

Commission on Community Investment and Infrastructure

RESOLUTION NO. 3-2012
Adopted December 18, 2012

RESOLUTION ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AUTHORIZING AN AMENDMENT TO AN ENFORCEABLE OBLIGATION UNDER THE DISSOLUTION LAW APPROVING A FIRST AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT (CANDLESTICK POINT AND PHASE 2 OF THE HUNTERS POINT SHIPYARD) BETWEEN THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO AND CP DEVELOPMENT CO., LP, AND AUTHORIZING ACTIONS CONSISTENT WITH THE FIRST AMENDMENT; HUNTERS POINT SHIPYARD AND BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREAS.

WHEREAS, Under Chapter 5, Statutes of 2011, ABx1 26, and Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12, Regular Session) (collectively, the “Dissolution Law”), the Redevelopment Agency of the City and County of San Francisco (the “Agency”) was dissolved and the non-affordable housing obligations of the Agency were transferred to the successor agency (the “Successor Agency”) by operation of law; and,

WHEREAS, The Dissolution Law required the formation of an oversight board for each dissolved redevelopment agency to oversee the fiscal management of successor agency activities, and the Board of Supervisors on January 24, 2012 by Resolution No. 11-12, formed an oversight board for the Successor Agency (the “Oversight Board”) which has been meeting since March 2012 to perform its duties under the Dissolution Law; and,

WHEREAS, On October 2, 2012, the Board of Supervisors adopted Ordinance No. 215-12, acknowledging that the Successor Agency is a separate legal entity as a result of AB 1484 and creating this Commission as the policy body of the Successor Agency to implement three critical redevelopment projects (i.e., Hunters Point Shipyard/Candlestick Point, Mission Bay, and Transbay) and other enforceable obligations under the Dissolution Law; and,

WHEREAS, The Hunters Point Shipyard/Candlestick Point Project is one of San Francisco's three critical redevelopment legacy projects that the Successor Agency must continue to implement under the Dissolution Law. The Project is divided into two related parts, called Phase 1 and Phase 2, each with a separate disposition and development agreement. The disposition and development agreements, together with a number of related binding agreements attached to or referenced in the text of the disposition and development agreement, establish a comprehensive set of enforceable obligations that collectively govern the completion of the Shipyard development project. The disposition and development agreements are binding contractual agreements that provide for the transfer of land from the Agency to developers, the developers' and the Agency's rights and obligations relating to the construction of specified improvements, and the financing mechanisms for completing these projects. Phase 1 covers approximately 75 acres and Phase 2 is significantly larger, covering over 700 acres at the Shipyard and at the adjacent

Candlestick Point. A more detailed discussion of the projects and the disposition and development agreements was attached as Exhibit B-3 to the Oversight Board Resolution No. 5-2012, and an updated copy has been distributed to members of this Commission; and,

- WHEREAS, In connection with the Candlestick Point and Phase 2 of Hunters Point Shipyard project (the “Project”), the Agency and CP Development Co., LP (“Developer”) entered into a Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard), dated June 3, 2010 (the “DDA”); and,
- WHEREAS, The Oversight Board and the California Department of Finance (“DOF”) have recognized the DDA as an Enforceable Obligation under the Dissolution Law; and,
- WHEREAS, The Dissolution Law, in particular California Health and Safety Code Section 34177, provides that the Successor Agency is required to (1) perform obligations required pursuant to any Enforceable Obligation, and (2) continue to oversee development of properties until the contracted work has been completed; and,
- WHEREAS, In connection with Developer’s efforts to obtain third-party financing to develop the Project as contemplated under the DDA, the Successor Agency and Developer have negotiated certain amendments to the DDA (the “DDA First Amendment”) that will aid Developer’s efforts to obtain financing and therefore expedite the development of the Project as described in the DDA, for the benefit of the Agency, the City and the taxing entities; and,
- WHEREAS, Under the DDA First Amendment, (1) the Successor Agency will release its reversionary interest in real property, or not require a reversionary deed from Developer in the first instance, if Developer provides alternative security equal to 125 percent of the estimated costs of completing Developer’s obligations in a Sub-Phase, and (2) Developer shall have the right to mortgage its interest in the Project and the property, together with the neighboring Shipyard Phase 1 project and property (“Shipyard Phase 1”), so that a single lender would have the right to take action against the affiliated developers on both projects simultaneously following a default by either developer; and,
- WHEREAS, The First Amendment will facilitate real estate development financing for the Project, expedite the Project, and retain appropriate security and guaranties for the benefit of the Successor Agency that are consistent with other major mixed-use development projects in the City and County of San Francisco, thereby enhancing and promoting the development and completion of the Project, which will benefit the taxing entities through the increased tax base, the potential acceleration of the completion of the financing for the Project, the community revitalization that will encourage further investment in the area, and the winding down of the Agency’s affairs; and,
- WHEREAS, The Successor Agency is seeking approval for a Sixth Amendment to the Disposition and Development Agreement for Shipyard Phase 1 concurrently with the DDA First Amendment, and upon approval, the mortgagee protection and certain security provisions for both projects will be the same, and will be consistent with other large, mixed-use development projects in the City; and,
- WHEREAS, The Agency and Developer informed the Mayor’s Hunters Point Shipyard Citizens Advisory Committee (“CAC”) on the details and impacts of the DDA First

Amendment during its meeting on December 10, 2012. At this meeting, Agency staff conducted an in-depth review and discussion of the DDA First Amendment and the CAC was in support of the changes; and,

WHEREAS, The Agency and the San Francisco Planning Commission certified the Final Environmental Impact Report (“EIR”) for the Project and the Agency adopted California Environmental Quality Act (“CEQA”) findings and statement of overriding considerations in support of approval of the Project, which are incorporated in this Resolution by this reference; and,

WHEREAS, The action proposed by this Resolution will further the implementation of the Project as described by the EIR and is, therefore, within the scope of the environmental analysis in the EIR and will not result in any new significant impacts or a substantial increase in the severity of previously identified significant effects that alter the conclusions reached in the EIR. The EIR and any supporting documents have been made available to the Successor Agency and the public, are on file with the Secretary of the Successor Agency; and,

WHEREAS, On December 10, 2012, by Resolution 16-2012, the Oversight Board approved the DDA First Amendment, made findings that the DDA First Amendment is in the best interests of the affected taxing entities, and authorized the Successor Agency to enter into the DDA First Amendment, subject to Department of Finance Review under the Dissolution Law; now therefore, be it

RESOLVED, That this Commission finds that (1) implementation of the action as set forth in this Resolution does not require revisions in the EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects, (2) no substantial changes have occurred with respect to the circumstances under which the project analyzed in the EIR will be undertaken that would require major revisions to the EIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the EIR, and (3) no new information of substantial importance to the project has become available that would indicate that (i) the Project will have significant effects not discussed in the EIR; (ii) significant environmental effects will be substantially more severe; (iii) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible; or (iv) mitigation measures or alternatives which are considerably different from those in the EIR will substantially reduce one or more significant effects on the environment; and, be it further

RESOLVED, That this Commission approves the DDA First Amendment substantially in the form on file with the Secretary of the Successor Agency, subject to DOF review as required under the Dissolution Law, and finds that the DDA First Amendment is in the best interest of the Successor Agency and the Project by helping to facilitate potential financing and the potential acceleration of the Project, and the community revitalization that will encourage further investment in the area; and, be it further

RESOLVED, The Successor Agency is authorized (a) to execute the DDA First Amendment in substantially the form on file with the Secretary of the Successor Agency, and (b) to execute all documents, amendments, agreements and instruments that the Executive Director determines, in consultation with the City Attorney’s Office, reasonably determines are (i) in the Successor Agency’s best interest or are necessary or convenient to implement the DDA First Amendment to further the

goals of the Hunters Point Shipyard Redevelopment Plan, the Redevelopment Plan for the Bayview Hunters Point Redevelopment Project and the DDA, (ii) do not materially increase the Successor Agency's obligations or liabilities in connection with the DDA, and (iii) do not negatively impact the availability of property tax revenues for the taxing entities; and, be it further

RESOLVED, That this Commission authorizes the Executive Director to take such other actions as may be necessary or appropriate, in consultation with the City Attorney's Office, to effectuate the purpose of the intent of this resolution.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of December 18, 2012.

Natasha Jones
Commission Secretary