

RESOLUTION NO. 141-2006

Adopted October 17, 2006

AUTHORIZING (1) A SECOND AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT-HUNTERS POINT SHIPYARD PHASE I BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO AND LENNAR-BVHP, LLC, (2) COMPILATION OF ALL APPROVED AMENDED PROVISIONS IN AN AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT -HUNTERS POINT SHIPYARD PHASE I, AND (3) ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA.

BASIS FOR RESOLUTION

1. On December 2, 2003, the Agency Commission (the "Commission") approved the Disposition and Development Agreement – Hunters Point Shipyard Phase I ("DDA") between the Redevelopment Agency of the City and County of San Francisco (the "Agency") and Lennar-BVHP, LLC ("Lennar" or the "Developer"). On January 18, 2005, the Commission approved the First Amendment to the DDA which included technical corrections and changes that were necessary to clarify the intent of the DDA. The DDA (as amended, the "Phase I DDA" or the "Agreement") sets forth the basic terms for the Agency's transfer of Parcel A-1 ("Hilltop"), Parcel A-2 ("Hillside") (together referred to as "Parcel A"), and Parcel B-1 of the Hunters Point Naval Shipyard ("Shipyard") to Lennar.
2. The Phase I DDA obligates Lennar to construct the infrastructure necessary to support the vertical development of 1,280 residential units ("Developer Units") in the Phase I development. At least 30% of the Developer Units (384) must be developed as rental units and 70% (896) as for-sale units. Lennar is also required to develop 15% of its total Developer Units (192) as inclusionary units, with the inclusionary for-sale units (134) and rental units (58) priced at 80% and 50% of area median income ("AMI"), respectively. The Agency is obligated to construct or cause to be constructed 320 affordable residential units, which will be affordable to persons earning between 20% and 50% of AMI. A total of 1,600 residential units are currently planned for the Phase I development.
3. On December 1, 2005, the Agency received a letter proposal from Lennar dated November 30, 2005, to modify the for-sale and for-rent housing development ratio (the "Housing Tenure Mix") set forth in the Affordable Housing Program attached to the Phase I DDA. Due to the uncertainty in the multi-family market, Lennar proposes to convert its 384 rental units in the Phase I development into for-sale units ("Converted Units"). As consideration for the change in the Housing Tenure Mix, Lennar offered to price 58 of the Converted Units for sale to individuals earning no more than 50% of AMI.

4. Several weeks later, Lennar submitted a letter proposal dated March 9, 2006, seeking to remove Parcel B-1 from the Phase I transaction because of its delayed transfer from the Navy to the Agency, and to shift its 260 Developer Units currently entitled on Parcel B-1 to Parcel A. A total of 1,498 residential units would be built on Parcel A under the revised development plan.
5. As further consideration for the proposed density shift from Parcel B-1 to Parcel A and the change in the Housing Tenure Mix, Lennar proposes to increase the number of community builder opportunities to 489 lots, an increase of 180 lots.
6. Since the commencement of construction activities on Parcel A in mid-2005, the Developer has encountered several issues that have impeded the completion of the horizontal infrastructure improvements in accordance with the schedule of performance. The Developer proposes updating the schedule of performance for the horizontal infrastructure improvements and open space to accommodate these scheduling delays.
7. Should the Commission approve the Second Amendment to the Phase I DDA, staff will compile all approved amended provisions in an Amended and Restated Disposition and Development Agreement that includes all approved provisions of the Phase I DDA in one comprehensive and organized document that will accurately reflect the entire transaction. The Amended and Restated Disposition and Development Agreement will not include any materially new terms or provisions. It is intended that this newly compiled and all-inclusive document will supersede the Phase I DDA and all previously approved amendments.

FINDINGS

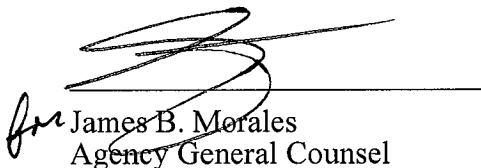
1. On February 8, 2000, the Commission and the San Francisco Planning Commission, by adopting Resolution No. 11-2000 and Motion No. 14981, respectively, acting together as co-lead agencies for conducting environmental review for the Hunters Point Shipyard Redevelopment Plan (the "Plan") and its implementing actions, certified a Final Environmental Impact Report ("Shipyard FEIR") for the acquisition and reuse of the Shipyard as contemplated in the Plan. On February 8, 2000, by Resolution No. 12-2000 the Agency Commission adopted findings pursuant to the California Environmental Quality Act (California Public Resources Code Sections 21000 *et seq.*) ("CEQA"), to support the adoption of the Plan, which findings are incorporated herein by this reference.
2. On November 19, 2003, the Planning Department issued an Addendum in contemplation of the DDA (the "Addendum").
3. The Commission previously adopted Resolution Nos. 135-2004, 50-2004, 3-2005 and 36-2005 concerning environmental findings in relation to actions in furtherance of the implementation of the Plan, of which the approval actions in this Resolution (the "Implementing Actions") form a part. Resolution Nos. 135-2004, 50-2004, 3-2005 and 36-2005 were and remain adequate, accurate and objective and are incorporated herein by this reference as applicable to the Implementing Actions.

4. In light of the whole record before the Commission, the Commission finds on the basis of substantial evidence that: (a) there are no modifications in the Shipyard project and reflected in the approval before the Commission that will require important revisions to the Shipyard FEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; (b) no substantial changes have occurred with respect to the circumstances under which the Shipyard project and the Implementing Actions will be undertaken that would require major revisions to the Shipyard FEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the Shipyard FEIR; (c) no new information of substantial importance to the Shipyard project and the Implementing Actions has become available since the publication of the Second Addendum which would indicate (i) the Shipyard project or Implementing Actions will have significant effects not discussed in the Shipyard FEIR; (ii) significant environmental effects will be substantially more severe; (iii) mitigation measures or alternatives found infeasible that would reduce one or more significant effects have become feasible; or (iv) mitigation measures or alternatives that are considerably different from those in the Shipyard FEIR would substantially reduce one or more significant effects on the environment; (d) the Implementing Actions are within the scope of the Shipyard project analyzed in the Shipyard FEIR; and (e) no new environmental documentation is required.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that (i) it has reviewed and considered the Shipyard FEIR, the Addendum and Second Addendum and hereby adopts the environmental findings set forth herein; and (ii) the Executive Director is authorized (a) to execute a Second Amendment to Disposition and Development Agreement Hunters Point Shipyard Phase I, substantially in the form lodged with the Agency General Counsel; and (b) compile all approved provisions of the Phase I DDA as further amended by the Second Amendment to Disposition and Development Agreement, into an Amended and Restated Disposition and Development Agreement, which will not include any materially new terms or provisions.

APPROVED AS TO FORM:


James B. Morales
Agency General Counsel