

Commission on Community Investment and Infrastructure

RESOLUTION NO. 87-2014

Adopted October 21, 2014

ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND APPROVING AN AMENDMENT TO THE BLOCK 52 MAJOR PHASE APPLICATION TO INCREASE THE NUMBER OF INCLUSIONARY UNITS BY ONE FOR A REVISED TOTAL OF NINE INCLUSIONARY UNITS ON BLOCK 52 AT THE HUNTERS POINT SHIPYARD PHASE 1; HUNTERS POINT SHIPYARD PROJECT AREA

WHEREAS, Under Chapter 5, Statutes of 2011, ABx1 26, and Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12, Regular Session), the San Francisco Redevelopment Agency ("SFRA") was dissolved and certain 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. ABx1 26 and Assembly Bill No. 1484 amended Sections 33500 *et seq.* of the California Health and Safety Code, which sections, as amended from time to time, shall be referred to herein as the "Dissolution 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 oversight board for OCII (the "Oversight Board") was timely established, and 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 approved the Phase 1 DDA with HPS Development Co, LP ("Lennar"). The Phase 1 DDA has been amended since its approval in 2003. The SFRA Commission authorized; 1) on April 5, 2005, a First Amendment to the Phase 1 DDA; 2) on October 17, 2006, a Second Amendment to the Phase 1 DDA; 3) on August 5, 2008, a Third Amendment to the Phase 1 DDA; 4) on August 19, 2008, a Fourth Amendment to the Phase 1 DDA; 5) on November 30, 2009 a Fifth Amendment to the Phase 1 DDA; and 6), and on December 19, 2012 the Commission approved a Sixth Amendment to the Phase 1 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 with the affordable housing developer AMCAL. 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, At its regular hearing of July 1, 2014, the Commission reviewed and approved a Major Phase Application for a residential project on Block 52 for 74 housing units 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 Design, and d) an amended form of Vertical Disposition and Development Agreement. The Major Phase Application for Block 52 included approximately 74 units of for-sale housing, 10.5 percent of which will be affordable (eight units) at 80 percent of Area Median Income (“AMI”) in accordance with the Phase 1 Disposition and Development Agreement (“DDA”); and,

WHEREAS, On October 10, 2014, the Office of Community Investment and Infrastructure (“OCII”) received a letter from HPS Development Co, LP (“Lennar” or the “Developer”) requesting to amend the previously approved Major Phase Application for Block 52 to increase the Inclusionary Units by one, so that there will be a total of nine Inclusionary Units in the Residential Project developed on Block 52. Block 52 is designated as a Community Builder Lot; and,

WHEREAS, In accordance with the Sixth Amendment to the Phase 1 DDA, the Developer has the right to determine the number of Inclusionary Units to be located in each Residential Project as long as the number of Inclusionary Units is no less than five percent and no more than 20 percent of the total number of Residential Units in each Residential Project. For purposes of calculating the number of Inclusionary Units, any fraction equal to or greater than one-half are rounded up to the nearest whole number and any fraction less than one-half are rounded down to the nearest whole number; and,

WHEREAS, This rounding down over the course of the previous Major Phase approvals has created a deficit of one Inclusionary Unit in Phase 1. The Sixth Amendment to the Phase 1 DDA also states that at 300th, 600th, 900th and the 1200th Residential Unit to be transferred by the Developer to a Vertical Developer, at least 10.5 percent of the aggregate number of all of Residential Units in Phase 1 must be Inclusionary Units. Execution of a Vertical DDA for the 74 units within Block 52 would trigger the 300th unit milestone, and in order to redress the one unit deficit, the Developer has requested an amendment to add one more Inclusionary Unit to Block 52 so that there will be a total of nine Inclusionary Units in the Residential Project developed on Block 52; 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 has determined that the Major Phase Amendment request is consistent with the Phase 1 DDA and the horizontal schedule of performance, the Shipyard Redevelopment Plan (the “Plan”) and the Hunters Point Design for Development (“D for D”). A copy of the Major Phase Application Amendment is attached to the Commission memorandum accompanying this resolution; 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 development 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

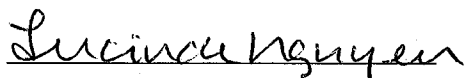
RESOLVED, That the Commission finds that the Major Phase Application Amendment is complete and is consistent with the Phase 1 DDA and the horizontal schedule of performance, the Plan, and the D for D; and, be it further

RESOLVED, That the Commission approves the Major Phase Application Amendment to increase the number of Inclusionary Units on Block 52 by one, so that there will be a total of nine Inclusionary Units on Block 52. The additional Inclusionary Unit shall be located in Building Number 3, and shall be a 3-bedroom and 2-bath unit as shown in the Major Phase Amendment attached to the Commission memorandum accompanying this resolution, and, be it further

RESOLVED, That the Commission authorizes the Executive Director to make conforming changes to the VDDA for Block 52; 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 October 21, 2014.



Commission Secretary