

450-2342019-002

Agenda Item **Nos. 5(b) through 5(d)**
Meeting of October 15, 2019

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Executive Director

SUBJECT: Approval of Proposed Changes to the Land Use Program, Phasing Plan, Schedule of Performance for Candlestick Point, Including Amendments to the Candlestick Point Design for Development, the Major Phase One Application for Candlestick Point, Associated Revisions to the Candlestick Point Infrastructure Plan and Candlestick Point/Hunters Point Shipyard Phase 2 Transportation Plan; and Adopting Environmental Review Findings Pursuant to the California Environmental Quality Act Including Findings Concerning the Implementation of an Environmental Standard for Evaluating Transportation Impacts Based on Vehicle Miles Traveled, Bayview Hunters Point and Hunters Point Shipyard Redevelopment Project Areas

EXECUTIVE SUMMARY

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The Office of Community Investment and Infrastructure (“OCII”) oversees development of the Candlestick Point and Hunters Point Shipyard Phase 2 Project (“CP/HPS2 Project”), including implementation of the Disposition and Development Agreement for the CP/HPS2 Project (“DDA”) between OCII and CP Development Co., LLC (“Developer”). Under the DDA, the Developer must submit phased development applications to the Successor Agency Commission (“Commission”) for review and approval, and the Developer may thereafter request amendments to approved development applications.

The Developer has submitted such a request, to amend to the approved Major Phase Application for Major Phase 1 (“Major Phase 1 CP”) within Candlestick Point. The proposed amendment dated October 7 2019 (“MP 1 CP Amendment”)¹ primarily focuses

¹ The information contained in the Major Phase 1 Amendment is incorporated into this Memorandum by reference.

on the regional retail center currently approved for the Candlestick Center portion² of Candlestick Point. Under the MP 1 CP Amendment, the Developer proposes to shift the development focus of Candlestick Center, from regional retail to mixed-use office development, with additional residential uses, and a reduced retail use program. The Developer proposes conforming amendments to two exhibits to the DDA, the Candlestick Point Infrastructure Plan (“Infrastructure Plan”) and the CP/HPS2 Transportation Plan (“Transportation Plan”). A new chapter in Candlestick Point Design for Development (“CP D4D”) is also proposed, primarily to provide revised development standards for Candlestick Center.

Lastly, the Developer proposes to revise the Phasing Plan and Schedule of Performance for Candlestick Point, to extend, by up to three years, all outside dates for Candlestick Point which include the Commencement and Completion Outside Dates for Developer’s infrastructure and other horizontal development obligations (referred to as “Infrastructure” and “Associated Public Benefits” under the DDA) at Candlestick Point. Collectively, the proposed CP D4D Amendment, MP 1 CP Amendment including changes to the Infrastructure Plan and Transportation Plan, the Phasing Plan and Schedule of Performance are referred to in this memorandum as the “2019 Actions”.

Based on the findings below, staff recommends (1) adopting environmental finding pursuant to the California Environmental Quality Act (including findings concerning the adoption of a threshold of significance for evaluating transportation impacts based on vehicle miles traveled; (2) approving the CP D4D amendment; and (3) approving the MP 1 CP Amendment including the transfer of 118,500 square feet of R&D/office uses from HPS2 to Candlestick Center and the internal conversion of certain non-residential uses within Candlestick Point, and associated revisions to the Infrastructure Plan, Transportation Plan, and a revised Phasing Plan and Schedule of Performance for Candlestick Point.

BACKGROUND

The CP/HPS2 Project covers approximately 702 acres in San Francisco’s Bayview Hunters Point and Hunters Point Shipyard neighborhoods. The Candlestick Point portion of the project is approximately 272 acres. The DDA establishes the Developer’s obligations concerning the installation of Infrastructure and the provision of public and community benefits, and the Developer’s rights to develop the CP/HPS2 Project with vertical development.

Because the CP/HPS2 Project is to be built over a long period of time, the DDA divides the CP/HPS2 Project into “Major Phases” and, within each Major Phase, several “Sub-Phases.” The Developer’s public benefits, community benefits, infrastructure and parks/open space obligations are apportioned among these Major Phases and Sub-Phases as set forth in: (i) the Phasing Plan (Exhibit C to the DDA), with respect to public benefits for each Major Phase and Sub-Phase, (ii) the Community Benefits Plan (exhibit G to the DDA), with respect to funding the contributions and other community benefits; (iii) the Below-Market Rate Housing Plan (Exhibit F to the DDA), with respect to the delivery of affordable housing requirements, and (iv) the Parks and Open Space Plan and the Infrastructure Plan (Exhibits I and J to the DDA), with respect to the completion of infrastructure, parks and open space.

² *Candlestick Center* is also referred to as “Sub-Phase CP-02” in the project Phasing Plan attached to the DDA.

To allow OCII to monitor the Developer's progress in satisfying its obligations, the DDA contains a Schedule of Performance (Exhibit D to the DDA) that establishes outside dates for the submission of development applications for each Major Phase and Sub-Phase.³ The Commission or OCII (as applicable) reviews and approves each Major Phase or Sub-Phase application pursuant to the procedures set out in the Design Review and Document Approval Procedure ("DRDAP," Exhibit E to the DDA). After Sub-Phase approval, the Schedule of Performance contains outside dates for the commencement and completion of infrastructure and public benefits within each Sub-Phase.

Major Phase 1 CP

The Commission approved a Major Phase Application for Major Phase 1 CP – the first Major Phase within Candlestick Point – on January 7, 2014, and approved an Amendment to the Major Phase Application on March 15, 2016. The Phasing Plan divides Major Phase 1 CP into five Sub-Phases, CP-01 through CP-05 (See Attachment A, Candlestick Major & Sub-Phases Map). Sub-Phase Applications for CP-01 and CP-02, -03, -04 have already been approved, and the status of development ranges from completed 337 units of housing for Alice Griffith in CP-01, schematic design approvals in CP-03 and -04, discussions on massing concepts for CP-02, and a future submittal for CP-05.

Candlestick Center (Sub-Phase CP-02)

As currently approved, this Sub-Phase proposes a regional retail center comprised of 635,000 square feet of Regional Retail use, 570 residential units, 150,000 square feet of office uses⁴, a 150,000 square feet (220 room) Hotel use, 75,000 square feet of Entertainment Use (film arts and performance venue uses) and 1,000 square feet of Neighborhood Retail uses. More specifically, the current Major Phase describes Candlestick Center as including the Film Arts Center located at the intersection of Ingerson and Harney, the retail center covering the majority of the Sub-Phase with residential uses fronting both Ingerson and Harney streets, a residential tower and hotel along Arellious Walker Drive, and 2,743 parking spaces in both a below-grade garage and above-grade 3 story garage. The Schedule of Performance outside date for commencement of CP-02 is 12/31/17, and the outside date for completion is 12/31/20.

³ Sub-Phases are slightly more detailed entitlements, submitted after a Major Phase approval and approved by the OCII Executive Director based on conformity with the land uses and requirements set forth by the applicable Major Phase approval (as well as the DDA and applicable design for development).

⁴ In 2018, the Third Amendment of the DDA changed the entitlement for Office use to 150,000 square feet at Sub-Phase CP-02, and for Neighborhood Retail use within Candlestick Point to 125,000 square feet.

DISCUSSION

MP 1 CP Amendment and Related Actions

On October 17, 2017 the Developer and its retail development partner (The Macerich Company) appeared before the Commission to provide a status update on the regional retail development at Candlestick Center. Since that time, Macerich has exited the partnership and the Developer has re-evaluated the design in response to on-going trends in market demand for regional retail and office space. The Developer now proposes major land use changes to Sub-Phase CP-02, to shift the focus of Candlestick Center from regional retail to mixed-use office development, with additional residential uses and a reduced retail use program.

Because these changes are not contemplated by the existing Major Phase approval for Major Phase 01 CP, the Developer has proposed the MP 1 CP Amendment, an amendment that entirely replaces the current Major Phase 1 CP approval to reflect the new program at Candlestick Center. The MP 1 CP Amendment also proposes conforming amendments to the Infrastructure Plan and Transportation Plan, and proposes to shift the location of a community use site within Sub-Phases of Major Phase 1 CP.

In addition, OCII Staff, in cooperation with the Developer and Planning Department staff, have replaced the existing chapter of the CP D4D governing development at Candlestick Center, to provide new standards governing building height, massing and design, and open space and streetscape improvements reflected in the Developer's new concept.

Lastly, the proposed amendment would revise the Phasing Plan and Schedule of Performance for Candlestick Point, to extend, by up to three years⁵, all outside dates for Candlestick Point which include the commencement and completion outside dates for Developer's infrastructure and public benefits at Candlestick Point. According to the Developer, the extension is necessitated by the time lost due to termination of Developer's retail partnership and subsequent shift to mixed-use office development at Candlestick Center, and to allow the Developer to shift its focus to Candlestick Point while the United States Navy's transfer of Hunters Point Shipyard Phase 2 ("HPS Phase 2") is delayed.

This memorandum including its attachments provides a detailed explanation of the proposed changes by each document. Table 1 Summary of Document Amendments (below) summarizes the proposed changes to each document, and also see [Attachment B](#) for comparative Major Phase 1 CP Site Plans, and [Attachment C](#) for a comparative land uses table, between the currently approved program and the proposed MP 1 CP Amendment.

⁵ The proposed extension does not include the Developer's Extension right under the DDA, which allows the Developer, in its sole discretion, to extend performance dates under the Schedule of Performance for up to two years. Collectively, the requested extension and Developer's Extension would allow for up to five years' relief from the outside dates in the Schedule of Performance.

TABLE 1: Summary of Document Amendments

Document	Content Summary	Memo Attach. #																		
Major Phase Amendment	- Increase the amount of housing within Major Phase 1 to 2,949 units. - Increase office use to 750,000 sf.⁽ⁱ⁾ - Reduce Regional Retail use to 170,000 sf. - Increase Neighborhood Retail use to 132,100 sf. - Reduce Entertainment use (Film Arts Center) to 69,000 sf. - Reduce Hotel use to 130,000 sf. - Reduce Community Facilities Spaces to 20,000 sf.⁽ⁱⁱ⁾ - Meet child care requirement for office/hotel parcels by prioritizing on-site child care for Candlestick workers and residents. - Remove residential tower site within Sub-Phase CP-02. - Include 104 Senior BMR Housing units authorized in DDA Third Amendment. - Reduce parking by 624 spaces at Sub-Phase CP-02⁽ⁱⁱⁱ⁾ - Update the Major Phase boundary to align with DDA Third Amendment. - Partial relocation of the Additional Community Facilities Lot. - Relocation of housing units proposed on Blocks AG 8 and AG 15. <table><tr><th>Land Uses</th><th>Updated Major Phase 1</th></tr><tr><td>Dwelling Units</td><td>2,949 units</td></tr><tr><td>Office</td><td>750,000 sf</td></tr><tr><td>Regional Retail</td><td>170,000 sf</td></tr><tr><td>Neighborhood Retail</td><td>132,100 sf</td></tr><tr><td>Community Use</td><td>50,000 sf</td></tr><tr><td>Film Arts Center</td><td>64,000 sf</td></tr><tr><td>Hotel</td><td>130,000 sf</td></tr><tr><td>Total non-residential sf</td><td>1,296,100 sf</td></tr></table>	Land Uses	Updated Major Phase 1	Dwelling Units	2,949 units	Office	750,000 sf	Regional Retail	170,000 sf	Neighborhood Retail	132,100 sf	Community Use	50,000 sf	Film Arts Center	64,000 sf	Hotel	130,000 sf	Total non-residential sf	1,296,100 sf	D & D-1
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Candlestick Point Design for Development	- Updates to design standards and guidelines including standards for modern bulk/massing standards and activated ground plane. - New building bulk and massing standards for Sub-Phase CP-02. - Increase building heights from 65 feet to 85 feet within the interior of CP-02 and along Ingerson Avenue and Harney Way. - Increase building height from 85 to 120 feet along Arelious Walker Drive. - Remove 240-foot tower from Sub-Phase CP-02. - Revise parking standards to allow distributed parking facilities in Sub-Phase CP-02 that are appropriately wrapped or screened. - Modification of terms and definitions. - Modification to the deviation and variance process.	E & E-1																		
Infrastructure Plan	- Updates to diagrams to reflect the modified land use program. - Updates to cross section of Elder Samuel Pryor Smith Sr. St to accommodate bus route #29. - Update to cross section for Harney way for access to State Park - Revisions to Sea Level Rise Criteria.	F & F-1																		

	- Updates to the text to recognize the possible need for an alternative water source for the Auxiliary Water Supply System ("AWSS") design for fire protection.^(iv) - New sanitary sewer lift station added since 2014. - Relocation of the Additional Lot for community use from Block CPN 1a to AG Block 16.	
Transportation Plan	- Updates to text and figures to reflect modified land use program - Updates to the Transit Operating Plan to reflect modifications to the project phasing. - Update to cross section of Elder Samuel Pryor Smith Sr. St to accommodate bus route #29. - Update to cross section for Harney way for access to State Park.	G & G-1
Schedule of Performance & Phasing Plan	- Extensions to Schedule of Performance up to three years.^(v) - Phasing Plan updates to make conforming changes to CP-05 boundary consistent with Third Amendment of the DDA.	H & H-1

(i) *The increase in office square footage is achieved by the allowed conversion of other non-residential uses, such as Regional Retail and Hotel uses, as well as the transfer of 118,500 sf of office from Hunters Point Shipyard Phase 2 project, each of which requires Commission approval.*

(ii) *See Attachment I for the locations of the 20,000 sf of Community Facilities Space, plus 3,000 sf located in a later Major Phase. The net decrease for Candlestick as a whole is 9,000 sf (from 35,000 to 23,000 sf). All 9,000 sf have been removed from CP-02.*

(iii) *The reduction in parking spaces results from application of existing parking ratios to the square footages of the revised land use program.*

(iv) *The SFPUC and the Developer will work to identify an alternative water source for AWSS in the coming months, and those details will be incorporated into the final Infrastructure Plan, subject to OCII Executive Director approval.*

(v) *Per Developer, this extension is necessitated by delays resulting from the termination of the regional retail partnership as well as the Developer's shift in focus to advance Candlestick Point while the United States Navy's transfer of HPS Phase 2 is delayed.*

City Review of Proposed Changes

The City and the former San Francisco Redevelopment Agency ("SFRA") entered into an Interagency Cooperation Agreement ("ICA"), dated June 3, 2010, to facilitate the implementation of the CP/HPS 2 Project. The ICA sets forth a framework between the City and OCII, as the successor to the SFRA, for reviewing, approving, and amending land use, development, construction, and infrastructure documents and requirements for the CP/HPS 2 Project. OCII has conferred with the Mayor's Office to determine that the amendments to the Infrastructure Plan and Transportation Plan do not constitute

material modifications or material amendments under the ICA. The Department of Public Works ("PW"), the San Francisco Fire Department ("SFFD"), San Francisco Public Utilities Commission ("SFPUC"), and the San Francisco Municipal Transportation Authority ("SFMTA") have reviewed the amendments to the Infrastructure Plan and Transportation Plan and will provide official letters approving the amended documents.

Fiscal & Economic Impact Report

The Developer conducted an analysis of the fiscal and economic impacts of the proposed modifications to the CP/HPS2 Project ("2019 F&E Report") and included comparisons to the conclusions reached in the Fiscal and Economic Report prepared for the 2018 CP/HPS2 Project approvals ("2018 F&E Report"). The 2019 and 2018 F&E Reports were prepared by the Developer's consultant, Economic & Planning Systems (EPS). OCII and SFMTA Staff have reviewed the 2019 F&E Report and agrees with the conclusion that the modified land use program will create a net positive impact to the General Fund and the local economy. The F&E Report concludes the following about several key fiscal and economic indicators about the CP/HPS2 Project at full buildout:

- **Increase in General Fund Net Revenues.** At full project buildout, EPS estimates that the CP/HPS2 Project will contribute approximately \$43.8 million in annual General Fund revenue, an increase from the \$40.6 million annual General Fund surplus estimated in 2018. The increase in General Fund net revenues is primarily driven by higher property tax revenues, which outweighs the lower levels of sales and use tax and parking tax revenues that would accrue to the General Fund due to changes in the development program.
- **Transit Surplus: \$1.4 Million.** At full buildout, the net annual transit revenues will be \$1.4 million. While the net annual transit surplus under the 2019 updated development program is slightly less than the net annual transit surplus estimated under the 2018 F&E Report, the cumulative revenues for transit overtime remains positive, and is estimated to be \$37.1 million by 2045.

Consistency with DDA and Redevelopment Plans

OCII staff have reviewed the 2019 Actions and recommend their approval as consistent with the objectives of the BVHP and HPS Redevelopment Plans and the DDA, as discussed further below. The amendments to the Transportation and Infrastructure Plans also have been reviewed by staff of other affected City departments including SFMTA, SFFD, PW and SFPUC. The Planning Commission will take action to approve the CP D4D amendments later this month.

D4D Amendment:

The proposed amendment to the CP D4D, and the development program guided thereby, is in compliance with the land use provisions of the BVHP Redevelopment Plan. In addition, the CP D4D amendment would allow for development that meet or further the BVHP Plan's stated goals and objectives, particularly to provide flexibility in the development of real property in the Project Area to respond readily and appropriately to market conditions. By enabling appropriate commercial

development viable under current market conditions, these actions simultaneously achieve several other community development goals specified in the BVHP Plan, such as:

- The strengthening of retail and other commercial functions within the Project Area through the facilitation of approximately 1.3 million square feet of new commercial uses.
- Encouraging participation of area residents in the development, in compliance with DDA workforce requirements; and, supporting locally-owned small businesses and local entrepreneurship in the provision of community facilities.
- Increasing the community's supply of housing including affordable housing for existing very-low, low-, and moderate-income households and residents in the community.
- Dedicating land for publicly accessible open spaces.
- Eliminating blighting influences by enabling the development of empty land, and, therefore, addressing the existence of currently inadequate or deteriorated public improvements, facilities and utilities. Redesigning and developing undeveloped and underdeveloped areas, which are improperly utilized.
- Removing impediments to land development by facilitating the redevelopment of Candlestick Center as a modern, integrated development with improved pedestrian and vehicular circulation within the Project Area and vicinity.

Major Phase 01 CP Land Use Program Revisions:

As proposed in the MP 01 CP Amendment, the streetscape, open space and vertical development program for Candlestick Center meets the development standards established in the CP D4D at the level of design included as appropriate for Major Phase Applications. Conforming amendments to the Transportation Plan and Infrastructure Plan (as discussed further in the substantive Attachments hereto) do not impose materially greater burdens or reduce the benefits to OCII or the City, and ensure that the revised land use program remains consistent with the DDA.

OCII staff recommend approval of the land use program revisions in the MP 01 CP Amendment as consistent with and advancing the objectives of the BVHP Redevelopment Plan, CP D4D and requirements of the DDA, for the reasons discussed herein.

Public Benefits:

Parks and Open Space. The 2019 Actions do not propose a reduction in the amount or type of parks and open spaces to be delivered as part of Major Phase 1 CP. Although the timing of delivery will be delayed under the requested Schedule of Performance extension, parks and open spaces will still be made available proportional to market-rate development, consistent with the proportionality requirements of the DDA.

Auction Lots. The DDA (Section 17.2) requires that 25% of the market-rate residential development lots within a Major Phase or Sub-Phase be offered for sale by auction (“Auction Lots”). Given the Developer’s unified development⁶ of Candlestick Center and the relatively high density within Major Phase 1 CP, there are fewer total market-rate residential development lots compared to later Major Phases. In addition, the lack of existing infrastructure serving Major Phase 1 CP, and long lead-time for installation of such infrastructure, would likely greatly diminish interest in any lots offered at auction. Thus, in accordance with the Commission’s determinations in its previous approvals of the Major Phase 1 CP, staff recommend that the auction lots program focus on the latter Major Phases within Candlestick Point, both of which are predominantly residential. Since the overall number of residential lots will be counted in the calculation of auction lots, the Developer acknowledges that this would result in a greater concentration of auction lots within the later Major Phases. Based on the foregoing, OCII staff recommend this approach as consistent with the DDA.

Community Benefits:

The Community Benefits Plan (Exhibit G to the DDA, the “CBP”) includes several milestones and requirements to be satisfied by Major Phase Applications. Section 3.1 of the MP 01 CP Amendment provides a summary of compliance with these milestones requirements (at pages 14-15).

Funds Contributions. Contribution of funds milestones have been met, as follows: the Developer has made payments required under Section 1.1 (Scholarship Fund), Section 1.2 (Education Improvement Fund), Section 2 (Health and Wellness Contributions), Section 5.2(a) (Construction Assistance Program) and Section 5.2(b) (Credit Support Contribution) of the CBP.

Community Builder Program. The Community Builder Program, Section 5.1 of the CBP, requires that 500 units within the CP/HPS2 Project be made available for development by or with the assistance of Community Builders. Given the Developer’s unified development⁶ of Candlestick Center, and the relative complexity of high-density and mixed-use residential development within Major Phase 1 CP, the Developer would have a lesser opportunity to achieve Community Builder participation across the three methods provided for in the CBP⁷. Thus, in accordance with the Commission’s determinations in its previous approvals of the Major Phase 1 CP, staff recommend that Community Builder Program should focus on the latter Major Phases within Candlestick Point, both of which are predominantly residential. The Developer acknowledges that this would result in a greater concentration of Community Builder units will occur within the later Major Phases. Based on the foregoing, OCII staff recommend this approach as consistent with the DDA.

Community Facilities Space. The CBP requires that 7.5% of aggregate retail space in the CP/HPS2 Project be made available to OCII for use as Community Facilities Space. Under this formula, the amount of required Community Facilities Space within Major Phase 01 CP has declined, from 35,000 sf to 20,000 sf, consistent with the aggregate 455,500 sf reduction in retail space within

⁶ Candlestick Center is a single large lot, proposed to be developed by a single affiliate of the Developer.

⁷ These methods are direct participation as an Independent Community Builder, fee participation as an assistant developer, or partnership as Joint Venture Community Builder.

Major Phase 1 CP. The proposed 20,000 sf of Community Facilities Space will continue to be subject to the marketing requirements of the CBP, which require the Developer to prepare identify specific marketing actions and tenanting standards that focus on residents and businesses located in BVHP, to be presented to OCII and subject to the approval of the HPS CAC, and begin implementing these plans no earlier than 18 months but no later than 12 months prior to obtaining temporary certificate of occupancy (TCO) for the a particular Community Facilities Space, and continue to implement them until a suitable tenant is located (or 12 months after TCO, whichever is sooner). The Developer must also present its potential Community Facilities Space tenants to the HPS CAC for their review and recommendation based on the established tenanting standards. Based on the foregoing, OCII staff recommend this approach as consistent with the DDA.

Additional Lot. The Additional One-Acre Community Facilities Lot ("Additional Lot"), as defined in Section 3.3(a) of the CBP, was initially identified in the DDA as block CPN 1A within Major Phase 1 CP. See Attachment B. The Developer has revised its approach to the Additional Lot, by retaining approximately 8,000 square feet at block CPN 1A for use as a fire station (a use consistent with the intent of the CBP regarding the Additional Lot), and designating block AG 16, a 48,509 square foot lot, as the Additional Lot. OCII staff recommend approval of the proposed relocation, because the revised approach acknowledges that the AG 16 site is a more appropriate location for the types of community uses contemplated for the Additional Lot, when compared to CPN 1A, which fronts on the busy Retail Priority street segment of Ingerson Avenue. The revised approach would continue to provide a cumulative one acre Additional Lot consistent with the CBP, and thus is recommended to the Commission as consistent with the DDA.

Community Facilities Lots. Consistent with the DDA there are no Community Facilities Lots, as defined in Section 3.1 of the CBP, within Major Phase 1 CP. The Developer will continue to be obligated to provide approximately 4.8 acres of land as Community Facilities Lots within the CP/HPS2 Project.

Affordable Housing: The MP 1 CP Amendment would advance construction of approximately 428 residential units within Candlestick Center, including inclusionary affordable housing units consistent with the Below-Market Rate Housing Plan. The MP 1 CP Amendment continues to include three OCII affordable housing projects, and also includes a 104-unit Senior BMR residential development that would provide housing for senior residents at 60% Area Median Income. Staff recommends the MP 1 CP Amendment as consistent with the affordable housing requirements of the BVHP Redevelopment Plan and the DDA.

Workforce: Under the proposed MP 01 CP Amendment, the Developer would continue to comply with workforce requirements of the DDA (Exhibit X to the DDA). According to the Developer, the shift in land use program to focus on office use would increase the range of opportunities and economic relevance of opportunities for workforce program participants, and invites the participation of a full range of interest, talents and education. The proposed MP 01 CP Amendment is recommended to the Commission as consistent with the BVHP Redevelopment Plan and DDA.

Phasing Plan: The proposed Phasing Plan revisions effectuate changes previously approved by Commission in 2018, and the shift in the Additional Lot discussed above. OCII staff recommend the revisions as consistent with the DDA.

Schedule of Performance: According to the Developer, the requested extension of outside dates at Candlestick Point is necessitated by time lost due to termination of Developer's retail partnership and subsequent shift to mixed-use office development at Candlestick Center. OCII staff finds support for the determination that the deterioration in the market for retail space in San Francisco likely would leave a retail-based Candlestick Center at a disadvantage in finding tenants.⁸ As a result, the Developer could be limited in its ability to fulfill community benefits and workforce goals for the CP/HPS2 Project. And, because Candlestick Center is intended to be the economic engine of Candlestick Point, its struggle could threaten the success of the larger development as a whole.

Since its last update to the Commission in fall 2017, the Developer has kept OCII apprised of its attempts to finalize a partnership for retail development at Candlestick Point, and its subsequent shift to a mixed-use office, residential and retail approach. If approved, the MP 1 CP Amendment will also necessitate revisions to existing subdivision and infrastructure documentation, which was initially submitted to support the retail center. The requested extensions are larger at the beginning and taper in the latter Sub-Phases, consistent with allowing the Developer time to address these issues at the outset, and catch up once they have been resolved. Lastly, because the CP/HPS2 Project was conceived as a unified development program, the United States Navy's on-going delay in transfer of Hunters Point Shipyard Phase 2 ("HPS Phase 2") has required the Developer to alter its internal assumptions about the timing of development at HPS Phase 2 relative to Candlestick Point. Based on these considerations, OCII staff find appropriate basis for granting the Developer's requested extension.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

Vehicle Miles Travelled Methodology for Analysis of Transportation Impacts

The California Environmental Quality Act (Pub. Res. Code Sec. 21000 et seq., "CEQA") requires public agencies to analyze and disclose the physical impacts of their actions on the environment and to adopt mitigation measures, when feasible, to reduce significant environmental impacts to less-than-significant levels. Both CEQA and the CEQA Guidelines, (14 Cal. Code Regs. Sec. 15000 et seq.) published by the Governor's Office of Planning and Research ("OPR"), establish requirements for the implementation of the statute's mandate.

Under CEQA and the CEQA Guidelines, public agencies may adopt thresholds of significance and methodologies of analysis necessary to identify significant impacts and analyze the mitigating effects of proposed mitigation measures. Thresholds of significance are identifiable quantitative, qualitative, or performance level measures of a particular environmental effect. CEQA Guidelines Sec. 15064.7(a). When adopting or using thresholds of significance, public agencies may consider those previously

⁸ See, for example, Strategic Economics, *State of the Retail Sector: Challenges and Opportunities for San Francisco's Neighborhood Commercial Districts*. February 15, 2018. (Available at <https://oewd.org/sites/default/files/Invest%20in%20Neighborhoods/State%20of%20the%20Retail%20Sector%20-%20Final%20Report.pdf>) (last viewed October 7, 2019).

adopted or recommended by other public agencies or recommended by experts, provided the decision to adopt such thresholds is supported by substantial evidence. *Id.*, at (c).

In 2019, OPR published CEQA Guidelines addressing new requirements for the analysis of transportation impacts under CEQA. (CEQA Guidelines Sec. 15064.3). Collectively, these CEQA Guidelines and CEQA Section 21099 require that public agencies' analyses of transportation impacts use an approach based on the amount and distance of automobile travel, known as vehicle miles travelled or "VMT." Most agencies currently use traffic delay, or "LOS", for measuring the significance of transportation impacts; thus Section 15064.3 allows public agencies until July 1, 2020 to implement a VMT-based threshold for most actions.

However, for actions concerning projects within Transit Priority Areas,⁹ CEQA Section 21099(b)(2) requires that a VMT-based threshold be used upon the OPR's recent certification of the CEQA Guidelines Sec. 1504.3. Per the MTC, most of Candlestick Point and a portion of HPS Phase 2 are located within Transit Priority Areas.¹⁰ Thus, the Commission should adopt a VMT-based approach to analyzing transportation impacts for actions concerning Candlestick Point and apply that approach going forward.

OCII staff has reviewed OPR's Technical Advisory on Evaluating Transportation Impact in CEQA published December 2018 ("Technical Advisory"), which provides technical recommendations regarding assessment of VMT, thresholds of significance, and mitigation measures for transportation impacts.¹¹ OCII staff have also reviewed the San Francisco Planning Department's Transportation Impact Analysis Guidelines ("TIA Guidelines"), which also provide guidance regarding methodology and impact analysis for land use development projects.¹² Based on the technical considerations and analysis in the Technical Advisory, as supplemented by the TIA Guidelines, OCII staff recommend that the Commission adopt the following VMT-based significance criteria for Candlestick Point and HPS Phase 2:

- The Project would have a significant effect on the environment if it would cause substantial additional VMT.
- The Project would have a significant effect on the environment if it would substantially induce additional automobile travel by increasing physical roadway capacity in congested areas (i.e., by adding new mixed-flow lanes) or by adding new roadways to the network.

⁹ Transit Priority Areas are those within one-half mile of either an existing major transit stop or one that is planned, as reflected in the Transit Improvement Program of the applicable regional transportation authority. In the case of OCII's projects, this is the Metropolitan Transportation Commission (MTC).

¹⁰ http://opendata.mtc.ca.gov/datasets/d97b4f72543a40b2b85d59ac085e01a0_0?geometry=-122.789%2C37.618%2C-121.91%2C37.808 (last viewed October 3, 2019).

¹¹ The Technical Advisory is available at http://opr.ca.gov/docs/20190122-743_Technical_Advisory.pdf, is incorporated herein and a copy of is on file with the Commission Secretary.

¹² The TIA Guidelines is available at http://default.sfplanning.org/publications_reports/TIA_Guidelines.pdf, and a copy is on file with the Commission Secretary.

When utilizing these thresholds, the VMT assessment should analyze transportation conditions and identify transportation impacts based on the following:

For residential projects, a project would generate substantial additional VMT if it exceeds the regional household VMT per capita minus 15 percent. For office projects, a project would generate substantial additional VMT if it exceeds the regional VMT per employee minus 15 percent. For retail projects, a project would generate substantial additional VMT if it exceeds the regional VMT per retail employee minus 15 percent. For mixed-use projects, each proposed land use is evaluated independently, per the criteria described above.

OCII staff find that the 2019 Actions, and the CP/HPS2 Project generally, is a mixed-use land use development project consistent with the types of projects intended to be addressed by the Technical Advisory and the TIA Guidelines.¹³ Thus, the Technical Advisory and the TIA Guidelines provide substantial evidence for establishing the foregoing VMT-based thresholds of significance as appropriate standards for analyzing the transportation impacts of vehicle trips generated by the 2019 Modified Project Variant actions and future actions concerning the CP/HPS2 Project. OCII staff recommend that the Commission adopt the above thresholds of significance. In doing so, the Commission would be in compliance with CEQA Guidelines Section 15064.7(c) concerning the adoption of thresholds of significance generally, and CEQA Guidelines 15064.3 and CEQA Section 21099 specifically concerning the adoption of VMT-based methodologies in analyzing transportation impacts.

California Environmental Quality Act Findings for the 2019 Actions

On June 3, 2010, the SFRA Commission and the San Francisco City Planning Commission, acting as co-lead agencies, prepared and certified the Final Environmental Impact Report for the CP/HPS2 Project ("Project FEIR") in compliance with CEQA. On the same date, the co-lead agencies adopted findings pursuant to CEQA ("CEQA Findings"), including findings regarding the alternatives, mitigation measures and significant environmental effects analyzed in the Project FEIR, a statement of overriding considerations and a mitigation monitoring and reporting program for the CP/HPS2 Project. On July 14, 2010, the Board of Supervisors affirmed the certification of the FEIR and adopted CEQA Findings.

Subsequent to the certification of the Project FEIR, the Commission approved certain changes to the CP/HPS2 Project supported by Addendum No. 1, Addendum No. 4 and Addendum No. 5. Addendum No. 1 addressed changes to the schedules for implementation of transportation system improvements in the Transportation Plan, including the Transit Operating Plan, the Infrastructure Plan and other public benefits; and proposed modifications to two adopted mitigations measures related to Transportation and Utilities. Addendum No. 4 addressed modifications to the approved Candlestick Point Design for Development, Schedule of Performance, the Candlestick Point Infrastructure Plan, the Candlestick Point Hunters Point Shipyard Phase II Transportation Plan, and proposed revisions to two adopted mitigation measures related to Transportation. (Addenda Nos. 2 and 3 analyzed proposed changes to the Project, which are no longer being pursued.) Addendum No. 5 evaluated the potential

¹³ See., e.g., Technical Advisory at p. 17; TIA Guidelines at pp. 1, 15.

environmental effects of amendments to the Hunters Point Shipyard and Bayview Hunters Point Redevelopment Plans, the Hunters Point Shipyard Phase 2 Design for Development, the Disposition and Development Agreement (Hunters Point Shipyard Phase 1) and its related documents, and the Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard) and its related documents, described therein as the 2018 Modified Project Variant. Addendum No. 5 and proposed revisions to 16 adopted mitigation measures related to Transportation, Noise, Archaeological Resources, Geotechnical Investigation, Hydrology, Biology, Utilities and Greenhouse Gas Emissions.

OCII now proposes changes to the CP/HPS2 Project, including the transfer of R&D/office uses from HPS2 to Candlestick Center and the conversion of certain non-residential uses within Candlestick Center, by amending the Design for Development and the currently approved Major Phase Application for Major Phase 1 CP. Furthermore, OCII proposes conforming revisions to the Candlestick Point Infrastructure Plan, the CP/HPS2 Transportation Plan, and modifications to the Phasing Plan and Schedule of Performance for Candlestick Point. These actions, collectively the “2019 Actions,” would facilitate the modifications to the CP/HPS2 Project described herein.

OCII, in consultation with the Planning Department, has prepared Addendum No. 6, dated October 1, 2019 (Attachment J). Addendum No. 6 evaluates the potential environmental effects of the proposed 2019 Actions (referred to in Addendum No. 6 as the 2019 Modified Project Variant).

Addendum No. 6 also recommends modifications to five adopted mitigation measures related to Transportation, Archaeological Resources, Paleontological Resources, Geotechnical Investigation and Greenhouse Gas Emissions. Addendum No. 6 concludes that the 2019 Modified Project Variant is within the scope of the Project analyzed in the Project FEIR (including the Project variants identified and analyzed therein) and will not result in any new significant impacts or a substantial increase in the severity of previously identified significant effects that alter the conclusions reached in the Project FEIR.

Based on the analysis in Addendum No. 6, OCII concludes that the analyses conducted and the conclusions reached in the Project FEIR on June 3, 2010, remain valid and the 2019 Actions together with the associated amendments to the Mitigation Measures, will not cause new significant impacts not identified in the Project FEIR, or substantially increase the severity of previously identified significant impacts, and no new mitigation measures will be necessary to reduce significant impacts. Further, as described in Addendum No. 6, no changes have occurred with respect to either the CP/HPS2 Project or circumstances surrounding the CP/HPS2 Project that will require major revisions of the FEIR due to the involvement of new significant effects or a substantial increase in the severity of previously identified significant effects, and no new information has become available that shows that the CP/HPS2 Project will cause new or more severe significant environmental impacts.

Therefore, staff recommends that the Commission make CEQA Findings that state that no subsequent or supplemental environmental review is required under CEQA beyond Addendum No. 6, and determine that the 2019 Actions (identified as the 2019 Modified Project Variant in Addendum No. 6) are within the scope of the Project analyzed in the Project FEIR (including the Project variants identified and analyzed therein) and require no further environmental review beyond the Project FEIR pursuant to CEQA and CEQA Guidelines Sections 15180, 15162, and 15163.

PUBLIC REVIEW AND COMMUNITY OUTREACH

The proposed changes to the land use program for the CP/HPS 2 Project were subject to numerous community meetings and workshops, including the following:

- On February 14, 2019, a presentation to the Joint Housing & Planning Development & Finance Sub-Committee regarding updates to the CP development plans including changes to the retail program and updates to the Alice Griffith project.
- On March 2, 2019, a community workshop was held at Bret Harte Elementary School, regarding updates to the CP development plans on changes to the retail program and updates to the Alice Griffith project.
- On March 4, 2019, the Municipal Transportation Agency (MTA) provided a presentation on access to CP Center and the location of parking garages to the Bayview Hill Community.
- On March 4, 2019, presentation to the Alice Griffith Tenants Association on updates to the CP development plans including changes to the retail program and updates to the Alice Griffith project.
- On March 11, 2019, presentation to the full CAC on updates to CP including changes to the retail program and updates to the Alice Griffith project.
- On July 23, 2019, a community workshop held at the Bayview Opera House on updates to the CP development plans including changes to the retail program and updates to the Alice Griffith project.
- On September 12, 2019, presentation to the CAC Planning, Development and Finance Subcommittee on the proposed amendments to the CP development program.
- On October 7, 2019, presentation to the full CAC on amendments to the CP development program.

CAC Review and Comments

The 2019 Actions have been presented to the Bayview-Hunters Point community and the general public through a series of community meetings and meetings of the Hunters Point Shipyard Citizens Advisory Committee ("CAC"). The full CAC meeting held a meeting on October 7, 2019, and the CAC voted six to one in favor of recommending approval of the 2019 Actions.

NEXT STEPS

Construction Schedules

Assuming approval by the Commission, the Planning Commission will consider approval of the CP D4D Amendment on October 24, 2019. Thereafter, the Developer will continue with pre-development activities (subdivision and infrastructure related approvals) with an intent to re-commence construction in Summer/Fall 2020. The Developer anticipates vertical construction of the proposed buildings to be complete as follows:

Table 2: Estimated Construction Completion Schedule*

Completion Year	Vertical Construction	Park, Transit, Street Improvements
2022-2025	Candlestick Center (<i>between Arelious Walker and Montana-Clark streets, aka "outfield"</i>) • 579 Housing Units • 70,000 sf Retail • 750,000 sf Office	• Bayview Hillside and Jamestown Walker Slope Open Space • Gilman Avenue and Harney Way Streetscape • Transit –CPX express to Downtown, Bart, and Caltrain
2023-2026	CP-03, CP-04 and Candlestick Center (<i>from Montana-Clark to FAC, aka "infield"</i>) • 1,682 Housing units, including Senior BMR units • 232,100 sf of Retail • 64,000 sf FAC • 130,000 sf Hotel	• Willie Mays Plaza • Transit – Extension of the 29
2027-2029	Sub-Phase CP-05 • 351 Housing Units	• Alice Griffith Park 1 • Alice Griffith Community Garden

**Information is based on an estimated schedule and is subject to change*

Commissioner Working Groups

At the its workshop on October 1, 2019, the Commission requested that working groups be formed consisting of OCII staff, Developer representatives, and individual Commissioners to maximize success in the delivery of housing, jobs, and small business opportunities, as well as review of the overall equity goals of the development. Staff is proposing that the first meetings of these working groups begin in Spring 2020, and then each working group will determine the frequency of future meetings. The proposed working group assignments for the Commission are:

- Contracting and Workforce: Commissioner Rosales
- Small Business Opportunities: Commissioner Brackett
- Housing: Commissioner Scott
- Equity: Commissioner Bustos

CONCLUSION

At full build out of all three Major Phases, the entirety of Candlestick Point will include the following:

Table 3: CP Development Program -- Approved vs. Proposed

Land Use	Approved (2018)	Proposed (2019)
Dwelling Units	7,218 units	7,218 units
Regional Retail Use	635,000 sf	170,000 sf
Neighborhood Retail Use	125,000 sf	134,500 sf
Community Use	50,000 sf	50,000 sf
<i>Community Facilities Space (subset of Neighborhood Retail & Community Use sf entitlement)</i>	<i>35,000 sf</i>	<i>23,000 sf</i>
Entertainment Uses:	75,000 sf	
<i>Film Arts Center</i>	--	<i>64,000 sf</i>
<i>Performance Venue</i>	--	<i>5,000 sf</i>
Hotel Use	150,000 sf 220 Rooms	130,000 sf 220 Rooms
Institution	0	0
Office	150,000 sf	750,000 sf
Maker Space	0	0
Total	1,185,000 sf	1,303,500 sf

Staff have reviewed the amendments and determined that they are consistent with the objectives of the DDA, and the amendments to the Major Phase and related documents are consistent with the proposed amendments to the CP D4D. Therefore, staff recommends approval of these amendments.

(Originated by Sally Oerth, Deputy Director and Lila Hussain, Senior Project Manager)



Nadia Sesay
Executive Director

Attachments:

- A: Candlestick Major & Sub-Phases Map
- B: Site Plan Comparison
- C: Major Phase 1 Land Use Entitlement Comparison Table
- D: Major Phase 1 Amendment Summary
- D-1: Draft Major Phase 1 Amendment (Updated October 7, 2019)
- E: CP D4D Amendment Summary
- E-1: CP D4D Amendment Master Change Table
- E-2: Draft CP D4D Amendment (Submitted October 8, 2019)
- F: Infrastructure Plan Amendment Summary
- F-1: Infrastructure Plan Amendment (Updated October 4, 2019)
- G: Transportation Plan Amendment Summary
- G-1: Transportation Plan Amendment (Dated October 2019)
- H: Schedule of Performance Amendment Summary
- H-1: Schedule of Performance Comparison Table
- I: Candlestick Community Facilities Space Locations
- J: Addendum 6 to the Project FEIR

**Attachments to the Memo for Agenda Item Nos. 5(b) through 5(d)
Meeting of October 15, 2019**



Attachment A:	<u>Candlestick Major & Sub-Phases Map</u>
Attachment B:	<u>Site Plan Comparison</u>
Attachment C:	<u>Major Phase 1 Land Use Entitlement Comparison Table</u>
Attachment D:	<u>Major Phase 1 Amendment Summary</u>
Attachment D-1:	<u>Draft Major Phase 1 Amendment (Updated October 7, 2019)</u>
Attachment E:	<u>CP D4D Amendment Summary</u>
Attachment E-1:	<u>CP D4D Amendment Master Change Table</u>
Attachment E-2:	<u>Draft CP D4D Amendment (Submitted October 8, 2019)</u>
Attachment F:	<u>Infrastructure Plan Amendment Summary</u>
Attachment F-1:	<u>Infrastructure Plan Amendment (Updated October 4, 2019)</u>
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