



Ambac Guarantee Strengthens San Francisco Financing for Numerous Redevelopment Project Areas

\$73,600,000

San Francisco Redevelopment Financing Authority
Tax Allocation Revenue Bonds

The San Francisco Redevelopment Agency (SFRA) maintains an active schedule of proposed projects throughout numerous designated project areas. To achieve more cost-effective and efficient financing, San Francisco Redevelopment Financing Authority structured a three-part tax allocation bond issue to refund expensive outstanding debt and provide new money for projects in seven locations throughout the city. The Authority sought triple-A financial guarantee insurance to strengthen the financing.

Ambac's credit analysis involved analyzing each project area and its potential tax contribution to bond repayment. This would normally create some challenges as the individual project areas are small and highly concentrated. In addition, they are located in areas prone to seismic activity. California law allows revenues from one project area to be used to pay debt service on bonds issued on behalf of another project area when bond proceeds are used for low and moderate housing projects. SFRA has an active affordable housing program and is, thereby, able to utilize tax increment revenue across project areas to secure its tax allocation bonds and greatly mitigate the size and concentration factors. Other strengths, including San Francisco's long track record with successful redevelopment, steadily increasing assessment valuations, as well as the high profile nature of most of the project areas, all contribute to an excellent overall credit picture.

Three series of tax allocation bonds totaling \$73 million were issued late in 2005: Series A and B were issued as refundings; Series C raised new money for ongoing projects. The bonds were rated triple-A, the highest ratings available, thanks to Ambac's financial guarantee.

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