

RESOLUTION NO. 46-2011

Adopted April 5, 2011

AUTHORIZING A SECOND AMENDMENT TO THE INTERIM LEASE WITH HPS DEVELOPMENT CO. LP, A DELAWARE LIMITED PARTNERSHIP, TO BUILD AND OPERATE A REAL ESTATE SALES AND MARKETING OFFICE ON AGENCY-OWNED LAND (BLOCK 56) UNDER TERMS THAT INCLUDE AN INITIAL FIVE-YEAR TERM WITH FIVE ONE-YEAR OPTIONS AND AN ANNUAL RENT PAYMENT OF \$12,000 AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. On December 2, 2003, the Agency Commission adopted Resolution No. 179-2003 authorizing the Hunters Point Shipyard ("Shipyard") Phase I Horizontal Disposition and Development Agreement (as amended, "Horizontal DDA") between the Redevelopment Agency of the City and County of San Francisco ("Agency") and HPS Development Co. L.P. ("Lennar").
2. As required under the Horizontal DDA, the Agency and Lennar also entered into an interim lease dated December 3, 2004 that requires Lennar to maintain Phase I land at the Shipyard, including Agency-owned land, and get the Agency's written approval for any significant interim construction projects, among other things ("Interim Lease"). The Interim Lease was amended by a First Amendment on October 16, 2008.
3. Lennar desires to construct an approximately 2,800-square-foot interim real estate sales and marketing office ("Welcome Center") on Agency land (Block 56) at the Shipyard. The Welcome Center's lot area consists of approximately 28,800 square feet within the 42,764 square foot Block 56.
4. Toward that end, Lennar has submitted a combined Basic Conceptual and Schematic Design ("Schematic Design") for the Welcome Center, in accordance with the Horizontal DDA's Vertical Design Review and Document Approval Procedure ("VDRDAP").
5. To allow Lennar to construct the Welcome Center on Agency land, Lennar has asked for a Second Amendment to the Interim Lease ("Second Amendment"). Agency staff has reviewed the Second Amendment and the Welcome Center project description, and finds them to be in compliance with the permitted uses and development standards described in the Shipyard's Phase I Design for Development and the Shipyard's Redevelopment Plan ("Plan").

6. The Second Amendment allows Lennar to build and operate the Welcome Center on Block 56 for an initial term of five years, beginning on the date Lennar commences work on the improvements constituting the Welcome Center (expected to be late 2011). It also includes five one-year extensions to be approved at the Executive Director's discretion, assuming Lennar is not in default of any of the provisions of the Second Amendment.
7. Under the Second Amendment, Lennar will pay the Agency a negotiated sum of \$12,000 a year to lease Block 56. This money will be deposited into the Agency's housing fund because Block 56 is a future affordable housing site.
8. At the termination of the Second Amendment, Lennar will be required to return the land to the Agency in substantially its original condition, unless the Agency and Lennar agree to leave the improvements in place.
9. The Second Amendment has received appropriate environmental review. On February 8, 2000, the Agency Commission and the San Francisco Planning Commission, acting as co-lead agencies for conducting environmental review for the Plan and its implementing actions, adopted Resolution No. 11-2000 and Motion No. 14981, respectively. Resolution No. 11-2000 and Motion No. 14981 each certified a Final Environmental Impact Report for the acquisition and reuse of the Shipyard as contemplated in the Plan ("Shipyard Final EIR"). Also on February 8, 2000, by Resolution No. 12-2000, the Agency Commission adopted findings pursuant to the California Environmental Quality Act (California Public Resources Code Sections 21000 *et seq.*) ("CEQA"), a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program to support the adoption of the Plan.
10. Subsequent to the certification of the Shipyard Final EIR, refinements were made to the Shipyard development program resulting in Addendum No. 1 to the Final EIR published on November 19, 2003 and Addendum No. 2 to the Final EIR published on July 13, 2006. The addenda concluded, based on the findings of the Shipyard Final EIR, that the proposed refinements would not create any significant environmental impacts not already studied in the Final EIR and that the conclusions reached in Final EIR remained valid.
11. The Shipyard Final EIR is a program EIR under State CEQA Guidelines Section 15168 and a redevelopment plan EIR under State CEQA Guidelines Section 15180. The addenda to the Shipyard Final EIR were prepared pursuant to State CEQA Guidelines Section 15164.
12. On June 3, 2010, the Agency Commission and the San Francisco Planning Commission, acting together as co-lead agencies for conducting environmental review for the Candlestick Point – Hunters Point Shipyard Phase II Development Plan Project ("Candlestick Shipyard Phase II Project"), adopted Resolution No. 58-2010 and Motion No. 18096, respectively; Resolution No. 58-2010 and Motion No. 18096 certified a Final Environmental Impact Report for development of Phase II of the Shipyard and Candlestick Point ("Phase II Final

EIR”). Also on June 3, 2010, by Resolution No. 59-2010, the Agency Commission adopted CEQA findings, a Statement of Overriding Considerations and a Mitigation Monitoring and Reporting Program for the Candlestick Shipyard Phase II Project. The Phase II Final EIR not only analyzed development of Phase II, but also included the Phase I development as a cumulative project and, thereby, presented an updated cumulative impacts analysis to supplement the cumulative impacts analysis in the Shipyard Final EIR. The cumulative impacts analysis in the Phase II Final EIR found the cumulative significant unavoidable environmental impacts disclosed in Resolution No. 11-2000 to remain significant and unavoidable.

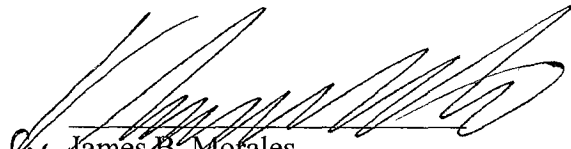
13. The Phase II Final EIR is a project EIR under State CEQA Guidelines Section 15161 and a redevelopment plan EIR under State CEQA Guidelines Section 15180.
14. The Agency Commission on April 5, 2011, by Resolution No. 45-2011, determined the Welcome Center Schematic Design to be an Implementing Action in furtherance of the implementation of the Plan, consistent with State CEQA Guidelines Sections 15180 and 15168.
15. Agency staff, in reviewing the Second Amendment has determined it to be an associated Implementing Action, has considered and reviewed the Shipyard Final EIR and addenda and the Phase II Final EIR, and has determined that the current proposed action is in furtherance of the implementation of the Plan, consistent with State CEQA Guidelines Sections 15180 and 15168.
16. The Shipyard Final EIR and addenda, the Phase II Final EIR, and related documents are available for review by the Agency Commission and the public and are part of the record before the Agency Commission.
17. No substantial changes have occurred with respect to the Project analyzed in the Shipyard Final EIR (and its addenda) that would require a subsequent or supplemental EIR or amendment to the Shipyard Final EIR. Lennar proposed elimination of a four-lane curved roadway bypassing the intersection of Innes Avenue and Donohue Street, (known as the “S-curve”) from the street configuration in the Phase I area after certification of the Shipyard Final EIR (and preparation of the addenda). This proposed change was analyzed in the Phase II Final EIR, which included an assessment of the elimination of the “S-curve” and inclusion of the intersection of Innes Avenue and Donahue Street on Phase I of the Shipyard. The analysis in the Phase II Final EIR concluded that the change in configuration from the S-curve to the Innes/Donahue intersection would have less-than-significant project and cumulative impacts.
18. The environmental findings adopted in accordance with CEQA by the Agency Commission in Resolutions No. 6-2007, 59-2010, and 45-2011 were and remain adequate, accurate and objective and are incorporated herein by reference as applicable to the current Implementing Action.

19. The Shipyard's Citizens Advisory Committee was briefed on the Schematic Design and the Second Amendment at its February and March 2011 meetings and supports the Schematic Design and the Second Amendment moving forward.
20. In accordance with the Plan and the DDA, including the VDRDAP, Agency staff has reviewed the Second Amendment, as well as the Shipyard Final EIR and addenda, the Phase II Final EIR, and other information contained in the Agency's files, and finds the Second Amendment to be acceptable and recommends approval of the Second Amendment.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that (1) it has reviewed and considered the Shipyard Final EIR and addenda, and the Phase II Final EIR, and any additional environmental documentation in the Agency's files and hereby adopts the CEQA findings set forth in Resolutions No. 6-2007, 59-2010, and 45-2011, and those findings set forth above; and (2) the Executive Director is hereby authorized to execute a Second Amendment to the Interim Lease with HPS Development Co. LP, a Delaware limited partnership, to build and operate a real estate sales and marketing office on Agency-owned land (Block 56) under terms that include an initial five-year term with five one-year options and an annual rent payment of \$12,000 at the Hunters Point Shipyard Redevelopment Project Area, substantially in the form lodged with Agency General Counsel.

APPROVED AS TO FORM:


James B. Morales
Agency General Counsel