

## **RESOLUTION NO. 27-2008**

Adopted April 15, 2008

**AUTHORIZING SUBMITTAL OF AN APPLICATION TO THE STATE OF CALIFORNIA'S DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING UNDER THE INFILL INFRASTRUCTURE GRANT PROGRAM FOR INFRASTRUCTURE IMPROVMENTS (THE "PROGRAM"); EXECUTION OF A STANDARD AGREEMENT IF SELECTED FOR SUCH FUNDING AND ANY AMENDMENTS THERETO; AND ANY RELATED DOCUMENTS NECESSARY TO PARTICIPATE IN THE PROGRAM FOR \$25,021,079 FOR PHASE 1 OF THE HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA**

### **BASIS FOR RESOLUTION**

1. The Board of Supervisors of the City and County of San Francisco (the "Board") adopted, per Ordinance No. 285-97, a Redevelopment Plan for the Hunters Point Shipyard Redevelopment Project Area (the "Redevelopment Plan") on July 14, 1997.
2. The Redevelopment Plan established a redevelopment project area for approximately 511 acres of developable area divided into six parcels to facilitate the land transfer from the United States Department of the Navy (the "Navy") to the City and County of San Francisco for development. To date, only Parcel A, also known as Phase 1, has been transferred for horizontal development and measures approximately 70 acres (the "Project Area" or the "Shipyard").
3. The Redevelopment Plan allows the Redevelopment Agency of the City and County of San Francisco (the "Agency") to "provide for infrastructure improvements, including: streets and transportation facilities; open space and recreation areas, and utilities for water, sewer, gas, and electricity," and "remove conditions of blight in the form of buildings, site improvements, and infrastructure systems which are substandard and serve as impediments to land development."
4. At its meeting of March 30, 1999, after an extensive Request for Qualifications process, the Commission (the "Commission") selected Lennar-BVHP, LLC as the primary developer (the "Developer" or "Lennar") for the Shipyard.
5. On June 1, 1999, by Resolution No. 68-99, the Commission approved an Exclusive Negotiations Agreement ("Original ENA") with the Developer for the redevelopment of the entire Shipyard.

6. On December 2, 2003, the Commission approved the first set of transaction documents, including the Disposition and Development Agreement Hunters Point Shipyard Phase 1 ("Phase 1 DDA") for a portion of the Shipyard identified as Parcel A-1 and Parcel B-1 (hereinafter collectively "Phase 1"). On that same day, the Commission also approved the Amended and Restated Exclusive Negotiations Agreement, which sets forth the terms and conditions under which the Agency and the Developer will negotiate one or more DDAs and related agreements for the remainder of the Shipyard or portions thereof.
7. On March 31, 2004, the Navy and the Agency executed a conveyance agreement (the "Conveyance Agreement"), which is the framework that sets forth the terms and conditions for the phased clean up and transfer of the Shipyard to the Agency. In accordance with the Conveyance Agreement, the Navy conveyed the first 75 acres of the Shipyard (Parcel A) to the Agency on December 3, 2004. The portion of Parcel B that is included in the Phase 1 DDA is still owned by the Navy and is not anticipated for transfer to the Agency until 2011.
8. On April 5, 2005, the Agency transferred the non-public parcels within Parcel A to the Developer to construct the infrastructure improvements required under the Phase 1 DDA. On that same date, the Commission approved the First Amendment to the Phase 1 DDA, which included technical corrections and changes that were necessary to clarify the intent of the Phase 1 DDA.
9. Because of the delayed transfer of Parcel B from the Navy to the Agency and declining real estate market conditions, the Developer requested additional changes to the Phase 1 DDA. Therefore, on October 17, 2006, by Resolution No. 141-2006, the Commission approved the Second Amendment to the Phase 1 DDA, which, among other things, removed Parcel B-1 from the Phase 1 development.
10. In 2006, the voters of California passed State Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006 (the "Act"). The Infill Infrastructure Grant ("IIG") Program (the "Grant Program"), funded by Proposition 1C, promotes infill housing development by providing financial assistance for infrastructure improvements necessary to facilitate new infill housing development. Approximately \$240 million is available throughout the State for allocation of funds in Fiscal Year 2007-08.
11. The State of California's Department of Housing and Community Development ("HCD") has issued a Notice of Funding Availability ("NOFA") for the Grant Program established under the Act pursuant to Part 12 of Division 31 of the California Health and Safety Code, commencing with Section 53545.12. Pursuant to the Act, HCD is authorized to approve funding allocations utilizing monies made available by the State Legislature, subject to the terms of the Act and IIG Program Guidelines implemented February 28, 2008.

12. The Project Area is eligible for up to \$30,000,000 in Proposition 1C Program funds for infrastructure improvements. Therefore, the Agency is submitting an application on behalf of the Hunters Point Shipyard Redevelopment Project Area, Phase 1, for infrastructure work. Current real estate market conditions and increased construction costs have resulted in an infrastructure funding gap of \$25,021,079.
13. The application was physically submitted on April 4, 2008, and per the IIG Program application instructions, the Board or Commission resolution authorizing the submittal must be approved before May 4, 2008. Funds will be awarded in June 2008 through a competitive process, based on the merits of the individual infill projects and areas. If funds are awarded to the Project Area, the Agency will enter into an agreement with Lennar to implement the infrastructure improvements related to the Project Area.
14. Agency staff recommends submittal of an application to HCD for funding in the amount of \$25,021,079 under the Grant Program for the following items: site preparation, wet and dry utilities, surface improvements, open space/parks, and eligible soft costs, such as engineering and design on behalf of the Hunters Point Shipyard Redevelopment Project Area, Phase 1.
15. Submittal of a Proposition 1C application is not a project pursuant to the California Environmental Quality Act ("CEQA") definition of a project contained in Section 15378(b)(5) of the State CEQA Guidelines. The proposed action will not independently result in a physical change in the environment.

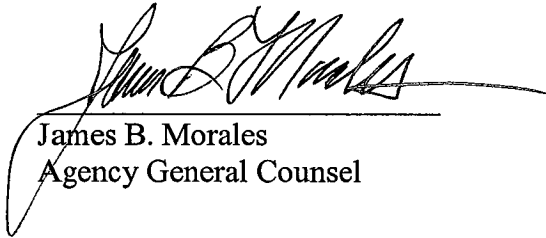
## **RESOLUTION**

**ACCORDINGLY, IT IS RESOLVED** by the Redevelopment Agency of the City and County of San Francisco that:

1. The Executive Director is authorized to submit an application to HCD for funding under the Infill Infrastructure Grant Program, in response to the NOFA issued on February 28, 2008, for Infrastructure Improvements on behalf of Phase 1 of the Hunters Point Shipyard Redevelopment Project Area for improvements including site preparation, wet and dry utilities, surface improvements, open space/parks, and eligible soft costs, such as engineering and design in the amount of \$25,021,079; and,
2. If the application for funding is approved, the Agency hereby agrees to use the Infill Infrastructure Grant Program Funds for eligible activities in the manner presented in the application as approved by HCD and in accordance with program guidelines cited above. It also may execute any and all other instruments necessary or required by HCD for participation in the Infill Infrastructure Grant Program; and,

3. The Executive Director is authorized to execute in the name of the Agency the application, Standard Agreement, and all other documents required by HCD for participation in the Infill Infrastructure Grant Program, and any amendments thereto.

**APPROVED AS TO FORM:**



James B. Morales  
Agency General Counsel