OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 4 – 2018

Adopted May 24, 2018

ADOPTING FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AUTHORIZING A THIRD AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT (CANDLESTICK POINT AND PHASE 2 OF THE HUNTERS POINT SHIPYARD) WITH CP DEVELOPMENT CO., LLC TO EFFECTUATE AN UPDATED PROGRAM OF DEVELOPMENT FOR THE PROJECT, AND CONFIRMING SUCH ACTION IS IN THE BEST INTERESTS OF THE TAXING ENTITIES; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA AND BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA

WHEREAS, In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code, section 33000 et seq. the “CRL”), the Redevelopment Agency of the City and County of San Francisco (the “Former Agency”) undertook programs for the reconstruction and construction of blighted areas in the City and County of San Francisco (“City”), including the Bayview Hunters Point Redevelopment Project Area (“BVHP Project Area”) and the Hunters Point Shipyard Redevelopment Project Area (“HPS Project Area”); and,

WHEREAS, The Board of Supervisors of the City and County of San Francisco (“Board of Supervisors”) adopted the Hunters Point Shipyard Redevelopment Plan (“HPS Plan”) on July 14, 1997 by Ordinance No. 285-97 and amended the HPS Plan on August 3, 2010 by Ordinance No. 211-10 and on June 22, 2017 by Ordinance No. 122-17; and,

WHEREAS, On May 23, 2006, the Board of Supervisors amended the Bayview Hunters Point Redevelopment Plan (“BVHP Plan”) by Ordinance No. 113-06, on August 3, 2010 by Ordinance No. 210-10, and June 22, 2017 by Ordinance No. 123-17; and,

WHEREAS, On June 3, 2010, the Former Agency Commission took several actions approving (or recommending for approval of) a program of development for approximately 702 acres of land comprised of Zone 1 of Project Area B of the BVHP Project Area (the “Candlestick Site”) and Phase 2 of the HPS Project Area (the “Shipyard Site”, and collectively the “CP/HPS2 Project”), including a Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard) by and between the Former Agency and CP Development Co., LP (“Developer”) (including all related binding plans and agreements attached to or referenced in the text thereof, the “DDA”); and,

WHEREAS, The DDA is a binding contractual agreement that provides for the transfer of land from the Former Agency to Developer, the rights and obligations of Developer and Successor Agency relating to the construction of specified improvements, and the financing mechanisms for completing the CP/HPS2 Project. The DDA establishes a comprehensive set of enforceable obligations that collectively govern the completion of the CP/HPS2 Project; and,
WHEREAS, Pursuant to California Health and Safety Code §§ 34170 et seq. (the “Dissolution Law”), the Former Agency was dissolved as of February 1, 2012; and,

WHEREAS, The Successor Agency to the Redevelopment Agency of the City and County of San Francisco (commonly known as the Office of Community Investment and Infrastructure, herein “Successor Agency” or “OCII”) is completing the enforceable obligations of the Former Agency with regard to the HPS and BVHP Project Areas, including implementation of the CP/HPS2 Project, under the authority of the CRL as amended by the Dissolution Law, and under San Francisco Ordinance No. 215-12 (Oct. 4, 2012) (establishing the Successor Agency Commission (“Commission”) and delegating to it state authority under the Dissolution Law); and,

WHEREAS, On December 14, 2012, the California Department of Finance determined “finally and conclusively” that the DDA and tax allocation pledge agreements, including the affordable housing programs, are enforceable obligations under the Dissolution Law; and,

WHEREAS, The DDA contemplates two development alternatives for the CP/HPS2 Project, primarily distinguished by the presence or absence of a professional football stadium within the Shipyard Site. The San Francisco 49ers have elected to construct a new football stadium outside of the CP/HPS2 Project and in 2014 terminated the 49ers Lease. Accordingly, the Parties are proceeding with development of the “Non-Stadium Alternative” under the DDA; and,

WHEREAS, Recognizing the complexity of the CP/HPS2 Project, the DDA provides OCII and Developer with a process to make changes to the phasing and other elements of the CP/HPS2 Project. In 2013, OCII and Developer agreed to revise the phasing as a result of a delay in the schedule of the transfer of U.S. Navy parcels to OCII at Hunters Point Shipyard and the decision of the San Francisco 49ers to vacate Candlestick Park earlier than originally contemplated (approved by Oversight Board Resolution No. 16-2012, dated December 10, 2012). In 2014 OCII and Developer agreed to further revise the phasing of the CP/HPS2 Project to accommodate the early transfer of the former Candlestick Stadium site from OCII to Developer (approved by Oversight Board Resolution No. 08-2014 on September 22, 2014); and,

WHEREAS, Transfer of the majority of the CP/HPS2 Project within the HPS Project Area (the “Shipyard Site”) has been further delayed to allow the U.S. Navy to perform additional testing and remediation actions within the Shipyard Site, and Developer has used this delay to re-envision the program of development for the Shipyard Site in collaboration with a world-renown architectural team; and,

WHEREAS, The parties now propose a third amendment to the DDA (“Third Amendment”), a copy of which is on file with the Oversight Board Secretary, amending the Non-Stadium Alternative development program for the CP/HPS2 Project (the “Updated Program”). The Updated Program is intended to be responsive to current and anticipated future market conditions applicable to the Shipyard Site and Candlestick Site, to maximize the potential for successful development of the Project and economic return to the taxing entities; and,
WHEREAS, The Updated Program generally includes: (a) redistribution of total planned residential units between the Shipyard Site and the Candlestick Site; (b) reallocation to the CP/HPS2 Project of unbuilt residential and commercial space within Phase 1 of the HPS Project Area; (b) increase in research and development and office space at the Shipyard Site to 4,265,000 square feet; (c) addition at the Shipyard Site of 120,000 square feet of hotel use and 410,000 square feet of institutional uses; (d) increase in retail space at the Shipyard Site to 401,000 square feet; (e) up to an additional 118,500 square feet of commercial development at the Candlestick Site with concurrent reduction of that amount of commercial space at the Shipyard Site; and (f) approximately 337.7 acres of public park and open space improvements within the Project; and,

WHEREAS, The Third Amendment also includes amendments to several plans attached to and incorporated within the DDA, that conform to the Updated Program of development. The amended plans are: the Development Plan for the Non-Stadium Alternative, the Phasing Plan and Schedule of Performance, the Design Review and Document Approval Procedure, the Below-Market Rate Housing Plan, the Community Benefits Plan, the Financing Plan, the Infrastructure Plan, the Parks and Open Space Plan, the Sustainability Plan, and the Transportation Plan (collectively, the “Amended Plans”); and,

WHEREAS, The DDA currently requires that OCII convey to Developer all real property it owns (or acquires) within each Sub-Phase upon OCII’s approval of Developer’s application for that Sub-Phase, with the exception of property to be retained by a public entity (defined as Public Property in the DDA). As reflected in the Community Benefits Plan, the Former Agency at one time intended to retain a former Navy property within the Shipyard Site, referred to as Building 813, to be rehabilitated, jointly with the City, for use as a center for business incubation. OCII’s approved Long Range Property Management Plan (“PMP”) required that OCII sell Building 813 with covenants restricting its use as center for incubation of emerging businesses and technologies (Oversight Board Resolution No. 14-2015 (Nov. 23, 2015)). However, OCII and the City have determined that this use for Building 813 either requires substantial public investment for the rehabilitation, conversion, and operation of the building or a substantial discount in the fair market value. Accordingly, the Third Amendment clarifies that Building 813 is no longer being retained as Public Property as defined in the DDA and will not be sold with the infeasible restrictions and covenants required under the PMP, and will instead be conveyed to Developer for development of the CP/HPS2 Project similar to all other former Navy property within the Shipyard Site; and,

WHEREAS, Like all other former Navy property at the Shipyard Site to be conveyed to Developer, conveyance of Building 813 would provide a benefit to the taxing entities given that its commercial reuse in accordance with the HPS Plan would increase the amount of tax revenues to the taxing entities by rehabilitating an otherwise chronically dilapidated building without public expenditure. Also, conveyance of Building 813 in this manner benefits the taxing entities because it aids in the winding down of the Successor Agency's affairs, in furtherance of the Redevelopment Dissolution Law, by providing for an earlier transfer of Successor Agency assets than originally contemplated, and increasing the amount of land subject to property tax that will pass through to taxing entities; and,
WHEREAS, Under the Third Amendment, Developer will undertake additional obligations to increase opportunities for small, start-up businesses in place of the Agency’s original proposal for a business incubation center at Building 813, including (i) identify 75,000 square feet of retail within the Shipyard Site that it will lease (or require successors to lease) as maker space (generally considered to be small-scale production spaces), and requires Developer to undertake marketing efforts for these spaces targeting maker uses, including efforts focused on the BVHP community; and (ii) construct, to a high level of interior finishing (referred to as “warm shell”), the 65,000 square feet of Community Facilities Space being provided by Developer as an existing obligation, which will decrease start-up costs required of community-based tenants intending to use these Spaces, and to require Developer to identify community-based tenants for these Spaces pursuant to a marketing plan that focuses on residents and businesses located in the BVHP area; and,

WHEREAS, The Third Amendment adjusts the boundaries of the CP/HPS2 Project’s Major Phases and Sub-Phases of development, which will continue to ensure that Developer satisfies its public benefit obligations regarding parks, affordable housing, and other community benefits proportionately to private development within each Major Phase and Sub-Phase; and,

WHEREAS, The Third Amendment modifies the calculation of costs reimbursable to OCII by Developer, providing an increase in such reimbursement; and,

WHEREAS, The Third Amendment was presented to the Mayor's Hunters Point Shipyard Citizens Advisory Committee Planning and Development subcommittee on February 8, 2018, and to its full committee on April 2, 2018 and April 9, 2018, and received its recommendation for approval; and,

WHEREAS, The Third Amendment was presented to the Commission at its regular meeting of April 17, 2018, and received unanimous approval (Resolution No. 16-2018); and,

WHEREAS, On April 17, 2018, the Commission adopted Resolution No. 11-2018, by which the Commission determined that the Final EIR (therein defined), together with further analysis provided in Addendum No. 1, Addendum No. 4 and Addendum No. 5, remain adequate, accurate, and objective and in compliance with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) ("CEQA") and the CEQA Guidelines (14 California Code of Regulations Sections 15000 et seq.); and,

WHEREAS, The environmental effects of the Third Amendment have been analyzed in the environmental documents, which are described in Commission Resolution No. 11-2018. Copies of the environmental documents are on file with the Secretary of the Oversight Board; and,

WHEREAS, Under Section 34181(e) of the Dissolution Law, the Oversight Board may approve amendments to the CP/HPS2 DDA if the Oversight Board finds that these amendments are in the best interests of the taxing entities; now, therefore, be it:
RESOLVED, That the Oversight Board hereby finds that the Third Amendment is included in the actions identified in Commission Resolution 11-2018 for purposes of compliance with CEQA; and be it further

RESOLVED, That in Resolution No. 11-2018, adopted on April 17, 2018, the Commission adopted findings that the Third Amendment, among other actions facilitating modification of the CP/HPS2 Project, is in compliance with CEQA, which findings are on file with the Oversight Board Secretary and are incorporated herein by reference. The Oversight Board has reviewed and considered said findings, determined that they are in furtherance of the actions contemplated in this Resolution, and adopts said findings as its own; and be it further

RESOLVED, That the Oversight Board finds and determines that the Third Amendment is in the best interests of the taxing entities because it will increase the amount of revenues to the taxing entities by enhancing and promoting the development of the CP/HPS2 Project, facilitate the revitalization of the BVHP community and encourage further investment in the area, and generate employment opportunities throughout the CP/HPS2 Project area; and be it further

RESOLVED, That the Oversight Board approves the Third Amendment (including the Amended Plans) substantially in the form lodged with the Oversight Board Secretary, subject to DOF approval as required under the Dissolution Law; and be it further

RESOLVED, That the Long-Range Property Management Plan for Hunters Point Shipyard/Candlestick Point is revised to delete the reference to the sale of Building 813 subject to restrictive covenants requiring its rehabilitation and reuse as a business incubation center, and instead to include Building 813 in the PMP as a Private Disposition Parcel to be transferred to Developer under an enforceable obligation, namely the amended DDA; and be it further

RESOLVED, That the Oversight Board Commission authorizes the Executive Director of the Successor Agency to enter into the Third Amendment substantially in the form lodged with the Oversight Board Secretary, and prior to execution, to make changes and take any and all steps, including but not limited to the attachment of exhibits and the making of corrections, as necessary or appropriate to consummate the Third Amendment and Amended Plans, provided, however, that such changes and steps do not diminish benefits to the taxing entities of the Third Amendment; and be it further

RESOLVED, That the Oversight Board authorizes the Executive Director of the Successor Agency to take all actions as may be necessary or appropriate, in consultation with the City Attorney’s Office and the Successor Agency’s General Counsel, to effectuate the purpose of this Resolution.

I hereby certify that the foregoing resolution was adopted by the Oversight Board at its meeting of May 24, 2018.

Board Secretary