

RESOLUTION NO. 15-2012
Adopted December 10, 2012

RESOLUTION ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AUTHORIZING AN AMENDMENT TO AN ENFORCEABLE OBLIGATION UNDER THE DISSOLUTION LAW APPROVING A SIXTH AMENDMENT TO THE HUNTERS POINT SHIPYARD PHASE 1 DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO AND HPS DEVELOPMENT CO., LP, AND AUTHORIZING ACTIONS CONSISTENT WITH THE SIXTH AMENDMENT; FINDING THAT THE SIXTH AMENDMENT IS IN THE BEST INTERESTS OF TAXING ENTITIES; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA.

WHEREAS, The Hunters Point Shipyard/Candlestick Point Project is one of San Francisco's three critical redevelopment legacy projects that the Successor Agency must continue to implement under the Dissolution Law (defined below). The Project is divided into two related parts, called Phase 1 and Phase 2, each with a separate disposition and development agreement. The disposition and development agreements, together with a number of related binding agreements attached to or referenced in the text of the disposition and development agreement, establish a comprehensive set of enforceable obligations that collectively govern the completion of the Shipyard development project. The disposition and development agreements are binding contractual agreements that provide for the transfer of land from the former Redevelopment Agency of the City and County of San Francisco (the "Agency") to developers, the developers' and the Agency's rights and obligations relating to the construction of specified improvements, and the financing mechanisms for completing these projects. Phase 1 covers approximately 75 acres and Phase 2 is significantly larger, covering over 700 acres at the Shipyard and at the adjacent Candlestick Point. A more detailed discussion of the projects and the disposition and development agreements was attached as Exhibit B-3 to the Oversight Board Resolution No. 5-2012, and is incorporated herein; and,

WHEREAS, In connection with the Hunters Point Phase 1 of the Shipyard project (the "Project"), the Successor Agency to the Redevelopment Agency of the City and County of San Francisco ("Successor Agency") and HPS Development Co., LP, as successor to Lennar – BVHP, LLC ("Developer") are parties to the Hunters Point Shipyard Phase 1 Disposition and Development Agreement, dated December 2, 2003, as amended (the "Phase 1 DDA"); and,

WHEREAS, The Oversight Board and the California Department of Finance have recognized the Phase 1 DDA as an Enforceable Obligation under Assembly Bill No. 1X 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) and Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12, Regular Session) (collectively, the "Dissolution Law");

WHEREAS, The Dissolution Law, in particular California Health and Safety Code Section 34177, provides that the Successor Agency is required to (1) perform obligations required pursuant to any Enforceable Obligation, and (2) continue to oversee development of properties until the contracted work has been completed; and,

WHEREAS, In connection with Developer's efforts to obtain third-party financing to develop the Project as contemplated under the Phase 1 DDA, the Successor Agency and Developer have negotiated certain amendments to the Phase 1 DDA (the "DDA Sixth Amendment") that will aid Developer's efforts to obtain financing and therefore expedite the development of the Project as described in the Phase 1 DDA, for the benefit of the Agency, the City and County of San Francisco (the "City") and the taxing entities; and,

WHEREAS, Under the DDA Sixth Amendment, (1) Developer will convey Block 49 to the Successor Agency or its designee for the development of all of the 50% AMI affordable housing units, provide \$1 million for affordable housing purposes as well as a subsidy in the amount required to complete the Block 49 residential housing, subject to agreement on the terms of a Vertical DDA, (2) the Successor Agency will request the Department of Public Works to release existing security held by the City that is in excess of 125% of the estimated cost to complete the remaining infrastructure, and make other changes to the Developer's guaranty consistent with the requirements of the Phase 2 DDA, (3) Developer shall have the right to grant a mortgage to pay or reimburse costs incurred in connection with the Project and the neighboring Phase 2 Project, so that a single lender would have the right to take action on both projects concurrently, (4) the Schedule of Performance for the Completion of Infrastructure on Block 48 is extended to December 31, 2017, (5) Developer has the right to sell or rent housing that is completed, and there will no longer be a requirement that a certain number of residential units be for-rent only and (6) the purchase price for the Successor Agency's option to acquire residential units in the Project has been changed; and,

WHEREAS, The DDA Sixth Amendment will facilitate development of vertical improvements in the Project, expedite the Project, facilitate customary real estate development financing, streamline vertical development, retain appropriate security and guaranties for the benefit of the Successor Agency that are consistent with other major mixed-use development projects in the City, and provide for certain affordable housing to be developed earlier, thereby enhancing the development and completion of the Project, which will benefit the taxing entities through the increased tax base, potential acceleration of the completion of the financing for the Project, community revitalization that will encourage further investment in the area, and the winding down of the former Redevelopment Agency's affairs; and,

WHEREAS, The DDA Sixth Amendment will not reduce the amount of tax increment available for distribution to the taxing entities or otherwise negatively affect the taxing entities in any way; and,

WHEREAS, The Successor Agency is seeking approval for a first amendment to the disposition and development agreement for Shipyard Phase 2 concurrently with the DDA First Amendment, and upon approval, the mortgagee protection and certain security provisions for both projects will be the same, and will be consistent with other large, mixed-use development projects in the City; and,

WHEREAS, The Agency and the San Francisco Planning Commission certified the Final Environmental Impact Report (EIR) for the Phase 1 Project, and subsequently issued a First and Second Addendum to address project changes (together, the "EIR"), and the Agency adopted CEQA findings and statement of overriding considerations in support of approval of the Phase 1 Project, which are incorporated in this Resolution by this reference; and,

WHEREAS, The action proposed by this Resolution will further the implementation of the Phase 1 Project as described by the EIR and is, therefore, within the scope of the environmental analysis in the EIR 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 EIR. The EIR and Addenda and any supporting documents have been made available to the Oversight Board and the public, are on file with the Secretary of the Oversight Board; now therefore, be it

RESOLVED, That the Oversight Board has reviewed and considered the CEQA findings and statement of overriding considerations that the Agency previously adopted, and adopts these findings as its own. The Oversight Board additionally finds that (1) implementation of the action as set forth in this Resolution does not require revisions in the EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects, (2) no substantial changes have occurred with respect to the circumstances under which the project analyzed in the EIR will be undertaken that would require major revisions to the EIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the EIR, and (3) no new information of substantial importance to the project has become available that would indicate that (i) the project will have significant effects not discussed in the EIR; (ii) significant environmental effects will be substantially more severe; (iii) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible; or (iv) mitigation measures or alternatives which are considerably different from those in the EIR will substantially reduce one or more significant effects on the environment; and, be it further

RESOLVED, That the Oversight Board approves the DDA Sixth Amendment substantially in the form on file with the Secretary of the Oversight Board consistent with its fiduciary responsibilities under Health and Safety Code section 34179(i), and finds that the DDA Sixth Amendment is in the best interest of the taxing entities through the increased tax base, the potential acceleration of the completion of the financing of the Project, the community revitalization that will encourage further investment in the area, and the winding down of the affairs of the Agency; and, be it further

RESOLVED, The Successor Agency is authorized (a) to execute the DDA Sixth Amendment in substantially the form on file with the Secretary of the Oversight Board, and (b) to execute all documents, amendments, agreements and instruments that the Executive Director determines, in consultation with the City Attorney's Office, reasonably determines are (i) in the Successor Agency's best interest or are necessary or convenient to implement the DDA Sixth Amendment to further the goals of the Hunters Point Shipyard Redevelopment Plan and the Phase 1 DDA, (ii) do not materially increase the Successor Agency's obligations or liabilities in connection with the Phase 1 DDA, and (iii) do not negatively impact the availability of property tax revenues for the taxing entities; and, be it further

RESOLVED, That the Oversight Board 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 Oversight Board at its meeting of December 10, 2012.


Natasha Jones

Board Secretary