

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 98-2014

Adopted December 2, 2014

**ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, CONDITIONALLY APPROVING A MAJOR PHASE APPLICATION AMENDMENT FOR A RESIDENTIAL PROJECT ON BLOCKS 56 AND 57, GENERALLY BOUNDED BY COLEMAN STREET ON THE WESTERN BOUNDARY, HILL DRIVE ON THE NORTHERN BOUNDARY AND HILLTOP PARK IN THE EASTERN BOUNDARY, WITH HPS DEVELOPMENT CO. LP., GRANTING A DENSITY BONUS AND REQUIRING THREE ADDITIONAL BELOW MARKET RATE HOUSING UNITS ON-SITE FOR A TOTAL OF 132 HOUSING UNITS AT BLOCKS 56 AND 57, THE HUNTERS POINT SHIPYARD PHASE 1, TOGETHER WITH 1) A REPORT ON THE SCHEDULE OF PERFORMANCE, 2) A MAJOR PHASE AND PROJECT HOUSING DATA TABLE, 3) A COMBINED BASIC CONCEPTUAL AND SCHEMATIC DESIGNS, AND 4) A FORM VERTICAL DISPOSITION AND DEVELOPMENT AGREEMENT; HUNTERS POINT SHIPYARD PROJECT AREA**

WHEREAS, Under Chapter 5, Statutes of 2011, ABx1 26, and Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12, Regular Session), the San Francisco Redevelopment Agency (“SFRA”) was dissolved and certain obligations of SFRA were transferred to the successor agency, now known as the Office of Community Investment and Infrastructure or “OCII,” the successor to the San Francisco Redevelopment Agency by operation of law. ABx1 26 and Assembly Bill No. 1484 amended Sections 33500 *et seq.* of the California Health and Safety Code, which sections, as amended from time to time, shall be referred to herein as the “Dissolution Law;” and,

WHEREAS, The Dissolution Law requires an oversight board for each successor agency to oversee certain fiscal and other actions of the successor agency. As required by AB 26, the oversight board for OCII (the “Oversight Board”) was timely established, and has been meeting since March 2012 to perform its duties under the Dissolution Law; and,

WHEREAS, On October 2, 2012, the Board of Supervisors in its capacity as the legislative body of the Successor Agency adopted Ordinance No. 215-12, acknowledging that OCII is a separate legal entity as a result of AB 1484 and creating the Community Investment and Infrastructure Commission (the “Commission”) as the policy body of OCII to implement three Major Approved Development Projects (1. Hunters Point Shipyard/Candlestick Point, 2. Mission Bay and 3. Transbay), the Retained Housing Obligations, and other enforceable obligations under the Dissolution Law; and,

WHEREAS, The Hunters Point Shipyard/Candlestick Point project is divided into two phases, called Phase 1 and Phase 2, each with a separate disposition and development agreement (“DDA”). The DDAs, together with a number of related binding agreements attached to or referenced in the text of the DDAs, establish a comprehensive set of enforceable obligations that collectively govern the completion of the project. The DDAs are binding contractual agreements that provide for the

transfer of land from OCII to developers, the developers' and OCII's rights and obligations relating to the construction of specified improvements, and the financing mechanisms for completing the project. Approximately 12,100 new homes, approximately 32 percent of which will be below market rate ("BMR") and will include the rebuilding of the Alice Griffith public housing development consistent with the City's HOPE SF program, up to 3 million square feet of research and development space, and more than 328 acres of new and renovated parks in the southeast portion of San Francisco will be created over time. In total, over \$6 billion of new economic activity to the City, more than 12,000 permanent jobs, hundreds of new construction jobs each year, new community facilities, new transit infrastructure, and provide approximately \$90 million in community benefits will be generated. Full build out will occur over 20-30 years, but over 1,000 units of housing and 27 acres of parks will be completed over the next five years in the first phase; and,

WHEREAS, On December 2, 2003, the SFRA Commission approved the Phase 1 DDA with HPS Development Co, LP ("Developer"). The Phase 1 DDA has been amended since its approval in 2003. The SFRA Commission authorized 1) on April 5, 2005, a First Amendment to the Phase 1 DDA; 2) on October 17, 2006, a Second Amendment to the Phase 1 DDA; 3) on August 5, 2008, a Third Amendment to the Phase 1 DDA; 4) on August 19, 2008, a Fourth Amendment to the Phase 1 DDA; 5) on November 30, 2009 a Fifth Amendment to the Phase 1 DDA; and 6), and on December 19, 2012 the Commission approved a Sixth Amendment to the Phase 1 DDA; and,

WHEREAS, The Phase 1 DDA obligates Lennar to construct the infrastructure necessary to support the vertical development of up 1,600 residential units with 1,498 residential units planned for construction in the Phase 1 development, and 27 acres of open space and parks. At least 10.5 percent of the 1,280 units constructed by Vertical Developers will be affordable at 80 percent of Area Median Income ("AMI"), approximately 60 units will be affordable at 50 percent of AMI on Block 49 under a Block 49 Vertical DDA with the affordable housing developer AMCAL. The Phase 1 DDA also obligates Lennar through a community benefits agreement, to provide training, assistance, and contracting opportunities to community residents and organizations, as well as offer opportunities for development of certain Lots to Bayview Hunters Point-based developers and contractors ("Community Builders"); and,

WHEREAS, The Phase 1 DDA requires: (i) the Developer to undertake development of infrastructure in Phase 1 and permits the Developer to sell improved land to vertical developers for development of individual projects for residential and other uses; and the Phase 1 DDA includes a process for vertical developers to receive development approvals in Phase 1 of the Shipyard called a "Major Phase." Under a Major Phase Application, vertical developers are required to submit overall plans for one or more development blocks. In the Major Phase Application, vertical developers propose a development program (including a form Vertical Disposition and Development Agreement or "Vertical DDA" or "VDDA") and specific architectural designs for buildings. The Vertical DDA grants development rights and responsibilities to vertical developers. A revised form of the Vertical DDA was approved by the

Commission on May 21, 2013 by Resolution No. 21-2013; Capitalized terms used in this paragraph but not defined in this resolution have the meanings ascribed to them in the Phase 1 DDA; and,

WHEREAS, At its regular hearing of July 2, 2013, the Commission reviewed and approved, by Resolution No. 34-2013, a Major Phase Application for a residential project on Block 56 and 57 (the "Project") for 98 housing units in four buildings, including a) Schedule of Performance Report, b) a Major Phase and Project Housing Data Table, and c) a combined Basic Conceptual and Schematic Designs. The Major Phase Application for the Project included approximately 98 units of for-sale housing, 10.5 percent (10 units) BMR units at 80 percent of AMI in accordance with the Phase 1 DDA; and,

WHEREAS, In accordance with the Fifth Amendment to the Phase 1 DDA, the Developer has 12 months after the date of the Commission's Major Phase approval to execute a VDDA or seek a one-time six-month extension, or the Commission's Major Phase approval expires. In the case of Blocks 56 and 57, Lennar did not execute a VDDA by July 2, 2014 and instead submitted a six-month extension request to extend the Major Phase approval duration until January 2, 2015. In addition to the six-month extension request, the Developer has proposed an amendment to the Major Phase Application ("Major Phase Amendment") to revise the development program for Blocks 56 and 57; and,

WHEREAS, By the time Developer submitted the Major Phase Amendment it had completed all the required vertical design review approval process ("VDRDAP") steps and was close to starting construction with approved Construction Drawings. As part of this Major Phase Amendment, the Commission will be approving a waiver of the VDRDAP's 1) Design Development document requirement as well as a waiver of the 2) requirement to produce a revised building Model. Staff is recommending these waivers because 1) the Design Development documents had been produced under the previous Major Phase and are less detailed than the Construction Drawings that we have today and to produce Design Development documents at this stage would be redundant, and 2) with the exception of the one floor increase the design elements represented by the Model are the same as previously approved and therefore don't present new information; and,

WHEREAS, OCII staff has determined that the Major Phase Amendment is consistent with the Phase 1 DDA, the horizontal schedule of performance, the Shipyard Redevelopment Plan (the "Plan") and the Hunters Point Shipyard Design for Development ("D for D"); and,

WHEREAS, The Developer has revised the development program for Blocks 56 and 57 through the Major Phase Amendment. The revised development program includes approximately 132 units of for-sale housing in four buildings (a mixture of one, two and three bedroom condominiums), 11 percent (or 15 units) of which will be BMR units at 80 percent of AMI in accordance with Government Code Section 65915 et. seq., commonly known as State Density Bonus Law; and,

WHEREAS, Pursuant to the Plan and the D for D, a developer may request a density bonus if it provides an increased number of affordable housing units beyond the existing requirements. The D for D states: "Density bonuses for housing development may be awarded by the Agency to developers in order to encourage the provision of low and/or moderate income housing. Such bonuses are deemed to be a local housing assistance program. Bonuses may be granted in an amount up to 25 percent above what the density would otherwise be permitted under the terms set forth in this document;" and,

WHEREAS, The Plan and the D for D do not provide a precise formula to calculate density bonus requirements. Thus, the State Density Bonus Law has been used to calculate the density bonus for the proposed Major Phase Amendment; and,

WHEREAS, In accordance with the Sixth Amendment to the Phase 1 DDA, the Developer shall have the right to determine the number of Inclusionary Units to be located in each Residential Project as long as the number of Inclusionary Units is no less than five percent and no more than 20 percent of the total number of Residential Units in each Residential Project, and the final number of Inclusionary Units in Phase 1 is not less than 10.5 percent of the total number of market rate units in Phase 1. Of the 132 Residential Units on Blocks 56 and 57, twelve units (or 9 percent) shall be Inclusionary Units at 80 percent of AMI and three units (or 2 percent) shall be categorized as Density Bonus Units provided pursuant to the State Density Bonus law and these three Density Bonus Units shall not count as Inclusionary Units for purposes of meeting the Developer's total obligation for Inclusionary Units in Phase 1; and,

WHEREAS, The Density Bonus Units must meet all of the standards for Inclusionary Units, but will not count toward the Developer's total Inclusionary Unit Obligation. This characterization will have the effect of increasing the number of BMR units for which the Developer is responsible and thus satisfy the density bonus provisions of the Plan, the D for D and State Density Bonus law; and,

WHEREAS, The Major Phase Amendment proposed by the Developer for Blocks 56 and 57 includes: (1) a report regarding compliance with the horizontal Schedule of Performance with respect to the subject blocks/lots; (2) a Major Phase housing data table and project housing data table; and (3) a form Vertical DDA that includes a date for commencement of construction which is relative to the date on which the lot(s) applicable to the Vertical DDA will be transferred; and,

WHEREAS, OCII staff has determined that the above items submitted with the Major Phase Amendment are consistent with the Plan, the D for D, and the Phase 1 DDA, as applicable; and,

WHEREAS, The Phase 1 DDA is an enforceable obligation under the Dissolution Law. The Major Phase Amendment is implementing the Phase 1 DDA which is shown on line HPSY 21 of the approved Recognized Obligation Payment Schedule. On December 14, 2012, the California State Department of Finance issued a Final and Conclusive

Determination under California Health and Safety Code § 34177.5 (i), that the Phase 1 DDA and the Phase 2 DDA are enforceable obligations that survived the dissolution of the Redevelopment Agency; and,

WHEREAS, OCII staff informed the Mayor's Hunters Point Shipyard Citizens Advisory Committee ("CAC") of the details of the Major Phase Amendment during its meeting in November 2014 and the CAC supports approval of the Major Phase Amendment; and,

WHEREAS, The SFRA Commission and the San Francisco Planning Commission ("Planning Commission") adopted California Environmental Quality Act ("CEQA") findings, a statement of overriding considerations, and certified the Final Environmental Impact Report ("EIR") for Phase 1 in 2000, and subsequently issued a First and Second Addendum to the EIR in 2003 and 2006, respectively, to address project changes. The Commission received the Phase 1 EIR and the Phase 1 EIR was made available to the public during prior Commission meetings. Additionally, the SFRA Commission and the Planning Commission certified the Final EIR for Phase 2 ("Phase 2 EIR") in 2010 and adopted findings and a statement of overriding considerations. The Phase 2 EIR updated the transportation analysis and transportation plan, including the transportation system management plan, for Phase 1 and Phase 2 of the Shipyard. Subsequently a First, Second, and Third Addendum to the Phase 2 EIR were issued in December 2013, May 2014 and September 2014 respectively, to address project changes. The Phase 1 DDA requires Developer to submit Major Phase Applications for the Shipyard's development in accordance with the Phase 1 DDA, the D for D, and pursuant to and in furtherance of the Plan. OCII staff has reviewed the Major Phase Amendment submitted by Developer and finds it to be within the scope of the development analyzed in the Phase 1 EIR and subsequent Addenda as well as the Phase 2 EIR and the Commission finds therefore that no additional environmental review is required pursuant to State CEQA Guidelines Sections 15180, 15162, 15163, and 15164; now, therefore, be it

RESOLVED, That the Commission finds that the Major Phase Amendment is complete subject to satisfaction of the conditions below, is consistent with the Phase 1 DDA and the horizontal schedule of performance, the Plan, and the D for D; and, be it further

RESOLVED, That the Commission approves a waiver of the VDRDAP's 1) Design Development document requirement as well as a waiver of the 2) requirement to produce a revised building Model; and, be it further

RESOLVED, That the Commission authorizes the Executive Director to approve subsequent documents related to this Major Phase Amendment, that the Executive Director reasonably determines are in OCII's best interest or are necessary or convenient to implement the completion of the Blocks 56 and 57 development consistent with the Major Phase Amendment and the Vertical DDA, the Plan, the D for D, and the Phase 1 DDA; and, be it further

RESOLVED, That the Commission conditionally approves the Major Phase Amendment, including (1) the report regarding compliance with the horizontal Schedule of Performance with respect to the subject blocks/lots; (2) the Major Phase housing data table and project housing data table; (3) the combined basic concept and schematic design (4) the Vertical DDA that includes a date for commencement of construction, subject to the following design issues being resolved to the satisfaction of the Executive Director and any changes included in subsequent design stages approved by the Executive Director:

1. On Block 57 Building 1, the Developer shall further study the transition between the private realm of the building and the public realm of the park and make the public path wrapping behind the building feel more pedestrian-friendly.
2. The Developer shall further study the feasibility of providing a private a passage to the park open space between Buildings 1 and 3 from Kestrel Place.
3. The Developer shall further study the addition of more street trees or other plantings that would complement the buildings where practicable.
4. The Developer shall study the feasibility and submit for review, ways providing direct access to ground floor units from the sidewalk. Ground floor units have porches that provide direct access to the units from the sidewalk and are raised three feet above grade. The intent of a 45' height limit is to accommodate raised ground floors in order to provide gracious and usable transitions between street and private dwellings. The plans show that there is ample room to add steps.
5. The Developer shall study the feasibility of providing a private path connecting the courtyards and the public space. The plans should take advantage of the opportunities to better visually and physically connect the courtyards to the interior of the building and the public space beyond. The Developer shall explore making a physical connection to the park from the alleys.
6. The Developer shall further study the feasibility of providing bay windows and porches on upper floors to provide overhead cover to the ground floor patios and to make the building feel more like residential structures.
7. The Developer shall integrate top floor additions with lower floors, particularly on Building 3. The vertical modulation and proportion of the modules would be better served by 3 and 4 story buildings that formed a strong and consistent street wall with consistent materials within the modules.

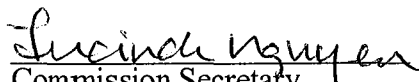
8. The porch coverings shall be better integrated with the buildings. The shed-shaped porch roofs seem to belong to another architecture style than the main building bodies. In consideration of the desire for some overhead protection/enclosure, consider bays as forms that lend themselves more appropriately to the architectural language.
9. The Developer shall further study and submit for review, application of bricks to the architecture of the building. If brick is to be used, the applicant shall select color and tone more compatible with other material choices employed on all four buildings.
10. The Developer shall further study, define and submit for review and approval prior to the submittal of future phases of design the characteristics of the garage doors. Garage doors shall screen the parking areas from pedestrian view.
11. In the event the Developer effectuates a condominium map on the project, is required to prepare and record a Covenants, Conditions and Restrictions ("CC&Rs") and Home Owners Association, such documents shall be reviewed and approved by OCII prior to recordation

and, be it further

RESOLVED, That the Commission approves the Major Phase Amendment for Blocks 56 and 57, together with such changes as the Executive Director reasonably determines, are (i) in OCII's best interest or are necessary or convenient to implement the development of Blocks 56 and 57 consistent with the Major Phase Amendment (on file with the Secretary of the Commission), the Plan, the D for D, and the Phase 1 DDA, and (ii) do not materially increase OCII's obligations or liabilities in connection with the VDDA; and, be it further

RESOLVED, That the Commission authorizes the Executive Director to take such other actions as may be necessary or appropriate, to effectuate the purpose and intent of this resolution.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of December 2, 2014.

  
Commission Secretary