



# Mission Rock Community Facilities District 2021 Special Tax Bonds

November 9, 2020

Item XX

Presented by:

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# Overview

- Project Overview
- Financing Structure
- Proposed Bond Issuance
- Next Steps



# Mission Rock Overall Summary

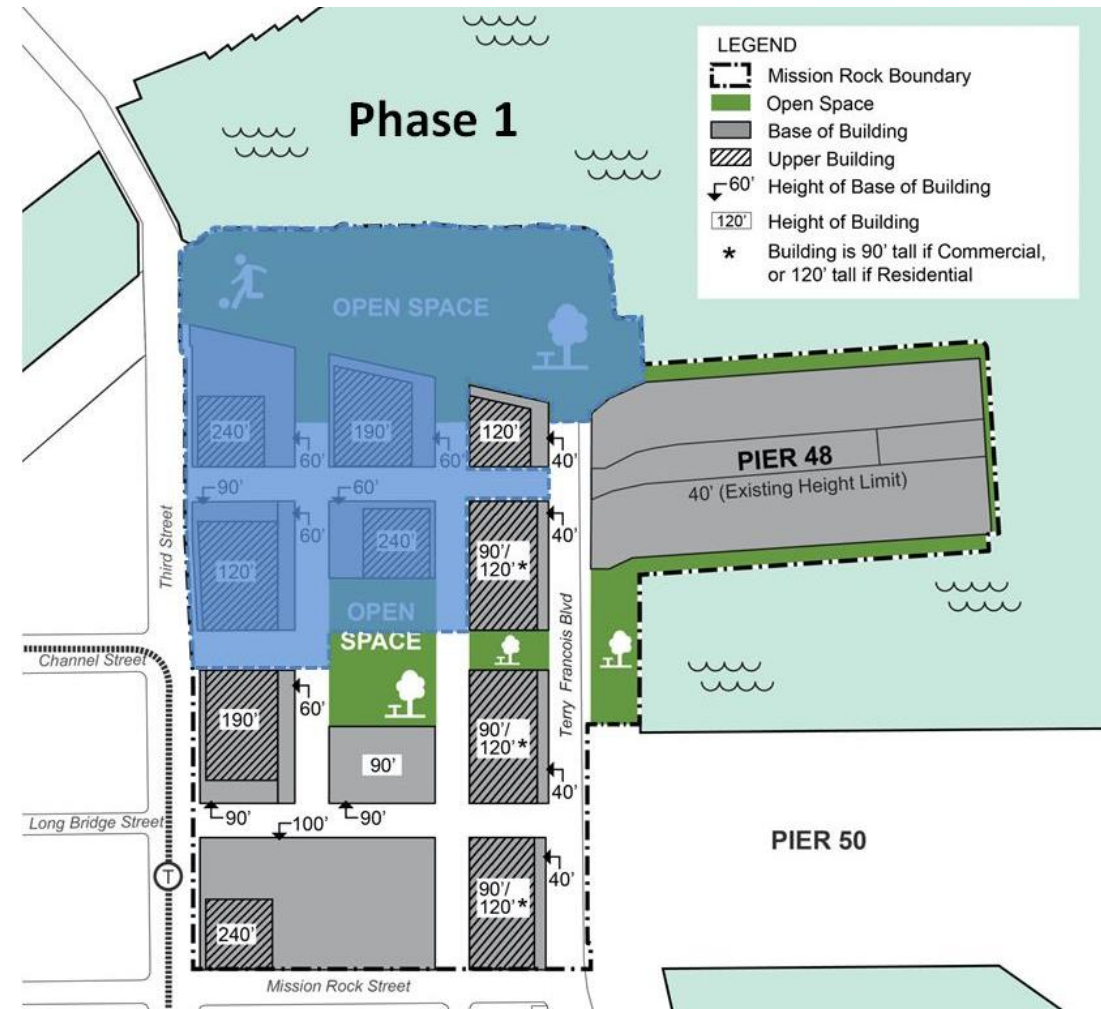
At full build out:

- 2.7 to 2.8M GSF total
- Approximately 1200 housing units, 40% of which will be affordable
- 972K - 1.4M GSF office
- 240K GSF retail/production
- 240K GSF Pier 48

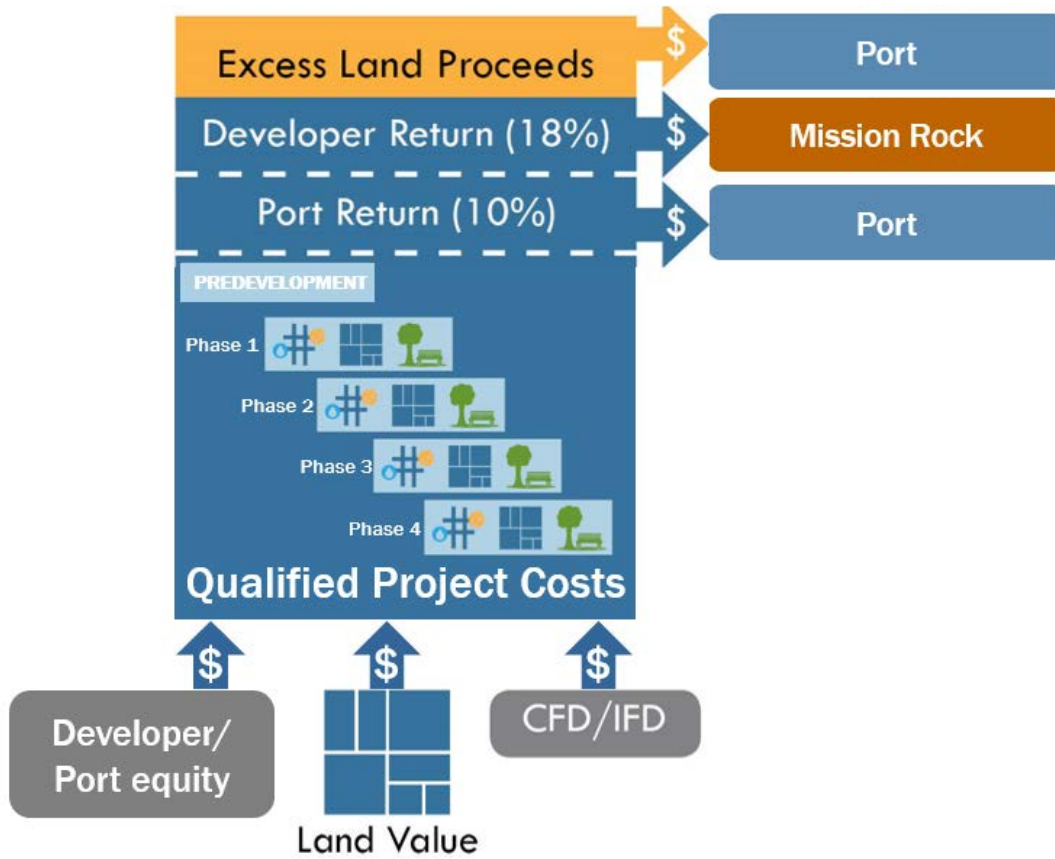


# Mission Rock Phase 1

- Housing (2 buildings)
  - 537 units total, 199 affordable
- Commercial Office (2 buildings)
  - 550,000 gross square feet
- Ground Floor Retail
  - 65,000 square feet
- China Basin Park (5.5 Acres)
- Project Infrastructure
- Targeting completion in 2022



# Project Funding Structure



## Strategies to limit Developer Capital and Return:

- Use CFD/IFD sources when possible
- Maximize public financing
- Use tax-exempt debt
- Use Port Capital



# Phase I Budget

- Project Costs
  - Hard costs
  - Soft costs
  - Return on Developer Equity for the Phase 1 Horizontal Infrastructure improvements
- Projected Revenues
  - The four Phase 1 prepaid leases
  - Public financing sources
    - Special Tax District (CFD) bond proceeds
    - CFD pay-as-you-go (“pay-go”) taxes
    - Infrastructure Financing District Project Area I (IFD) pay-go taxes

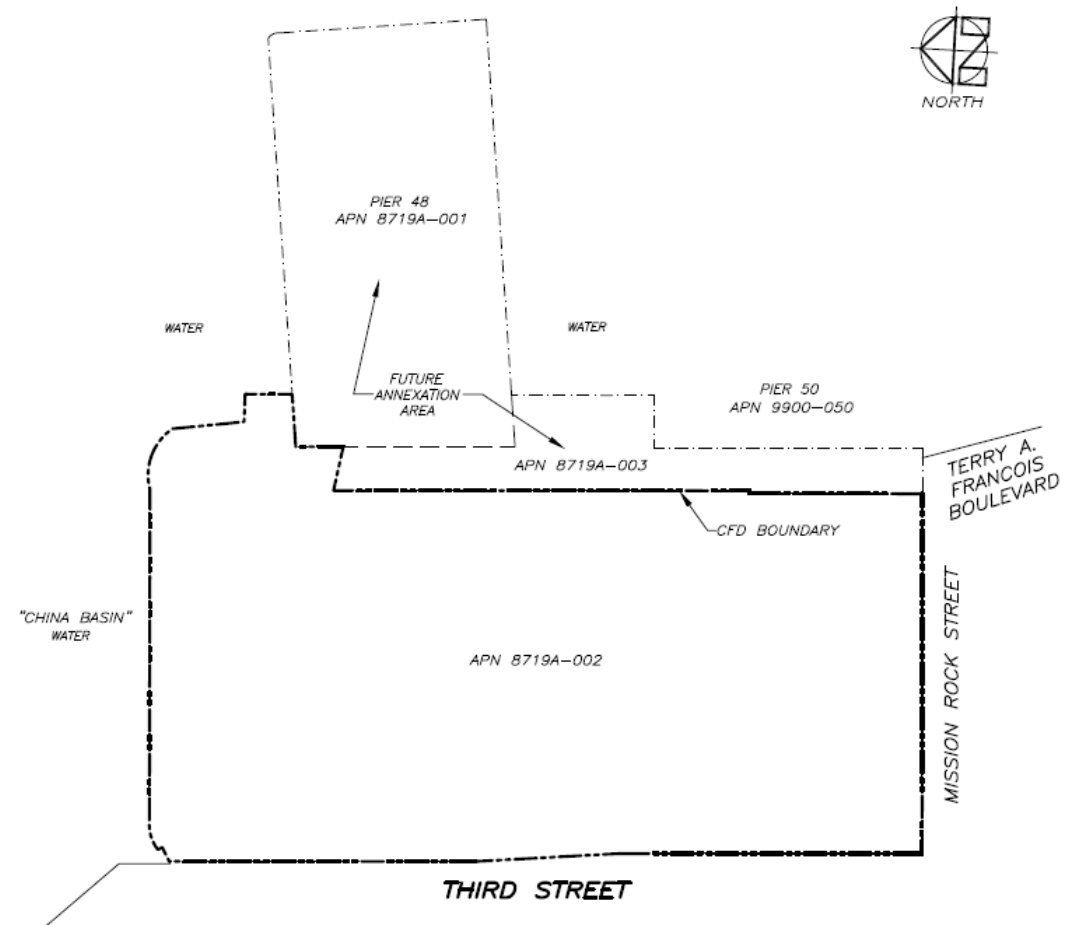
# Overview of Phase 1 Sources and Uses

Description	Entitlement	Phase 1	Total Phase 1
<b>Sources</b>			
Total Horizontal Costs	29.3	145.4	<b>174.8</b>
Developer Return	<u>16.9</u>	<u>73.8</u>	<u><b>90.7</b></u>
<b>Total Phase 1 Uses</b>	<b>46.2</b>	<b>219.3</b>	<b>265.5</b>
<b>Uses</b>			
Net Development Rights Payments Advances	42.2	-	<b>42.2</b>
CFD Bonds - Unimproved Land	4.0	31.2	<b>35.2</b>
CFD Bonds - Completed Buildings	-	140.8	<b>140.8</b>
CFD Excess Pay Go Increment	<u>-</u>	<u>47.2</u>	<u><b>47.2</b></u>
<b>Total Phase 1 Sources</b>	<b>46.2</b>	<b>219.3</b>	<b>265.5</b>

*All figures in \$millions.*

# Public Financing Board Actions to Date

- **February 2018:** Infrastructure Financing District Project Area I
- **September 2019:** Amendments to the City's Special Tax Law to align to Pier 70 and Mission Rock projects
- **May 2020:** Formation of Special Tax District





# CFD Taxes and Uses

## Development Tax

- Funds infrastructure and parks
- Available as long as Project Area tax increment available

## Shoreline Tax

- Funds shoreline protection studies and facilities
- May be levied for 120 years

## Office Tax

- Funds infrastructure and parks
- More flexible than development tax
- May be levied for 120 years

## Services Tax

- Funds ongoing operations and maintenance for site
- May be levied in perpetuity



# Bond Issuance Parameters

- Amount of bonds sold limited by two factors:
  1. Appraised value of the CFD
    - The City has a policy of only issuing CFD debt with a 3:1 value-to-lien ratio
    - Current valuation of \$150.4 million, resulting in \$50.1 million in bonds
    - Appraiser currently updating to include latest data from impacts of COVID
    - If valuation changes, issuance will not exceed \$50.1 million or 3:1 value-to-lien
  2. Ongoing Development Special Tax Capacity
    - Requires 110% debt service coverage from Development Special Tax Capacity
    - This bond issuance is sized to the Development Special Tax from Phase I
    - Maximum Development Special Tax capacity from Phase 1 will be far in excess of 110 percent coverage
    - Additional Development Special Tax capacity will support future bonds

# Projected Development Special Tax for Debt Service

Planning Parcel	FY20-21 Expected Maximum	FY20-21 Actual Levy	FY21-22 Actual Levy	FY22-23 Actual Levy	FY23-24 Actual Levy
Parcel A	\$1,598,937	\$207,107	\$246,340	\$35,566	\$1,696,805
Parcel B	\$1,690,703	\$218,993	\$260,477	\$37,607	\$1,794,188
Parcel F	\$988,931	\$128,094	\$152,359	\$21,997	\$1,049,461
Parcel G	\$1,878,431	\$243,309	\$289,400	\$1,954,320	\$1,993,407
Other Parcels	\$8,025,363	\$1,039,507	\$1,236,424	\$178,510	\$0
<b>Total</b>	<b>\$14,182,366</b>	<b>\$1,837,010</b>	<b>\$2,185,000</b>	<b>\$2,228,000</b>	<b>\$6,533,860</b>



# Bond Sources and Uses

- Sale of bonds in amount of \$50.1M results in potential total sources of \$53.9M with premium
- Bond uses shown in table to right; proceeds used to repay remaining Entitlement Sum and Phase I Infrastructure Improvements

Uses	Preliminary Estimate
Improvement Fund	\$ 48,094,044
<i>Remaining Entitlement Sum</i>	\$ 3,429,304
<i>Demolition &amp; Hazardous Soil Removal</i>	\$ 7,287,698
<i>Utilities (e.g. Sewer, Water, Joint Trench)</i>	\$ 7,366,116
<i>Earthwork and Retaining Walls</i>	\$ 16,487,264
<i>Roadways</i>	\$ 4,238,979
<i>Streetscape</i>	\$ 4,449,271
<i>Parks and Public Spaces</i>	\$ 4,835,412
Debt Service Reserve Fund	\$ 4,430,463
Delivery Date Expenses	
Cost of Issuance	\$ 875,000
Underwriter's Discount	\$ 501,000
<b>Total Uses</b>	<b>\$ 53,900,507</b>

# Today's Actions

Request positive recommendation of:

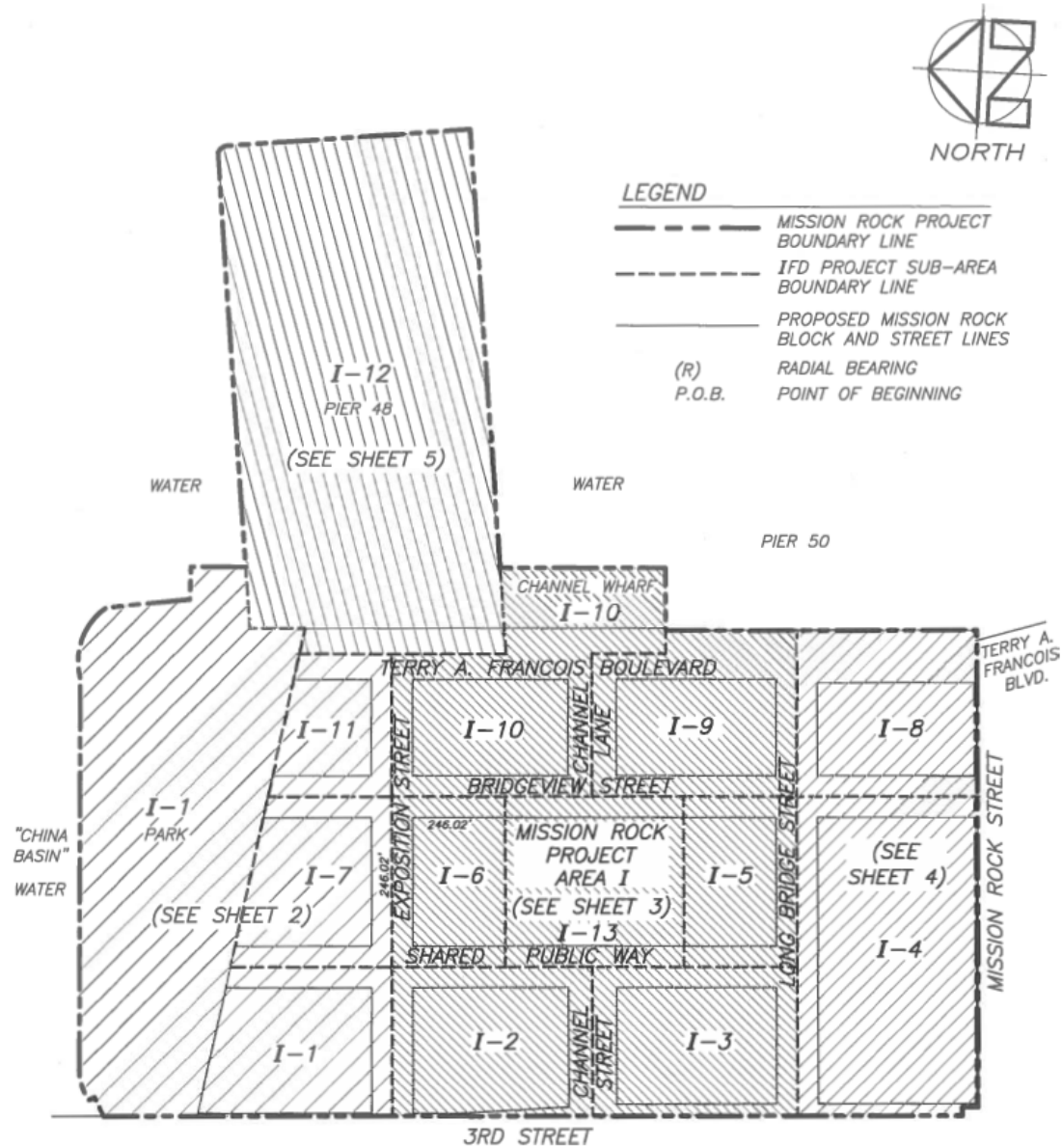
- Resolution Authorizing the Issuance of Development Special Tax Bonds – City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) - Not to Exceed Aggregate Principal Amount of \$50,100,000
- Resolution Authorizing a Pledge Agreement Related to City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) Sub-Project Areas I-1 through I-13 and Special Tax Bonds Issued by City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services)

Item	Date
Introduction of Legislation to Board of Supervisors	November 10, 2020
Budget & Finance Committee Hearing	December 2, 2020
Board Approval of Legislation	December 8, 2020
Sale and Closing of Bonds	Jan/Feb 2020

# LATER SLIDES FOR REFERENCE ONLY



# IFD Map



# Mission Rock Tax Rates

Tax Zone	Land Use	Parcels	Tax	Rate/sq. ft
Zone 1	Market Rate Residential	A, F	Development	\$ 8.58
			Contingent Services	\$ 1.40
	Office	B, G	Development	\$ 6.50
			Office	\$ 1.92
			Shoreline	\$ 1.82
			Contingent Services	\$ 1.40
Zone 2	Market Rate Residential	D1, F, K, H*, I*, J*	Development	\$ 8.58
			Contingent Services	\$ 1.40
	Office	C, E, H*, I*, J*	Development	\$ 6.50
			Office	\$ 1.61
			Shoreline	\$ 1.82
			Contingent Services	\$ 1.40
Future Annexation Area	TBD	Pier 48	Development	TBD
			Office	TBD
			Shoreline	TBD
			Services	TBD

# Mission Rock Tax Rates

