



450-0212021-002

Agenda Item **No. 8(a)**
Meeting of June 1, 2021

INFORMATIONAL MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Sally Oerth, Interim Executive Director

SUBJECT: Report on Compliance by the Master Developer on Phase 1 of the Hunters Point Shipyard, with the Community Benefits Programs for January 2020 through December of 2020; Hunters Point Shipyard and Bayview Hunters Point Redevelopment Project Areas

EXECUTIVE SUMMARY

The Office of Community Investment and Infrastructure (“OCII”) oversees the implementation of development at Hunters Point Shipyard and Candlestick Point. The development is governed by two separate Disposition and Development Agreements (the “DDAs”) entered between OCII and two Master Developers. The Hunters Point Shipyard Phase 1 DDA (“Phase 1 DDA”) with HPS Development Co., LP (“Phase 1 Master Developer”) governs the Phase 1 project, and The Candlestick Point and Hunters Point Shipyard Phase 2 DDA (“Phase 2 DDA”) with CP Development Co., LLC (“Phase 2 Master Developer”), governs the Phase 2 project.

As required by the Hunters Point Shipyard Phase 1 Community Benefits Agreement (“CBA”), and at the request of the Commission on Community Investment and Infrastructure (“Commission”), this memorandum provides an overview and status on the Phase 1 Master Developer’s compliance with robust community benefits commitments established by the Phase 1 DDA.

Under the Phase 1 DDA, the Phase 1 Master Developer, HPS Development Co., LP (an affiliate of Lennar) (“Master Developer”), has provided a Community Benefits Report for January 2020 through December 2020 (attached hereto). A table of the Master Developer’s compliance with all the community benefits programs is provided in Attachment 1, Phase 1 Community Benefits Compliance Tracker. The attached reports provide details of the Master Developer’s efforts to meet obligations of the various programs of the CBA.

London N. Breed
MAYOR

Sally Oerth
INTERIM
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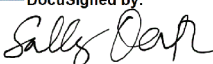
OCII staff has reviewed the reports submitted by the Master Developer and provided comments, where appropriate, in the HP OCII Community Benefits Compliance Analysis table (enclosure to Attachment 1), for all the community benefits.

As noted in the attached Community Benefits Compliance table, the Master Developer is in substantial compliance with its requirements under the CBA and has provided an array of benefits to the District 10 neighborhood. The only program areas where requirements have not been fully met were due to 2020 COVID-19 related restrictions which impacted the Developer's ability to host in-person Homebuyer workshops and Small Business Networking events. The Developer intends to host virtual events this year and explore other ways of disseminating information, and if permitted in person events that meet the new COVID-19 guidelines.

Future Updates

Per the CBA, the Master Developer is required to provide written status reports on all Phase 1 community benefits programs to the Commission and make presentations to the Mayor's Hunters Point Shipyard Citizen's Advisory Committee. The Master Developer provided the Community Benefits Report update to the Hunters Point Shipyard Citizens Advisory Committee (CAC) for the period covering January 2020 through December 2020, on May 19, 2021. OCII staff will provide the Commission an update on Master Developer's compliance with the Phase 1 CBA, including staff's analysis of compliance, in December 2021, which will continue to illustrate the cumulative impact of the Phase 1 CBA. The Community Benefits Agreement ("CBA") for the Candlestick Point/Hunters Point Shipyard Phase 2 ("CP/HPS2") Project also contains a full community benefits program; however, based on the level of development activity for this phase of the project, no obligations are due at this time. A CP/HPS2 CBA update will be presented to the Commission when full development activity resumes on the project, triggering the obligation.

(Originated by Kasheica McKinney, Assistant Project Manager)

DocuSigned by:

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Sally Oerth

Interim Executive Director

Attachment 1: OCII Letter to Master Developer for January 2020 – December 2020 Community Benefits Compliance Report

Attachment 2: January 2020 – December 2020 Master Developer's Report on Community Benefits



Attachment 1

450-0222021-014

May 26, 2021

HPS Development Co., LP
2603 Camino Ramon, Suite 525
San Ramon, CA 94583
Attention: Greg Jasso

Re: **January 2020 through December 2020 Community Benefits Report for the Hunters Point Shipyard Phase 1 Disposition and Development Agreements**

Dear Mr. Jasso,

The Office of Community Investment and Infrastructure ("OCII") is in receipt of the January 2020 through December 2020 Community Benefits Status Reports from HPS Development Co., LP ("Developer").

OCII oversees the implementation of development at Phase 1 of the Hunters Point Shipyard (the "Project"). OCII's oversight includes reviewing the Developer's performance of the community benefits contained in the Hunters Point Shipyard Phase 1 Community Benefits Agreement ("Phase 1 CBA").

The Project's community benefits are intended to ensure that the Bayview Hunters Point ("BVHP") community can participate in, and benefit from, the Project.

Summary of OCII Review

OCII staff assessed the report to identify areas of compliance. The Developer remains in substantial compliance with its obligations under the Phase 1 CBA. The report states that due to COVID-19 related restrictions on in-person meetings and gatherings in 2020, the Developer was unable to hold Homebuyer Workshops and Small Business Networking events. Developer has introduced a plan to host virtual events in 2021 to meet the workshop and networking event obligations. OCII will continue to monitor Developer's compliance in these areas and observe adjustments made to comply with the obligations in the future.

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Mr. Greg Jasso
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A full accounting for each of the Developer's obligations is attached hereto. I look forward to addressing these outstanding issues. If you have any questions regarding these findings, please contact Kasheica McKinney at kasheica.mckinney@sfgov.org.

Sincerely,

Sally Oerth
Interim Executive Director

Enclosures: January 2020 through December 2020 Community Benefits Agreement
OCII Compliance Audit Analysis

cc: Kasheica McKinney, Lila Hussain (OCII), Michael Hochstoeger (Lennar)



OCII Community Benefits Agreement Compliance Analysis

January 2020 through December 2020

Community Benefits Agreement Section	Description	Compliance Status	Complete/In Progress	Compliance Analysis	OCII Comments	Jan 2020 - June 2020	July 2020 - Dec 2020
Phase 1 § 3	Construction Assistance Program "CAP" Opportunities for BVHP Area Contractors as described in more detail below:	See below	In Progress				
	a) Owner Consolidated Insurance Program	In Compliance	In Progress	Master Developer maintains insurance program and established GL limits on a project-by-project basis.	—	In Compliance	In Compliance
	b) Surety Bond Program	In Compliance	In Progress	Master Developer has waived the surety bond requirement for BVHP area subcontractors, including payment and performance bonds.	—	In Compliance	In Compliance
	c) Technical Assistance Program	In Compliance	In Progress	Master Developer contracted with Tyche Business Solutions, a BVHP based consultant, to administer for the Phase1 CAP program.	—	In Compliance	In Compliance
	d) Financial Assistance Program	In Compliance	In Progress	Master Developer contracted with Tyche Business Solutions to provide assistance with securing financing and accessing funds through contractor assistance programs. Contractor provided individual assistance and conducted virtual "Access the Money" workshops. Though available, all Small Business Contractors working on the project in 2020 declined financial assistance.	—	In Compliance	In Compliance
	e) Mentorship Program	In Compliance	In Progress	The Mentorship Protégé program has been administered by the Renaissance Entrepreneurship Center since 2010. Since Renaissance Entrepreneurship Center has taken over the program, protégés have been able to secure in contracts with a total value of more than \$45,000,000, and have employed more than 200 people, the majority of whom are D10 residents. Program participants secured \$806,000 in contracts in 2020. Developer paid \$48,000 for program services in 2020.	—	In Compliance	In Compliance

Community Benefits Agreement Section	Description	Compliance Status	Complete/In Progress	Compliance Analysis	OCII Comments	Jan 2020 - June 2020	July 2020 - Dec 2020
Phase 1 § 4	<u>Community Builder Program</u> 30% of private housing developments lots to be offered for development in partnership with Community Builders	In Compliance	In Progress	Developer to provide information regarding the qualifications of Phase 1 Community Builders.	–	In Compliance	In Compliance
Phase 1 § 5	<u>Interim African Marketplace</u> Master Developer must establish an Interim African Marketplace until the permanent site is completed	In Compliance	In Progress	Master Developer organized events in 2006 and 2007 and has subsequently provided a \$180,000 cash contribution to OCII to continue work in fulfillment of the IAM program. OCII organized events in 2008 and 2009. The remaining \$80,000 balance has been returned to Master Developer, who is working with CAC to plan future events.	–	In Compliance	In Compliance
Phase 1 § 7	<u>Cultural Historic Recognition Program</u> Master Developer is obligated to: a) create a public art program that provides opportunities for local artists; b) install 500 sf of youth tiles; c) create historic walkway; and d) engage and maintain a fundraising consultant to secure funding	In Compliance	In Progress	OCII has implemented the Shipyard Public Art program with federal funding; Master Developer has installed initial youth tiles and will complete tile installation of remaining youth tiles as park construction progresses; historic walkway to be located along the Coleman Promenade.	–	In Compliance	In Compliance
Phase 1 § 7	<u>Business Incubator Space Program</u> Master Developer is obligated to provide Business Incubator Space within the Shipyard. The space will be provided to OCII at cost (without profit) for operation of a business incubator program.	In Compliance	In Progress	Phase 1 Program: Facilitate the growth and development of a variety of businesses at the Shipyard through space provided at cost. > Phase 1 Update: Master Developer to provide space in the Phase 2 project. > Phase 2 Program: Master Developer and OCII will work together develop Building 813, an approximately 260k sq. ft. building, for the use as a center for the incubation of emerging businesses and technologies. > Phase 2 Update: OCII acquired Building 813 from the Navy in September 2015.	–	In Compliance	In Compliance
Phase 1 § 8	<u>Home Buyer Assistance Program</u> Master Developer is required to develop a program to provide assistance to qualified Phase 1 home buyers, including: a) Down Payment Assistance, b) First Time Buyer Financing Program, c) Homeownership Counseling	Partial Compliance	In Progress	The Down Payment Assistance and First Time Buyer Financing Programs are set forth in the Vertical DDAs. Master Developer and Vertical Developers work with mortgage company that to zero down-payment option for qualified buyer and provides alternatives to hard money loans/lending. Developer provides notice to community-based homeownership counselling service (SFHCD) of opportunities for homeownership at Shipyard in advance of marketing homes for sale.	Approximately 50% of attendees at the Homebuyer Workshops have been D10 residents. Developer is required to hold 4 workshops per year and has held 71 Homebuyer Workshops from 2005 - 2019. No workshops were held in 2020 due to COVID-19 restrictions. Developer is in the process of coordinating 2021 workshops which may be virtual.	In Compliance	In Compliance
Phase 1 § 9	<u>Job Training and Employee Assistance Program</u> Master Developer must contribute \$225,000 per year to fund community based organization that provide suitable job training services.	Partial Compliance	In Progress	Total funding obligation to date (2005-2020) is \$ 3,375,000. To date, Master Developer has provided a total of \$3,408,358. In Master Developer contracted with Young Community Developers for \$201,000; and with Larkin Street Youth Services for \$62,500.	Master Developer's job training expenditure total for 2020 was \$263,500	In Compliance	In Compliance

Community Benefits Agreement Section	Description	Compliance Status	Complete/In Progress	Compliance Analysis	OCII Comments	Jan 2020 - June 2020	July 2020 - Dec 2020
Phase 1 § 10	Local Community Priority Leasing Program Master Developer must encourage local businesses to lease available retail spaces within Phase 1 by actively notifying local businesses of upcoming leasing opportunities	In Compliance	Not Applicable	To date no retail space has been developed in Phase 1.	–	In Compliance	In Compliance
Phase 1 § 11	Small Business Assistance Program Master Developer is required to identify opportunities to assist small businesses in BVHP with obtaining contracts by: a) creating and bi-annually updating a directory of local small businesses, b) requiring its contractors and consultants to use their best efforts to purchase no less than 20% of the dollar value of all of their Shipyard Project related purchases from BVHP Area Small Businesses. Contractors and consultants are required to provide monthly progress reports on the dollars spent with BVHP Area Small Businesses. Lennar is required to include language in their contracts with consultants and contractors regarding this obligation. c) host quarterly networking workshops for BVHP Area Small Businesses	In Compliance	In Progress	A) Master Developer currently publishes a directory of local suppliers with contractors through the CAP program. Master Developer has launched a suppliers website available to all contractors. B) Contractor events have been placed on temporary hold due until start of Block 48 construction. C) Networking events temporarily suspended due to COVID-19 restrictions. Developer working with CAP consultant and Renaissance Center to provide information on opportunities for BVHP small businesses.	Master Developer now includes explicit language in their land development contracts regarding making 20% of their project related purchases from BVHP Area Small Businesses.	In Compliance	In Compliance
Phase 1 § 12	Outreach Program Master Developer is required to disseminate project information, in addition to program specific information, via website, quarterly newsletters, special mailings and similar outreach activities. Master Developer is also required to translate communications into Chinese, Spanish and Samoan.	Compliance	In Progress	Master Developer is required to disseminate project information and provide compliance in context of CBA Exhibit L - , in addition to program specific information, via website, quarterly newsletters, special mailings and similar outreach activities. Master Developer is also required to translate communications into Chinese, Spanish and Samoan.	Master Developer is providing translation of Phase 1 documents in Samoan (in addition to the English, Spanish, and Chinese being provided). Master Developer has relaunched the Shipyard specific website to provide information about resources , construction updates, and outreach events related to specific projects.	In Compliance	In Compliance
Phase 1 § 13	Status Reports Master Developer is required to provide a quarterly written status report to OCII and CAC . Additionally, Master Developer is required to make a Status Report presentation to CAC.	In Compliance	In Progress	Master Developer has presented an update of the Community Benefits Report to the BVHP CAC.	–	In Compliance	In Compliance
Phase 1 § 12	Community Facilities Parcel Master Developer is required to provide a 1.2 acre developable lot for community uses. (The remaining 4.8 acres will be provided in Phase 2)	In Compliance	In Progress	A 1.2 acre lot has been assigned as Phase 1 Community Facilities Parcel. Master Developer will provide the parcel to OCII as developable lot.	–	In Compliance	In Compliance
	Additional Community Facilities The Phase 2 CBA provides for additional Community Facilities as listed below:	See below	In Progress				

Community Benefits Agreement Section	Description	Compliance Status	Complete/In Progress	Compliance Analysis	OCII Comments	Jan 2020 - June 2020	July 2020 - Dec 2020
Phase 1 § 12	a) Arts and Cultural Facilities	In Compliance	In Progress	Master Developer will construct Replacement Artist Studios of approximately 90,000 square feet and Replacement Commercial Kitchen of approximately 10,000 square feet, and completing Infrastructure for Building 101. A parcel for a future Arts Center has been assigned.	–	In Compliance	In Compliance
	b) Parks and Open Space Facilities	In Compliance	In Progress	Master Developer will construct a variety of passive and active public open spaces in accordance with the Parks and Open Space Plan.	–	In Compliance	In Compliance
	c) Emerging Business Incubator (Building 813)	In Compliance	In Progress	Master Development plans for Building 813 to be determined with first major phase of development at HP Phase 2.	–	In Compliance	In Compliance
	d) Fire Station Lot	In Compliance	In Progress	The location of the fire station lot has been determined. Master Developer will provide infrastructure in concurrence with the sub-phase.	–	In Compliance	In Compliance
Phase 1 - 5th Amendment	Community Benefits Fund Master Developer must contribute \$1 million to the Community Benefits Fund	In Compliance	In Progress	Master Developer has contributed \$1 million to Community Benefits Fund in accordance with the Phase 1 DDA (\$500,000 in June 2012 and \$500,000 in June 2013). The Legacy Foundation has developed an OCII approved Five-Year Strategic Plan to implement programs for the use of these funds. As of December 2020, the BVHP Hacker Hub (\$25,000) and Homeownership Downpayment Assistance (\$180,000) programs have been funded.	–	In Compliance	In Compliance