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**Stonestown EIFD Formation**  
**Office of Public Finance & Office of Economic and Workforce Development**  
**Capital Planning Committee**

June 24, 2024

# Stonestown at Full Buildout

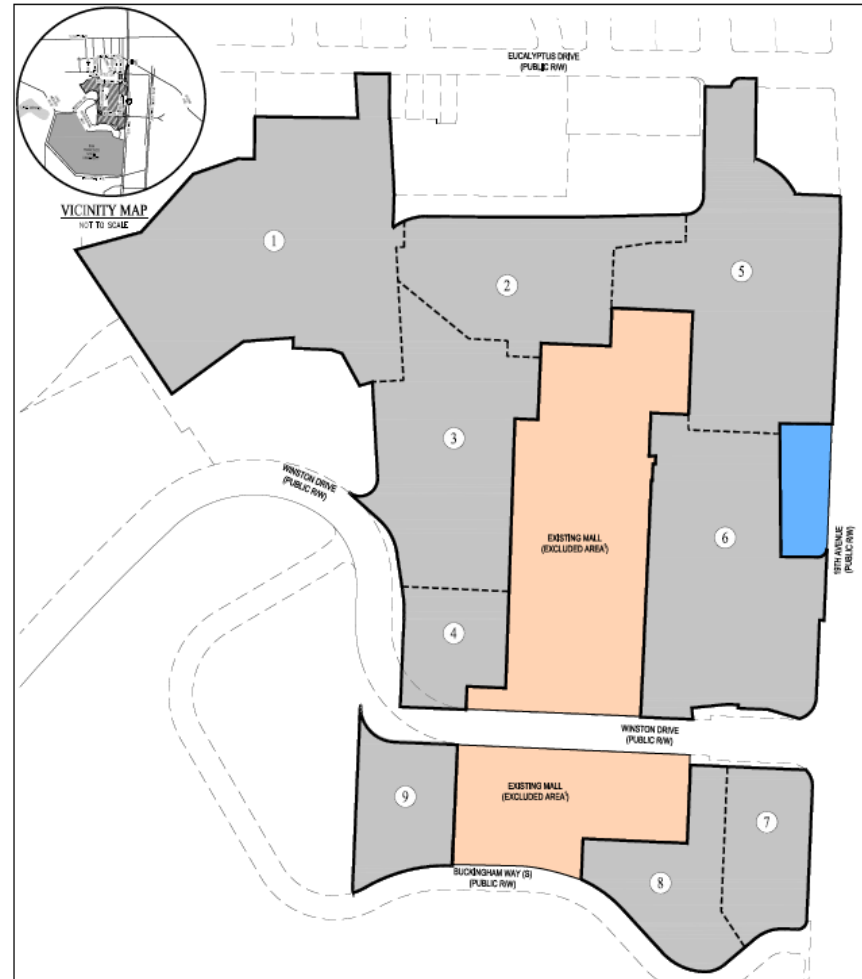
2



# Project Site and EIFD

3

- The project will be built on approximately 27 acres of surface parking lots around Stonestown Mall.
- The Mall is not being rezoned or redeveloped and will not be included in the EIFD.
- The Brave Church site, which is included in one of the EIR project variants, is a potential EIFD annexation target if acquired by Brookfield for inclusion in the project.



# Project Overview

4

## Transforming surface parking lots into a residential neighborhood

- 3,500 new residential units from 3 - 18 floors
- Up to five towers
- New retail main street on 20th Avenue
- Nearly 6 acres of publicly accessible parks and plazas
- Underground and above ground parking
- New safe, accessible bike and pedestrian pathways



*Illustrative representation of the project*

# Project Public Benefits

5

- ▣ Affordable Housing: 20% of all units will be affordable through onsite inclusionary units, parcel dedication, and in lieu fees. Option to create a Senior Village and priority on directing fee revenue to SFSU Educator Village.
- ▣ Transportation: fully redesigned street network, including new pedestrian and bicycle facilities, robust TDM plan, ~\$50m in transportation fees to MTA.
- ▣ Open Space: 6 acres of new open spaces including new site for the Farmer's Market and improvements to RPD's adjacent Rolph Nicol Playground.
- ▣ New 7,500 square foot onsite childcare facility (or two 4,000 square foot facilities) serving 100 children with adjacent open space.
- ▣ New 7,000 square foot onsite senior center to be provided before demolition of existing YMCA senior center and rented to nonprofit operator for \$1/year.
- ▣ Project subject to various workforce development programs including First Source Hiring, Local Hire, LBE and micro-LBE goals, and prevailing wage.

# Net Fiscal Benefit Analysis

6

- EPS has prepared an initial fiscal impact report to demonstrate the project's net fiscal benefit after tax increment diversion.
- On behalf of the Controller's Office and OEWD, the City's fiscal consultant, Keyser Marsten Associates, has peer reviewed the analysis and confirmed that the project will generate a net fiscal benefit.

- A more detailed projected fiscal impact of the EIFD will be prepared during the creation of the Infrastructure Financing Plan, prior to final adoption of the EIFD for the project.

Annual Estimated Stonestown Tax Increment at Buildout	
Stonestown Property Tax - General Fund Revenue	26,176,288
<u>Stonestown - Property Tax in lieu of VLF Revenue</u>	<u>4,320,354</u>
<b>Total Stonestown - Tax Increment Revenue</b>	<b>30,496,642</b>
Developer Share Property Tax - General Fund Revenue (58.25%)	15,248,321
<u>Developer Share - Property Tax in lieu of VLF Revenue (0%)</u>	<u>0</u>
<b>Developer Share of Tax Increment Revenue (50%)</b>	<b>15,248,321</b>
<b>City Share of Tax Increment Revenue (50%)</b>	<b>15,248,321</b>

# EIFD Eligible Uses

7

## Facilities

- ▣ Streets, Sidewalks, Bike Paths
- ▣ Public and Private Utility Infrastructure
- ▣ Improvements to Rolph Nicol Playground
- ▣ Community Facilities
- ▣ Privately-Owned Community Improvements (excluding Open Spaces)
- ▣ Affordable Housing
- ▣ TDM Measures

## Other

- ▣ Bond related expenses
- ▣ Administrative fees
- ▣ Reimbursement of costs related to the formation of the EIFD and Project Area(s)

# Why an EFD at Stonestown?

8

- Like many projects, Stonestown is not currently financially feasible given today's economics, including construction costs and interest rates.
- Additionally, Stonestown has unique costs due to significant new infrastructure, replacement parking, and construction at an operating mall.
- EFD harnesses net new tax revenue generated by the project to support the project's cost of infrastructure, which is otherwise difficult to finance.
- EFD significantly improves the project's economics, resulting in a project that can commence construction of much needed housing and associated community benefits sooner into the City's economic recovery.



# IFD Policy Compliance

9

- Large scale project with significant rezoning, extensive need for infrastructure, and IFD funding necessary for feasibility.
- Project results in a net fiscal benefit to General Fund after tax increment diversion.
- 50% of tax increment allocated to EIFD, remainder continues to flow to City.
- In compliance with policy that IFD debt payments will not exceed 5% of annual property tax revenue.
- Subject to ten year “use it or lose it” clause.

# Next Steps

10

- ▣ Resolution of Intention to Form EIFD and other Stonestown items at Budget and Finance Committee on July 10.
- ▣ Additional Stonestown items at Land Use and Transportation Committee on July 8.
- ▣ Project considered by full Board of Supervisors on July 16 for first reading and July 23 for second reading.
- ▣ Formation process, drafting of IFP continues into FY2025.
- ▣ BoS approval of IFP anticipated Q3 FY2025.

# Thank you

11

