

**REPORT TO THE BOARD OF SUPERVISORS
ON THE AMENDMENT TO THE
HUNTERS POINT SHIPYARD REDEVELOPMENT PLAN**

Prepared by:

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

[____], 2024

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I. 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 an amendment (“Plan Amendment”) to the Hunters Point Shipyard Redevelopment Plan (“HPS Plan”), in accordance with the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) (“CRL”). On September 3, 2024, the Successor Agency Commission, commonly known as the Commission on Community Investment and Infrastructure, (“Commission”) will consider approval of the Plan Amendment and authorization to transmit this report to the Board of Supervisors.

The HPS Plan establishes land use controls for development in the Hunters Point Shipyard Project Area (“HPS Project Area”). The Plan Amendments, which are further described in Section III, are intended to advance the development and revitalization of Phase 2 of the HPS Project Area (also referred to as “Shipyard Site”), which includes the development of the Candlestick Point-Hunters Point Shipyard Phase 2 project (“CP-HPS2 Project” or “Project”), which was approved in 2010. The CP-HPS2 Project will provide up to 10,672 new homes, approximately 32% of which will be affordable, millions of square feet of commercial uses, over 300 acres of parks and open space, and significant jobs and community benefits.

OCII is simultaneously amending the HPS Plan and the Bayview Hunters Point Redevelopment Plan (“BVHP Plan”) to facilitate the development of the CP-HPS2 Project and to ensure the financial and economic feasibility of the CP-HPS2 Project.

As originally conceived, the CP-HPS2 Project was intended to be developed in a cohesive manner where phases of development within portions of Candlestick Point and Phase 2 of the HPS Project Area (also referred to as “Shipyard Site”) would occur simultaneously. While the CP-HPS2 Project has progressed since 2010, there have been challenges that have impeded the timely implementation of the CP-HPS2 Project. Since 2010, the clean-up of the Shipyard Site has faced unprecedented and extraordinary delays due to the fraud committed by the United States Navy’s contractor and the ongoing additional investigation, testing, and remedial activities resulting from such fraud, substantially delaying the overall development of the CP-HPS2 Project. In addition, the initial development program contemplated for the CP-HPS2 Project contemplated a new stadium at the Shipyard Site for the San Francisco 49ers (“49ers”). However, in 2011, the 49ers announced that they would build a new football stadium in the City of Santa Clara, vacating the former stadium located on the Candlestick Site in 2014. The newly vacant 49ers stadium therefore needed to be demolished, which was completed by the end of 2015. Furthermore, in 2012, the State of California dissolved the former Redevelopment Agency of the City and County of San Francisco (“SFRA”). These unique challenges impeded the timely implementation of the Project, and as a result of these delays, Candlestick Point and the Shipyard Site can no longer be developed in concert as originally conceived.

As further detailed in this Report, the purpose of the Plan Amendment is to advance the development of the CP-HPS2 Project and to ensure the financial and economic feasibility of the CP-HPS2 Project by: 1) authorizing the transfer of up to 2,050,000 square feet of commercial uses from Phase 2 of the HPS Project Area to commercially-zoned areas of Zone 1 of the BVHP Project Area with a corresponding reduction in those uses at Phase 2 of the HPS Project Area; 2) clarifying that certain commercial uses currently authorized within the HPS Project Area are also allowed within Zone 1 of Project Area B; 3) implement SB 143 (defined in Section III.D) by extending the limitations relating to time for establishing loans, advances, and indebtedness, the effectiveness of the BVHP Plan, and the time to repay indebtedness and receive property taxes, in connection with Zone 1 of Project Area B; 4) authorizing property tax increment revenues from Phase 2 of the HPS Project Area and Zone 1 of the BVHP Project Area to be combined to fund costs under the Project agreements; and 5) adjusting the limit on the amount of bonded indebtedness that can be outstanding at one time by establishing a single limit on the amount of bonded indebtedness applicable to both Zone 1 of the BVHP Plan and Phase 2 of the HPS Project Area.

II. OVERVIEW OF THE REPORT ON THE PLAN AMENDMENT

This Report is prepared pursuant to CRL Sections 33457.1 and 33352, which delineate the information that the Successor Agency must provide to the Board of Supervisors for its consideration of an amendment to a redevelopment plan. The Report is an integral step in the process to consider the proposed Plan Amendment and is a public document designed to provide comprehensive information the Board of Supervisors must consider when determining whether or not to adopt the Plan Amendment.

The contents of this Report provide the information required for redevelopment plan amendment “to the extent warranted” by the proposed amendment pursuant to Health & Safety Code Section 33457.1. The contents of this Report, as described below, are consistent with the CRL, and include the following:

- Description of the Plan Amendment;
- Reason for the Plan Amendment (subsection (a) of Section 33352 of the CRL);
- Description of how the Plan Amendment will improve or alleviate blighting conditions (subsection (b) of Section 33352 of the CRL);
- Proposed method of financing the redevelopment of the Project Area as applicable to the Plan Amendment (subsection (e) of Section 33352 of the CRL);
- Discussion of the Planning Commission’s forthcoming report and recommendation regarding conformity of the Plan Amendment to the General Plan, as required (subsection (h) of Section 33352 of the CRL and Section 4.105 of the San Francisco Charter);
- Consultation with the community;

- Report on the environmental review required by Section 21151 of the Public Resources Code as applicable to the Plan Amendment (subsection (k) of Section 33352 of the CRL); and
- The neighborhood impact report (subsection (m) of Section 33352 of the CRL).

III. DESCRIPTION OF THE PLAN AMENDMENT

A. Background

On July 14, 1997, the Board of Supervisors adopted the Hunters Point Shipyard Redevelopment Plan (“HPS Plan”) by Ordinance No. 285-97 and amended the HPS Plan on August 3, 2010, by Ordinance No. 211-10 and on June 22, 2017, by Ordinance No. 122-17. The HPS Plan calls for redevelopment of United States Navy lands constituting the former Hunters Point Naval Shipyard, proceeding on a multi-phased timeframe determined by the Navy’s environmental remediation and ultimate transfer of remediated land to the Redevelopment Agency of the City and County of San Francisco.

In 2010, the Former Redevelopment Agency of the City and County of San Francisco (“Former Agency”) and the City and County of San Francisco (“City”) undertook a series of actions to approve the development of Phase 2 as part of a 702-acre development project—the “CP-HPS2 Project”—that includes both HPS Phase 2 and Candlestick Point. Within Phase 2 of the HPS Project Area, the CP-HPS2 Project proposed two development alternatives, primarily distinguished by the presence or absence of a football stadium. Subsequent to the 2010 actions, the San Francisco 49ers football team elected to construct a new football stadium outside of San Francisco, and as a result, the Successor Agency and CP Development Co. LLC, the master developer of the CP-HPS2 Project (“Developer”), have focused on implementation of the non-stadium development alternative.

B. CP-HPS2 Project

The SFRA and the Developer entered into the Disposition and Development Agreement for the Candlestick Point-Hunters Point Shipyard Phase 2 Project, as amended by the First Amendment to DDA, dated as of December 19, 2012, as amended by the Second Amendment to DDA, dated as of December 1, 2014, and as amended by the Third Amendment to DDA, dated as of August 10, 2018 (collectively, including all attached and incorporated exhibits and as amended from time to time, the “DDA”). Following the Project’s approval in 2010, the State of California enacted legislation in 2011 that dissolved redevelopment agencies in the State, including the SFRA.

Redevelopment Dissolution Law became effective on February 1, 2012. The Oversight Board and California Department of Finance have recognized and approved the DDA and the Original Pledge Agreement as enforceable obligations that survived redevelopment dissolution, and approved recognized obligation payment schedules that include various obligations and commitments relating to these enforceable obligations.

The Project's initial development program included a new stadium at the Shipyard Site for the San Francisco 49ers. In 2014, the 49ers moved to a new stadium in the City of Santa Clara and the Developer proceeded with the Project under the Project's non-stadium alternative. In 2015, the Developer completed the demolition of the former 49ers' stadium, and the City transferred the land to the Developer. From 2014 to 2016, the Developer performed groundwork and utility work around Candlestick Center (neighborhood located within the southwest quadrant of Candlestick Site) to facilitate additional development within the area.

The Developer has funded over \$116 million of community benefits and investment associated with the development program, which includes contributions to the Southeast Health Center, scholarship funds, and infrastructure and housing investments for the new Alice Griffith development. In 2019, the Developer delivered infrastructure related to the development of 337 units as part of the Alice Griffith Replacement Project, including 226 Alice Griffith Replacement Units and 111 Agency Affordable Units.

Commencing in May 2018, the Excusable Delay provisions of the DDA became applicable to all dates in the Schedule of Performance for the Shipyard Site because of ongoing Navy parcel transfer delays that were not in the control of the Developer. As a result, all dates in the Schedule of Performance for the Shipyard Site are no longer applicable given the severity of the ongoing delays.

C. Prior Plan Amendments

Following the approval of the CP-HPS2 Project in 2010, the Board of Supervisors approved amendments to the HPS Plan on June 22, 2017, by Ordinance No. 122-17.

On July 16, 2018, the Board of Supervisors approved amendments to the HPS Plan by Ordinance No. 0166-18.

These amendments in 2017 and 2018 amended the land use regulations of the HPS Plan to facilitate the development of the CP-HPS2 Project in a manner that best responds to market demands, maximizes economic development and employment generation within Candlestick Point and the surrounding community, consistent with the objectives of the BVHP Plan and HPS Plan.

D. Senate Bill 143

On September 13, 2023, the Governor signed Senate Bill 143 (2023) (codified at Section 34177.7(j) of the California Health and Safety Code) ("SB 143") into law. SB 143 amends Health & Safety Code section 34177.7 to add subdivision (j), which states that "the limitations relating to time for establishing loans, advances, and indebtedness, the effectiveness of the redevelopment plans, the time to repay indebtedness, the time for applying tax increment, the number of tax dollars, or any other matters set forth in Section 33333.2 and Section 33492.13 shall not apply" to the CP-HPS2 Project. SB 143 provides that the applicable time limits referenced in the preceding sentence will be established in the CP-HPS2 Project agreements, including the DDA. SB 143 further clarified that Redevelopment Dissolution Law does not "limit the receipt and use of property tax revenues generated from the HPS Redevelopment Plan

project area or Zone 1 of the BVHP Redevelopment Plan project area” in connection with the CP-HPS2 Project.

E. 2024 Plan Amendment

The primary purpose of the Plan Amendment is to facilitate the successful implementation of the CP-HPS2 Project and realize the CP-HPS2 Project’s vision of bringing significant housing, jobs, and community benefits to Candlestick Point and the Shipyard Site. As with the adoption of the 2010 Plan Amendment, the fundamental purpose of the Plan Amendment is to provide the Successor Agency with the necessary financial and legal resources and tools to complete the needed program of redevelopment in Phase 2 of the HPS Project Area in order to:

- Eliminate the significant blight identified in Project Area B;
- Facilitate the economic development of Project Area B including the provision of additional job opportunities for local residents;
- Provide additional quality affordable housing for residents of the Bayview and the entire community;
- Implement the objectives of voter-approved Proposition G.

Specifically, the Plan Amendment would, if adopted:

Land Use and Development Program Modifications

- Allow the transfer of up to 2,050,000 square feet of research and development and office space from Phase 2 of the HPS Project Area to commercially-zoned areas of Zone 1 of the BVHP Project Area, subject to Commission approval and any necessary environmental review. There would be a corresponding reduction in those uses at Phase 2 of the HPS Project Area.
- Allow the transfer of residential units from Phase 2 of the HPS Project Area to Zone 1 of Project Area B, subject to Commission approval and any necessary environmental review.

Redevelopment Plan Time Limits

Implement SB 143 by establishing the applicable limitations relating to time for establishing loans, advances, and indebtedness, the effectiveness of the HPS Plan, and the time to repay indebtedness and receive property taxes, in connection with Phase 2 of the HPS Project Area as follows:

- **Time Limit to Incur Debt.** Establish that the time limit for establishing loans, advances, and indebtedness in connection with Phase 2 of the HPS Project Area shall be a) 30 years from the date of conveyance to the Developer all Phase 2 parcel(s) required for the completion of development of the first Major Phase (as defined in that certain Disposition and Development Agreement for the CP-HPS2 Project) located within Phase 2 (“Initial HPS Transfer Date”), b) plus an additional fifteen (15) years, which represents the “Anticipated Navy Delay”. The

“Anticipated Navy Delay” is the estimated delay, based on documentation from the Navy, that completion of remediation and conveyance of all portions of Phase 2 of the Hunters Point Shipyard Redevelopment Plan Project Area, excluding Parcel F, to the master developer of the CP HPS2 project will occur in 2036-2038, including time needed for issuance of a Finding of Suitability for Transfer and associated conveyance documentation. This Anticipated Navy Delay warrants an additional 15-year extension of the redevelopment timelines for purposes of those redevelopment activities on Phase 2 of the Hunters Point Shipyard Redevelopment Plan Project Area and related tax increment financing.

- **Effectiveness of the Plan.** Establish that the time limit for the effectiveness of the HPS Plan for Phase 2 of the HPS Project Area shall be a) 30 years from the Initial HPS Transfer Date, b) plus an additional fifteen (15) years which represents the Anticipated Navy Delay.
- **Repayment of Debt/Receive Property Taxes.** Establish that the time limit to repay indebtedness and receive property taxes for Phase 2 of the HPS Project Area shall be a) 45 years from the Initial HPS Transfer Date, b) plus fifteen (15) years which represents the Anticipated Navy Delay.

Increase in Indebtedness Limit

- Consistent with SB 143’s authorization for tax increment revenues to flow between Phase 2 of the HPS Project Area and Zone 1 of Project Area B, the Plan Amendments also adjust the limit on the amount of bonded indebtedness that can be outstanding at one time by establishing a single limit on the amount of bonded indebtedness applicable to both Zone 1 of the BVHP Plan and Phase 2 of the HPS Project Area. The Plan Amendment establishes that the aggregate total amount of bonded indebtedness of OCII to be repaid from the allocation of taxes to OCII for both Zone 1 of Project Area B and Phase 2 of the HPS Project Area that can be outstanding at one time may not exceed \$5.9 billion.

Table 1 summarizes the current and proposed time and fiscal limits.

**Table 1
Summary of Existing and Proposed Time and Fiscal Limits
Hunters Point Shipyard Redevelopment Project Area**

	Current	Proposed
Time Limits (Phase 2 of HPS Project Area)		
Incurring Debt	20 years after first \$100,000 in increment received (2033)	30 years from the date of conveyance to the Developer of all Phase 2 parcel(s) required for the completion of development of the first Major Phase located within Phase 2 (“Initial HPS Transfer Date”) plus 15 years which represents the Anticipated Navy Delay

Plan Effectiveness	30 years from the date the SF Controller certifies as the final day of the first fiscal year in which \$100,000 or more of tax increment from the Project Area are paid to the Agency (2043)	30 years from Initial HPS Transfer Date plus 15 years which represents the Anticipated Navy Delay
Repay Indebtedness and Receive Property Taxes	45 years after first \$100,000 increment received (2058)	45 years from the Initial HPS Transfer Date plus 15 years which represents the Anticipated Navy Delay
Fiscal Limit		
Limit on Bonded Indebtedness	\$900 million	\$5.9 billion (combined limit on bonded indebtedness for Zone 1 of Project Area B and Phase 2 of HPS Project Area)

The proposed amendments to the time limits described above and the limit on the amount of bonded indebtedness will also be set forth in applicable Project agreements, including the DDA, which the Oversight Board of the City and County of San Francisco and Department of Finance will have the opportunity to review and approve on [____], 2024 and which the Department of Finance reviewed and approved on [], 2024.

IV. DESCRIPTION OF AGENCY’S REDEVELOPMENT PROGRAM

The proposed Plan Amendment is intended to support the Agency’s Redevelopment Program (Agency’s Affordable Housing Program and Non-Housing Redevelopment Program) within Phase 2 of the HPS Project Area and to enable the Agency to continue meeting its redevelopment mission in the City. The presence of blighting conditions in the Project Area warrants continued redevelopment activities and the Agency’s Redevelopment Program is organized broadly into two categories that reflect the division of tax increment revenues into funds that can be used specifically for the Agency’s affordable housing efforts and all other development and redevelopment activities. The CP-HPS2 Project, which includes redevelopment activities in Zone 1 of BVHP Project Area B and Phase 2 of the HPS Project Area will alleviate blight in the Project Area and stimulate additional economic development, community enhancements, and affordable housing opportunities in the Bayview.

V. REASONS FOR PLAN AMENDMENTS

Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing all of the following:

(a) *The reasons for the selection of the project area, a description of the specific projects then proposed by the agency, a description of how these projects will improve or alleviate the conditions described in subdivision (b).*

A. Introduction

CRL Sections 33352(a) and 33457.1 require that to the extent necessary, the Report include the reasons for selecting a redevelopment project area. As Phase 2 of the HPS Project Area was previously selected and established, and the Plan Amendment does not propose the addition of any new territory, the summary of the reasons the Project Area was selected and established are set forth in the Report to the Board of Supervisors for the 2010 Plan Amendment and remain unchanged in connection with the Plan Amendments.

B. Reasons for 2024 Plan Amendments

The Plan Amendments provide the mechanisms to facilitate and finance the development of the CP-HPS2 Project in Candlestick Point. Many of the blighting conditions identified in Project Area B in the Report to the Board of Supervisors for the 2010 Plan Amendment remain. Without the Plan Amendments, which are further described below, the redevelopment activities proposed for Candlestick Point in connection with the CP-HPS2 Project would not be feasible.

1. Amendment to Redevelopment Plan Time Limits

a. Without the Plan Amendments the Existing Statutory Time Limits Will Expire Starting in 2033

The HPS Plan currently establishes the following time limits: 1) a 30-year time limit on the effectiveness of the HPS Plan; 2) a 20-year time limit on establishing loans, advances and indebtedness; and 3) a 45-year time limit to repay indebtedness. The DDA and Tax Allocation Agreement, both enforceable obligations, specifically refer to and implement certain of these time limits. As shown in Table 1 above, certain of these time limits are quickly approaching, with the earliest time limit – the time limit for establishing loans, advances, and indebtedness – set to expire in 2033.

Since 2010, the clean-up of the Hunters Point Shipyard site has faced unprecedented delays due to the ongoing investigation, re-testing, and litigation related to the fraudulent work by the Navy’s contractor. When the Project was approved in 2010, the Navy was anticipated to complete the environmental remediation in 2015. Since that time, the Navy’s completion of the environmental remediation of the Shipyard property has been further delayed. The Navy has recently informed the Successor Agency that completion of remediation and conveyance of all portions of the Shipyard Site, excluding Parcel F, will occur between 2036-2038, including time needed for a Finding of Suitability for Transfer and associated conveyance documentation. Documentation from the Navy relaying these schedule delays are described in correspondence provided to OCII by the Navy. These Navy delays have impeded the timely implementation of the CP-HPS2 Project, adversely impacting the Developer’s redevelopment activities on both Candlestick Point and the Shipyard Site and substantially delaying the overall CP-HPS2 Project. Given the significant delays facing the CP-HPS2 Project, imposing the statutory time limits described above means that the amount of tax increment financing that the Successor Agency

can receive will be severely impacted, and would imperil the viability and financial feasibility of the CP-HPS2 Project. Specifically, given the extraordinary delays facing the CP-HPS2 Project caused by the fraud committed by the Navy’s contractor, the Developer and Successor Agency would not be able to complete all project activities within Phase 2 of the HPS Project Area by 2043. In addition, the expiration of the 20-year time limit on establishing loans, advances and indebtedness in 2033 would prevent the Successor Agency from entering into new bonded indebtedness that would be necessary to carry out its redevelopment activities within Phase 2 of the HPS Project Area.

Without extending the time limit on establishing loans, advances, and indebtedness for the Successor Agency to access tax increment financing and associated bonding capacity, the cost of the CP-HPS2 Project’s infrastructure, park and open space development, and community benefits will far exceed projected revenues. The extension of the time limits as proposed by the Plan Amendments are therefore critical to ensuring there are adequate funding sources to finance the construction of public infrastructure, parks and open space, and other community benefits contemplated by the CP-HPS2 Project.

b. Plan Amendments Implement SB 143

Recognizing the significant adverse impact of the expiration of the above-referenced time limits, the State Legislature adopted, and the Governor signed into law, SB 143, which amended Health & Safety Code section 34177.7 to add subdivision (j), which states that “the limitations relating to time for establishing loans, advances, and indebtedness, the effectiveness of the redevelopment plans, the time to repay indebtedness, the time for applying tax increment, the number of tax dollars, or any other matters set forth in Section 33333.2 and Section 33492.13 shall not apply” to the CP-HPS2 Project. Accordingly, the 30-year time limit on the effectiveness of the HPS Plan; the 20-year time limit on establishing loans, advances and indebtedness; and the 45-year time limit to repay indebtedness and receive property taxes, do not apply to Phase 2 of the HPS Project Area.

Consistent with SB 143, the Plan Amendments include the following amended time limits which are set forth in the CP-HPS2 Project agreements:

	Current	Proposed
Time Limits (Phase 2 of HPS Project Area)		
Incurring Debt	20 years after first \$100,000 in increment received (2033)	30 years from the date of conveyance to the Developer of all Phase 2 parcel(s) required for the completion of development of the first Major Phase located within Phase 2 (“Initial HPS Transfer Date”) plus 15 years which represents the Anticipated Navy Delay
Plan Effectiveness	30 years from the date the SF Controller certifies as the final day of the first	30 years from Initial HPS Transfer Date plus 15 years

	fiscal year in which \$100,000 or more of tax increment from the Project Area are paid to the Agency (2043)	which represents the Anticipated Navy Delay
Repay Indebtedness and Receive Property Taxes	45 years after first \$100,000 increment received (2058)	45 years from the Initial HPS Transfer Date plus 15 years which represents the Anticipated Navy Delay

c. Plan Amendments Advance CP-HPS2 Financing Plan Funding Goals

The Plan Amendments advance the Funding Goals identified in the Financing Plan for the CP-HPS2 Project. In particular, the Plan Amendments further the Financing Plan’s Funding Goals of maximizing funding sources available to finance Qualified Project Costs, community benefits, and affordable housing.

The Financing Plan, which was approved in 2010 for the CP-HPS2 Project, identified Funding Goals for the CP-HPS2 Project which included promoting “financial self-sufficiency in the development of the Project by encouraging substantial private capital investment, contributing public land in the Project Site to facilitate the provision of public benefits of the Project, and using Funding Sources to finance Qualified Project Costs[.]” The Funding Sources identified in the Financing Plan include tax increment financing. The CP-HPS2 Project is financially infeasible without public financing through tax increment financing. The extension of the time limits proposed by the Plan Amendments for incurring debt and repaying indebtedness and receiving property taxes is necessary to ensure there is sufficient time to access tax increment financing in order to finance Qualified Project Costs and other costs necessary to complete the enforceable obligations of the CP-HPS2 project, including Agency Affordable Housing Costs and Agency Costs (as defined in the DDA) of the CP-HPS2 Project. In addition, the extension of the time limit for the effectiveness of the HPS Plan is needed to ensure that the Successor Agency retains land use authority within Phase 2 of the HPS Project Area during the buildout of the CP-HPS2 Project.

As set forth in Table 1 above, solely for the purpose of using property tax revenues generated from Zone 1 of the Project Area to fund Qualified Project Costs and other costs necessary to complete the enforceable obligations of the CP-HPS2 project, including Agency Affordable Housing Costs and Agency Costs in Phase 2 of the HPS Project Area, the time limits include an additional 15 years for Anticipated Navy Delay. The additional 15-years provided for the Anticipated Navy Delay is consistent with the Project’s Funding Goals for the following reasons:

- 30-year bonds are the most effective and cost-efficient financing tools – and are most consistent with the Project’s adopted “Funding Goals” as reflected in the Financing Plan.

- For 30-year bonds secured by Candlestick Point tax increment financing to remain available to finance 2054 development activities at the Shipyard Site, it is necessary for repayment of Shipyard indebtedness through Candlestick Point tax increment financing to be authorized through 2084, or 60 years (45 plus 15) from the 2024 Plan Amendment Date.
- Reliance on 15-year bonds instead of 30-year bonds, which would be required absent the additional 15 years for Anticipated Navy Delay, would result in a nearly 45% reduction in bonded amounts, as shown below:

	Full	Reduced	Change
Bond Term	30 Yrs	15 Yrs	-15 Yrs
Rate	5.50%	5.50%	0%
Payment	\$1	\$1	\$0
Bond PV	\$14.53	\$10.04	-44.8%

- Shorter 15-year bond terms, as would be required absent the additional 15 years for Anticipated Navy Delay, do not merely affect the Developer’s delivery of Project infrastructure, parks, and community benefits, it would also negatively impact the Agency’s ability to maximize leverage of its 20% affordable housing set-aside.
- Making 30-year bond instruments unavailable to the final stages of development would be inconsistent with the Funding Goals adopted by the Agency when the Project was originally approved. Those Funding Goals include:
 - To “maximize Funding Source available to finance Qualified Project Costs by among other things, to the extent reasonably feasible and consistent with this Financing Plan, using tax-exempt debt...” (Section 1.1(a)(iii);
 - To “promote financial self-sufficiency in the development of the Project by encouraging substantial private capital investment . . . ”
- Ensuring availability of 30-year bonds in the final stages of development encourages private investment by demonstrating a robust set of public financing tools.

d. Navy Delays Require Extended Timelines

The extraordinary Navy delays at the Shipyard Site and the substantial cost increases during the period of delay have resulted in significantly increased CP-HPS2 Project costs overall, which has deepened the need for cross-funding and lengthier timelines for recovery of Qualified Project Costs.

While the redevelopment timelines would be extended, the Project’s Fiscal Impact Analysis demonstrates that Candlestick Point, upon its build-out, will generate a net surplus in revenues from other taxes (sales tax, etc.) of \$23.3M per year, which will flow to the City’s General Fund.

e. Plan Amendments Bridge the Gap Between Revenues and Costs

While it may be possible legally to further increase Community Facilities District (“CFD”) rates on existing and future CP-HPS2 residents (up to the very maximum allowed under the City’s code), such increases would not be competitive with other comparable projects and would therefore make development parcels in the CP-HPS2 Project unmarketable. Increased CFD rates also would overburden Bayview residents and would still be far inadequate to make up for the currently projected shortfall between Project revenues and costs.

Tax increment financing has always been essential to the financial viability of the CP-HPS2 Project. The time extensions described above – which ensure availability of tax increment financing to pay for affordable housing, community benefits, and Qualified Project Costs – are therefore essential for the Project to achieve goals and objectives of both the HPS Plan and the City’s 2022 Housing Element. In addition, extended timelines protecting tax increment financing availability will accelerate development of the Shipyard Site, which will result in earlier and greater tax revenues to the taxing entities as well as earlier funding for affordable housing.

2. Amendment to Limit on Bonded Indebtedness

The Plan Amendment will adjust the limit on the amount of bonded indebtedness that can be outstanding at one time by establishing a single limit on the amount of bonded indebtedness applicable to both Zone 1 of Project Area B and Phase 2 of the HPS Project Area. The adjusted single limit on bonded indebtedness proposed by the Plan Amendment is \$5.9 billion. Of this combined single limit on bonded indebtedness, it is estimated that approximately \$3.3 billion in bonded indebtedness may be required for Zone 1 of Project Area B and up to \$2.6 billion in bonded indebtedness may be required for Phase 2 of the HPS Project Area. These estimates are informational and shall not operate as limits upon bonded indebtedness within Zone 1 of Project Area B and Phase 2 of the HPS Project Area, respectively.

In 2010, the aggregate total limit on bonded indebtedness between Candlestick Point and the Shipyard Site was \$1.7 billion, with the limit set at \$800 million at Candlestick Point and \$900 million at the Shipyard Site. The limits on bonded indebtedness have not been adjusted since the Project’s approval in 2010. Therefore, while the costs related to the construction of residential and commercial property have increased significantly since the Project’s approval in 2010, the limit on bonded indebtedness has not been adjusted to reflect the significant increases in project costs and inflation over the past fourteen years.

The proposed Plan Amendment to establish a single limit on bonded indebtedness is necessary to address increases in project costs and inflation since 2010, and to reflect projected future increases in project costs and inflation as redevelopment activities within Zone 1 of Project Area

B and Phase 2 of the HPS Project Area progress over the life of the Redevelopment Plan as reflected in the proposed Plan Amendments.

Establishing a single limit on bonded indebtedness is also consistent with SB 143's authorization for tax increment revenues to flow between Phase 2 of the HPS Project Area and Zone 1 of Project Area B. Further, as detailed in this Report, the remaining adverse conditions in Phase 2 of the HPS Project Area are substantial and prevalent and continue to represent a significant burden on the community that cannot be eliminated under the current \$900 million limit. To maintain the Successor Agency's ability to alleviate blight and promote economic growth in Hunters Point Shipyard, including facilitating the development of the CP-HPS2 Project, an increase in the limit on bonded indebtedness for both Project Areas in the amount of \$5.9 billion is needed.

The method for calculating the adjusted limit of bonded indebtedness is further described in Section VII and summarized in Exhibit B and Exhibit C.

3. Land Use and Development Program Amendments

The Plan Amendments would authorize the transfer of up to 2,050,000 square feet of commercial uses from Phase 2 of the HPS Project Area to Candlestick Point, subject to Commission approval and any necessary environmental review. In addition, the Plan Amendments would allow the transfer of residential units from Phase 2 of the HPS Project Area to Zone 1 of Project Area B, subject to Commission approval and any necessary environmental review.

These Plan Amendments support redevelopment of the Shipyard Site in a manner that responds to changes in market conditions to provide for economically feasible development. The Plan Amendment will maximize the potential for long-term economically successful development within the Shipyard Site.

The following objectives and goals, as described in Section II of the HPS Plan would be further advanced by the adoption of the Plan Amendment:

- Foster employment, business, and entrepreneurial opportunities in the rehabilitation, construction, operations and maintenance of facilities in the Project Area.
- Stimulate and attract private investments, thereby improving the City's economic health, tax base, and employment opportunities.
- Provide for the development of economically vibrant and environmentally sound districts for mixed use; cultural, educational and arts activities; research, industrial and training activities; and housing.
- Provide public parks, open space, and other community facilities.
- Provide for infrastructure improvements, including: streets and transportation facilities, open space and recreation areas; and utilities for water, sewer, gas and electricity.

- Provide sufficient flexibility in the development of real property within the Project Area to respond readily and appropriately to market conditions.

VI. DESCRIPTION OF HOW THE PLAN AMENDMENT WILL IMPROVE OR ALLEVIATE BLIGHT

Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing all of the following:

(b) A description of the physical and economic conditions specified in Section 33031 that exist in the area that cause the project area to be blighted. The description shall include a list of the physical and economic conditions described in Section 33031 that exist within the project area and a map showing where in the project the conditions exist. The description shall contain specific, quantifiable evidence that documents both of the following:

(1) The physical and economic conditions specified in Section 33031.

(2) That the described physical and economic conditions are so prevalent and substantial that, collectively, they seriously harm the entire project area.

The physical and economic conditions of blight existing at the time of adoption of the 2010 HPS Plan Amendment remain substantially the same. The HPS Project Area is characterized by adverse physical conditions including buildings in which it is unsafe or unhealthy for persons to live or work, and the existence of factors that prevent or substantially hinder the economically viable reuse of buildings and areas. Adverse economic conditions include depreciated and stagnant property values, properties containing hazardous wastes, abnormally high business vacancies, abandoned buildings, and excessive vacant lots within an area formerly used as a military base.

The Plan Amendment will continue to improve or alleviate the adverse conditions in the HPS Project Area through the development of under-utilized land, economic development activities, community enhancement efforts, affordable housing activities, and the delivery of public parks and open space. As detailed in this Report, the Plan Amendments will further improve or alleviate the adverse conditions in Phase 2 of the HPS Project Area by establishing CP-HPS2 Project-specific time limits for establishing loans, advances, and indebtedness, the effectiveness of the HPS Plan, and the time to repay indebtedness and receive property taxes, in connection with Phase 2 of the HPS Project Area. As discussed in Section V, the extension of these time limits is required in light of the extraordinary Navy delays which have impacted the timely implementation of the Project, and to protect the financial feasibility of the CP-HPS2 Project which rely on tax increment financing to fund Qualified Project Costs.

(d) An explanation of why the elimination of blight and the redevelopment of the project area cannot reasonably be expected to be accomplished by private enterprise acting alone or by the legislative body's use of financing alternatives other than tax increment financing.

The elimination of blight cannot be borne solely by the private sector and private funds. The private sector's ability to alleviate blight is limited by the same factors that were identified in the Report to the Board of Supervisors for the 2010 Plan Amendment.

As set forth in the Financing Plan for the CP-HPS2 Project, the financial feasibility of the CP-HPS2 Project requires various public Funding Sources. Section VII describes the need for the increased bonded indebtedness cap proposed in the Plan Amendment in order to fund the redevelopment of Phase 2 of the HPS Project Area to alleviate the remaining adverse physical and economic conditions in the Project Area.

VII. PROPOSED METHOD OF FINANCING AND FEASIBILITY OF PLAN AMENDMENT

(e) The proposed method of financing the redevelopment of the project area in sufficient detail so that the legislative body may determine the economic feasibility of the plan.

This Section explains why tax increment financing is the primary source of funding and why the Plan Amendment to increase the limit on bonded indebtedness is necessary to accomplish and complete the goals set forth in the HPS Plan and to alleviate the remaining blight in the Project Area. As summarized in Section V, blighting conditions in the Project Area continue to be substantial and require tax increment in order to be alleviated.

1. Potential Funding Sources

The proposed Plan Amendment authorizes the Agency to finance its Redevelopment Program using all available funding sources, including local, state and federal sources, and the Agency will make every effort to obtain alternative funding sources as a means to accelerate its Redevelopment Program. However, tax increment financing is the most reliable source of long-term funding available to the Agency.

This section describes funding sources that will likely be available to assist in financing the Agency's Redevelopment Program, which primarily includes the CP-HPS2 Project in Zone 1 of BVHP Project Area B. Some sources described below may generate more funds than estimated, while other sources may generate less. On balance, the estimates of alternative revenues provide an initial assessment of funding availability to determine the need for tax increment revenue to fill the funding gap in the Agency's Redevelopment Program costs.

Tax increment, CFDs, and developer participation are the sources of funding that are most likely to be available to provide funding for the Agency's Redevelopment Program, while private capital will provide funding for upfront costs and initial expenses in order to get the program started. Secondary funding sources are less likely to be available. Complementary sources would not provide direct funding for the Agency's Redevelopment Program. However, they could be used for economic development, business support and expansion, neighborhood improvements, and community enhancement, which would enhance the effectiveness of the Agency's Redevelopment Program.

a. Primary Funding Sources

The primary sources of funding that are expected to generate substantial revenues to finance the Agency's Redevelopment Program are tax increment, CFDs, and developer participation and will provide the backbone of funding for the CP-HPS2 Project.

Tax Increment Financing

Tax increment revenue generated by the increase in property values within Phase 2 of the HPS Project Area will continue to be one of three primary sources of funding to support the completion of the CP-HPS2 Project. Section VII.3 details the Agency's projection of tax increment resources that will be available to finance its redevelopment activities in Zone 1 of Project Area B and Phase 2 of the HPS Project Area.

Mello Roos Act

A common method for imposing special taxes in California is through a special tax levied pursuant to the Mello-Roos Community Facilities Act of 1982 (the Mello-Roos Act), which authorizes certain public entities to form a Community Facilities District (CFD). The Mello-Roos Act authorizes the formation of a special tax district to finance capital improvement projects and pay for certain services. Revenues generated through the formation of a CFD are expected to provide significant funding for the redevelopment of Candlestick Point and will be key to the timely implementation of infrastructure improvements necessary for further development.

Developer Participation

Developer participation has been used to help fund redevelopment activities in many communities. The DDA for the CP-HPS2 Project includes a Financing Plan that describes the Developer Return in connection with the CP-HPS2 Project.

b. Secondary Funding Sources

While less significant or less likely to be available than primary funding sources, secondary sources, such as federal, state, and other local funds have helped, and are anticipated to help the Agency in meeting its redevelopment goals and objectives. The level of funding provided by these funding sources will not be sufficient to fully fund the cost of redevelopment activities. Furthermore, many grant programs offer one-time funding allocations and are not a reliable source of funding for future years.

2. Tax Increment Projections and Plan Amendments

The HPS Plan currently imposes specific time and fiscal limits that will affect the amount of tax increment revenue the Agency can receive, as follows:

- **Time Limit to Incur Debt.** The Agency's ability to enter into new bonded indebtedness is limited to 20 years after the first \$100,000 in increment is received.
- **Time Limit to Carry Out Projects.** The Agency must complete all project activities within 30 years after the first \$100,000 in increment is received.

- **Time Limit to Receive Tax Increment and Repay Debt.** The Agency can collect tax increment for 45 years after the first \$100,000 in increment is received.
- **Limit on Amount of Outstanding Bonded Indebtedness.** The Redevelopment Plan currently includes a limit of \$900 million on the total amount of outstanding bonded indebtedness secured by tax increment revenue.

Table 1 presents the current limits and the proposed changes to the redevelopment plan time limits and bond limit. As authorized by SB 143, the Plan Amendment will extend the time limits to incur debt, plan effectiveness, and repay debt and receive tax increment for Phase 2 of the HPS Project Area. The Plan Amendments further propose extending the limit on the amount of bonded indebtedness. These Plan Amendments are necessary in order to provide the financing necessary to implement the CP-HPS2 Project and to provide for additional time for the Agency to complete all project activities within Phase 2 of the HPS Project Area.

Exhibit B provides a more detailed summary of the tax increment projections over the tax increment collection period under the proposed Plan Amendment.¹ The tax increment projections are intended only as estimates for financial feasibility purposes. Actual tax increment revenues may be higher or lower. The development projections shown in Exhibit B are not intended to predict future development, but rather to provide a reasonable estimate of potential tax increment growth on an average annualized basis. The tax increment projections are based on the best available information and analysis techniques, and actual tax increment generated in each year will likely vary.

3. Increase in Limit on Amount of Outstanding Bonded Indebtedness

The Plan Amendment proposes to merge the existing limits on bonded indebtedness for Zone 1 of Project Area B and Phase 2 of the HPS Project Area into a single limit on bonded indebtedness in the amount of \$5.9 billion.

This section generally describes the methodology used to determine the proposed combined bonded indebtedness cap of \$5.9 billion. Exhibit C includes details of the methodology and calculation described in this Section with a direct comparison to the analogous 2010 calculation by the Successor Agency.

To determine the new proposed combined bonded indebtedness cap for Hunters Point Shipyard, the Developer used the same methodology relied on by the Successor Agency in 2010. The 2010 methodology used three calculations to inform the estimated bonded indebtedness limit for Hunters Point Shipyard: 1) bonding capacity (Method 1) which yielded a bonded debt need of \$767.3 million; 2) present value of tax increment (Method 2) which yielded a bonded debt need of \$737.5 million; and 3) tax increment in nominal dollars (Method 3) which yielded a bonded debt need of \$1.2 billion. Based on the range established by these three calculations (\$737.5

¹ The tax increment projections identified in Exhibit B are estimates that are provided solely for the purpose of this Report. The Shipyard Site is currently under Excusable Delay and all amounts shown for the Shipyard Site on the Summary Proforma are based on the Summary Proforma provided in 2018 and such amounts will need to be updated once Excusable Delay no longer exists at the Shipyard Site.

million to \$1.2 billion), the Agency determined that a bonded indebtedness limit of \$900 million was needed to fund the HPS Redevelopment Plan programs and projects.

Using the same three methodologies that the Agency relied on in 2010, the Developer proposes a combined bonded indebtedness cap of \$5.9 billion, which was calculated as follows:

- Under the bonding capacity method (Method 1), the estimated combined total debt for Candlestick Point, as updated with 2024 inputs, is approximately \$2.9 billion. Under the present value of tax increment method (Method 2), the estimated combined total debt need is approximately \$2.5 billion. Under the tax increment in nominal dollars method (Method 3), the estimated combined total debt need is \$4.5 billion. In 2010, the Agency’s consultant averaged the estimates from Methods 1 and 3 to determine the appropriate point within the range. Applying this same methodology to the updated 2024 estimates results in a combined bonded indebtedness cap of \$3.3 billion for Candlestick Point.
- For the Shipyard Site, under the bonding capacity method (Method 1), the estimated combined total debt, as updated with 2024 inputs, is approximately \$2.3 billion. Under the present value of tax increment method (Method 2), the estimated combined total debt need is approximately \$2.4 billion. Under the tax increment in nominal dollars method (Method 3), the estimated combined total debt need is \$3.2 billion. In 2010, the Agency’s consultant averaged the estimates from Methods 1 and 3 to determine the appropriate point within the range. Applying this same methodology to the updated 2024 estimates results in a combined bonded indebtedness cap of \$2.6 billion for the Shipyard Site. This results in the overall combined total of \$5.9 billion (\$3.3B for CP and \$2.6B for HPS = \$5.9B combined).
- The method for calculating the adjusted limit of bonded indebtedness of \$5.9 billion is described in Exhibits B and C and assumes an annual interest rate of five percent (5%) and application of a fifty percent (50%) contingency factor. The industry standard for tax-exempt municipal bonds is to pay an annual interest rate of 5% of the bond principal amount. Investors’ willingness to pay more than 100 cents for each dollar of bond principal depends on whether alternative investments are yielding lower than a 5% interest rate. Based on historical borrowing rate indices and OCII’s prior borrowing rates relative to those indices, OCII’s future bond borrowing rate is expected to be close to 5%. Therefore, using a 5% rate to compute the bonded indebtedness limit principal amount generates an appropriate estimate of the funds OCII would be able to raise from bond investors for this project area. The adjusted limit on bonded indebtedness reflects projected property tax increment plus a contingency factor of 50% to account for variables such as higher assessed values of taxable property, more frequent reassessments due to resales, and the time it takes to buildout the CP-HPS2 Project.

VIII. METHOD OF PLAN FOR RELOCATION

(f) A method or plan for the relocation of families and persons to be temporarily or permanently displaced from housing facilities in the project area, which method or plan shall include the provision required by Section 33411.1 that no persons or families of low and moderate income shall be displaced unless and until there is a suitable housing unit available and ready for

occupancy by the displaced person or family at rents comparable to those at the time of their displacement.

The Plan Amendment does not displace any residents in Phase 2 of the HPS Project Area.

IX. REPORT OF THE PLANNING COMMISSION

(h) The report and recommendations of the planning commission.

Upon approval of the Plan Amendment, the Commission will refer it to the Planning Commission for its report and recommendation, and findings of conformity with the General Plan.

The Planning Commission’s prior General Plan Consistency Findings, made by Resolution No. 18101 (June 3, 2010), found the Project, on balance, in compliance with the General Plan and Planning Code Section 101.1.

On [DATE], 2024, the Planning Commission determined that the Plan Amendment would not change these findings and therefore, are in conformity with the General Plan, as amended, and consistent with Planning Code Section 101.1.

The Planning Commission’s findings made on [DATE], 2024, and Planning Commission Resolution No. 18101 are attached as Exhibit ____.

X. CONSULTATION WITH THE COMMUNITY

The Successor Agency has provided extensive opportunities in-person and virtual/hybrid for the public to participate and comment during the Plan Amendment process. The meetings included Subcommittee and full board meetings of the Hunters Point Shipyard Citizens Advisory Committee (“HPSCAC”) and community-wide and neighborhood meetings. The following outlines the various community events in connection with the Plan Amendment:

Community Meetings	Date
HPSCAC Subcommittees (Business & Employment, Housing and Planning) Meeting	May 16, 2024
Community Outreach Workshop	May 22, 2024
Community Outreach Workshop	June 1, 2024
Bayview Hill Neighborhood Association	June 3, 2024
HPSCAC Full Subcommittee (Approval)	June 17, 2024
San Francisco Housing Action Coalition	June 20, 2024

Community Outreach Workshop (in-person and virtual using Slido)	June 26, 2024
Alice Griffith residents and service providers – Community Outreach Workshop, True Hope Church	July 11, 2024
Bay Area Council	August 8, 2024
Alice Griffith residents, Candlestick Update Presentation: Alice Griffith Tenants Association meeting	August 12, 2024
Community Benefits Implementation Committee (members invited include Faith in Action, AD10 and Labor Council) - Candlestick Update Presentation	August 20 and 22, 2024
Meeting with Shirley Moore and other Bayview Hill Neighbors at the home of Brenda Ramirez (response to questions in person during meeting and in writing after meeting)	July 2, 2024
Upcoming meetings as of the date of this Report:	
Local contractors	August 27, 2024
Council of Community Housing Organizations	August 28, 2024
Taste of Bayview – Renaissance Entrepreneurship Center event	August 29, 2024
Youth outreach	November 2025 and ongoing

XI. ENVIRONMENTAL REVIEW

(k) The report required by Section 21151 of the Public Resources Code

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 CP-

HPS2 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 Department prepared Addenda 1 through 6 to the FEIR analyzing certain Project modifications.

On September 3, 2024, OCII, as Lead Agency, approved Addendum 7 to the FEIR, which evaluated the updated land use program of the Plan Amendment and determined that the analyses conducted and the conclusions reached in the FEIR remain valid and no supplemental environmental review is required beyond Addendum 7. With assistance from the Planning Department, OCII has reviewed Addendum 7, the FEIR and the Plan Amendment and determined that development facilitated by the Plan Amendment will not result in any new significant impacts or a substantial increase in the severity of previously identified significant impacts that would alter the conclusions reached in the FEIR. Accordingly, no additional environmental review pursuant to State CEQA Guidelines Sections 15180, 15162, and 15163.

XII. NEIGHBORHOOD IMPACT REPORT

(m) If the project area contains low- or moderate-income housing, a neighborhood impact report which describes in detail the impact of the project upon the residents of the project area and the surrounding areas, in terms of relocation, traffic circulation, environmental quality, availability of community facilities and services, effect on school population and quality of education, property assessments and taxes, and other matters affecting the physical and social quality of the neighborhood.

The Plan Amendment does not impact or alter the existing affordable housing obligations articulated in the HPS Plan. Under the CRL, at least 15 percent of all new and substantially rehabilitated dwelling units developed within Phase 2 of the HPS 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. Under the CP-HPS2 Project, approximately 32% of the housing developed by parties other than OCII will be available at affordable housing cost to, and occupied by persons and families of extremely low, very low, low, or moderate income.

The Plan Amendment 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 Amendment.

The means of financing the low- and moderate-income housing units in Hunters Point Shipyard are tax increment financing, revenue from the sales of public properties within the Project (if any), and development fees. The Plan Amendment does not change OCII's tax increment financing committed to affordable housing.

The process and requirements for the development of housing within the HPS Project Area is designed to provide new housing opportunities for households of diverse income, ages, lifestyles and family size. OCII will continue to 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

the possibility of senior housing. The housing opportunities within the HPS Project Area 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 HPS Project Area.

XIII. CONSULTATION WITH TAXING ENTITIES

Under Assembly Bill No. IX 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) (“AB 26”) and the California Supreme Court’s decision in California Redevelopment Association v. Matosantos, No. S194861, all redevelopment agencies in the State of California, including the Redevelopment Agency, were dissolved by operation of law as of February 1, 2012, and their non-affordable housing assets and obligations were transferred to certain designated successor agencies, which AB 26 charged with satisfying enforceable obligations of the former redevelopment agencies.

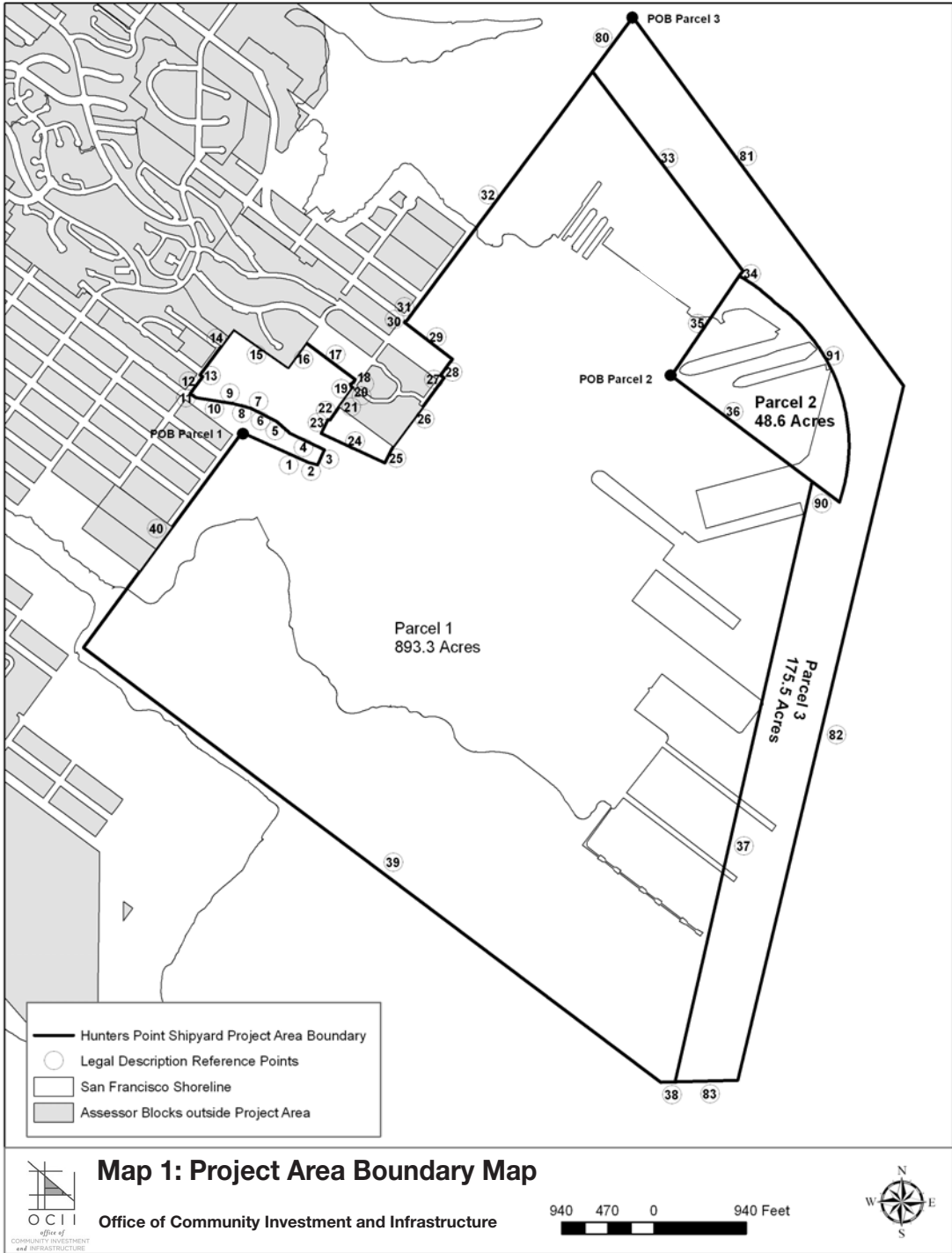
In June 2012, the California Legislature adopted legislation amending AB 26 as a trailer bill to the State’s budget bill for the 2012-2013 fiscal year, known as Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12, Regular Session) (“AB 1484”), and the Governor signed that bill on June 27, 2012. While AB 26 defined the successor agency to be the sponsoring community, AB 1484 provided that (1) the successor agency is a separate public entity from the public agency that provides for its governance and the two entities shall not merge, (2) the successor agency has its own name and the capacity to sue and be sued, (3) the successor agency succeeds to the organizational status of the former redevelopment agency but without any legal authority to participate in redevelopment activities except to complete the work related to an approved enforceable obligation.

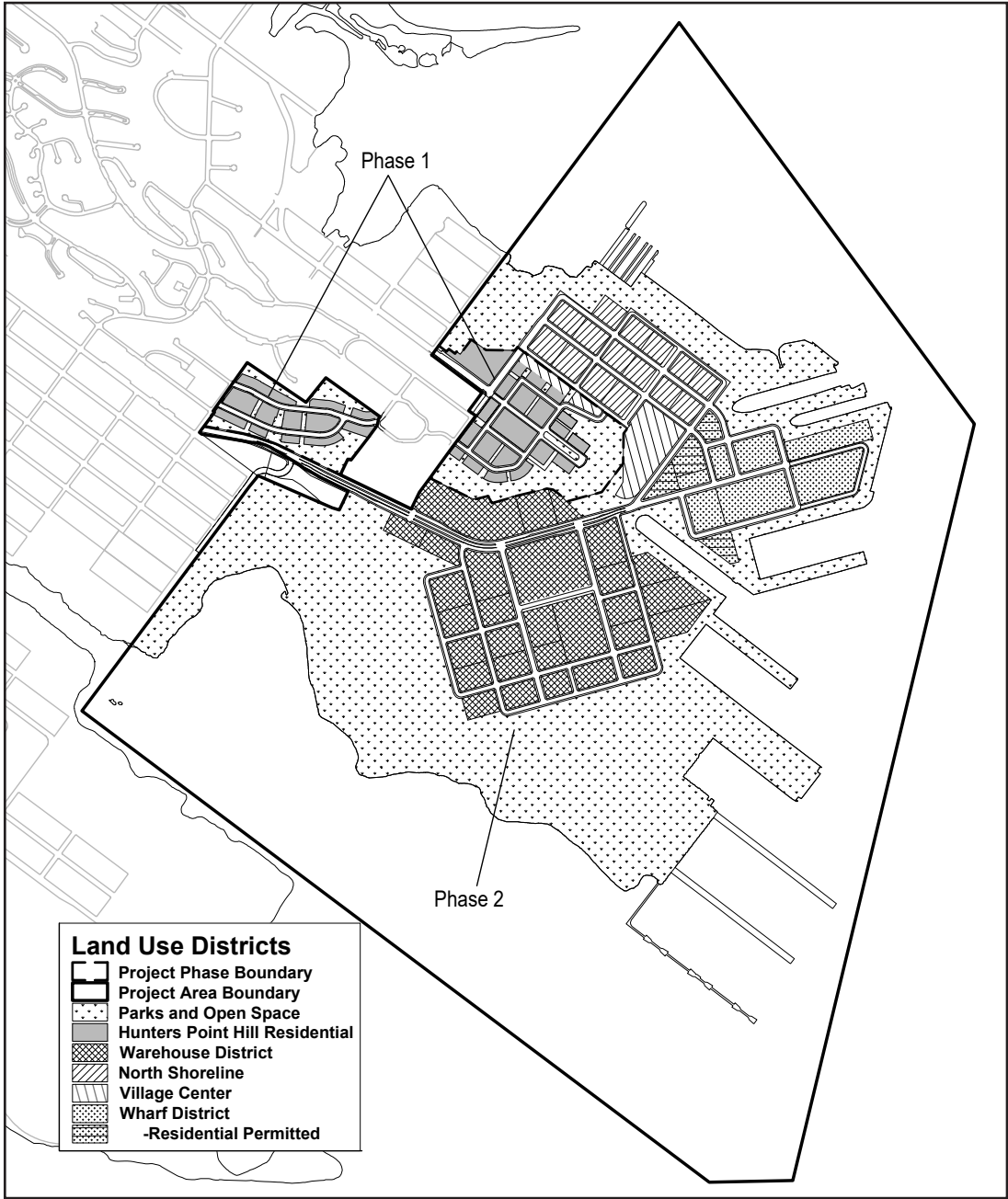
On October 2, 2012, the City’s Board of Supervisors adopted Ordinance 215-12 (File No. 120898) acknowledging that the Agency is a separate legal entity, creating the Commission as a policy body of the Agency and delegating to the Commission the authority to implement certain projects, including the CP-HPS2 Project.










Following the public hearing before the Commission on September 3, 2024, the Oversight Board will consider the 4th Amendment to the DDA and First Amendment to the Tax Allocation Agreement which set forth the applicable limitations relating to time for establishing loans, advances, and indebtedness, the effectiveness of the BVHP Plan, and the time to repay indebtedness and receive property taxes, in connection with the CP-HPS2 Project. These Project agreements were then forwarded to the Department of Finance which will review and consider the 4th Amendment to the DDA and First Amendment to the Tax Allocation Agreement.

Exhibit A

Maps





- Land Use Districts**
-  Project Phase Boundary
 -  Project Area Boundary
 -  Parks and Open Space
 -  Hunters Point Hill Residential
 -  Warehouse District
 -  North Shoreline
 -  Village Center
 -  Wharf District
 -  -Residential Permitted

Map 2: Land Use Districts Map



Office of Community Investment and Infrastructure

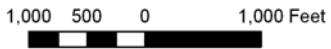


Exhibit B

Tax Increment Projections

**Tax Increment Projections
Hunters Point Shipyard Phase II
(In Nominal/Future Dollars)**

Plan Year	Fiscal Year	Beginning of the Year Assessed Value				Incremental Tax Revenues				Agency Obligations				
		Secured Assessed Value (1)	Other Assessed Value (2)	Total Beginning of Year Assessed Value (3)	New Development Value (4)	Beginning of Year Incremental AV over Base (5)	Basic Incremental Revenue (6)	Supplemental Revenue from New Development (7)	Gross Incremental Tax Revenues (8)	County Admin (9)	20% Housing Set Aside (10)	Pass Through Payments (11)	Housing Redevelopment Program (12)	Non-Housing Redevelopment Program (13)
	Prior Years													
7	2024 - 2025	0	0	0	0	0	0	0	0	0	0	0	0	
8	2025 - 2026	0	0	0	0	0	0	0	0	0	0	0	0	
9	2026 - 2027	0	0	0	0	0	0	0	0	0	0	0	0	
10	2027 - 2028	0	0	0	0	0	0	0	0	0	0	0	0	
11	2028 - 2029	0	0	0	0	0	0	0	0	0	0	0	0	
12	2029 - 2030	0	0	0	0	0	0	0	0	0	0	0	0	
13	2030 - 2031	0	0	0	0	0	0	0	0	0	0	0	0	
14	2031 - 2032	0	0	0	0	0	0	0	0	0	0	0	0	
15	2032 - 2033	0	0	0	0	0	0	0	0	0	0	0	0	
16	2033 - 2034	0	0	0	0	0	0	0	0	0	0	0	0	
17	2034 - 2035	0	0	0	0	0	0	0	0	0	0	0	0	
18	2035 - 2036	0	0	0	147,143,994	0	0	1,471,440	1,471,440	0	294,288	381,827	294,288	795,325
19	2036 - 2037	150,511,709	0	150,511,709	0	150,511,709	1,505,117	0	1,505,117	0	301,023	390,566	301,023	813,528
20	2037 - 2038	153,956,502	0	153,956,502	182,763,019	153,956,502	1,539,565	1,827,630	3,367,195	0	673,439	873,760	673,439	1,819,997
21	2038 - 2039	344,426,091	0	344,426,091	1,019,186,235	344,426,091	3,444,261	10,191,862	13,636,123	0	2,727,225	3,538,462	2,727,225	7,370,436
22	2039 - 2040	1,394,821,607	0	1,394,821,607	54,308,046	1,394,821,607	13,948,216	543,080	14,491,297	0	2,898,259	3,760,373	2,898,259	7,832,664
23	2040 - 2041	1,482,296,186	0	1,482,296,186	1,359,194,744	1,482,296,186	14,822,962	13,591,947	28,414,909	0	5,682,982	7,373,436	5,682,982	15,358,491
24	2041 - 2042	2,906,524,727	0	2,906,524,727	562,748,402	2,906,524,727	29,065,247	5,627,484	34,692,731	0	6,938,546	9,002,480	6,938,546	18,751,705
25	2042 - 2043	3,548,675,109	0	3,548,675,109	368,745,940	3,548,675,109	35,486,751	3,687,459	39,174,210	0	7,834,842	10,165,387	7,834,842	21,173,981
26	2043 - 2044	4,007,079,885	0	4,007,079,885	1,642,182,627	4,007,079,885	40,070,799	16,421,826	56,492,625	0	11,298,525	14,659,374	11,298,525	30,534,726
27	2044 - 2045	5,778,558,364	0	5,778,558,364	170,005,649	5,778,558,364	57,785,584	1,700,056	59,485,640	0	11,897,128	15,436,037	11,897,128	32,152,475
28	2045 - 2046	6,084,710,043	0	6,084,710,043	2,444,591,920	6,084,710,043	60,847,100	24,445,919	85,293,020	0	17,058,604	22,132,840	17,058,604	46,101,575
29	2046 - 2047	8,724,513,881	0	8,724,513,881	775,786,499	8,724,513,881	87,245,139	7,757,865	95,003,004	0	19,000,601	24,652,502	19,000,601	51,349,901
30	2047 - 2048	9,717,735,743	0	9,717,735,743	979,526,104	9,717,735,743	97,177,357	9,795,261	106,972,618	0	21,394,524	27,758,519	21,394,524	57,819,576
31	2048 - 2049	10,942,092,317	0	10,942,092,317	64,768,096	10,942,092,317	109,420,923	647,681	110,068,604	0	22,013,721	28,684,692	22,013,721	59,370,191
32	2049 - 2050	11,258,776,731	0	11,258,776,731	1,975,390,860	11,258,776,731	112,587,767	19,753,909	132,341,676	0	26,468,335	35,347,749	26,468,335	70,525,592
33	2050 - 2051	13,537,060,753	0	13,537,060,753	75,984,499	13,537,060,753	135,370,608	759,845	136,130,453	0	27,226,091	36,481,173	27,226,091	72,423,189
34	2051 - 2052	13,924,609,868	0	13,924,609,868	78,264,034	13,924,609,868	139,246,099	782,640	140,028,739	0	28,005,748	37,647,357	28,005,748	74,675,634
35	2052 - 2053	14,323,360,607	0	14,323,360,607	58,700,964	14,323,360,607	143,233,606	587,010	143,820,616	0	28,764,123	38,781,709	28,764,123	76,274,784
36	2053 - 2054	14,711,226,824	0	14,711,226,824	38,836,106	14,711,226,824	147,112,268	388,361	147,500,629	0	29,500,126	39,882,596	29,500,126	78,117,908
37	2054 - 2055	15,087,650,706	0	15,087,650,706	40,001,189	15,087,650,706	150,876,507	400,012	151,276,519	0	30,255,304	41,012,165	30,255,304	80,009,051
38	2055 - 2056	15,473,881,630	0	15,473,881,630	0	15,473,881,630	154,738,816	0	154,738,816	0	30,947,763	42,047,921	30,947,763	81,743,132
39	2056 - 2057	15,828,035,597	0	15,828,035,597	0	15,828,035,597	158,280,356	0	158,280,356	0	31,656,071	43,107,384	31,656,071	83,516,901
40	2057 - 2058	16,190,295,160	0	16,190,295,160	0	16,190,295,160	161,902,952	0	161,902,952	0	32,380,590	44,191,094	32,380,590	85,331,267
41	2058 - 2059	16,560,845,833	0	16,560,845,833	0	16,560,845,833	165,608,458	0	165,608,458	0	33,121,692	45,299,608	33,121,692	87,187,159
42	2059 - 2060	16,939,877,377	0	16,939,877,377	0	16,939,877,377	169,398,774	0	169,398,774	0	33,879,755	46,433,492	33,879,755	89,085,527
43	2060 - 2061	17,327,583,896	0	17,327,583,896	0	17,327,583,896	173,275,839	0	173,275,839	0	34,655,168	47,593,328	34,655,168	91,027,344
44	2061 - 2062	17,724,163,934	0	17,724,163,934	0	17,724,163,934	177,241,639	0	177,241,639	0	35,448,328	48,779,709	35,448,328	93,013,603
45	2062 - 2063	18,129,820,583	0	18,129,820,583	0	18,129,820,583	181,298,206	0	181,298,206	0	36,259,641	49,993,243	36,259,641	95,045,322
46	2063 - 2064	18,544,761,581	0	18,544,761,581	0	18,544,761,581	185,447,616	0	185,447,616	0	37,089,523	51,234,552	37,089,523	97,123,541
47	2064 - 2065	18,969,199,420	0	18,969,199,420	0	18,969,199,420	189,691,994	0	189,691,994	0	37,938,399	52,504,270	37,938,399	99,249,325
48	2065 - 2066	19,403,351,457	0	19,403,351,457	0	19,403,351,457	194,033,515	0	194,033,515	0	38,806,703	53,803,049	38,806,703	101,423,763
49	2066 - 2067	19,847,440,022	0	19,847,440,022	0	19,847,440,022	198,474,400	0	198,474,400	0	39,694,880	55,131,553	39,694,880	103,647,967
50	2067 - 2068	20,301,692,535	0	20,301,692,535	0	20,301,692,535	203,016,925	0	203,016,925	0	40,603,385	56,490,464	40,603,385	105,923,077
51	2068 - 2069	20,766,341,620	0	20,766,341,620	0	20,766,341,620	207,663,416	0	207,663,416	0	41,532,683	57,880,475	41,532,683	108,250,258
52	2069 - 2070	21,241,625,227	0	21,241,625,227	0	21,241,625,227	212,416,252	0	212,416,252	0	42,483,250	59,302,301	42,483,250	110,630,701
53	2070 - 2071	21,727,786,748	0	21,727,786,748	0	21,727,786,748	217,277,867	0	217,277,867	0	43,455,573	60,756,668	43,455,573	113,065,626
54	2071 - 2072	22,225,075,150	0	22,225,075,150	0	22,225,075,150	222,250,752	0	222,250,752	0	44,450,150	62,244,321	44,450,150	115,556,280
55	2072 - 2073	22,733,745,096	0	22,733,745,096	0	22,733,745,096	227,337,451	0	227,337,451	0	45,467,490	63,766,022	45,467,490	118,103,938
56	2073 - 2074	23,254,057,077	0	23,254,057,077	0	23,254,057,077	232,540,571	0	232,540,571	0	46,508,114	65,322,551	46,508,114	120,709,905
57	2074 - 2075	23,786,277,548	0	23,786,277,548	0	23,786,277,548	237,862,775	0	237,862,775	0	47,572,555	66,914,705	47,572,555	123,375,515
58	2075 - 2076	24,330,679,060	0	24,330,679,060	0	24,330,679,060	243,306,791	0	243,306,791	0	48,661,358	68,543,299	48,661,358	126,102,134
59	2076 - 2077	24,887,540,403	0	24,887,540,403	0	24,887,540,403	248,875,404	0	248,875,404	0	49,775,081	70,209,166	49,775,081	128,891,157
60	2077 - 2078	25,457,146,748	0	25,457,146,748	0	25,457,146,748	254,571,467	0	254,571,467	0	50,914,293	71,913,161	50,914,293	131,744,013
61	2078 - 2079	26,039,789,793	0	26,039,789,793	0	26,039,789,793	260,397,898	0	260,397,898	0	52,079,580	73,656,155	52,079,580	134,662,163
62	2079 - 2080	26,635,767,911	0	26,635,767,911	0	26,635,767,911	266,357,679	0	266,357,679	0	53,271,536	75,439,042	53,271,536	137,647,102
63	2080 - 2081	27,245,386,305	0	27,245,386,305	0	27,245,386,305	272,453,863	0	272,453,863	0	54,490,773	77,262,733	54,490,773	140,700,357
64	2081 - 2082	27,868,957,163	0	27,868,957,163	0	27,868,957,163	278,689,572	0	278,689,572	0	55,737,914	79,128,164	55,737,914	143,823,493
65	2082 - 2083	28,506,799,818	0	28,506,799,818	0	28,506,799,818	285,067,998	0	285,067,998	0	57,013,600	81,036,290	57,013,600	147,018,108
Total					12,038,128,924		7,360,265,123	120,381,289	7,480,646,413	0	1,496,129,283	2,067,947,720	1,496,129,283	3,916,569,410
Present Value (a)							1,048,320,182	43,811,248	1,092,131,430	0	218,426,286	297,450,661	218,426,286	576,254,483

Notes for each column included on next page.
(a) Discounted to constant FY 2037-2038 dollars at 5.0%.
Source: Land use plan provided by EPS, November 2023. Pass-Through years provided by OCIL, August 2023.

Notes on Hunters Point Shipyard Phase II Tax Increment Projections

- (1) Includes prior year's new development value plus prior years beginning of year assessed value escalated at 2% annually due to inflation and an additional 0.29% starting FY 2024-25 to reflect reassessments due to property turnover and establishment of master planned community.
- (2) Provided for consistency, amounts were zero in 2010 Plan Amendment
- (3) Sum of columns (1) and (2).
- (4) Based on new development value additions from Proposed Scenario, reviewed by OCII's consultants.
- (5) Total beginning of the year assessed value (column 3) less base year assessed value.
- (6) Equals 1 % of beginning of year incremental AV over base value (column 5).
- (7) Equals 1 % of the new development supplemental roll value assessed during the year (column 4).
- (8) Sum of columns (6) and (7). Also equals Gross Tax Increment to Agency.
- (9) Assumed to equal 0% of gross tax increment as the County does not currently charge a fee.
- (10) CRL mandated housing set aside.
- (11) AB 1290 statutory pass through payments timelines provided by OCII. Assumes City takes Tier 1 pass through. Assumes City's Tier 2 and 3 pass throughs are retained by the Agency.
- (12) Total tax increment available for housing-related redevelopment activities.
- (13) Total tax increment available for non-housing related redevelopment activities.

Exhibit C

Limit on Bonded Indebtedness

	CP	HPS2	Total
A. Summary/Reconciliation			
Method 1 at 50% Cont	\$2,934,900,000	\$2,308,950,000	\$5,243,850,000
Method 2 at 50% Cont	\$2,506,817,382	\$2,407,057,435	\$4,913,874,817
Method 3 at 50% Cont	\$4,537,800,000	\$3,187,200,000	\$7,725,000,000

B. Average of 3 Methods (rounded)

Contingency	50%	\$3,300,000,000	\$2,600,000,000	\$5,900,000,000
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	CP	HPS2	Total
Method 1 - Present Value of Average Bonding Capacity			
Average Annual Future Gross TI (net of pass-throughs)	\$159,103,033	\$125,168,285	\$284,271,318
DSCR	1.25	1.25	
Payment	\$127,282,426	\$100,134,628	\$193,974,628
Periods	30	30	
Int Rate	5.0%	5.0%	
PV of Average TI	\$1,956,600,000	\$1,539,300,000	
Estimated Principal of Outstanding Bonded Indebtedness	\$0	\$0	
Subtotal	\$1,956,600,000	\$1,539,300,000	
Contingency	1.50	1.50	
Total Future Bond Principal Amount at 50% Cont	\$2,934,900,000	\$2,308,950,000	\$5,243,850,000

Method 2 - Present Value of Projected Tax Increment

	FY 2024-25	FY 2037-38	
Discounted to			
Discount Rate	5.0%	5.0%	
NPV of Projected Tax Increment	\$1,671,211,588	\$1,604,704,957	
Outstanding Bond	\$0	\$0	
Subtotal	\$1,671,211,588	\$1,604,704,957	\$3,275,916,545
Contingency Factor	1.50	1.50	
Total Future Bond Principal Amount at 50% Cont	\$2,506,817,382	\$2,407,057,435	\$4,913,874,817

Method 3 - Tax Increment in Nominal Dollars

Future Tax Increment (net of pass-throughs)	\$9,075,549,565	\$6,374,317,787	\$15,449,867,352
Tax increment Collected through FY 2008/09	\$0	\$0	
Subtotal	\$9,075,549,565	\$6,374,317,787	\$15,449,867,352
Divide by Three	3.00	3.00	
Subtotal	\$3,025,200,000	\$2,124,800,000	\$5,150,000,000
Contingency Factor	1.50	1.50	
Total Future Bond Principal Amount at 50% Cont	\$4,537,800,000	\$3,187,200,000	\$7,725,000,000