

Commission on Community Investment and Infrastructure

RESOLUTION NO. 21-2013

Adopted May 21, 2013

APPROVING AN UPDATED FORM OF VERTICAL DISPOSITION AND DEVELOPMENT AGREEMENT WITH VERTICAL DEVELOPERS, AND A MAJOR PHASE APPLICATION FOR RESIDENTIAL PROJECTS ON BLOCKS 50, 51, 53, 54 AT THE HUNTERS POINT SHIPYARD PHASE 1, INCLUDING A) SCHEDULE OF PERFORMANCE REPORT, B) A MAJOR PHASE AND PROJECT HOUSING DATA TABLE, AND C) SCHEMATIC DESIGNS; AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA

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 San Francisco Redevelopment Agency ("SFRA") was dissolved and the non-affordable housing obligations of SFRA were transferred to the successor agency, now known as the Office of Community Investment and Infrastructure or "OCII," the successor to the San Francisco Redevelopment 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 OCII (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 in its capacity as the legislative body of the Successor Agency adopted Ordinance No. 215-12, acknowledging that OCII is a separate legal entity as a result of AB 1484 and creating the Community Investment and Infrastructure Commission (the "Commission") as the policy body of OCII to implement three Major Approved Development Projects (1. Hunters Point Shipyard/Candlestick Point, 2. Mission Bay, and 3. Transbay), the Retained Housing Obligations, and other enforceable obligations under the Dissolution Law; and,

WHEREAS, The Hunters Point Shipyard/Candlestick Point Project (the "Project") is divided into two phases, called Phase 1 and Phase 2, each with a separate disposition and development agreement ("DDA"). The DDAs, together with a number of related binding agreements attached to or referenced in the text of the DDAs, establish a comprehensive set of enforceable obligations that collectively govern the completion of the Project. The DDAs are binding contractual agreements that provide for the transfer of land from OCII to developers, the developers' and OCII's rights and obligations relating to the construction of specified improvements, and the financing mechanisms for completing the Project. The Project will deliver over 12,000 new homes, approximately 32 percent of which will be below market rate and will include the rebuilding of the Alice Griffith public housing development consistent with the City's HOPE SF program, up to 3 million square feet of research and development space, and more than 350 acres of new parks in the southeast portion of San Francisco. In total, the Project will generate over \$6 billion of new economic activity to the City, more than 12,000 permanent jobs, hundreds of new construction

jobs each year, new community facilities, new transit infrastructure, and provide approximately \$90 million in community benefits. The Project's full build out will occur over 20-30 years, but over 1,000 units of housing and 26 acres of parks will be completed over the next 5 years in the first phase of the Project; and,

WHEREAS, On December 2, 2003 the SFRA Commission authorized the Phase 1 DDA with HPS Development Co., LP, ("Lennar" or the "Developer") for the first phase of the Project's development. The Phase 1 DDA has been amended since its approval in 2003. The Commission authorized; 1) on April 5, 2005, a First Amendment to the DDA; 2) on October 17, 2006, a Second Amendment to the DDA; 3) on August 5, 2008, a Third Amendment to the DDA; 4) on August 19, 2008, a Fourth Amendment to the DDA; 5) on November 30, 2009, a Fifth Amendment to the DDA; and 6), on December 19, 2012 the Commission on Community Investment and Infrastructure approved a Sixth Amendment to the DDA; and,

WHEREAS, The Phase 1 DDA obligates Lennar to construct the infrastructure necessary to support the vertical development of 1,498 residential units in the Phase 1 development, and 26 acres of open space and parks. At least 10.5 percent of the 1,280 units constructed by Vertical Developers will be affordable at 80 percent of Area Median Income ("AMI"), approximately 60 units will be affordable at 50 percent of AMI on Block 49 under a Block 49 Vertical DDA that is anticipated to be presented to OCII in late 2013, and OCII will cause to be constructed 218 units at deeper levels of affordability. The Phase 1 DDA also obligates Lennar through a community benefits agreement, to provide training, assistance, and contracting opportunities to community residents and organizations, as well as offer opportunities for development of certain Lots to Bayview Hunters Point-based developers and contractors ("Community Builders"); and,

WHEREAS, The Phase 1 DDA requires: (i) the Developer to undertake development of infrastructure in Phase 1 and permits the Developer to sell improved land to "Vertical Developers" for development of individual projects for residential and other uses; and (ii) for OCII and Vertical Developer to enter into a Vertical Disposition and Development Agreement (each, a "Vertical DDA") that governs each Vertical Developer's development of such individual projects, including requirements for affordable housing and other community benefits; and,

WHEREAS, The initial form of Vertical DDA was attached to the Phase 1 DDA in 2005. Under the Fifth Amendment to the Phase 1 DDA, adopted in 2009, SFRA and Developer were required to update the form Vertical DDA, in order to implement amendments to the Phase 1 DDA since the initial form was prepared in 2005, confirm the applicability of relevant provisions of such agreements and to reflect the development of Phase 1 anticipated by Developer and OCII, subject to the approval of the Commission; and,

WHEREAS, Consistent with the requirements of the Fifth Amendment, OCII and the Developer have agreed on updates to the form of Vertical DDA that implement amendments to the Phase 1 DDA since the initial form was prepared in 2005, confirmed the applicability of relevant provisions of such agreements and reflected the development of Phase 1 anticipated by the Developer and OCII; and,

WHEREAS, In April 2009, by Resolution No. 36-2009, the SFRA Commission approved schematic designs for Blocks 50 and 51 and in November 2009, by Resolution No. 126-2009, the SFRA Commission approved schematic designs for Blocks 53 and 54.

There have been no substantive changes to the schematic designs since they were approved in 2009; and,

WHEREAS, Under the Phase 1 DDA, vertical improvements are to be constructed in Major Phases, which consist of one or more blocks, which Major Phases are to be proposed by the Developer pursuant to Major Phase Applications that are subject to Major Phase Application Approvals to be given by the Commission. Capitalized terms used in this paragraph but not defined in this resolution have the meanings ascribed to them in the Phase 1 DDA; and,

WHEREAS, The Major Phase Application proposed by the Developer for Blocks 50, 51, 53, and 54 includes: 1) a report regarding compliance with the horizontal schedule of performance with respect to the subject blocks/lots; 2) a Major Phase housing data table and project housing data table; 3) updates to the form of Vertical DDA that includes a date for commencement of construction which is relative to the date on which the lot(s) applicable to the Vertical DDA will be transferred; and 4) a basic concept or schematic design; and,

WHEREAS, The Phase 1 DDA is an enforceable obligation under the Dissolution Law. The Phase 1 VDDA is an implementing document of that Phase 1 DDA and is shown on line HPSY 21 of the approved Recognized Obligation Payment Schedule for January to June 2013, which was approved by the Oversight Board and the Department of Finance. On December 14, 2012, the California State Department of Finance issued a Final and Conclusive Determination under California Health and Safety Code § 34177.5 (i), that the Phase 1 DDA and the Phase 2 DDA are enforceable obligations that survived the dissolution of the Redevelopment Agency; and,

WHEREAS, OCII staff informed the Mayor's Hunters Point Shipyard Citizens Advisory Committee ("CAC") of the details and impacts of the updated Vertical DDA and the Major Phase Application during its meetings in April and May, 2013. At the CAC's May 13, 2013 meeting, Agency staff conducted an in-depth review and discussion of the updated Vertical DDA and the Major Phase Application and the CAC was in support of the updated Vertical DDA and the Major Phase Application moving forward; and,

WHEREAS, Developer has submitted a Major Phase Application consisting of Blocks 50, 51, 53 and 54. OCII staff has determined that the Major Phase Application is complete, is consistent with the Phase 1 DDA and the horizontal schedule of performance, the Shipyard Redevelopment Plan (the "Plan") and the Phase 1 Design for Development ("D for D"); now, therefore, be it

RESOLVED, The SFRA Commission and the San Francisco Planning Commission ("Planning Commission") adopted California Environmental Quality Act ("CEQA") findings, a statement of overriding considerations, and certified the Final Environmental Impact Report ("EIR") for Phase 1 in 2000, and subsequently issued a First and Second Addendum to the EIR in 2003 and 2006, respectively, to address project changes. The Commission received the Phase 1 EIR and the Phase 1 EIR was made available to the public during prior Commission meetings. Additionally, the SFRA Commission and the Planning Commission certified the Final EIR for Phase 2 ("Phase 2 EIR") in 2010 and adopted findings and a statement of overriding considerations. The Phase 2 EIR updated the transportation analysis and

transportation plan, including the transportation system management plan, for Phase 1 and Phase 2 of the Shipyard. The Phase 1 DDA requires Lennar to submit Major Phase Applications for the Shipyard's development in accordance with the Phase 1 DDA, the D for D, and pursuant to and in furtherance of the Plan. OCCI staff has reviewed the Major Phase Application submitted by Lennar and finds it to be within the scope of the Project analyzed in the Phase 1 EIR and subsequent addenda as well as the Phase 2 EIR and the Commission finds therefore that no additional environmental review is required pursuant to State CEQA Guidelines Sections 15180, 15162, and 1563; and, be it further

RESOLVED, That the Commission finds that the Major Phase Application is complete, is consistent with the Phase 1 DDA and the horizontal schedule of performance, the Plan, and the D for D; and, be it further

RESOLVED, That the Commission approves the Major Phase Application, a copy of which is on file with the Secretary of the Commission; and, be it further

RESOLVED, That the Commission approves the updated form Vertical DDA for use on the vertical projects in Phase 1, a copy of which is on file with the Secretary of the Commission; and, be it further

RESOLVED, That the Commission authorizes the Executive Director to make or consent to such revisions to the Vertical DDA and/or the Major Phase Application that the Executive Director reasonably determines, in consultation with the City Attorney's Office, are (i) in OCII's best interest or are necessary or convenient to implement the development of Phase 1 under the Phase 1 DDA and the Vertical DDA, as applicable, and further the goals of the Hunters Point Shipyard Redevelopment Plan and the Phase 1 DDA, (ii) and do not materially increase OCII's obligations or liabilities in connection with Phase 1; and, be it further

RESOLVED, That the 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 May 21, 2013.



Commission Secretary