

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 15-2017

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

WHEREAS, The Successor Agency to the Redevelopment Agency of the City and County of San Francisco, commonly known as the Office of Community Investment and Infrastructure, (“Successor Agency” or “OCII”) proposes to adopt amendments (“Plan Amendments”) to the Hunters Point Shipyard Redevelopment Plan (“HPS Plan”) and the Bayview Hunters Point Redevelopment Plan (“BVHP Plan” (collectively, the “Redevelopment Plans”); and,

WHEREAS, The Board of Supervisors of the City and County of San Francisco (“Board of Supervisors”) adopted the HPS Plan on July 14, 1997 by Ordinance No. 285-97 and amended the HPS Plan on August 3, 2010 by Ordinance No. 211-10. On May 23, 2006, the Board of Supervisors amended the BVHP Plan by Ordinance No. 113-06 and on August 3, 2010 by Ordinance No. 210-10; and,

WHEREAS, The HPS Plan establishes the land use controls for the Hunters Point Shipyard Redevelopment Project Area, which consists of sub-areas Phase 1 and Phase 2 (“HPS Project Area”). Phase 2 is intended to be developed with a mix of uses including neighborhood-serving retail, businesses, office and residential uses. Section D of the HPS Plan provides that “The 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.5 of the HPS Plan describes application of the office development limitations under Planning Code Sections 320-325 to office development in the HPS Project Area; and,

WHEREAS, The BVHP Plan establishes the land use controls for the Bayview Hunters Point Redevelopment Project Area (“BVHP Project Area”). The BVHP Project Area consists of two subareas: Zone 1 (also known as Candlestick Point) and Zone 2. Zone 1 is intended to be developed with a mix of uses, including, residential, retail,

parks and open space, and office uses. Section 4.3 of the BVHP Plan provides that “The only sections of the Planning Code that shall apply within Zone 1, pursuant to the provisions of this Redevelopment Plan are Sections 101.1, 295, 314, and 320-325, as such sections are in effect as of the 2010 Plan Amendment Date.” Section 4.3.16 of the BVHP Plan describes application of the office development controls of Planning Code Sections 325-325 to the office development in Zone 1; and,

WHEREAS, On November 8, 2016, voters enacted Proposition O, the Hunters Point Shipyard/Candlestick Point Jobs Stimulus Proposition (“Proposition O”), which removes the Candlestick Point and Hunters Point Shipyard Phase 2 Project (the “HPS/CP Project”) from the office development limitations of Planning Code Sections 320-325 (Proposition M), an initiative adopted by voters in 1986 that generally limits office development in the City and County of San Francisco (“City”) to 950,000 square feet annually. The Plan Amendments would reflect the passage of Proposition O, which provides for the exemption of the HPS/CP Project from Planning Code Sections 320-325 (Proposition M); and,

WHEREAS, OCII is recommending the Plan Amendments to implement the intent of voters and to conform the Redevelopment Plans with Proposition O. The conforming Plan Amendments clarify that Planning Code Sections 320-325 (Proposition M) do not apply to office development within Zone 1 of the BVHP Project Area and Phase 2 of the HPS Project Area. The Plan Amendments do not change the authorized land uses under the Redevelopment Plans and do not modify the amount of permitted office development in the Redevelopment Plans; and,

WHEREAS, Pursuant to Section 33352 of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.), the Successor Agency has prepared a Report to the Board of Supervisors on the Amendments to the Hunters Point Shipyard Redevelopment Plan and the Bayview Hunters Point Redevelopment Plan (“Report”); and,

WHEREAS, 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 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 EIR analyzing certain HPS/CP Project modifications (together, the “HPS/CP EIR”); and,

WHEREAS, 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. Since the annual office limitation of Planning Code Sections 320-325 (Proposition M) was not considered in the HPS/CP EIR's assessment of impacts, the conforming Plan Amendments would not substantially change the Project and the Plan Amendments require no additional environmental review under Section 21166 of CEQA and Section 15182 of the CEQA Guidelines. All environmental effects of the Plan Amendments have been considered and analyzed in the prior HPS/CP EIR; now, therefore, be it

RESOLVED, That the Commission on Community Investment and Infrastructure ("Commission") hereby approves the Report to the Board of Supervisors, which is attached to this Resolution as Exhibit A, and, be it further

RESOLVED, That the Interim Executive Director is hereby authorized to transmit said Report to the Board of Supervisors for its background and information in considering the conforming Plan Amendments.

Exhibit A: Report to the Board of Supervisors on the Amendments to the Hunters Point Shipyard Redevelopment Plan and the Bayview Hunters Point Redevelopment Plan

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of April 4, 2017.

Interim Commission Secretary

EXHIBIT A

**REPORT TO THE BOARD OF SUPERVISORS
ON THE AMENDMENTS TO THE
HUNTERS POINT SHIPYARD REDEVELOPMENT PLAN AND THE
BAYVIEW HUNTERS POINT REDEVELOPMENT PLAN**

Prepared by:

**The Office of Community Investment and Infrastructure,
as the Successor Agency to the San Francisco Redevelopment Agency**

April 4, 2017

**REPORT TO THE BOARD OF SUPERVISORS
ON THE AMENDMENTS TO THE
HUNTERS POINT SHIPYARD REDEVELOPMENT PLAN AND THE
BAYVIEW HUNTERS POINT REDEVELOPMENT PLAN**

INTRODUCTION

The Successor Agency to the Redevelopment Agency of the City and County of San Francisco, commonly known as the Office of Community Investment and Infrastructure (“Successor Agency” or “OCII”), has prepared this report (“Report”) to the Board of Supervisors of the City and County of San Francisco (“Board of Supervisors”) on the conforming amendments (“Plan Amendments”) to the Hunters Point Shipyard Redevelopment Plan (“HPS Plan”) and the Bayview Hunters Point Redevelopment Plan (“BVHP Plan”) (collectively “Redevelopment Plans”).

The Plan Amendments make conforming amendments to the Redevelopment Plans to reflect passage of Proposition O, the Hunters Point Shipyard/Candlestick Point Jobs Stimulus Proposition (“Proposition O”), which was approved by voters on November 8, 2016. Proposition O exempts the Candlestick Point and Hunters Point Shipyard Phase 2 Project (the “Project”) from the office development limitations established by Proposition M, originally enacted by voters in 1986 and implemented by Planning Code Sections 320-325. The Plan Amendments implement Proposition O, which exempts only Zone 1 of the Bayview Hunters Point Redevelopment Project Area (“BVHP Project Area”) and Phase 2 of the Hunters Point Shipyard Redevelopment Project Area (“HPS Project Area”) (collectively, the “Project Areas”) from the office development controls of Planning Code Sections 320-325 (Proposition M). The Plan Amendments do not change the land use controls under the Redevelopment Plans and do not alter the permitted square footage of office development under the Redevelopment Plans.

This Report is prepared pursuant to Section 33457.1 of the California Community Redevelopment Law, Health and Safety Code Sections 33000 *et seq.*, (“CRL”), which delineates the information that the Successor Agency must provide to the Board of Supervisors for its consideration of amendments to a redevelopment plan. Section 33457.1 provides as follows:

“To the extent warranted by a proposed amendment to a redevelopment plan, (1) the ordinance adopting an amendment to a redevelopment plan shall contain the findings required by Section 33367 and (2) the reports and information required by Section 33352 shall be prepared and made available to the public prior to the hearing on such amendment.”

Because the scope of the Plan Amendments is minor and technical in nature--conforming the Redevelopment Plans to reflect passage of Proposition O with no changes to allowable land uses or any Project elements--the contents of the Report to the Board are limited, consistent with the CRL, to the following: the reason for the Plan Amendments; description of the amendments will improve or alleviate blight; proposed method of financing/economic feasibility; the Planning Department’s determination regarding conformity of the Plan Amendments to the General Plan

(to be incorporated upon receipt); the report on the environmental review required by Section 21151 of the Public Resources Code; and the neighborhood impact report.

DESCRIPTION OF THE PLAN AMENDMENTS

Background

The Board of Supervisors adopted the HPS Plan on July 14, 1997 by Ordinance No. 285-97 and amended the HPS Plan on August 3, 2010 by Ordinance No. 211-10. On May 23, 2006, the Board of Supervisors amended the BVHP Plan by Ordinance No. 113-06 and on August 3, 2010 by Ordinance No. 210-10. The Redevelopment Plans establish the land use controls for the HPS Project Area and the BVHP Project Area. A map of the Project Areas is attached as Exhibit A.

The Redevelopment Plans already authorize the development of office, and research and development (“R&D”) uses within the Project Areas. Specifically, the HPS Project Area is divided into Phase 1 and Phase 2 subareas and consists of several land use districts. Phase 2 is intended to be developed with a mix of uses including neighborhood-serving retail, businesses, office and residential uses. Section D of the HPS Plan provides that “The 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.5 of the HPS Plan describes application of the office development limitations under Planning Code Sections 320-325 (Proposition M) to office development in the HPS Project Area.

The BVHP Project Area consists of two subareas: Zone 1 (also known as Candlestick Point) and Zone 2. Zone 1 consists of three land use districts and is intended to be developed with a mix of uses, including, residential, retail, parks and open space, and office uses. Section 4.3 of the BVHP Plan provides that “The only sections of the Planning Code that shall apply within Zone 1, pursuant to the provisions of this Redevelopment Plan are Sections 101.1, 295, 314, and 320-325, as such sections are in effect as of the 2010 Plan Amendment Date.” Section 4.3.16 of the BVHP Plan describes application of the office development limitations under Planning Code Sections 320-325 to office development in Zone 1.

On November 8, 2016, San Francisco voters enacted Proposition O, exempting Zone 1 of the BVHP Project Area and Phase 2 of the HPS Project Area from the office development limitations of Planning Code Sections 320-325. The Redevelopment Plans currently still include references to Planning Code Section 320-325 as these code sections were not deleted by passage of Proposition O since local ballot measures may not amend redevelopment plans.

Purpose of the Plan Amendments

The conforming Plan Amendments would amend the Redevelopment Plans to achieve consistency with Proposition O, providing that Zone 1 of the BVHP Project Area and Phase 2 of the HPS Project Area shall not be subject to the office development limitation set forth in Planning Code Sections 320-325 (Proposition M). Specifically, the Plan Amendments specify that Planning Code Section 324.1, which was added by Proposition O in 2016 and contains the exemption from the office limitations of Sections 320-325, shall apply to Zone 1 of the BVHP and Phase 2 of the HPS Project Area as of the effective date of the Plan Amendments. 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 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.

The Plan Amendments will help ensure a reasonable pace of development for the Project that will foster employment and other economic and community benefits as the Project progresses. The Plan Amendments, which only affect the timing of office development, allows the permitted office uses to proceed at a predictable and reliable pace without interruption by the office development limitations. The Plan Amendments increases benefits to the community by continuing the anticipated pace of construction of affordable housing, and providing for the efficient delivery of jobs, parks, open spaces, and community facilities that will serve the community. Further, the timely implementation of the permitted office uses as part of the Redevelopment Plans will facilitate the redevelopment and economic reuse of the Project Areas and correct environmental deficiencies within the Project Areas.

The Plan Amendments do not change the allowable land uses, land use controls, or the amount of permitted office development in the Redevelopment Plans. Rather, as further discussed in this Report, the Plan Amendments will help advance the delivery of jobs and community benefits by allowing development of the Project to proceed at a reasonable pace.

SCOPE OF THE REPORT

In accordance with Section 33457.1 of the CRL, this Report contains only the information required by Section 33352 of the CRL that is warranted by the Plan Amendments. Because the Plan Amendments, as described above, are minor and technical, and are limited to conforming the Redevelopment Plans to Proposition O's exemption of Zone 1 of the BVHP Project Area and Phase 2 of the HPS Project Area from the office development controls of Planning Code Sections 320-325, the contents of this Report are limited to the following:

- Reason for the Plan Amendments (subsection (a) of Section 33352 of the CRL);
- Description of how the Plan Amendments will improve or alleviate blighting conditions (subsection (b) of Section 33352 of the CRL);
- The proposed method of financing the redevelopment of the Project Area as applicable to the Plan Amendments (subsection (c) of Section 33352 of the CRL);
- The Planning Department's determination regarding conformity of the Plan Amendments to the General Plan, as required by Section 4.105 of the San Francisco Charter;
- The report on the environmental review required by Section 21151 of the Public Resources Code as applicable to the Plan Amendments (subsection (k) of Section 33352 of the CRL); and
- The neighborhood impact report (subsection (m) of Section 33352 of the CRL).

Other information that Section 33352 requires to support a new redevelopment plan is not necessary for the conforming Plan Amendments because of their minor and limited scope.

In approving the HPS Plan in 1997 and amending it in 2010, and amending the BVHP Plan in 2006 and 2010, the Board of Supervisors relied on information about the conditions of physical and economic blight within the Project Areas, the need for tax increment financing to carry out redevelopment in the Project Areas, and other factors justifying the establishment and amendment of the Project Areas. The Plan Amendments do not alter the Project Areas' boundaries, change financing limits, or extend the duration of the Redevelopment Plans. Moreover, the Plan Amendments do not change the allowable land uses, land use controls, or the amount of permitted office development in the Redevelopment Plans. The Plan Amendments do not alter the blight and financial determinations made at the time the Project Areas were originally adopted, but rather, provide an effective approach for alleviating blight and promoting the financial feasibility of the Redevelopment Plans.

The Plan Amendments do not contemplate changes in the specific goals, objectives or expenditures of OCII for the Project Areas.

REASON FOR THE PLAN AMENDMENTS

The purpose of the Plan Amendments is to implement Proposition O, which San Francisco voters passed on November 8, 2016, thereby exempting Zone 1 of the BVHP Project Area and Phase 2 of the HPS Project Area from the office development controls of Planning Code Sections 320-325 (Proposition M). The following objectives and goals, as described in Section II of the BVHP Plan and Section 1.2 of the HPS Plan, would be further advanced by the adoption of the Plan Amendments:

- A. Encourage land uses that will foster employment, business, and entrepreneurial opportunities. BVHP Plan, Section II.
- B. Provide for the development of economically vibrant and environmentally sound districts for mixed use, including cultural, educational and arts activities, research, industrial, and training. BVHP Plan, Section II.C. Encourage participation of area residents in the economic development that will occur. HPS Plan, Section 1.2.
- D. Eliminate blighting influences and correcting environmental deficiencies within the Project Area, including, abnormally high vacancies, abandoned, deteriorated and dilapidated buildings, incompatible land uses, depreciated or stagnant property values, and inadequate or deteriorated public improvements, facilities, and utilities. HPS Plan, Section 1.2.
- E. Remove structurally substandard buildings, removing impediments to land development. HPS Plan, Section 1.2.
- F. Provide public parks, open space, and other community facilities. BVHP Plan, Section II.

DESCRIPTION OF HOW THE AMENDMENT WILL IMPROVE OR ALLEVIATE BLIGHT

As described in the HPS Plan, the Zone 2 of the HPS Project Area is characterized by conditions of blight. Physical conditions make buildings unsafe to live or work in and the HPS Project Area remains largely vacant and undeveloped. Similarly, the existing conditions of Zone 1 of the BVHP Area contains a mixture of vacant lands, surface parking lots, under-utilized park lands, and blighted industrial properties. The BVHP Project Area is served by inadequate public infrastructure and deficient public facilities, which have a detrimental effect on the neighborhoods within and around Zone 1 of the BVHP Project Area.

The Plan Amendments will alleviate the adverse physical and economic conditions in the Project Areas by ensuring an efficient and reliable pace of development for the substantial job-generating uses within the Project Areas (i.e. the office and research and development uses), strengthening the achievement of a coordinated mixed-use development plan, and improving the economic base of the Project Areas by establishing retail and other commercial functions in the Project Areas communities. In addition, the Plan Amendments will help eliminate blight as the timely implementation of the permitted office uses will improve or alleviate the physical and economic conditions of blight by allowing for a diversity of land uses, including office, residential and large open spaces and parks.

PROPOSED METHOD OF FINANCING / ECONOMIC FEASIBILITY OF AMENDMENT

The Plan Amendments do not propose any new capital expenditures by OCII, involve any new indebtedness or financial obligation of OCII, or change OCII's overall method of financing the redevelopment of the Project Areas. Instead, the Plan Amendments do not change the reliance on private enterprise to finance the Project. OCII will continue, however, to use tax increment financing and funds from all other available sources to carry out its enforceable obligations to pay for the costs of public infrastructure in the Project Areas. The Plan Amendments are expected to accelerate the pace of development which would generate more property taxes and consequently more tax increments than the existing, undeveloped conditions.

REFERRAL TO THE PLANNING DEPARTMENT

Neither the CRL nor local law requires formal Planning Commission review for redevelopment plan amendments that are consistent with the General Plan. Cal. Health & Safety Code § 33453; San Francisco Administrative Code § 2A.53 (e). The former Redevelopment Agency of the City and County of San Francisco ("Former Agency") entered into a Planning Cooperation Agreement, dated June 3, 2010 for reference purposes, with the Planning Department to define the roles of the parties in the implementation of the Project and to ensure that development of the Project is in accordance with the Redevelopment Plans. Section 5.6 of the Planning Cooperation Agreement specifically provides that:

"[i]n connection with the certification of the Project EIR, the adoption of the Mitigation Measures and approval of the Design for Development, the Planning Commission made General Plan findings as required by the City's Charter that the Project, as a whole and in its entirety, is consistent with the General Plan and the Planning Principles set forth in Section 101.1 of the Planning Code... This

General Plan Consistency Finding is intended to support all future approvals by the City, including the Planning Commission or the Department, that are consistent with the Redevelopments and the Design for Development.”

The Planning Commission’s prior General Plan Consistency Finding, made by Resolution No. 18101 (June 3, 2010), are attached as Exhibit B. OCII has referred the Plan Amendments to the Planning Department for its report regarding conformity of the Plan Amendments with the General Plan in accordance with the Planning Commission’s prior General Plan Consistency Finding and Section 5.6 of the Planning Cooperation Agreement. The Planning Department’s determination regarding conformity of the Plan Amendments to the General Plan will be incorporated in a supplemental report to the Board of Supervisors upon receipt.

ENVIRONMENTAL REVIEW

On June 3, 2010, the Commission of the former Redevelopment Agency of the City and County of San Francisco (“Redevelopment Commission”) by Resolution No. 58-2010 and the Planning Commission by Motion No. 18096, acting as co-lead agencies, certified the Final Environmental Impact Report (“FEIR”) under the California Environmental Quality Act (“CEQA”) for the Project. On July 14, 2010, the Board of Supervisors affirmed the Planning Commission’s certification of the FEIR by Resolution No. 347-10 and that various actions related to the Project complied with CEQA. Subsequent to the certification of the FEIR, OCII and the Planning Commission prepared Addenda 1 through 4 to the FEIR analyzing certain Project modifications.

With assistance from the Planning Department, OCII has reviewed the EIR and the Plan Amendments and determined that development resulting from the Plan Amendments require no additional environmental review pursuant to State CEQA Guidelines Sections 15180, 15168, 15162, and 15163. All environmental effects of the Plan Amendments have been considered and analyzed in the prior environmental EIR and Addenda Nos. 1 through 4.

NEIGHBORHOOD IMPACT REPORT

The Plan Amendments do not impact or alter the Project’s commitment to provide affordable housing. The Redevelopment Plans provide for the development of 10,500 residential units, approximately one-third which will be offered at below market rates. The process and requirements for the development of approximately 10,500 homes on the Project Site is designed to provide new housing opportunities for households of diverse income, ages, lifestyles and family size. OCII will promote the development of a wide variety of affordable housing including mixed-use development, development of new rental and ownership units and development and rehabilitation of existing rental and ownership units, infill development, and an array of senior housing possibilities. The housing opportunities within the Project Areas address the demand for housing suitable for families, seniors, young adults, and others with special needs. The amount and timing of this development is dependent on the amount and pace of the overall development in the Project.

The Plan Amendments do not change the number of residential units or the amount of affordable housing to be provided. Currently, a portion of the affordable housing project is underway in the Alice Griffith Neighborhood located in Zone 1 of the BVHP Project Area and the completion of

60-unit affordable rental development on Block 49 in the HPS Project Area. The Plan Amendments will not affect the provision of affordable housing in the Project Areas. Moreover, the Plan Amendments will not cause the destruction or removal of housing units from the low- and moderate-income housing market and no persons will be displaced, temporarily or permanently, from dwelling units as a result of the Plan Amendments.

As required under the BVHP Plan, OCII has implemented an Affordable Housing Program that is consistent with the City's Consolidated Housing Plan and the General Plan. Under the CRL, at least 15 percent of all new and substantially rehabilitated dwelling units developed within the BVHP Project Area by private or public entities other than OCII must be available at affordable housing cost to, and occupied by persons and families of extremely low, very low, low, or moderate income. The below market rate housing requirements of the Project exceed those required under the CRL and the City's affordable inclusionary housing laws. The BVHP Plan and HPS Plan require OCII to provide replacement housing, within four (4) years, when dwelling units for low or moderate income persons or families are destroyed or removed. The Plan Amendments do not alter the existing affordable housing obligations currently articulated under the Redevelopment Plans.

The means of financing the low- and moderate-income housing units are tax increment financing, revenue from the sales of public properties within the Project Areas, and development fees. The Plan Amendments do not change OCII's tax increment financing committed to affordable housing.