

Commission on Community Investment and Infrastructure

RESOLUTION NO. 34-2013

Adopted July 2, 2013

ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, AND CONDITIONALLY APPROVING A MAJOR PHASE APPLICATION FOR RESIDENTIAL PROJECTS ON BLOCKS 56 AND 57 AT THE HUNTERS POINT SHIPYARD PHASE 1, INCLUDING A) SCHEDULE OF PERFORMANCE REPORT, B) A MAJOR PHASE AND PROJECT HOUSING DATA TABLE, AND C) A COMBINED BASIC CONCEPTUAL AND SCHEMATIC DESIGNS; 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 requires an oversight board for each successor agency to oversee certain fiscal and other actions of the successor agency. As required by AB 26, the City timely established the 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 SFRA Commission authorized the following: 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; and 5) on November 30, 2009, a Fifth Amendment to the DDA. On December 19, 2012, the Commission 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 the Phase 1 DDA includes a process for vertical developers to receive development approvals in Phase 1 of the Shipyard called a “Major Phase.” Under a Major Phase Application, vertical developers are required to submit overall plans for one or more development blocks. In the Major Phase Application, vertical developers propose a development program (including a form Vertical Disposition and Development Agreement or “Vertical DDA”) and specific architectural designs for buildings. The Vertical DDA grants development rights and responsibilities to vertical developers. A revised form of the Vertical DDA was approved by the Commission on May 21, 2013; 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 56 and 57 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) a 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 Vertical DDA 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 of the Major Phase Application during its meetings in June 2013. At the CAC's June meetings, OCII 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 Major Phase Application moving forward; and,

WHEREAS, Developer has submitted a Major Phase Application consisting of Blocks 56 and 57. OCII staff has determined that the Major Phase Application is complete subject to the Developer meeting the following conditions to OCII's satisfaction: 1) on Block 57 Building 1, making reasonable efforts to better define the transition between the private realm of the building and the public realm of the park and making the public path wrapping behind the building more pedestrian friendly, 2) exploring the addition of more street trees or other plantings that would complement the buildings, and 3) exploring opening a passage to the park open space between Buildings 1 and 3 from Kestrel Place; and,

WHEREAS, OCII staff has determined that the Major Phase Application 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. OCII 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, 15163, and 15164; and, be it further

RESOLVED, That the Commission finds that the Major Phase Application is complete subject to satisfaction of the conditions below, 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 authorizes the Executive Director to approve subsequent design documents related to this Major Phase Application, beginning with the Design Development phase, that the Executive Director reasonably determines are in OCII's best interest or are necessary or convenient to implement the development of Phase 1 under the Phase 1 DDA, the Vertical DDA, and the Major Phase as

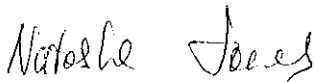
applicable, and further the goals of the Hunters Point Shipyard Redevelopment Plan and the Phase 1 DDA, and, be it further

RESOLVED, That the Commission conditionally approves the Major Phase Application, a copy of which is on file with the Secretary of the Commission, subject to the remaining design issues being resolved to the satisfaction of the Executive Director and any changes included in subsequent design stages, beginning with the Design Development phase as follows: i) on Block 57 Building 1, the Developer making reasonable efforts to better define the transition between the private realm of the building and the public realm of the park and making the public path wrapping behind the building more pedestrian friendly, ii) the Developer exploring the addition of more street trees or other plantings that would complement the buildings, and iii) the Developer exploring opening a passage to the park open space between Buildings 1 and 3 from Kestrel Place; and, be it further

RESOLVED, That the Commission authorizes the Executive Director to enter into a Vertical DDA 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, the Vertical DDA, and the Major Phase as applicable, and further the goals of the Hunters Point Shipyard Redevelopment Plan and the Phase 1 DDA, and (ii) 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 July 2, 2013.



Commission Secretary