

Commission on Community Investment and Infrastructure

RESOLUTION NO. 88-2014

Adopted October 21, 2014

ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, AND CONDITIONALLY APPROVING A MAJOR PHASE APPLICATION FOR A RESIDENTIAL PROJECT ON BLOCK 55 EAST AND WEST WITH HPS DEVELOPMENT CO. LP., GENERALLY BOUNDED BY HUDSON AVENUE ON THE EASTERN BOUNDARY AND BY KIRKWOOD AVENUE ON THE WESTERN BOUNDARY OF HILLTOP SUB-PHASE AREA, FOR 66 HOUSING UNITS AT THE HUNTERS POINT SHIPYARD PHASE 1, TOGETHER WITH (1) A REPORT ON THE SCHEDULE OF PERFORMANCE, (2) A MAJOR PHASE AND PROJECT HOUSING DATA TABLE, (3) COMBINED BASIC CONCEPTUAL AND SCHEMATIC DESIGNS, AND (4) THE VERTICAL DISPOSITION AND DEVELOPMENT AGREEMENT; 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 five 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" or "VDDA") 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 by Resolution No. 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, Developer has submitted a Major Phase Application consisting of Blocks 55. 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 Hunters Point ("D for D"). A copy of the Major Phase Application is attached to the Commission memorandum accompanying Resolution No. 88-2014; and

WHEREAS, In accordance with the Sixth Amendment to the Phase 1 DDA, the Developer shall have 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. Of the 66 Residential Units on Block 55, five percent (three) will be Inclusionary Units at 80 percent of AMI; 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; and,

WHEREAS, The 300th Residential Unit will be transferred by the Developer to a Vertical Developer on the Block 52 Residential Project. The Major Phase for Block 52 was approved by the Commission on July 1, 2014 and needs to be amended to include this one additional Inclusionary Unit to reach the aggregate 10.5 percent Inclusionary Unit mark at this 300th Residential Unit milestone; and,

WHEREAS, The Major Phase Application proposed by the Developer for Block 55, which is located on the eastern and western boundaries of the Hilltop Sub-Area, 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 basic concept or schematic design (4) the 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,

WHEREAS, OCII staff has determined that the above items submitted with the Major Phase Application are consistent with the Plan, the D for D, and the Phase 1 DDA, as applicable; 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 July to December 2014, 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 April and May 2014 and the CAC supports approval of the Major Phase Application; and,

WHEREAS, 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; now, therefore, be it

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 completion of the Block 55 development consistent with the Major Phase Application and the Vertical DDA, the Plan, the D for D, and the Phase 1 DDA; and, be it further

RESOLVED, That the Commission conditionally approves the Major Phase Application, including (1) the report regarding compliance with the horizontal Schedule of Performance with respect to the subject blocks/lots; (2) the Major Phase housing data table and project housing data table; (3) the combined basic concept and schematic design (4) the Vertical DDA that includes a date for commencement of construction, subject to the following design issues being resolved to the satisfaction of the Executive

Director and any changes included in subsequent design stages approved by the Executive Director, beginning with the Design Development phase:

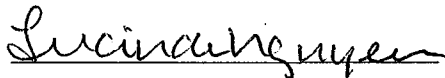
1. The Major Phase for Block 52 shall be amended to include one additional Inclusionary Unit.
2. Where possible, the construction drawings shall consolidate driveways and curb cuts in order to enhance streetscape and provide street parking.
3. Where possible, the applicant shall study the use of differentiated material for the front portion of the driveway that aligns with the furnishing and street tree zone. Permeable pavers or similar treatment across the base of the driveways would be preferred.
4. Where possible, the applicant shall study finding a way to better emphasize the entries. As currently designed, the front entries are somewhat lost given the dominance of the garage doors.
5. A higher grade shall be evaluated to help the transition between the public realm of the sidewalk and the unit's interior private realm. Either a change-in-grade or a low wall could be employed to separate the private open space and the public right-of-way.
6. The applicant shall revise the landscaping plan within the setback area to help create a more active front porch-like space.
7. All roof-mounted equipment shall be screened from ground-level view. Screening material for roof-mounted equipment shall be architecturally compatible with the design, color, and materials of the proposed buildings. Screening incorporated into the building design such as mechanical wells and parapet walls are preferred.
8. The Developer shall further study and submit for review, prior to the submittal of Design Development documents, ways to differentiate the paneling of the upper portion (from the second floor up) of the corner elements for Buildings 1, 2, 6 and 7.
9. The Developer shall further study, define and submit for review and approval prior to the submittal of future phases of design the characteristics of the garage doors. Garage doors shall screen the parking areas from pedestrian view.
10. In the event the Developer effectuates a condominium map on the project, is required to prepare and record a Covenants, Conditions and Restrictions (CC&Rs) and Home Owners Association, such documents shall be reviewed and approved by OCII.

and, be it further

RESOLVED, That the Commission approves the Schematic Designs and the VDDA for Block 55, and authorizes the Executive Director to execute, delivery and perform the VDDA, together with such changes as the Executive Director reasonably determines, are (i) in OCII's best interest or are necessary or convenient to implement the development of Block 55 consistent with the VDDA, the Plan, the D for D, and the Phase 1 DDA, and (ii) do not materially increase OCII's obligations or liabilities in connection with the VDDA; 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