



450-2192017-002

Agenda Item **Nos. 5(b) & 5(c)**
Meeting of April 4, 2017

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Interim Executive Director

SUBJECT: Approving the Report to the Board of Supervisors on amendments to the Redevelopment Plan for the Hunters Point Shipyard Redevelopment Project Area and the Redevelopment Plan for the Bayview Hunters Point Redevelopment Project Area to implement the voter-approved Proposition O, which exempts Phase 2 of the Hunters Point Shipyard Redevelopment Project Area and Zone 1 of the Bayview Hunters Point Redevelopment Project Area from the office development limitations set forth in Planning Code Sections 320-325 and authorizing transmittal of the Report to the Board of Supervisors; Hunters Point Shipyard Redevelopment Project Area and Bayview Hunters Point Redevelopment Project Area

Adopting environmental review findings pursuant to the California Environmental Quality Act and approving amendments to the Redevelopment Plan for the Hunters Point Shipyard Redevelopment Project Area and the Redevelopment Plan for the Bayview Hunters Point Redevelopment Project Area to implement the voter-approved Proposition O, which exempts Phase 2 of the Hunters Point Shipyard Project Area and Zone 1 of the Bayview Hunters Point Project Area from the office development limitations set forth in Planning Code Sections 320-325, referring the plan amendments to the Planning Department for its report on conformity with the General Plan, and recommending the plan amendments to the Board of Supervisors for adoption; Hunters Point Shipyard Redevelopment Project Area and Bayview Hunters Point Redevelopment Project Area

Edwin M. Lee
MAYOR

Nadia Sesay
INTERIM
EXECUTIVE DIRECTOR

Mara Rosales
CHAIR

Miguel Bustos
Marily Mondejar
Leah Pimentel
Darshan Singh
COMMISSIONERS

EXECUTIVE SUMMARY

On November 8, 2016, the voters of San Francisco adopted Proposition O, the Hunters Point Shipyard/Candlestick Point Jobs Stimulus Proposition ("Prop. O"). Prop. O exempts new office space to be developed within Hunters Point Shipyard Phase 2 ("HPS Phase 2") and Candlestick Point Project ("HPS/CP Project") from the annual office development limitations set forth in Planning Code Sections 320-325, originally approved by voters in 1986 as Proposition M ("Prop. M").

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The HPS/CP Project spans portions of two redevelopment project areas, and each project area has an associated redevelopment plan that governs development within each area. HPS Phase 2 falls within a portion of the Hunters Point Shipyard Redevelopment Project Area ("HPS Project Area"), which is governed by the Hunters Point Shipyard Redevelopment Plan ("HPS Plan"). Candlestick Point is Zone 1 of the Bayview Hunters Point Project Area ("BVHP Project Area"), which is governed by the Bayview Hunters Point Redevelopment Plan ("BVHP Plan"). Refer to Attachments A and B for maps delineating the boundaries of HPS Phase 2 and Zone 1 of the BVHP Project Area. The HPS Project Area together with the BVHP Project Area are referred to as the "Project Areas". The HPS Plan with the BVHP Plan are referred to as the "Redevelopment Plans."

The Redevelopment Plans currently include references to Prop. M. These references were not deleted by Prop. O itself because local ballot measures may not amend redevelopment plans. The proposed amendments to the Redevelopment Plans ("Plan Amendments") implement Prop. O by exempting office development within the portions of the Projects Areas that include the HPS/CP Project from the annual office development limitations established by Prop M (Planning Code Sections 320-325). (Research and development space is considered office space and therefore subject to the Prop. M limitations. Thus, as used in this memo, the term "office space" includes both office space and research and development space.)

Prop. O and the Plan Amendments do not change the amount of permitted office space in the HPS/CP Project. Rather, the Plan Amendments exempt office space development from Prop. M's annual office space limits. These limits, depending on the pace of growth elsewhere in the City over time, could affect the timing of delivery of office development within the HPS/CP Project. The Plan Amendments will help achieve the Redevelopment Plans' economic goals and objectives by ensuring that the pace of job-generating office development is not interrupted by the office development limitations and the job opportunities and the associated economic and community benefits of the HPS/CP Project can be delivered in a timely manner.

In addition to acting on the Plan Amendments, the Commission on Community Investment and Infrastructure ("Commission") will consider forwarding the Report to the Board of Supervisors on the Plan Amendments ("Report to the Board"). The Report to the Board provides relevant background information in support of the need, purpose, and impacts of the Plan Amendments. Because the scope of the Plan Amendments is minor and technical in nature, the contents of the Report to the Board are more limited, consistent with the requirements of the California Community Redevelopment Law, Health and Safety Code Sections 33000 et seq., ("CRL").

Staff recommends the Commission (i) approve the Report to the Board and authorize its transmittal to the Board of Supervisors; (ii) adopt environmental review findings pursuant to the California Environmental Quality Act; (iii) approve the Plan Amendments; (iv) refer the Plan Amendments to the Planning Department for its report on General Plan conformity; and (v) and recommend the Plan Amendments to the Board of Supervisors for adoption.

BACKGROUND

The Board of Supervisors adopted the HPS Plan on July 14, 1997 (Ordinance No. 285-97). The Board of Supervisors adopted the BHVP Plan on January 20, 1969 (Ordinance No. 25-69), and amended it on June 2, 2006 (Ordinance No. 113-06). On August 3, 2010, the Board of Supervisors amended both the HPS Plan (Ordinance 211-10) and the BVHP Plan (Ordinance No. 210-10) in connection with approval of the HPS/CP Project.

The Redevelopment Plans were adopted with the primary objective of revitalizing the Bayview Hunters Point community. They authorize the following development for the HPS/CP Project: 10,500 housing units, (approximately one-third of which will be priced below-market); up to 5,150,000 square feet of office space; 885,000 square feet of regional and neighborhood-serving retail and entertainment uses; and approximately 330 acres of parks and open space.

In furtherance of this objective, the former San Francisco Redevelopment Agency, now the Office of Community Investment and Infrastructure ("OCII"), approved the Candlestick Point and Phase 2 of the Hunters Point Shipyard Disposition and Development Agreement (as amended, the "Phase 2 DDA"). The Phase 2 DDA entitles the HPS/CP Project with the right to build up to 10,500 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 public housing revitalization program; more than 3 million square feet of office space; 885,000 square feet of regional and neighborhood-serving retail and entertainment uses and more than 325 acres of new parks in the southeast portion of San Francisco. In total, the HPS/CP 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 HPS/CP Project's full buildout will occur over 20 to 30 years.

Both Redevelopment Plans provide that "[t]he only sections of the Planning Code that shall apply, pursuant to the provisions of this Plan are Sections 101.1, 295, 314, and 320-325, as such sections are in effect as of the 2010 Plan Amendment Date." (Section II.D of the HPS Plan; Section 4.3 of the BVHP Plan.) The HPS Plan and the BVHP Plan also describe application of the office limitations under Planning Code Sections 320-325 to office development in Phase 2 of the HPS Project Area and Zone 1 of the BVHP Project Area, respectively. (Section II.D.5 of the HPS Plan; Section 4.3.16 of the BVHP Plan.)

Planning Code Sections 320-325 (Prop. M), which apply to new office developments of 25,000 square feet or greater, place a cap on the annual amount of office development permitted in the City to 950,000 square feet per year. Depending on the pace of development in other areas of the City, the annual limit on new office development set forth under Planning Code Sections 320-325 could impede the Bayview Hunters Point office development and delay the revitalization and delivery of jobs to the Bayview Hunters Point community.

DISCUSSION

On November 8, 2016, San Francisco voters enacted Prop. O, exempting the HPS/CP Project from the City's Prop. M annual 950,000 square foot limit on new office space development. It also amended the Planning Code to permanently exempt any new office space in the HPS/CP Project from counting toward the City's limits. The Plan Amendments would amend the Redevelopment Plans to achieve consistency with Prop. O. The Plan Amendments specify that Planning Code Section 324.1, which was added by Prop. O in 2016 and contains the exemption from the office limitations of Sections 320-325, applies to the HPS/CP Project once the Plan Amendments are effective. The Plan Amendments do not change the amount of permitted office space.

The Plan Amendments will allow office development already authorized under the Redevelopment Plans and Phase 2 DDA to be delivered predictably, reliably and efficiently, which will encourage economic and employment investment within the Project Areas. The Plan Amendments will also allow for the coordinated development of

the complementary and interrelated other HPS/CP Project uses and features, such as parks and open space and the expansion of a wide variety of public transit systems.

The Plan Amendments require the following process: a publicly noticed Commission hearing; preparation of a report to the legislative body to the extent warranted by the Plan Amendments; environmental review to the extent required; Commission approval of the Plan Amendments after the public hearing; Planning Department report on General Plan conformity; a publicly noticed Board of Supervisors hearing; and Board of Supervisors adoption of the Plan Amendments after its public hearing.

As required by CRL, OCII staff have prepared the Report to Board. Because the scope of the Plan Amendments is minor and technical in nature—conforming the Redevelopment Plans to reflect passage of Prop. O with no changes to allowable land uses or any other HPS/CP Project elements—the contents of the Report to the Board are limited to the reason for the Plan Amendments; description of how the minor amendment will improve or alleviate blight; proposed method of financing/economic feasibility of Plan Amendments; report of the Planning Department (to be incorporated upon receipt); environmental review; and the neighborhood impact report.

PUBLIC REVIEW PROCESS

In compliance with CRL, the following actions have been undertaken in connection with the Plan Amendments:

- February 13, 2017, the Hunters Point Shipyard Citizens Advisory Committee unanimously recommended adoption of the Plan Amendments;
- March 3, 2017, the notice for the Commission's public hearing was mailed to property owners and occupants in the Project Areas by first class mail, and to taxing entities by certified mail;
- March 3, 2017, the CCII public hearing notice was posted on OCII's website; and
- March 13, 2017, March 20, 2017, and March 27, 2017, the Commission public hearing notices were published in the San Francisco Examiner.

ENVIRONMENTAL REVIEW

On June 3, 2010, the Former Redevelopment Agency Commission by Resolution No. 58-2010 and the Planning Commission by Motion No. 18096, acting as co-lead agencies, approved and certified the Environmental Impact Report for the HPS/CP Project. On the same date, both co-lead agencies adopted environmental findings, including the adoption of a mitigation monitoring and reporting program and a statement of overriding considerations, for the HPS/CP Project by Former Redevelopment Agency Commission Resolution No. 59-2010 and by Planning Commission Motion No. 18097. On July 14, 2010, the Board of Supervisors affirmed the certification and findings by Resolution No. 347-10 and found that various actions related to the HPS/CP Project complied with the California Environmental Quality Act ("CEQA"). Subsequent to the certification, the Commission and the Planning Commission approved Addenda 1 through 4 to the Environmental Impact Report for the HPS/CP Project analyzing certain HPS/CP Project modifications (together, the "HPS/CP EIR").

When an environmental impact report ("EIR") has been prepared for a project, no subsequent or supplemental EIR is required unless one or more of the following occurs: (1) substantial changes are proposed in the project that will require major revisions of the EIR due to new significant impacts or a substantial increase in the severity

of previously identified impacts; (2) substantial changes occur with respect to the circumstances under which the project is being undertaken that will require major revisions in the EIR due to new significant impacts or a substantial increase in the severity of previously identified impacts; (3) new information that was not known and could not have been known at the time the EIR was certified as complete becomes available and shows new significant impacts, an increase in severity of a previously identified significant impact, or changes related to the feasibility of, or new, mitigation measures and alternatives that would substantially reduce significant impacts and which are rejected. (CEQA Guidelines Section 15162)

The HPS/CP EIR analyzed full buildout of the HPS/CP Project based on buildout by 2029 and occupancy in 2030. The HPS/CP EIR's impact analyses, conclusions, and mitigation measures did not rely on potential timing/phasing constraints under Planning Code Sections 320-325. Because the timing or phasing of office development due to the City's annual office limitation was not a factor considered in the HPS/CP EIR assessment of impacts, removal of the annual office limitation approval process from the Redevelopment Plans would not change any aspect of the HPS/CP Project, project variants, or project circumstances assumed for the HPS/CP EIR environmental impact analysis.

The Plan Amendments would not make any changes to the HPS/CP Project and do not impact the allowable land uses or the amount of permitted office development in the Redevelopment Plans for the HPS/CP Project.

Further, no changes have occurred with respect to circumstances surrounding the HPS/CP Project that would cause significant environmental impacts, and no new information has become available that shows that the HPS/CP Project would cause significant environmental impacts. The HPS/CP EIR findings and statement of overriding considerations adopted on June 3, 2010 in accordance with CEQA by the Former Redevelopment Agency Commission by Resolution No. 59-2010 and by the Planning Commission by Motion No. 18097 were and remain adequate, accurate and objective and are applicable. Therefore, the analyses conducted and the conclusions reached in the HPS/CP EIR remain valid and no further environmental review is required.

NEXT STEPS

Per the CRL, upon the Commission's approval and the Planning Department's finding of consistency with the General Plan, the Board of Supervisors will consider adoption of the Plan Amendments. Staff anticipates the Board of Supervisors consideration of the Plan Amendments in June 2017.

(Originated by Tamsen Drew, Senior Project Manager and Marie Munson, Senior Development Specialist)



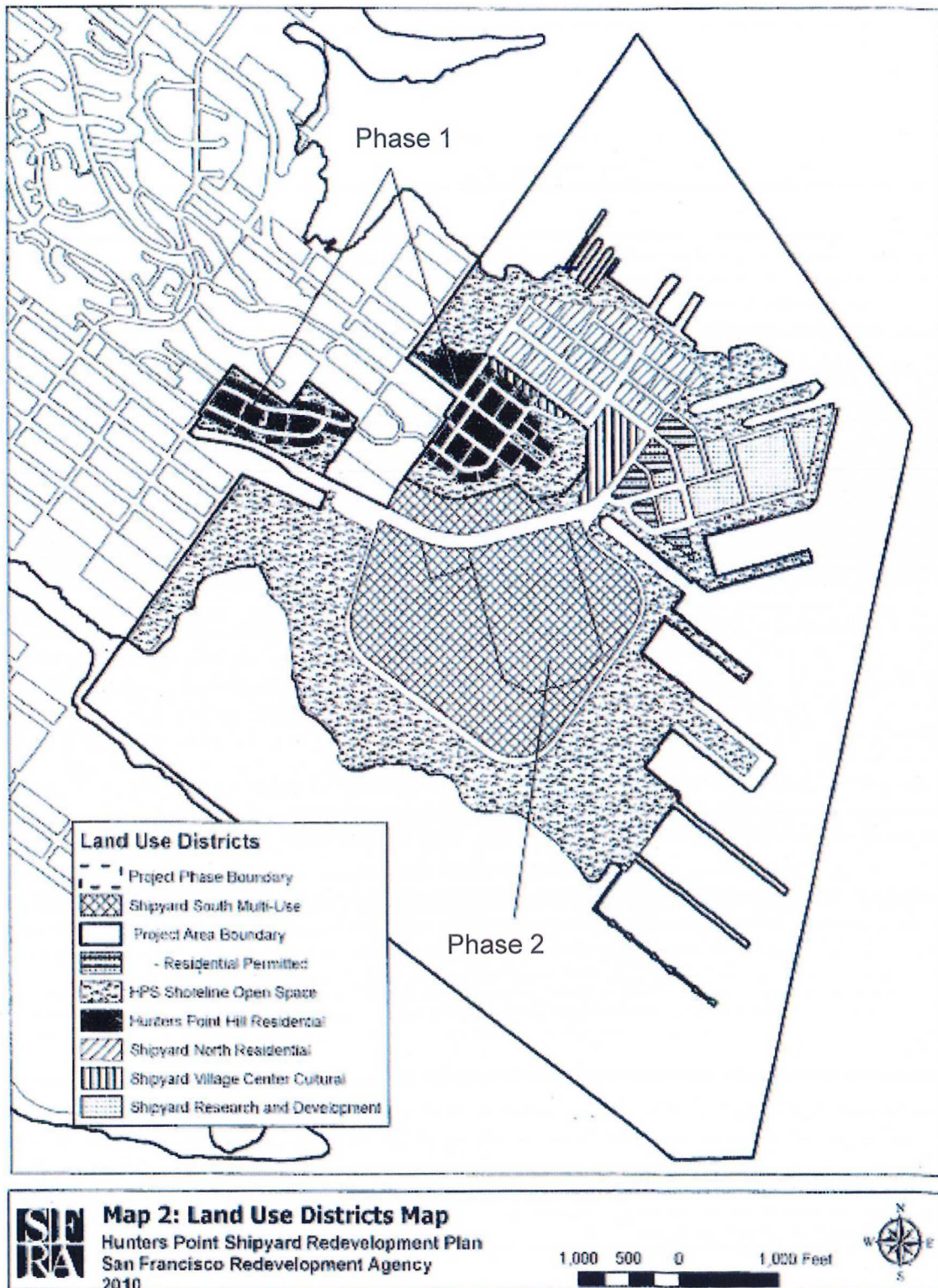
Nadia Sesay
Interim Executive Director

Attachment A: Map of HPS Project Area, delineating Phases 1 and 2
Attachment B: Map of BVHP Project Area, delineating Candlestick Point

ATTACHMENT A
Map of Project Phase Boundaries
Hunters Point Shipyard Project Area

Map excerpted from Hunters Point Shipyard Redevelopment Plan, August 3, 2010:
Map 2: Land Use District Maps

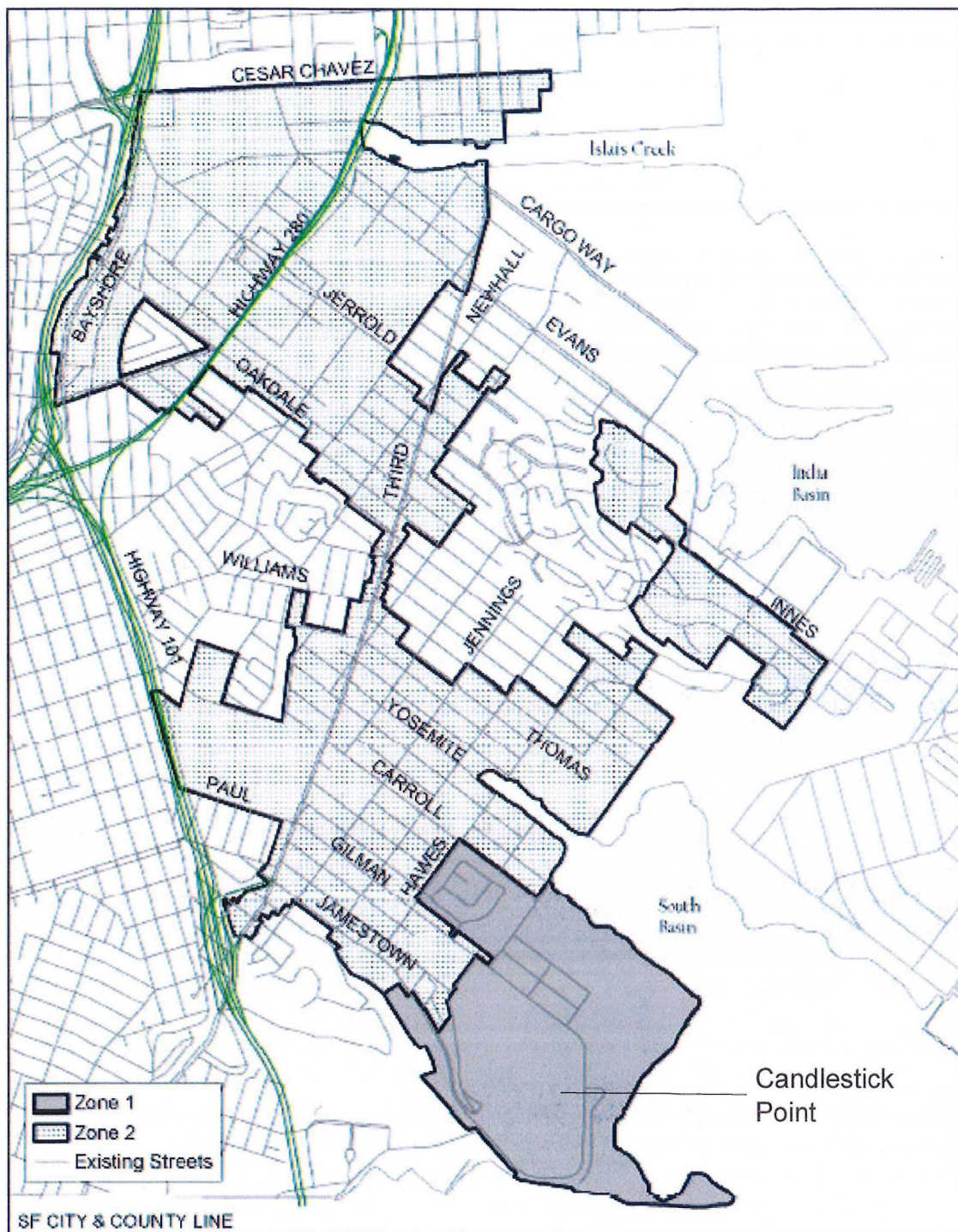
Map 2: Land Use Districts Map



ATTACHMENT B
Map of Candlestick Point
Bayview Hunters Point Project Area

Excerpted from Bayview Hunters Point Redevelopment Plan, August 3, 2010:
Map 2 – Project Area B Redevelopment Zones

MAP 2 – Project Area B Redevelopment Zones



Map 2: Project Area B Redevelopment Zones Map
 Bayview Hunters Point Redevelopment Plan
 San Francisco Redevelopment Agency
 2010

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