

RESOLUTION NO. 41-2009

Adopted April 21, 2009

AUTHORIZING SUBMITTAL OF AN APPLICATION TO THE STATE OF CALIFORNIA'S DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR \$14,590,639 UNDER THE INFILL INFRASTRUCTURE GRANT PROGRAM FOR INFRASTRUCTURE IMPROVEMENTS (THE "PROGRAM") FOR PHASE 1 OF THE HUNTERS POINT SHIPYARD DEVELOPMENT, AND EXECUTION OF A STANDARD AGREEMENT AND ANY AMENDMENTS THERETO, AND ANY RELATED DOCUMENTS NECESSARY FOR PARTICIPATION IN THE PROGRAM, IF SELECTED FOR FUNDING; AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. The Board of Supervisors of the City and County of San Francisco (the "Board") adopted, per Ordinance No. 285-97, a Redevelopment Plan for the Hunters Point Shipyard Redevelopment Project Area (the "Redevelopment Plan") on July 14, 1997.
2. The Redevelopment Plan established a redevelopment project area for approximately 511 acres of developable area divided into six parcels to facilitate the land transfer from the United States Department of the Navy (the "Navy") to the City and County of San Francisco for development. To date, only Parcel A, also known as Phase 1, has been transferred for horizontal development (the "Project Area" or the "Shipyard").
3. The Redevelopment Plan allows the Redevelopment Agency of the City and County of San Francisco (the "Agency") to "provide for infrastructure improvements, including: streets and transportation facilities; open space and recreation areas, and utilities for water, sewer, gas, and electricity," and "remove conditions of blight in the form of buildings, site improvements, and infrastructure systems which are substandard and serve as impediments to land development."
4. At its meeting of March 30, 1999, after an extensive Request for Qualifications process, the Agency Commission (the "Commission") selected Lennar-BVHP, LLC, now known as HPS Development Co. LP, as the primary developer (the "Developer" or "Lennar") for the Shipyard.
5. On June 1, 1999, by Resolution No. 68-99, the Commission approved an Exclusive Negotiations Agreement with the Developer for the redevelopment of the Shipyard.

6. On December 2, 2003, the Commission approved the first set of transaction documents, including the Disposition and Development Agreement Hunters Point Shipyard Phase 1 (as amended, the "Phase 1 DDA") for a portion of the Shipyard identified as Parcel A-1 and Parcel B-1 (hereinafter collectively "Phase 1"). On that same day, the Commission also approved the Amended and Restated Exclusive Negotiations Agreement, which sets forth the terms and conditions under which the Agency and the Developer will negotiate one or more disposition and development agreements and related agreements for the remainder of the Shipyard or portions thereof.
7. On March 31, 2004, the Navy and the Agency executed a conveyance agreement (the "Conveyance Agreement"), which is the framework that sets forth the terms and conditions for the phased clean up and transfer of the Shipyard to the Agency. In accordance with the Conveyance Agreement, the Navy conveyed the first 75 acres of the Shipyard (Parcel A) to the Agency on December 3, 2004. The portion of Parcel B that is included in the Phase 1 DDA is still owned by the Navy and is not anticipated for transfer to the Agency until 2010.
8. On April 4, 2005, the Agency transferred the non-public parcels within Parcel A to the Developer to construct the infrastructure improvements required under the Phase 1 DDA. On that same date, the Commission approved the First Amendment to the Phase 1 DDA, which included technical corrections and changes that were necessary to clarify the intent of the Phase 1 DDA.
9. Because of the delayed transfer of Parcel B from the Navy to the Agency and declining real estate market conditions, the Developer requested additional changes to the Phase 1 DDA. Therefore, on October 17, 2006, by Resolution No. 141-2006, the Commission approved the Second Amendment to the Phase 1 DDA, which, among other things, removed Parcel B-1 from the Phase 1 development.
10. In 2006, the voters of California passed State Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006 (the "Act"). The Infill Infrastructure Grant ("IIG") Program (the "Grant Program"), funded by Proposition 1C, promotes infill housing development by providing financial assistance for infrastructure improvements necessary to facilitate new infill housing development. Approximately \$197 million is available throughout the State for allocation of funds in Fiscal Year 2009/2010.
11. The California Department of Housing and Community Development ("HCD") has issued a Notice of Funding Availability ("NOFA") for the Grant Program established under the Act pursuant to Chapter 2 of Part 12 of Division 31 of the California Health and Safety Code, commencing with Section 53545.12. Pursuant to the Act, HCD is authorized to approve funding allocations utilizing monies made available by the State Legislature, subject to the terms of the Act and revised IIG Program Guidelines issued by HCD and dated January 30, 2009.

12. The Project Area is eligible for up to \$30 million in Proposition 1C Program funds for infrastructure improvements. Current real estate market conditions and increased construction costs have resulted in an infrastructure funding gap of \$14,590,639. Therefore, the Agency is submitting an application on behalf of the Shipyard Phase 1 for infrastructure work.
13. The application was physically submitted on April 1, 2009, and per the IIG Program application instructions, the Board or Commission resolution authorizing the submittal must be approved on or before May 1, 2009. If funds are awarded to the Shipyard, the Agency will enter into an agreement with Lennar to implement the infrastructure improvements related to the Shipyard Phase 1.
14. Agency staff recommends submittal of an application to HCD for funding in the amount of \$14,590,639 under the Grant Program for the following items: site preparation, wet and dry utilities, surface improvements, open space/parks, and eligible soft costs, such as engineering and design on behalf of the Shipyard project, Phase 1.
15. Based on the analysis contained in (1) the Final Environmental Impact Report for approval of the Redevelopment Plan, the Design for Development, and related documents implementing the development program at the Shipyard (the "Final EIR"), which was certified by the Commission on February 8, 2000 in Resolution No. 11-2000, and the findings adopted by the Commission on February 8, 2000 in Resolution No. 12-2000, (2) Addendum No. 1 to the Final EIR, published on November 19, 2003, and (3) Addendum No. 2 to the Final EIR, published on July 17, 2006, Agency staff has determined that the proposed infrastructure improvements are consistent with the Project considered and reviewed in the Final EIR and Addenda Nos. 1 and 2, and that the contemplated improvements are Implementing Actions of the redevelopment project.
16. The Final EIR is a program EIR under the California Environmental Quality Act ("CEQA") Guidelines Section 15168 and a redevelopment plan EIR under CEQA Guidelines Section 15180. Facilitating and completing the Implementing Actions are undertakings pursuant to and in furtherance of the Redevelopment Plan in conformance with CEQA Section 15180 ("Implementing Action").
17. Agency staff, in making the necessary findings for the Implementing Action contemplated herein, considered and reviewed the Final EIR and has made documents related to the Implementing Action and the Final EIR files available for review by the Commission and the public, and these files are part of the record before the Commission.
18. The Final EIR findings and statement of overriding considerations adopted in accordance with CEQA by the Commission by Resolution No. 12-2000 dated February 8, 2000 were and remain adequate, accurate and objective and are incorporated herein by reference as applicable to the Implementing Actions.

19. The submittal of a Proposition 1C application itself is not a project pursuant to the definition of a project contained in CEQA Guidelines Section 15378(b)(5). The submittal of the application will not independently result in a physical change in the environment.

FINDINGS

The Agency finds and determines that the infrastructure improvements are Implementing Actions within the scope of the development analyzed in the FEIR and requires no additional environmental review pursuant to CEQA Guidelines Sections 15180, 15162 and 15163 for the following reasons:

1. The Implementing Actions are within the scope of the project analyzed in the FEIR and no major revisions are required due to the involvement of new significant environment effects or a substantial increase in the severity of significant effects previously identified in the FEIR.
2. No substantial changes have occurred with respect to the circumstances under which the project analyzed in the FEIR was undertaken that would require major revisions to the FEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FEIR.
3. No new information of substantial importance to the project analyzed in the FEIR has become available which would indicate that (a) the Implementing Actions will have significant effects not discussed in the FEIR; (b) significant environmental effects will be substantially more severe; (c) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible; or (d) mitigation measures or alternatives which are considerably different from those in the FEIR will substantially reduce one or more significant effects on the environment.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that:

1. It has reviewed and considered the FEIR findings and statement of overriding considerations and hereby adopts the CEQA findings set forth in Resolution No. 12-2000 incorporated herein and those set forth above; and,
2. The Executive Director is authorized to submit an application to HCD for funding under the Infill Infrastructure Grant Program, in response to the NOFA issued on January 30, 2009, for infrastructure improvements on behalf of Phase 1 of the Hunters Point Shipyard Redevelopment Project Area for improvements including site preparation, wet and dry utilities, surface improvements, open space/parks, and eligible soft costs, such as engineering and design in the amount of \$14,590,639; and,

3. If the application for funding is approved, the Agency hereby agrees to use the Infill Infrastructure Grant Program Funds for eligible activities in the manner presented in the application as approved by HCD and in accordance with program guidelines cited above. It also may execute any and all other instruments necessary or required by HCD for participation in the Infill Infrastructure Grant Program; and,
4. The Executive Director is authorized to execute in the name of the Agency the application, Standard Agreement, and all other documents required by HCD for participation in the Infill Infrastructure Grant Program, and any amendments thereto.

APPROVED AS TO FORM:

for 

James B. Morales
Agency General Counsel