



450-0092024-002

Agenda Item **Nos. 4(a through h)**  
Meeting of September 3, 2024

## MEMORANDUM

**TO:** Community Investment and Infrastructure Commissioners

**FROM:** Thor Kaslofsky, Executive Director

**SUBJECT:** Adopting findings, including amending adopted mitigation measures, pursuant to the California Environmental Quality Act related to the approval of the 2024 Modified Project Variant for the Candlestick Point and Phase 2 of the Hunters Point Shipyard Development Project; Hunters Point Shipyard Redevelopment Project Area and Bayview Hunters Point Redevelopment Project Area (Resolution No. 22-2024)

Adopting findings pursuant to the California Environmental Quality Act and approving the Report to the Board of Supervisors on the amendment of the Redevelopment Plan for the Bayview Hunters Point Redevelopment Project Area, and authorizing transmittal of the Report to the Board of Supervisors; Bayview Hunters Point Redevelopment Project Area (Resolution No. 23-2024)

Adopting findings pursuant to the California Environmental Quality Act and approving the Report to the Board of Supervisors on the amendment to the Redevelopment Plan for the Hunters Point Shipyard Redevelopment Project Area; and authorizing transmittal of the Report to the Board of Supervisors; Hunters Point Shipyard Redevelopment Project Area (Resolution No. 24-2024)

Adopting findings pursuant to the California Environmental Quality Act and approving amendments to the Redevelopment Plan for Bayview Hunters Point Redevelopment Project Area, referring the plan amendments to the Planning Commission for its report on conformity with the General Plan, and recommending the plan amendments to the Board of Supervisors for adoption; Bayview Hunters Point Redevelopment Project Area (Resolution No. 25-2024)

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Adopting findings pursuant to the California Environmental Quality Act and approving amendments to the Redevelopment Plan for the Hunters Point Shipyard Redevelopment Project Area, referring the plan amendments to the Planning Commission for its report on conformity with the General Plan, and recommending the plan amendments to the Board of Supervisors for adoption; Hunters Point Shipyard Redevelopment Project Area (Resolution No. 26-2024)

Adopting findings pursuant to the California Environmental Quality Act; authorizing a Fourth Amendment to the Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard) with CP Development Co., LLC, subject to the approval of the Oversight Board of the City and County of San Francisco and the California Department of Finance; Hunters Point Shipyard Redevelopment Project Area and Bayview Hunters Point Redevelopment Project Area (Resolution No. 27-2024)

Approving the Candlestick Point Design for Development for Zone One of the Bayview Hunters Point Redevelopment Project; Bayview Hunters Point Redevelopment Project Area (Resolution No. 28-2024)

Authorizing the Executive Director to execute a First Amendment to the Tax Allocation Pledge Agreement between Agency and the City and County of San Francisco for the development of Candlestick Point and Phase 2 of the Hunters Point Shipyard; Bayview Hunters Point and Hunters Point Shipyard Redevelopment Project Areas (Resolution No. 29-2024)

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## EXECUTIVE SUMMARY

The Candlestick Point and Hunters Point Shipyard Phase 2 project (“Project” or “CP-HPS2 Project”) is an approximately 693-acre redevelopment project governed by the Bayview Hunters Point Redevelopment Plan (“BVHP Plan”) and the Hunters Point Shipyard Redevelopment Plan (“HPS Plan”). The Project is located within Zone 1 of Project Area B of the BVHP Plan (referred to as “Candlestick Site” or “Candlestick Point” or “BVHP Project Area”) and Phase 2 of the HPS Plan Project Area (referred to as “Shipyard Site” or “HPS2” or “HPS2 Project Area”). The Project was approved in 2010 and most recently updated in 2018 with plans to bring 10,672 new homes, approximately 32% of which will be affordable, 4.9 million square feet of commercial uses, over 300 acres of parks and open space, and significant jobs and community benefits to the surrounding community. The Successor Agency to the Redevelopment Agency of the City and County of San Francisco (“SFRA”), now known as the Office of Community Investment and Infrastructure (“Successor Agency” or “OCII”) and CP Development Co. LLC, the master developer of the Project (“Developer”) are parties to that certain Disposition and Development Agreement for Candlestick Point and Phase 2 of the Hunters Point Shipyard, which was amended by that certain First Amendment to Disposition and Development Agreement, dated as of December 20, 2012 (“First Amendment”), as further amended by that certain Second Amendment to Disposition and Development Agreement, dated as of December 1, 2014 (“Second Amendment”), and as further amended by that certain Third Amendment to Disposition and Development Agreement, dated as of August 10, 2018 (“Third Amendment”) (collectively, the “DDA”). The first phase of the HPS Plan (“HPS Phase 1”) consists of 1,428 units and 9,000 commercial square feet and is being developed under a separate DDA approved in 2003.

As originally approved, the Project was intended to be developed in a cohesive manner where phases of development within portions of the Candlestick Site and the Shipyard Site would occur simultaneously. While the Project has progressed since 2010, there have been challenges that have impeded the timely implementation of the Project. The State of California dissolved SFRA in 2012, which created significant uncertainty. Also, the Project's initial development program included a new stadium at the Shipyard Site for the National Football League team, the San Francisco 49ers ("49ers"). In 2011, the 49ers announced they would build a new football stadium in Santa Clara and left the Candlestick Site in 2014. The newly vacant 49ers stadium building needed to be removed, and demolition was completed by the end of 2015. Also, since 2010, the clean-up of the Shipyard Site has faced unprecedented delays due to the ongoing investigation, re-testing, and litigation related to fraudulent work performed by the U.S. Department of the Navy's ("Navy") contractor. As of today, the Navy still owns the HPS2 Project Area and is undergoing remediation and therefore, Candlestick Point and the Shipyard Site can no longer be developed in concert as initially conceived.

These unique challenges impeded the timely implementation of the Project. As a result of the extraordinary delays, in response, the Developer is proposing changes to the Project as further described in this memorandum and attachments, collectively referred to as 2024 Actions ("2024 Actions") to transfer up to 2,050,000 square feet of Research and Development ("R&D") land uses from HPS2 to the Candlestick Site since the area is available for development. To facilitate development in the current market, the proposal includes additional R&D to attract potential users and create a more responsive land-use mix for an R&D Innovation District ("Innovation District").

The 2024 Actions include, but are not limited to:

- Updates to the Schedule of Performance and Phasing Plan for Candlestick Point.
- Approval of transfer of 2,050,000 square feet of commercial uses from HPS2 to Candlestick Point and corresponding updates to the development program to the Candlestick Point design controls.
- Implementation of SB 143 (described below) by extending the limitations relating to time for establishing loans, advances, and indebtedness, the effectiveness of the Redevelopment Plans, and the time to repay indebtedness and receive tax increment in connection with Zone 1 of the Candlestick Point Project Area.
- Adjusting 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 Candlestick Point and HPS2.
- Corresponding revisions to the Tax Allocation Pledge Agreement ("Pledge Agreement")
- Streamline horizontal and vertical permitting process to expedite construction of the Project.

These proposed amendments are recommended to accelerate the Project's vision of bringing significant housing, jobs, and community benefits to the Bayview Hunters Point community and San Francisco.

Regarding urban design and transportation, the Developer collaborated with OCII, the Planning Department, Public Works, and the Municipal Transportation Agency to develop corresponding changes relative to circulation, parking ratios, and design standards, which are reflected in amendments to the Transportation Plan and Candlestick Point Design for Development ("CP D for D").

The Developer held community workshops (in-person/hybrid) on the proposed Project changes, with over 150 people in attendance at the workshops. The Developer also presented to and met with the Hunters Point Shipyard Citizens Advisory Committee (“HPS CAC”) Business & Employment, Housing, and Planning Subcommittees, Alice Griffith Tenants’ Association, the Bayview Hill Neighborhood Association, as well as with the Candlestick Point residents immediately adjacent to the Innovation District. Other meetings with community groups are in progress.

OCII and the Developer staff presented an overview of the Redevelopment Plan Amendments, a Fourth Amendment to the CP-HPS2 DDA, and a revised CP D for D at an informational workshop at the Commission meeting on July 2, 2024. If the Commission approves the resolutions listed below, the Developer will then seek the necessary approval actions from a) the Planning Commission for the CP D for D, b) the Board of Supervisors for the Redevelopment Plan Amendments and the First Amendment to the Pledge Agreement, and c) the Oversight Board and the California Department of Finance for the CP-HPS2 DDA and the Pledge Agreement.

### **Commission Resolutions**

The OCII Commission will consider eight resolutions related to the 2024 Actions. Staff recommend the Commission’s:

1. *Adoption findings, including amending adopted mitigation measures, pursuant to the California Environmental Quality Act;*
2. *Approval of a Report to the Board of Supervisors on the Redevelopment Plan Amendment for the Bayview Hunters Point Redevelopment Project Area;*
3. *Approval of the Report to the Board of Supervisors on the Redevelopment Plan Amendment for the Hunters Point Shipyard Redevelopment Project Area;*
4. *Approval of amendments to the Redevelopment Plan for Bayview Hunters Point Redevelopment Project Area;*
5. *Approval of amendments to the Redevelopment Plan for the Hunters Point Shipyard Redevelopment Project Area;*
6. *Authorize a Fourth Amendment to the Disposition and Development Agreement with CP Development Co., LLC;*
7. *Approval of amendments to Candlestick Point Design for Development; and*
8. *Authorize a First Amendment to the Tax Allocation Pledge Agreement between Agency and the City and County of San Francisco (“City”) for the development of Candlestick Point and Phase 2 of the Hunters Point Shipyard.*

### **BACKGROUND AND PROJECT STATUS**

#### **Current Project Status**

Following the Project’s approval in 2010, the State of California enacted legislation in 2011 that dissolved all redevelopment agencies in the State, including SFRA. The Redevelopment Dissolution Law ultimately became effective on February 1, 2012, and created significant uncertainty about redevelopment activities across the State. In December 2012, the California Department of Finance determined that the CP-HPS2 DDA and Pledge Agreement were enforceable obligations that had survived redevelopment dissolution.

The Project's initial development program included a new stadium at the Shipyard Site for the San Francisco 49ers. In 2014, Navy delays continued, and the 49ers moved to a new stadium in the City of Santa Clara. The Developer proceeded with the Project under the Project's Non-Stadium Alternative, and due to the importance and critical nature of the Alice Griffith Public Housing revitalization, the Developer began infrastructure work for Alice Griffith. In 2015, the Developer completed the demolition of the Candlestick Park stadium, and the City transferred the land to the Developer for inclusion in the Project. From 2014 to 2016, the Developer performed ground and utility work around Candlestick Center to facilitate development. In 2019, the Developer completed public infrastructure related to the development of 337 units as part of the Alice Griffith Replacement Project, including 226 Alice Griffith Replacement Units, 107 Agency Affordable Units, and four managers' units. Under the terms of the DDA, the Developer also provided a vertical subsidy of approximately \$42 million to contribute to the gap financing for those units. To date, the Developer has contributed roughly \$116 million of community benefits and investment associated with the development program, which includes contributions to the new Southeast Health Center, scholarship funds, housing downpayment assistance, and infrastructure and housing investments for the new Alice Griffith development.

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 due to the severity of the ongoing Navy delays. In connection with Candlestick Point, the Developer, and OCII negotiated amendments to the CP-HPS2 DDA, including the Schedule of Performance, to update applicable Outside Dates given delays impacting the Project. Proposed amendments to the CP-HPS2 DDA and Schedule of Performance are the subject of the actions before the Commission today.

Under Community Redevelopment Law, redevelopment plan time limits for incurring debt, the effectiveness of the redevelopment plan, and repayment of debt expire 20, 30, and 45 years, respectively, from the date of adoption of the BVHP Plan and after the first \$100,000 in tax increment has been received under the HPS Plan. The first of these time limits for the BVHP Plan is set to expire in 2026. Recognizing the need to preserve the Project's significant affordable housing, jobs, and community benefits, the State Legislature passed, and the Governor signed into law on September 13, 2023, Senate Bill 143 (*codified at* Section 34177.7 (j) of the California Health and Safety Code) ("SB 143"). SB 143 amends the Redevelopment Dissolution Law and provides that the Project agreements may be amended to include new time limits for establishing loans, advances, and indebtedness, the effectiveness of the redevelopment plans, the repayment of indebtedness and receipt of tax increment, subject to review and approval by the Oversight Board, and the Department of Finance. SB 143 further clarifies that the Project agreements shall establish the limits on the receipt and use of tax increment generated from the Shipyard Site and Candlestick Site in connection with the Project changes to the Redevelopment Plans, CP-HPS2 DDA, and Pledge Agreement will implement SB 143 and enable tax increment usage between Phase 2 of the HPS Project Area and Zone 1 of Project Area B.

**DISCUSSION**

**2024 Actions**

The primary purpose of the 2024 Actions is to facilitate the successful implementation of the CP-HPS2 Project by updating the land use program to provide more flexibility of uses by adding previously approved, but unused, HPS Phase 2 commercial entitlement to Candlestick Point. Changes also include amendments to certain DDA and Redevelopment Plan sections to provide OCII with the necessary tools through the extension of Redevelopment Plan time limits and fiscal resources to finance the development’s public infrastructure, affordable housing, and other associated benefits to complete and realize the CP-HPS2 Project’s vision of bringing significant housing and jobs to Candlestick Point and the Shipyard Site.

The CP-HPS2 Project is not financially feasible without public financing, through tax increment financing, to construct the public infrastructure such as roads, utilities, and parks. The time limits proposed in the Plan Amendments, Fourth Amendment to DDA, and First Amendment to Pledge Agreement provide sufficient time to ensure access to tax increment to finance project costs such as public infrastructure and affordable housing.

The following table summarizes the key changes proposed in each Project document to implement the Developer’s 2024 proposed Project changes. The attached materials provide a more detailed summary of the proposed changes in each of the Project documents.

Document	Summary of Key Proposed Changes
<b>BVHP Redevelopment Plan</b>	<ul style="list-style-type: none"> <li>– Transfer approximately 2,050,000 square feet of commercial uses from the Shipyard Site to commercially-zoned areas of Candlestick Point;</li> <li>– Clarify that certain commercial uses currently authorized within the Shipyard Site are also allowed within the Candlestick Site;</li> <li>– Allow certain commercial uses currently authorized at the Candlestick Mixed Use Commercial zone to be allowed within the Candlestick Mixed Use Residential zone;</li> <li>– Extend the limitations relating to time for establishing loans, advances, and indebtedness, the effectiveness of the redevelopment plan, and the time to repay indebtedness and receive tax increment, in connection with the Project;</li> <li>– Authorize tax increment from the Shipyard Site and Candlestick Site to be combined to fund costs under the Project agreements;</li> <li>– 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 the Shipyard Site and Candlestick Site;</li> <li>– Other minor amendments to the definitions, regulations, and standards of the BVHP Plan.</li> </ul>

<b>HPS Redevelopment Plan</b>	<ul style="list-style-type: none"> <li>- Transfer approximately 2,050,000 square feet of commercial uses from the Shipyard Site to commercially-zoned areas of Candlestick Point;</li> <li>- Authorize the transfer of residential units from the Shipyard Site to Candlestick Point subject to Commission approval and any necessary environmental review;</li> <li>- Extend the limitations relating to time for establishing loans, advances, and indebtedness, the effectiveness of the redevelopment plan, and the time to repay indebtedness and receive tax increment, in connection with the Project;</li> <li>- Authorize tax increment from the Shipyard Site and Candlestick Site to be combined to fund costs under the Project agreements;</li> <li>- 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 the Shipyard Site and Candlestick Site;</li> <li>- Other minor amendments to the definitions, regulations, and standards of the HPS Plan.</li> </ul>
<b>Fourth Amendment to DDA</b>	<ul style="list-style-type: none"> <li>- Sets forth proposed land use program and updates maps;</li> <li>- Streamline planning process by eliminating Sub-Phase Application requirement;</li> <li>- Implement SB 143 by establishing the time limit for the effectiveness of the BVHP and HPS Plans, which are coterminous with the Term of the DDA;</li> <li>- Remove Outside Dates for submitting a Complete Major Phase application while retaining Outside Dates for the Commencement and Completion of Infrastructure;</li> <li>- Clarify Developer requirement for providing Adequate Security;</li> <li>- Establish process for Developer and OCII to prepare an amended and restated DDA that incorporates the First Amendment, Second Amendment, Third Amendment, and Fourth Amendment to the DDA.</li> <li>- Other clarifying changes.</li> </ul>
<b>Development Plan</b>	<ul style="list-style-type: none"> <li>- Land use map to be updated consistent with proposed land use changes.</li> </ul>
<b>Phasing Plan (Candlestick Point)</b>	<ul style="list-style-type: none"> <li>- Eliminate Sub-Phases and adjust Major Phase boundaries to reflect proposed development plan.</li> </ul>
<b>Schedule of Performance (Candlestick Point)</b>	<ul style="list-style-type: none"> <li>- Outside Dates for Commencement and Completion of Infrastructure and Completion of Parks are changed per Phasing Plan</li> </ul>
<b>Design Review &amp; Document Approval Procedure</b>	<ul style="list-style-type: none"> <li>- Eliminate Sub-Phase and Design Development process;</li> <li>- Add a 30% Construction Document Design Review process</li> <li>- Other clarifying changes, such as to the design review timelines.</li> </ul>

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**Below Market Rate Housing Plan**

- Adjust dates in Cumulative Agency Subsidy schedule to reflect updated development timeline and Schedule of Performance;
- Adjust the timing of the payment of the Agency Subsidy for the remaining Alice Griffith Replacement Units and associated Subsidized Agency Affordable Units.
- Include a provision for the Developer’s 2018 Senior BMR Project, which was previously slated for a commercial phase of development to be completed in Major Phase 4.
- The Housing Map has been updated to swap the locations of the Workforce Lot with the Market Lot; the number of workforce lots remains the same.

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**Financing Plan**

- Implement SB 143 by authorizing tax increment to flow between the Candlestick Point and Shipyard Site;
- Update Summary Proforma framework and update estimate amounts for Candlestick Point;
- Eliminate Major Phase Increment Allocation framework;
- Other clarifying changes.

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**Transportation Plan**

- Modify parking ratio at Candlestick Point to reflect updated development program and research and development and office use contemplated at Candlestick Center;
- Modify Transit Operating Plan to be consistent with revised phasing plan;
- To align with the new phasing schedule, include SFMTA’s changes to delay CPX and BRT bus routes to later phases, advance 29-Sunset and 56 Rutland to Major Phase 2 and change the frequency of service to 10 minutes (instead of 5 minutes).
- Other clarifying and conforming changes.

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**Candlestick Point Design for Development**

- Establish supplementary standards and guidelines for the Candlestick Center “Innovation District”;
  - Establish standards applicable to a Central Promenade, a central open space spine connecting the larger neighborhood with the broader community;
  - Establish standards for publicly accessible network of private streets, mid blocks and paseos;
  - Create a framework for retail and active ground floor uses for Candlestick Center fronting the promenade;
  - Increase the maximum allowable building height at specified parcels along Arelious Walker Drive to up to 180 feet; range of maximum allowable building heights for the remainder of Candlestick Center would be 85 to 160 feet (prior heights were 85 to 120 feet);
  - A new section, Section A.5.3 would govern design standards for the Innovation District in lieu of Section 5.3.
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**First Amendment to Tax  
Increment Allocation  
Pledge Agreement**

- Implement SB 143 by establishing the time for establishing loans, advances, and indebtedness and the time to repay indebtedness and receive tax increment, in connection with the Project;
  - Implement SB 143 by authorizing tax increment to flow between Candlestick Point and Shipyard Site;
  - Other clarifying changes.
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## **REDEVELOPMENT PLANS**

### **HPS Plan:**

On July 14, 1997, the Board of Supervisors adopted the 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 the redevelopment of 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 SFRA. The HPS Plan consists of Phase 1 and Phase 2 of HPS. The proposed amendments to Project documents only impact Phase 2 of HPS.

### **BVHP Plan:**

On May 23, 2006, the Board of Supervisors approved the BVHP Plan, by Ordinance No. 113-06, and on August 3, 2010, the Board of Supervisors approved an amendment to the BVHP Plan, by Ordinance No. 210-10, to create two zones, Zone 1 or Candlestick Point and Zone 2 in the BVHP Project Area. The BVHP Plan establishes land use controls for development in the BVHP Project Area. OCII retains land use authority within Zone 1 and the BVHP Plan supersedes the Planning Code for Zone 1 unless otherwise provided. The Planning Department retains jurisdiction over Zone 2, which is subject to the Planning Code.

Overall, the CP-HPS2 Project will provide up to 10,672 new homes, approximately 32% of which will be affordable, approximately 4.9 million square feet of commercial uses, over 300 acres of parks and open space, and significant jobs and community benefits.

OCII is amending both the BVHP Plan and HPS Plan ("Plan Amendments") to facilitate the development of the CP-HPS2 Project and to ensure the financial and economic feasibility of the CP-HPS2 Project and deliver significant amounts of affordable housing, jobs, and community benefits of the Project. The purpose of the Plan Amendments is to advance the development 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 the BVHP Project Area and Phase 2 of the HPS Project Area.
- 3) Extending the limitations relating to the duration for establishing loans, advances, and indebtedness, the effectiveness of the Redevelopment Plans, and the time to repay indebtedness and receive tax increment, in connection with Zone 1 of the BVHP Project Area.

- 4) Authorizing tax increment 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 in furtherance of SB 143.
- 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.

## **2024 REDEVELOPMENT PLAN AMENDMENTS**

### Land Use and Development Program Modifications to the BVHP Plan:

- 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.
- Clarify that certain commercial uses currently authorized within the HPS Project Area are also allowed within Zone 1 of BVHP Project Area.

Initially, the approximately 4 million square feet of non-residential uses was approved for the Shipyard Site, as part of HPS' Innovation District. However, there is currently no opportunity to build at the Shipyard Site until the Navy has completed its remediation. 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. The Navy transfer schedule is subject to changes as additional information is known for specific remediation programs. Since the Shipyard Site remains delayed, there is an opportunity to transfer up to 2 million square feet to the Candlestick Site, to create an Innovation District, and potentially attract life science or R&D businesses there. The Innovation District is approximately 22+ acres bounded by Ingerson Avenue, Arelious Walker Drive and Harney Way. The BVHP Redevelopment allows for a wide range of land uses in the Candlestick Center, including housing, hotel, retail, office, research & lab space, and entertainment uses.

### **Redevelopment Plan Time Limits**

#### **Current Status:**

The BVHP and HPS Plans currently have the following time limits: 1) a 20-year time limit on establishing loans, advances, and indebtedness; 2) a 30-year time limit on the effectiveness of both Plans; and 3) a 45-year time limit to repay indebtedness. The DDA and Pledge Agreement of the DDA, both enforceable obligations, specifically refer to and implement certain of these time limits. As shown in Table 1 and Table 2 below, these time limits are quickly approaching for both Redevelopment Plans, with the time limit in connection with the Successor Agency's ability to incur indebtedness set to expire on June 1, 2026.

Since 2010, the clean-up of the 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. This challenge has impeded the timely implementation of the CP-HPS2 Project, adversely impacting OCII's and the Developer's redevelopment activities and substantially delaying the overall CP-HPS2 Project. The quickly approaching statutory time limits described above means that the amount of tax increment financing that OCII can receive will be impacted and would impede OCII's ability to produce the Project's

affordable housing as well as the Project's parks and the overall viability and financial feasibility of the CP-HPS2 Project.

The Developer and Successor Agency could not complete all project activities within Zone 1 of the BVHP by June 1, 2036. 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 below are therefore critical to ensuring adequate funding sources to finance the construction of public infrastructure, parks and open space, and other community benefits contemplated by the CP-HPS2 Project.

## **PROPOSED PLAN AMENDMENTS**

The proposed Plan Amendments re-establish the starting point for BVHP and HPS Plans due to the continuing significant delays to the Project as a result of ongoing Navy delays and remediation actions. Further the Redevelopment Plan Amendments and the corresponding CP-HPS2 DDA amendments described later in this memo will allow for tax increment from BVHP Project Area to be used to help finance development of the Shipyard Site.

Due to delays at HPS2, the development at CP will precede that at HPS2. Additionally, the proposed development at CP is projected to generate tax increment, which, combined with Mello Roos Community Facilities District ("CFD") financing, is projected to cover the Project's Qualified Project Costs. At HPS2, budgeted Qualified Project Costs are anticipated to be significantly higher than at CP. Thus, provisions in the Financing Plan and the Pledge Agreement allows tax increment generated at CP to be extended and used to reimburse Qualified Project Costs at HPS2. This will facilitate development at HPS2 in a timely manner. This cross-funding will make the Project more feasible and help maintain the pace of development at HPS2, supporting the fulfillment of the Project's intended development program, public amenities and benefits.

### **A. Effectiveness of the Plan:**

**BVHP Plan:** Establish that the time limit for the effectiveness of the BVHP Plan for Zone 1 shall be 30 years from the 2024 Plan Amendment Date. The Plan Amendment further provides that solely for the purpose of using tax increment generated from Zone 1 of the BVHP Project Area to fund Qualified Project Costs and other costs necessary to complete the enforceable obligations of the Project, including Agency Affordable Housing Costs and Agency Costs in Phase 2 of the HPS Project Area, the time limit for the effectiveness of the BVHP Plan shall be 30 years plus an additional 15 years ("Anticipated Navy Delay"). The Anticipated Navy Delay is based on documentation from the Navy that completion of remediation and conveyance of all portions of the Shipyard Site, excluding Parcel F, to Developer will occur between 2036-2038, including time needed for a Finding of Suitability for Transfer and associated conveyance documentation.

**HPS Plan:** Establish the time limit for the effectiveness of the HPS plan to 30 years from the conveyance to the Developer all Shipyard Phase 2 parcel(s) required for the completion of development of the first Major Phase located within Phase 2 ("Initial HPS Transfer Date"), plus an additional 15 years for the Anticipated Navy Delay.

**B. Time Limit to Incur Debt.**

**BVHP Plan:** Establish that the new time limit for establishing loans, advances, and indebtedness in connection with Zone 1 of the BVHP Project Area shall be 30 years from the 2024 Plan Amendment Date. The Plan Amendment further provides that solely for the purpose of using tax increment generated from Zone 1 of the BVHP Project Area to fund Qualified Project Costs and other costs necessary to complete the enforceable obligations of the Project, including Agency Affordable Housing Costs and Agency Costs in Phase 2 of the HPS Project Area, the time limit for establishing loans, advances, and indebtedness is 30 years plus an additional 15 years for the Anticipated Navy Delay.

**HPS Plan:** The current debt period ends 20 years after the first \$100,000 in increment is received and is set to expire in 2033. The Navy's parcel current schedule shows transfer completion by 2036-2038 (including time needed for a Finding of Suitability for Transfer and associated conveyance documentation), five years after the debt period has expired in the current plan, which would not provide enough time to finance the HPS 2 Project Area. Further, the Navy historically has experienced significant delays in conveyance related to retesting and remediation efforts; therefore, the proposed amendment to the HPS Plan provides that the time limit for establishing loans, advances, and indebtedness is 30 years from the Initial HPS Transfer Date plus an additional 15 years, which accounts for Anticipated Navy Delays.

**C. Repayment of Debt/Receive Tax Increment:**

**BVHP Plan:** Establish that the time limit to repay indebtedness and receive tax increment for Zone 1 of Project Area B shall be 45 years from the 2024 Plan Amendment Date. The Plan Amendment further provides that solely for the purpose of using tax increment generated from Zone 1 of the BVHP Project Area to fund Qualified Project Costs and other costs necessary to complete the enforceable obligations of the Project, including Agency Affordable Housing Costs and Agency Costs in Phase 2 of the HPS Project Area will be 45 years plus an additional 15 years which represents the Anticipated Navy Delay.

**HPS Plan:** Establish the time limit to repay indebtedness and receive tax increment shall be 45 years from the Initial HPS Transfer Date plus an additional 15 years which represents the Anticipated Navy Delay.

**D. Increase in Indebtedness Limit (BVHP and HPS Plans)** In 2010, the limit on bonded indebtedness was \$1.7 billion, divided between \$800 million at Candlestick Point and \$900 million at HPS2. In furtherance of SB 143's authorization for tax increment to be used on either Phase 2 of the HPS Project Area or Zone 1 of the BVHP Project Area, the Plan Amendments also adjusts the limit on the amount of bonded indebtedness that can be outstanding at one time by establishing a single limit on the combined amount of bonded indebtedness applicable to both Zone 1 of the BVHP Plan and Phase 2 of the HPS Project Area. The adjusted single limit on bonded indebtedness limit proposed by the Plan Amendment is \$5.9 billion. For informational purposes only, this \$5.9 billion combined single limit on bonded indebtedness may be broken down between \$3.3 billion in bonded indebtedness for Zone 1 of Project Area B and \$2.6 billion in bonded indebtedness for Phase 2 of the HPS Project Area. These separate informational subtotals do not reflect lower limits on bonded indebtedness

within these two respective areas. The bonded indebtedness limit calculations are based on estimates of future tax increment growth, which are in turn based on estimates of future property values.

During the previous Plan amendments, OCII did not adjust the bonded indebtedness limit. As a result, it has been 14 years since the bonded indebtedness limit was set. During those intervening 14 years, the costs of construction of parks and residential and commercial property have significantly increased. Also, assessed property values and corresponding tax increments have increased during the past 14 years and will continue to grow over the development timeframe. There is also more planned development square footage due to the change in the development program in 2018 increasing the generation of tax increment in Zone 1. Finally, due to delays in the Navy land transfer process, the development timeframe for the Project is about 20 years longer than what was estimated in 2010. These three factors assessed value appreciation since 2010, additional development, and a longer timeframe for tax increment growth, all result in a significantly increased bonded indebtedness compared to 2010.

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

	<b>Zone 1- Candlestick Point</b>	
	<b>Current</b>	<b>Proposed</b>
<b>Time Limits (Zone 1 of Project Area B)</b>		
Incurring Debt	6/1/2026	30 years from the 2024 Plan Amendment Date. Solely for the use tax increment 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 limit for incurring debt shall be a) 30 years from the 2024 Plan Amendment Date, plus b) an additional 15 years which represents the Anticipated Navy Delay.
Plan Effectiveness	6/1/2036	The time limit for Plan Effectiveness shall be a) 30 years from the 2024 Plan Amendment Date, plus b) an additional 15 years, which represents the Anticipated Navy Delay.
Repay Indebtedness and Receive Tax Increment	6/1/2051	45 years from the 2024 Plan Amendment Date. For the sole purpose of using tax increment 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 limit for incurring debt shall be a) 45 years from the 2024 Plan Amendment Date, plus b) an additional 15 years which represents the Anticipated Navy Delay.
<b>Fiscal Limit for Both HPS2 and CP</b>		
Limit on Bonded Indebtedness	\$800 million and \$900 million	\$5.9 billion (combined limit on bonded indebtedness for Zone 1 of the BVHP Project Area and Phase 2 of HPS Project Area)

**Table 2  
Summary of Existing and Proposed Time and Fiscal Limits  
Hunters Point Shipyard Redevelopment Project Area**

	Phase 2 Hunters Point Shipyard	
	Current	Proposed
<b>Time Limits (Phase 2 of HPS Project Area)</b>		
Incurring Debt	20 years after the first \$100,000 in tax 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, plus an additional 15 years, which represents the Anticipated Navy Delay based on documentation from the Navy to complete remediation and conveyance activities.
Plan Effectiveness	30 years after the first \$100,000 in tax increment received (2043)	30 years from HPS Initial Transfer Date plus an additional 15 years for the Anticipated Navy Delay.
Repay Indebtedness and Receive Tax Increment	45 years after first \$100,000 of Tax Increment received (2058)	45 years from the plus an additional 15 years which represents the Anticipated Navy Delays.

**Fourth Amendment to DDA – Description of Changes**

The CP-HPS2 DDA was executed between SFRA and the Developer on June 3, 2010, and sets forth the Developer’s and OCII’s rights and obligations regarding the construction of infrastructure, certain vertical construction obligations such as those related to the Alice Griffith Public Housing Revitalization and the Artists’ Complex, parks, community facilities, and the provision of robust community benefits and below market rate housing program.

Currently the CP-HPS2 DDA provides for the delivery of these obligations through a series of Major Phases and Sub-Phases pursuant to the land use controls established in the Redevelopment Plans. The CP-HPS2 DDA includes a Schedule of Performance, as amended from time to time, that reflects the Phasing Plan and provides “Outside Dates” by which the Developer must submit Major Phase and Sub-Phase applications and complete infrastructure improvements, parks, and other community benefits.

The CP-HPS2 DDA has been amended three times previously in 2013, 2014, and 2018. The proposed Fourth Amendment to the DDA establishes the updated development program for Candlestick Point and streamlines the planning review process (Major Phase and Sub-Phase processes) applicable to the Project.

No changes to the Community Benefits Plan of the DDA are being proposed and the Developer has met all the current funding milestones for the following: 1. Scholarship Fund 2. Education Improvement Fund 3. Health and Wellness Contributions 4. Construction Assistance Program, and 5. Credit Support Program.

The Fourth Amendment proposes the following:

- Sets forth the updated development program reflecting the transfer of up to 2,050,000 square feet of research and development and office space from the Shipyard Site to Candlestick Point;
- The Sub-Phase was deemed to be largely duplicative of the Major Phase Application process. To streamline development, the Sub-Phase Application process will be removed from the DDA and its removal will expedite vertical and horizontal review.
- Implements SB 143 by establishing the time limit for the effectiveness of the BVHP and HPS Plans, which are coterminous with the Term of the DDA;
- Focuses the Schedule of Performance on the most critical dates of construction commencement and completion for infrastructure and removes ancillary dates for submitting Major Phase Applications (describe further below) as the commencement and completion Outside Dates establish meaningful parameters for the submittal of Major Phase Applications, which is required prior to the commencement of construction.
- Eliminates Section 26.7 from the DDA. Section 26.7 of the DDA (as amended by the Third Amendment) established a framework for OCII and Developer to identify the amount of tax increment required for the completion of the parks and open spaces in the last Major Phase on the Shipyard Site in the event Developer elected not to provide Adequate Security for the parks and open spaces in the last Major Phase on the Shipyard Site. The Fourth Amendment would delete Section 26.7 from the DDA, while leaving intact all of Developer’s obligations regarding park and open space development.

The changes described here are those contained in the Fourth Amendment itself. Changes to the various DDA exhibits, such as the Candlestick Point Design for Development, Design Review and Document Approval Procedure (“DRDAP”), Below Market Rate Housing Plan (“BMR”), Financing Plan, and Transportation Plan are separately described below.

## **Candlestick Point Design for Development Amendment**

The CP D for D guides the development of the Candlestick Point Zone 1 of the BVHP Plan by applying development standards and guidelines to the area, comparable to the zoning code. This document was approved by the Commission and the Planning Commission in 2010 and was amended by both Commissions in 2016 and 2019 to allow for the development of the 2019 vision for Candlestick Center. The CP D for D provides development standards for vertical development and other improvements for the entire Candlestick Point area and contains neighborhood development standards and guidelines specific to Candlestick Point's four neighborhoods: 1) Alice Griffith, 2) Candlestick North, 3) Candlestick Center, and 4) Candlestick South.

The 2024 proposed amendment to the CP D for D is necessary to allow the development of the proposed Candlestick Center Innovation District, as envisioned. The proposed amendment to the CP D for D establishes a supplementary section— Section A5.3 Candlestick Center Innovation District – based mostly on the standards already established for the Innovation District at HPS Phase 2 that includes standards and guidelines for developing Candlestick Center as an Innovation District. The CP D for D Amendment does not remove the 2019 Candlestick Center neighborhood section; rather, it provides the 2024 Candlestick Center neighborhood chapter as an alternative, which is currently FivePoint's preferred R&D alternative. There are no changes proposed to other sections of the CP D for D.

The proposed Candlestick Center Innovation District section modifies the development controls and heights to accommodate the potential increase in the square footage of commercial and R&D buildings. There is an increase in building heights from 120 feet to 180 feet along the new Arelious Walker Drive to accommodate buildings designed for R&D and establish building articulation standards appropriate for such buildings.

Research and development buildings have unique design criteria that allow larger floor plates with specified service areas, requiring different building volumes than traditional office buildings. The overall height limits proposed in the CP D for D will range between 85 feet to 180 feet. Parcels would utilize natural grade differences to step down toward and accentuate the natural beauty of Candlestick Point going towards the San Francisco Bay, while orienting the longer side of buildings perpendicular to Arelious Walker Drive to maximize porosity and visibility through the site from higher elevations; this design framework and site plan would maximize sunlight, create wind protection, and incorporate human scale elements and activation required at street level.

Another main urban design proposal is the introduction of a large publicly accessible pedestrian and greenway promenade that would extend from the intersection of Harney Way and Ingerson Avenue through the entire Candlestick Center site terminating at Arelious Walker Drive, across from the proposed Jamestown Walker Slope creating a strong pedestrian connection to the waterfront from the Bayview Hill area. The new section allows for a flexible approach to development to respond to future development types and land uses of the Candlestick Point area as it evolves. The fixed framework of the design includes a maximum build envelope, a defined public realm layout of private street networks, mid-block breaks and paseos, and ground floor activation standards to ensure the development provides the community with a lively, safe, and enjoyable pedestrian environment. More detailed building massing,



architecture, building type, final land use, and other details will be subject to review by OCII staff, HPS CAC approval, and Commission approval in future Major Phase and Schematic Design applications.

### **Phasing Plan and Schedule of Performance Changes**

The HPS2-CP Project is currently divided into large Major Phase areas and smaller Sub-Phases areas comprised of four to six blocks of development, as shown in the 2019 phasing plan attached to the HPS2-CP DDA, as amended from time to time (“Phasing Plan”). The current Phasing Plan identifies the geographic location and boundaries of a Major Phase and Sub-Phases. The CP-HPS2 DDA also has companion documents in the Phasing Plan, a Schedule of Performance, as amended from time to time, that provides “Outside Dates” by which the Developer must submit Major Phase and Sub-Phase applications and complete infrastructure improvements, parks, and other community benefits. (See Attachment 9 (b) to see the 2024 Phasing Plan)

The updated Schedule of Performance and Phasing Plan for Candlestick Point provides adjusted Dates for the Commencement and Completion of Infrastructure and the Completion of Associated Public Benefits. The Sub-Phase Application content was determined to be largely duplicative of the Major Phase Application. Also, the Developer proposes smaller Major Phases, lessening the need for Sub-Phases. With the new phasing, the Sub-Phase Application served little purpose. Eliminating the Sub-Phases and Major Phase Application dates from the Schedule of Performance is proposed to further streamline the development application process.

- The number of Major Phases on Candlestick Point has increased from three (3) to seven (7). The addition of smaller Major Phases provides sequencing through organization around ground improvements, more efficient staging and site management, and construction of major backbone streets that would continue to connect existing development; the sequencing avoids creation of isolated new developments, adds new neighbors within proximity of existing neighbors, and seeks to implement mixed use in each phase.
- The order of development phases remains broadly intact except there are smaller Major Phases and the areas covered by the 2010 Major Phase 3 is now sooner and the areas covered by the 2010 Major Phase 2 are sequenced for after.
- The boundaries of Major Phases and sequence of development have been adjusted. The Phasing Plan reflects that development of Alice Griffith (referred to as CP-01 in other Project documents) has been completed and is referred to as Major Phase 1.
- Candlestick Center will be developed over two different Major Phases (2 and 3).

### **Below Market Rate Housing Plan Amendments**

The BMR Housing Plan describes the process and requirements for developing approximately 10,672 homes on the Project Site and is designed to provide new housing opportunities for households of diverse income, ages, lifestyles and family size. Approximately Thirty-two percent of the Total Units (3,363 of 10,672 Units), will be Below-Market Rate Units, including Alice Griffith Replacement Units, Agency Affordable Units, Inclusionary Units and Workforce Units described further below:

- Alice Griffith Replacement Units: 256 units built in multiple phases to replace the public housing units at the former Alice Griffith Public Housing site (the “Alice Griffith Lots”). All Alice Griffith residents have successfully moved and to date 226 of these units have been constructed.
- Agency Affordable Units: 1,388 units affordable to households earning up to 60% of Area Median Income (“AMI”) in 100% affordable developments built on OCII-owned lots (“Agency Lots”), or as a part of the Alice Griffith Replacement Units. To date 107 of these units (and 4 associated managers’ units) have been constructed.
- Inclusionary Units: 723 units affordable to households earning 80%-120% of AMI built by the Developer or subsequent vertical developers as part of larger market rate projects and 104 units affordable to seniors earning up to 60% AMI in a standalone senior development built by the Developer or subsequent vertical developer. To date none of these units have been constructed.
- Workforce Units: 892 units affordable to households earning 120%-160% of AMI built by the Developer or subsequent vertical developers as part of larger market rate projects or as standalone Workforce developments on designated lots (“Workforce Lots”). To date none of these units have been constructed.

The BMR Housing Plan requires the Developer to pay a subsidy for each affordable unit on an Agency Lot or Alice Griffith Lot<sup>1</sup>. The subsidy is \$90,000 for each Alice Griffith Replacement Unit (the “Alice Griffith Subsidy”) and \$70,000 for each Agency Affordable Unit (the “Agency Subsidy”). For the Alice Griffith Replacement Units, the Developer is also responsible for any additional gap in financing beyond the original estimated budget from 2010 (“Cost Overruns”). For all Agency Affordable Units, OCII is responsible for funding any financing gap in excess of the Agency Subsidy provided by the Developer.

The amendments to the BMR Housing Plan are listed below; none of which impact OCII’s ability to deliver the Agency affordable units.

- **Agency Subsidy Schedule:** Cumulative Agency Subsidy schedule, which establishes a timeline for delivery of the Agency Subsidy pursuant to the overall Schedule of Performance, will reflect the updated Schedule of Performance. These changes will not affect the timing or delivery of Agency Affordable Units on Agency Lots as OCII has the ability to finance the full gap subsidy to provide the full gap subsidy for any Agency Lot developed prior to the due date for the Agency Subsidy as outlined in the Cumulative Agency Subsidy schedule. The Developer will fully repay OCII for the portion that is attributable to the Agency Subsidy; and,
- **Alice Griffith Contributions and Cost Overruns:** The Developer paid \$34,311,769 in Alice Griffith Subsidy and associated “Cost Overruns” between 2015 and 2017 in connection with Phases 1-4 of the Alice Griffith Replacement Projects. As part of the advancement of development of more residential units in connection with the portion of Alice Griffith within the boundaries of Major Phase 4, the Developer is proposing to delay the payment of the Alice Griffith Subsidy and associated “Cost Overruns” for the remaining thirty (30) Alice Griffith public housing replacement units and the Agency Subsidy associated with the remaining associated (137) new affordable

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<sup>1</sup> Each Alice Griffith Lot includes both Alice Griffith Replacement Units and Agency Affordable Units.

units from at the close of construction financing (just prior to the start of construction) to the completion of each project. This subsidy timing shift will not delay the delivery of these units. OCII can finance the full gap subsidy at the close of construction financing for the remaining units and the Developer will fully repay OCII for the portion that is attributable to the Agency Subsidy and the Alice Griffith Subsidy; and,

- **Senior BMR Project Completion:** In 2018, the BMR Housing Plan was modified to allow an optional 100% affordable 105-unit project (104 BMR units plus one manager's unit) for seniors (aged 62 and over) at 60% AMI and below in CP-02 (the "CP-02 Senior BMR Project"). Pursuant to the current BMR Housing Plan, if the Developer elects to build the CP-02 Senior Project, they also must shift 57 units from the 120% AMI Inclusionary category to a new 101%-119% AMI Inclusionary category.

To retain this senior housing, the proposed amendments to the DDA requires the Developer to complete a senior project by the date of issuance of the last Temporary Certificate of Occupancy for the last building in Major Phase 4 on the Candlestick Site and create the 101%-119% AMI category as described above; and

- **Housing Map Update:** Also, as part of the advancement of development of more residential units in connection with the portion of Alice Griffith within the boundaries of Major Phase 4, the Developer is proposing to amend the BMR Housing Map to swap the location of AG 11, a Stand-Alone Workforce Lot with AG 17, a Market-Rate Lot. The number of Workforce Units will remain the same. The BMR Housing Plan (Section 2.2(b). 2) allows Stand-Alone Workforce Lots to be moved with the OCII Executive Director approval so long as the plan does not reduce the obligation to deliver Workforce Units. The proposed Stand-Alone Workforce Lot move is being considered as part of these Project approvals. (See Attachment 13(d) to see the updated BMR Housing Map)

### **Infrastructure Plan Amendments**

At the July 2, 2024 Commission workshop we indicated that we would amend the Infrastructure Plan. Some of the proposed changes are considered unnecessary at this time and the remaining proposed changes apply to subsequent permits and plans and not the Infrastructure Plan. Therefore, the Infrastructure Plan Amendment is withdrawn.

### **Transportation Plan Amendments**

The Transportation Plan establishes the phased implementation of transit, roadway, pedestrian and bike improvements that will be constructed through the build-out of the Project. Overall, the transportation and circulation network aim to reduce car usage and encourage walking, bicycling and transit usage. The Project includes significant transit infrastructure enhancements including dedicated transit lanes and transit-priority signaling; enhancements to several existing MUNI lines; and creation of several new lines, including a Bus Rapid Transit line; and new express buses. The Project includes Transportation Demand Management ("TDM") measures, including management of the parking supply, which encourage residents, workers, and visitors to use alternative modes of transportation.

The proposed amendments to the Transportation Plan are intended to reflect the updated development program and include the following:

- Modify the Candlestick Point office/R&D parking ratio to 2.0 spaces per 1,000 square feet for the first 1,700,000 square feet of office/R&D. Developer shall conduct a parking study once the 1,700,000 square feet of development is completed to project the remaining Candlestick Point future parking needs. The current approved parking ratio for the office/R&D use at the Shipyard Site where the use is being transferred from is 1.3 parking spaces per 1,000 square feet.
- This parking study will be subject to review and approval by SFMTA. If the parking study is either not completed or not approved, the maximum parking ratio of 1.3 parking spaces per 1,000 square feet will apply to the remaining 1,100,000 square feet of office/R&D consistent with the approved parking ratio for the office/R&D at the Shipyard Site.
- Modify the Transit Operating Plan to be consistent with the revised phasing plan;
- Incorporate changes to reflect changes in the timing for (a) advance 29-Sunset and 56 Rutland to Major Phase 2, (b) change the timing of CPX (“Candlestick Point Express Shuttle”) and (“Bus Rapid Transit”) to later phases when more development has been completed, and (c) change the frequency of service to 10 minutes (instead of 5 minutes).
- Provide alternative roadway cross-sections if existing privately owned parcels in Candlestick Point are unable to be acquired.
- Remove the Hunters Point Shipyard Phase 1 from the Candlestick Point-Hunters Point Shipyard Transportation Management Association. Hunters Point Shipyard Phase 1 will establish a separate TMA which will solely serve Phase 1 in accordance with Mitigation Measure Requirements of the Hunters Point Shipyard Phase 1 Environmental Impact Report.

### **Design Review & Document Approval Procedure Amendments**

The DRDAP provide standards by which OCII, working with the Planning Department and other City departments, will review all development within the Project Area, including Major Phases, consisting of the specific plan for each block, with related infrastructure and open space improvements, and individual building improvements on lots.

Amendments to the DRDAP include the following:

- Eliminate the Sub-Phase and Design Development processes to accelerate the development of housing while retaining the community and HPS CAC process and OCII Commission review authority, and,
- Clarify submittal requirements for Major Phase Applications and Vertical Applications.

## **Financing Plan and Tax Allocation Pledge Agreement Amendments**

The Financing Plan is part of the CP-HPS2 DDA and establishes the agreement between the Developer and the OCII for the use of tax increment generated by the Project Areas to finance public improvements and other costs permitted by law. The public improvements include Infrastructure, described in the Infrastructure Plan, and affordable housing, described in the BMR Housing Plan. The Financing Plan also provides for creating CFDs under which special taxes will be levied pertaining to private property (excluding OCII affordable housing parcels) to finance public improvements and other costs permitted by law. The Candlestick Point and HPS Phase 2 Facilities and Services CFD was formed and approved in 2018.

The Pledge Agreement between the OCII and the City authorizes and approves the allocation of tax increment to OCII for the purpose of financing public improvements and certain other costs permitted by law), as described in the Financing Plan. The Pledge Agreement is a joint community facilities agreement under the Mello-Roos Community Facilities Act for all the infrastructure to be financed by CFDs and owned or operated by the City or privately owned if such infrastructure or improvements are open to the public to the extent permitted under the CFD Act and the documents governing the formation of the applicable CFD.

The specific changes include the following:

- Allows for tax increment generated at Candlestick Point to be used to repay Qualified Project Costs at HPS2 and vice versa.
- Eliminate the Major Phase Increment Allocation framework and Excess Increment concept from the Financing Plan. Major Phase Allocation and Excess Increment is tied to an outdated Major Phase structure and is not reflective of the current financing approach of the Project.
- The Financing Plan, which contemplates that both CFD and tax increment proceeds will finance the Project, and that tax increment can be used from either Candlestick Point or HPS2 for the Project, establishes parameters on the use and distribution of CFD and tax increment finance proceeds that will provide for the metered flow of increment for the development of the Project.
- Proposes increases in the time period for levying special taxes for CFD bonds by 10 years, from 75 years to 85 years, subject to compliance with state CFD law. The increase in the term for the CFD bonds increases the Project's feasibility and aligns with other comparable large San Francisco development projects (e.g., Treasure Island) and the extended bond term allows for additional time for CFD pay-go taxes potentially reducing the amount of bonds needed.

## **Pledge Agreement**

- Allows for tax increment generated at Candlestick Point to be used to repay Qualified Project Costs at HPS2 and vice versa.
- Increases the number of years allowed to incur debt from 20 years to 30 years. For Candlestick Point (Zone 1 of the BVHP Plan), the 30 years will start as of the 2024 Plan Amendment Date. However, solely for HPS2 Qualified Costs, Candlestick Point debt can be incurred for an

additional 15 years due to Anticipated Navy Delays. For HPS2 (Phase 2 of HPS Plan), the 30 years will start as of the date of conveyance to the Developer of all of the Phase 2 parcels(s) needed to complete the first Major Phase, plus an additional 15 years due to Anticipated Navy Delays.

- The numbers of years for repaying debt at CP is changed from June 1, 2051, to 45 years from the 2024 Plan Amendment Date. Solely for HPS2 Qualified Costs, Candlestick Point debt can be repaid for an additional 15 years due to Anticipated Navy Delays. For HPS2, the 45-year period starts from the Initial HPS Transfer Date plus an additional 15 years due to Anticipated Navy Delays.
- The limit of combined total bonded indebtedness between Candlestick Point and HPS Phase 2 is increased from \$1.7 billion to \$5.9 billion

### **Fiscal & Economic (“F&E”) Impact Report for Candlestick Point Amendments**

#### **Fiscal & Economic Impact Report**

The Developer hired Economic & Planning Systems (“EPS”) to conduct an analysis of the fiscal and economic impacts to the City of the proposed Candlestick Point Project (“F&E Report”). Due to projected delays in the delivery of parcels at HPS Phase2, an analysis was only conducted for the Candlestick Point Project. Staff has reviewed the F&E Report in consultation with OCII’s consultant team at ALH Economics and agrees with the conclusion that the amended Candlestick Point Project will create a net positive impact to the General Fund and the local economy. Review of the F&E Report is also being conducted by the Controller’s Office as the Project amendments are submitted to the Board of Supervisors, and it is possible that further refinements could result from that review. See Attachment 17 for the full F&E Report. The F&E Report concludes the following about several key fiscal and economic indicators about the Candlestick Point Project at full buildout:

#### **General Fund Net Annual Revenues: \$23.3 million**

At full buildout Candlestick Point is estimated to contribute a total of \$23.3 million in net annual General Fund revenues to the City. As shown in Table 2 in the F&E Report, in 2046 (after buildout and cost/revenue stabilization), the City’s new General Fund revenues are approximately \$61.7 million annually and General Fund expenditures are approximately \$38.4 million annually, representing a net annual General Fund surplus of approximately \$23.3 million (all in 2024 constant dollar terms) to the City. These City revenues are driven primarily by assessed value/ property related taxes, which account for approximately \$43.8 million (71%) of total revenues at stabilization. Business taxes paid to the City contribute the next largest portion of General Fund revenues, providing approximately \$9.4 million (15%) annually to the City at stabilization. The revenue streams are more than sufficient to cover the largest expenditure categories, including police services, fire services, and allocations to San Francisco MTA, including \$5.8 million to MUNI and \$6.0 million to other SFMTA programs and expenditure categories. During the course of development, the City will also receive substantial additional property transfer tax and sales and use tax revenues associated with the land development and construction process.

**Annual Transit Surplus: \$2.8 million**

At full buildout and Transit costs/revenue stabilization in 2050, the F&E Report estimates the annual transit revenues will be \$20.7 million with estimated expenditures of \$17.9 million, resulting in net annual revenues of about \$2.8 million (all in 2024 constant dollar terms). See Table 3 in the attached F&E Report for a full breakdown and comparison of Transportation Revenue and Expenditure at Candlestick Point.

Transit revenues and costs accrue incrementally over time as new development occurs and new transit investments are made. The distribution of costs is affected by the assumption that all investments in transit vehicles and facilities can be financed, with costs thereby spread more evenly through time. As shown in Table 4 of the F&E Report, annual transit revenues are greater than transit costs every year except 2031, 2032, 2041 & 2043. The projected deficits in these years are attributable to the initial start-up costs required to commence or expand services to meet anticipated demand. The key revenues, e.g., FastPass, farebox recovery and taxes, lag intermittently until sufficient amounts are generated to cover expenses (i.e., the revenues need to “catch up” to the costs of providing transit services). Outside of the four start-up periods, Candlestick Point is expected to generate an annual transit surplus every year, as well as a cumulative surplus that is positive and remains positive from 2034 onward. The cumulative revenues from the annual impacts for transit over the 2028 to 2050 period sum to about \$44.4 million.

**Job Generation: 4,068 construction and 12,670 new jobs (using “multiplier effect”)**

The F&E Report has estimated a schedule of full-time and part-time construction jobs associated with Candlestick Point development. The number of direct construction jobs varies by year but averages approximately 185 jobs annually over 19 years, or a total of approximately 3,501 construction job-years. As shown in Table 5 of the F&E Report, approximately \$383 million in income is associated with these jobs. The construction activity will also generate “multiplier” effects (indirect and induced effects) in San Francisco during the period of construction, adding an additional 567 job-years in San Francisco and approximately \$72 million in extra income. The combined direct, indirect, and induced jobs are estimated to generate approximately \$754 million in economic output.

As shown in Table 6 of the F&E Report, proposed employment-generating uses within Candlestick Point will generate approximately 8,250 jobs with the majority of jobs associated with the office/ research and development workspaces. Approximately 1,360 of these jobs will be associated with the regional and neighborhood retail, the Community Facility Space, the hotels, and the residential properties. As shown in Table 7 of the F&E Report these 8,250 output and-related jobs are expected, annually, to generate approximately \$3.3 billion in direct economic output, and provide \$1.9 billion in income. The economic multiplier effects in San Francisco provide significant additional economic impacts, generating an estimated additional 4,420 jobs, \$650 million in income, and adding another \$1.5 billion in economic output.

**CALIFORNIA ENVIRONMENTAL QUALITY ACT**

On June 3, 2010, the SFRA Commission and the San Francisco City Planning Commission, acting as co-lead agencies, prepared and certified the Final Environmental Impact Report for the CP/HPS2 Project (“Project FEIR”) in compliance with the California Environmental Quality Act (“CEQA”). On the same date, both co-lead agencies adopted findings pursuant to CEQA (“CEQA Findings”), including findings regarding the alternatives, mitigation measures and significant environmental effects analyzed in the

Project FEIR, a statement of overriding considerations and a mitigation monitoring and reporting program for the CP/HPS2 Project. On July 14, 2010, the Board of Supervisors affirmed the certification of the FEIR and adopted CEQA Findings.

Subsequent to the certification of the Project FEIR, the Commission approved certain changes to the CP/HPS2 Project supported by Addendum No. 1 and Addendum No. 6. Addendum No. 1 addressed changes to the schedules for implementation of transportation system improvements in the Transportation Plan, including the Transit Operating Plan, the Infrastructure Plan and other public benefits; and minor proposed revisions in two adopted mitigations measures, TR-16 Widen Harney Way, and UT-2 Auxiliary Water Supply System. Addendum No. 4 addressed modifications to the approved Candlestick Point Design for Development, Schedule of Performance, the Candlestick Point Infrastructure Plan, the Candlestick Point Hunters Point Shipyard Phase II Transportation Plan, and proposed revisions to two adopted mitigation measures TR-16 Widen Harney Way, and TR-23.1 Maintain the Proposed Headways of the 29-Sunset. (Addenda Nos. 2 and 3 analyzed proposed changes to the Project, which are no longer being pursued). Addendum 5 addressed a revised development program for Phase 2 of the HPS Plan Area including amendments to the HPS and BVHP Plans, a revised HPS Design for Development; a Third Amendment to the DDA; and other conforming amendments to the attachments of the DDA. Addendum 5 made modifications to 17 Mitigation Measures. Modifications were made to Mitigation Measure TR-23.1, Maintain Proposed Headways of 4 the 29 Sunset bus routes, to ensure that transit travel times would be consistent with the FEIR, as well as revisions conforming or updating 16 previously adopted mitigation measures, including MM TR-16 (Widen Harney Way), MM UT-2 (Auxiliary Water Supply System), MM TR-17 (Transit Operating Plan), MM TR-VAR1 (Striping and turn lanes at Crisp and Palou Streets; Griffith Street Parking), MMNO-2a (Pre-construction Assessment to Minimize Pile Driving Impacts), MM CP-2a (Archaeological Resources at Candlestick Point), MM GE-5a (Geotechnical Investigation for Liquefaction, Lateral Spreading and/or Settlement), MM HY-6a.1 (Regulatory Stormwater Requirements), MM HY-12a.1 (Finished Grade Elevations Above Base Flood Elevation), MM HY-12a.2 (Shoreline Improvements for Future Sea-Level Rise), MM HY-14 (Shoreline Improvements to Reduce Flood Risk), MM BI-19b.1 (Maintenance Dredging Work Windows during Operation of the Marina), MM BI-20a.1 (Lighting for Bird-Safe Buildings), MM BI-20a.2 (Bird-Safe Building Design), MM RE-2 (Phasing of Parkland Construction), MM UT-2 (Auxiliary Water Supply System), and MM GC-2 (Greenhouse Gas Emissions) Mitigation Measures.

Addendum No. 6 addressed modifications to the Candlestick Point Design for Development; an amendment to the approved Major Phase Application for Candlestick Point Major Phase 1 (as Major Phase 1 was delineated in the Major Phase Application) including the transfer of R&D/office uses from HPS2 to Candlestick Center and the internal conversion of certain non-residential uses in Candlestick Center; conforming revisions to the Candlestick Point Infrastructure Plan and CP/HPS2 Transportation Plan, and revisions to the Phasing Plan and Schedule of Performance for Candlestick Point; and modifications to five adopted mitigation measures, MM TR-16 (Widen Harney Way), MM CP-2a (Archaeological Resources at Candlestick Point), MM CP-3a (Paleontological Resources Monitoring and Mitigation Program), MM GE-5a Geotechnical Investigation for Liquefaction, Lateral Spreading and/or Settlement), and MM GC-2 (Greenhouse Gas Emissions).



OCII, in consultation with the Planning Department, has prepared Addendum No. 7, dated August 23, 2024 (Attachment 18). Addendum No. 7 evaluates the potential environmental effects of proposed amendments to the Hunters Point Shipyard and Bayview Hunters Point Redevelopment Plans; the Hunters Point Shipyard Phase 2 Design for Development; the Disposition and Development Agreement (Hunters Point Shipyard Phase 1) and its related documents.

Based on the analysis in Addendum No. 7, OCII concludes that the studies conducted and the conclusions reached in the FEIR on June 3, 2010, remain valid, and the proposed 2024 Actions, which include seven modifications to the mitigation measures (as specified in Exhibit 1 to Resolution 22-2024), will not cause new significant impacts not identified in the FEIR, or substantially increase the severity of previously identified significant consequences, and no new mitigation measures will be necessary to reduce the significant effects. Further, as described in Addendum No. 7, no Project changes have occurred, and no changes have occurred concerning circumstances surrounding the proposed Project that will require major revisions of the FEIR due to the involvement of new significant effects or a substantial increase in the severity of previously identified significant effects, and no new information has become available that shows that the Project will cause new or more severe significant environmental impacts. Therefore, no subsequent or supplemental environmental review is required under CEQA beyond Addendum No. 7 to approve the 2024 Actions.

Therefore, staff recommends that the Commission make CEQA Findings that state that no subsequent or supplemental environmental review is required under CEQA beyond Addendum No. 7, and that determine that the actions identified as the 2018 Modified Project Variant in Addendum No. 7 are within the scope of the Project analyzed in the Project FEIR and require no further environmental review beyond the Project FEIR pursuant to CEQA and CEQA Guidelines Sections 15180, 15162, and 15163.

### **Public Review and Community Outreach**

The outreach strategy for the 2024 Project Actions has been to meet with individual stakeholders, community groups, and formal community and HPS CAC meetings. FivePoint, along with their subject matter experts, including Perkins & Will (Architecture/Urban Design), BKF (Civil Engineers), Engeo (Geotech), Perkins Coie (Legal), Fehr & Peers (Transportation), and En2Action (Outreach/Special Events), created outreach materials and traveled together to multiple forums to meet community members, present the Candlestick update, and answer questions.

A local Bayview Small Business Enterprise, En2Action provided outreach services to ensure that the community had a voice in the visioning for the neighborhood. En2Action has a seasoned team with significant experience engaging community stakeholders and implementing these comprehensive communications strategies across multiple platforms:

- Created flyers, social media, email blasts, and conducted in-person/door-to-door outreach in the Bayview.
- Outreached to other nearby District 10 neighborhoods including Potrero Hill and Excelsior
- Translation of outreach materials: Spanish, Chinese, and Samoan.

- Created multiple attendance opportunities for easy access: evenings, weekend, virtual, formal and informal.
- The in-person/hybrid community workshops engaged all participants through polling questions, audience Q&A, online chat, and streamed live in-person on big screens so that everyone felt connected.

<b>Community Meetings</b>	<b>Date</b>
HPS CAC 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
HPS CAC Full Subcommittee (Approval)	June 17, 2024
San Francisco Housing Action Coalition	June 20, 2024
Community Outreach Workshop (in-person and virtual)	June 26, 2024
Meeting with the Candlestick Point and other Bayview Hill Neighbors at a resident’s home to respond to questions in person during meeting and in writing after meeting.	July 2, 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 include Faith in Action, ACCE, Labor Council, HPS CAC, the BVHP Project Area Committee, and the Additional Community Member.) - Candlestick Update Presentation	August 20 and 22, 2024
Hyper Local contractors	August 27, 2024
Taste of Bayview – Renaissance Entrepreneurship Center event	August 29, 2024
Youth outreach	November 2025 and ongoing

**CONCLUSION AND NEXT STEPS**

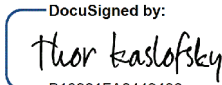
The updated land use program at Candlestick Point emphasizes the Developer’s commitment to delivering jobs and housing in the near term, while providing a development program that can better responds to market conditions, increases the range of economic opportunities in the community, and remains consistent with the expectations for community benefits contemplated in the CP-HPS2 DDA. To implement the 2024 updated program, a series of actions are required to approve the changes to the Redevelopment Plans, the CP-HPS2 DDA and its Exhibits, the Pledge Agreement, and the CP D for D.

Upon Commission approval of the requested actions, staff will proceed to seek necessary approval actions from the Planning Commission, the Oversight Board, the Board of Supervisors, and the California Department of Finance.

Once approved the Project’s development plan will be the following:

	2024 Development Program					
	Candlestick		Shipyard		Total	
Hotel	130,000	SF	120,000	SF	250,000	SF
	220	ROOMS	175	ROOMS	395	ROOMS
R&D/Office	2,800,000	SF	2,096,500	SF	4,896,500	SF
Regional Retail	170,000	SF	100,000	SF	270,000	SF
Neighborhood Retail	134,500	SF	226,000	SF	360,500	SF
Artists' Studios/Art Center (gsf)	0	SF	255,000	SF	255,000	SF
Community Uses	50,000	SF	50,000	SF	100,000	SF
Maker Space (gsf)	0	SF	75,000	SF	75,000	SF
Institution (gsf)	0	SF	410,000	SF	410,000	SF
Performance Venue/Arena	5,000	SF	0	SF	5,000	SF
	4,400	SEATS	0	SEATS	4,400	SEATS
Film Arts Center	64,000	SF	0	SF	64,000	SF
	1,200	SEATS	0	SEATS	1,200	SEATS
<b>NON-RESIDENTIAL LAND USE</b>	<b>3,353,500</b>	<b>SF</b>	<b>3,332,500</b>	<b>SF</b>	<b>6,686,000</b>	<b>SF</b>
<b>RESIDENTIAL LAND USE</b>	<b>7,218</b>	<b>UNITS</b>	<b>3,454</b>	<b>HOMES</b>	<b>10,672</b>	<b>UNITS</b>

(Originated by Lila Hussain, Senior Project Manager)

DocuSigned by:  
  
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 Thor Kaslofsky  
 Executive Director

## **Attachments:**

Attachment 1:	<a href="#"><u>July 2, 2024, Commission Workshop Memo</u></a>
Attachment 2:	<a href="#"><u>July 2, 2024 Commission Workshop Memo Attachments</u></a>
Attachment 3(a):	<a href="#"><u>BVHP Redevelopment Plan Amendment - Description of Changes</u></a>
Attachment 3(b):	<a href="#"><u>BVHP Redevelopment Plan (Redline)</u></a>
Attachment 4(a):	<a href="#"><u>HPS Redevelopment Plan Amendment – Description of Changes</u></a>
Attachment 4(b):	<a href="#"><u>HPS Redevelopment Plan (Redline)</u></a>
Attachment 5:	<a href="#"><u>BVHP Report to the Board on the BVHP Plan Amendment</u></a>
Attachment 6:	<a href="#"><u>HPS Report to the Board on the HPS Plan Amendment</u></a>
Attachment 7(a):	<a href="#"><u>Fourth Amendment to the CP/HPS2 DDA -Description of Changes</u></a>
Attachment 7(b):	<a href="#"><u>Fourth Amendment to CP/HPS 2 DDA (Clean)</u></a>
Attachment 7(c):	<a href="#"><u>Fourth Amendment (Redline)</u></a>
Attachment 8(a):	<a href="#"><u>Development Plan – Description of Changes</u></a>
Attachment 8(b):	<a href="#"><u>Development Plan</u></a>
Attachment 9(a):	<a href="#"><u>Phasing Plan – Description of Changes</u></a>
Attachment 9(b):	<a href="#"><u>Phasing Plan</u></a>
Attachment 10(a):	<a href="#"><u>Schedule of Performance - Description of Changes</u></a>
Attachment 10(b):	<a href="#"><u>Schedule of Performance</u></a>
Attachment 11(a):	<a href="#"><u>Financing Plan – Description of Changes</u></a>
Attachment 11(b):	<a href="#"><u>Financing Plan (Clean)</u></a>
Attachment 11(c):	<a href="#"><u>Summary Proforma</u></a>
Attachment 11(d)	<a href="#"><u>Financing Plan (Redline)</u></a>
Attachment 12(a):	<a href="#"><u>First Amendment to Tax Pledge Agreement – Description of Changes</u></a>
Attachment 12(b):	<a href="#"><u>First Amendment to Pledge Agreement (Clean)</u></a>
Attachment 12(c):	<a href="#"><u>First Amendment to Pledge Agreement (Redline)</u></a>
Attachment 12(d)	<a href="#"><u>Pledge Agreement</u></a>
Attachment 13(a):	<a href="#"><u>Below-Market-Rate Housing Plan - Description of Changes</u></a>
Attachment 13(b):	<a href="#"><u>Below Market-Rate Housing Plan (Clean)</u></a>
Attachment 13(c):	<a href="#"><u>Below Market-Rate Housing Plan (Redline)</u></a>
Attachment 13(d)	<a href="#"><u>Housing Map</u></a>
Attachment 14(a):	<a href="#"><u>Candlestick Point Design for Development– Description of Changes</u></a>
Attachment 14(b):	<a href="#"><u>Candlestick Point Design for Development -Amendment and Restated</u></a>
Attachment 15(a):	<a href="#"><u>DRDAP – Description of Changes</u></a>
Attachment 15(b):	<a href="#"><u>DRDAP – Amended and Restated</u></a>
Attachment 16(a):	<a href="#"><u>Transportation Plan and Appendix – Description of Changes</u></a>
Attachment 16(b):	<a href="#"><u>Transportation Plan and Appendix – (Redline)</u></a>
Attachment 17:	<a href="#"><u>Fiscal and Economic Impact Report</u></a>
Attachment 18:	<a href="#"><u>Addendum 7 to the Project FEIR</u></a>