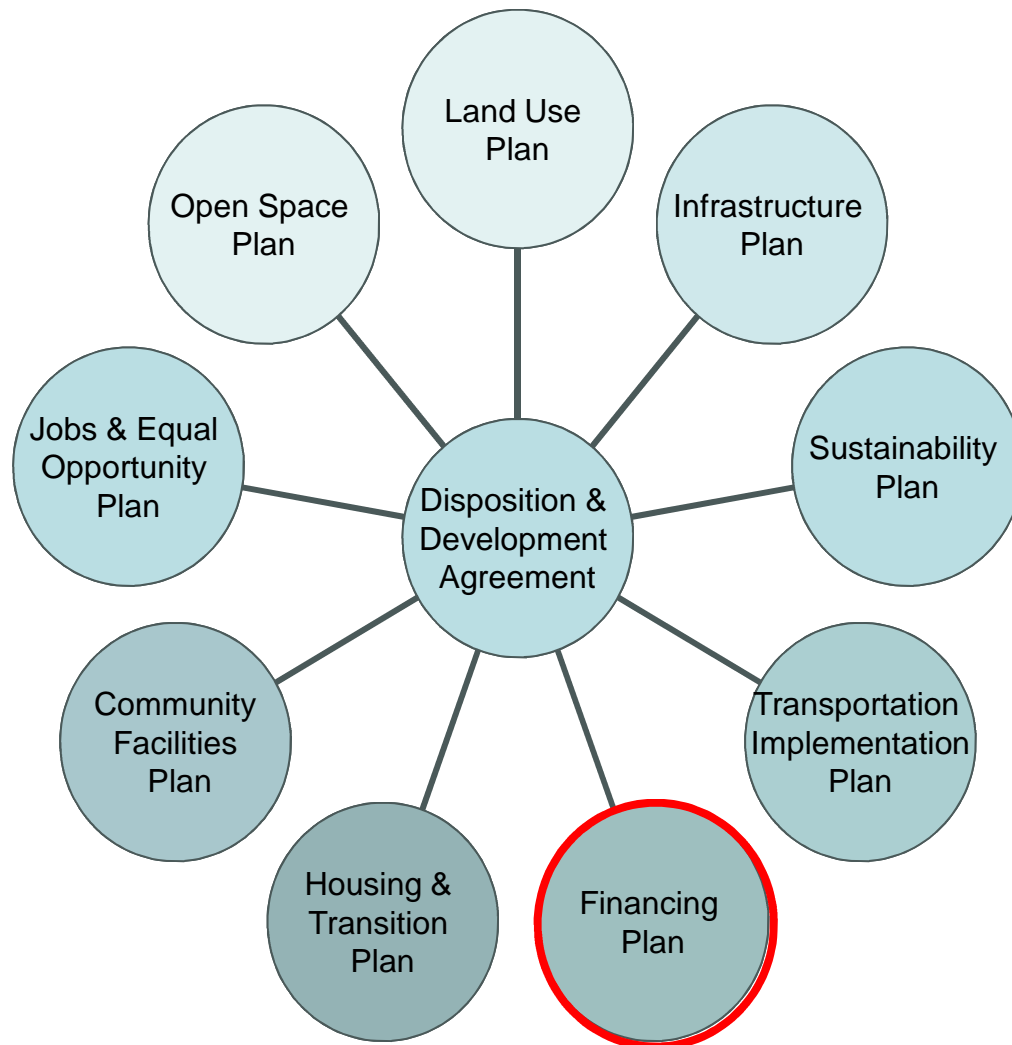
- Most public improvements and related costs are nondiscretionary or fixed
  - Land preparation: Grading, geotechnical, and sea level rise
  - Infrastructure: roadways, wet & dry utilities, ferry terminal
  - Open Space Program: 300 acres of open space; Tidelands Trust Exchange Agreement
  - Land Acquisition: Navy payments
- Significant expansion of economic development constrained by site location and access
- Outcome – reduce affordable housing to 25%
  - Converted 400 affordable units to market rate units
  - Decreased funding need
  - Increased land sales contribution & future tax base

# Revised Development Agreements

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- Revised DDA and associated entitlements approved in June 2011
- Financing/Housing Plan Provisions
  - Committed 56.7% share of local property tax share to IFD
  - 8% of local property tax share to General Fund, but subordinated to the IFD
  - 82.5% of IFD proceeds committed to infrastructure costs
  - 17.5% of IFD proceeds committed to affordable housing
  - 5% inclusionary affordable housing
  - \$17,500 developer payment per market rate unit towards affordable housing development

# 2011 Entitlements



## Other Project Documents

- Development Agreement
- Interagency Cooperation Agreement
- Area Plan & Special Use District
- TIHDI Agreement
- Design for Development
- Design Review and Document Approval Procedure
- Navy Conveyance Agreement
- Trust Exchange Agreement
- CEQA Findings

# Financing Plan

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- Project financing structure
  - Private Capital
  - Infrastructure Financing District (IFD) - Tax Increment Pledge
  - Community Facilities District (CFD) Financing
- Terms for Public Financing
  - Types of Public Financing
  - Terms for City to Reimburse TICD for Public Infrastructure
- Details Profit Participation Structure
  - Consistent with Term Sheet, Navy Transaction
- Reporting, Audit Requirements

## IFD & CFD Financing

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### IFD

- Financing district formed over a specific geographic area
- San Francisco allocates City/County share of “Property Tax Increment” generated within district for a specified period of years
- May finance infrastructure with community-wide significance and a useful life of fifteen years or more; may not finance services

### CFD

- CFD formed over a specific geographic area
- Levies a supplemental tax on properties within the district to finance infrastructure facilities with a useful life of five years or more
- Eligible expenses and term more flexible than IFD
- May also finance services



## IFD & CFD Financing

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### IFD

- Helps finance affordable housing
- Propose to form an IRFD
  - Infrastructure and Revitalization Financing Districts (AB 229)
  - Provides greater flexibility and preferable administrative requirements
  - 40 year term

### CFD

- Term not limited; anticipated term of 250 years or more
- First 42 years will be committed to infrastructure/public benefits
- Will convert from Capital CFD to Maintenance CFD
- Funding source for future sea level rise adaptations
- On-going revenue source for parks & open space maintenance

## Public Benefits

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- 300 acres of open space (capital and O&M)
- New utilities, streets, police & fire station, community facilities, and other public infrastructure
- Transit facilities and operating subsidy
- Geotechnical improvements
- Sea level rise adaptations (present & future)



## Examples of Island-Wide Costs

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- Land Preparation
- Sea Level Rise Protection
- Causeway Improvements
- Offsite utilities
- Water storage tanks
- On site renewable energy generation
- Firefighting water supply
- Interim construction and utilities that have island-wide benefits
- Public parks and open space
- Pier 1 improvements
- Ferry plaza & shelter
- School & daycare
- Police & fire facility
- Ferry boat, bus & shuttle purchases
- Public parking garages
- Public historic building rehab
- Land payments
- Planning and entitlement costs
- Design and engineering costs
- Fees / Bonds / Permits
- Construction management
- Other community facilities & infrastructure with island-wide benefits

## Formation Process

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- The IFD and CFD are established separately, but formation processes will proceed concurrently
- District formation working group includes TIDA, Office of Public Finance, City Attorney, TICD, and outside counsel and consultants
- Cost and revenue projections being updated/revised
- Rate and Method of Apportionment (RMA) and Infrastructure Financing Plan (IFP) – key formation documents for the CFD and IFD respectively – and Resolutions of Intent (ROI) for formation and issuance of debt are being prepared/reviewed by working group
- Anticipate returning to Capital Planning Committee in late May/June for action item before filing ROIs with the Board of Supervisors
- Process of forming the districts will take the rest of this year to complete

## Formation Timeline

Q1-Q2  
2016

Finalize boundary maps, list of authorized facilities, rate and method of apportionment (RMA), infrastructure financing plan (IFP), resolutions etc.

Q2  
2016

Validate voting pool, present to CPC, submit resolutions of intent to BOS for approval, schedule public hearings

Q3  
2016

Hold public hearings, submit resolutions of formation to BOS for approval, formation/bond elections held

Q3-Q4  
2016

Target for judicial validation of IFD formation of CFD and bond approval



An aerial photograph of Treasure Island, a man-made island in San Francisco Bay. The island is covered in green grass and features several tall, white, rectangular buildings. In the background, the San Francisco city skyline is visible across the water, with the Golden Gate Bridge on the left. The sky is hazy and yellowish, suggesting a sunrise or sunset. The word "Questions?" is written in blue text on the right side of the image.

Questions?