MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee
Executive Director

SUBJECT: 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

EXECUTIVE SUMMARY

The agreement implementing the first phase of redevelopment of the Hunters Point Shipyard (“Shipyard”) is the Phase 1 Disposition and Development Agreement (“Phase 1 DDA”), between the Office of Community Investment and Infrastructure or “OCI” as successor to the San Francisco Redevelopment Agency (“SFRA”) and HPS Development Co. LP (“Lennar” or the “Developer”). The Phase 1 development program includes the construction of infrastructure, parks, and housing. In addition, the Phase 1 DDA outlines a process for vertical developers to receive development approvals in Phase 1 of the Shipyard called a “Major Phase Application.” Under the Phase 1 DDA Lennar is required to build the infrastructure and parks, and then sell land to various vertical developers, either Lennar affiliates or third-parties including Bayview Hunters Point-based developers and contractors called “Community Builders,” to build housing and/or retail.

At its regularly scheduled hearing on July 2, 2013, the Commission reviewed and approved by Resolution No. 34-2013 (see Attachment 1) a Major Phase Application for a residential project on Blocks 56 and 57 (the “Project”) for 98 housing units. Major Phase Applications include, a) Schedule of Performance Report, b) a Major Phase and Project Housing Data Table, and c) a combined Basic Conceptual and Schematic Designs (“Schematic Designs”), and d) a form Vertical Disposition and Development Agreement (“VDDA”). The Major Phase Application for the Project at the time included approximately 98 units of for-sale housing in four buildings, 10.5 percent (10 units) of which were below market rate (“BMR”) units at 80 percent of Area Median Income (“AMI”) in accordance with the Phase 1 DDA.

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 (at the Executive Director’s discretion), 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 (which was approved) 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. The key changes to the design include reaching the maximum allowed height on the site by increasing the height of each of the four buildings from three to four stories as allowed for by the Phase 1 Design for Development ("D for D"), increasing the density in each building, as well as making other changes to the façades and materiality of the buildings to increase the feasibility of the development.

The revised development program includes approximately 132 units of for-sale housing, eleven percent (15 units) of which will be BMR units at 80 percent of AMI. In accordance with the Phase 1 DDA, the proposed BMR units are substantially equivalent in size, location, amenities and quality to reflect the mix of unit sizes and room configurations of the market rate residential units. The overall parking ratio is 1:1 (spaces per unit) and parking is contained on the ground floor of each building. It provides a total of 132 parking stalls in compliance with the D for D requirements. The proposed amended Project includes:

- **Block 56** includes thirty-six for-sale units in one building, three of which are BMR, 32 parking spaces, as well as private and shared open space.

- **Block 57** includes ninety-six for-sale units in three buildings, twelve of which are BMR, as well as private and shared open space.

Because the development proposed on Blocks 56 and 57 has densities that exceed the maximum D for D density standards, the Developer sought, and was granted, a 22.2 percent density bonus in exchange for providing additional BMR housing onsite under Government Code Section 65915-65918, commonly known as "State Density Bonus Law." Neither the Redevelopment Plan ("Plan") nor the D for D provide a precise formula for the amount of affordable housing that a developer must provide to be eligible for a density bonus, but rather require that a density bonus result in additional affordable housing beyond the amount already required. Staff employed the State Density Bonus Law to calculate density bonus units because State Density Bonus Law provides a formula and yields more BMR units than the D for D Density Bonus Standards.

OCII staff has determined that the Major Phase Amendment is complete, is consistent with the Phase 1 DDA and the horizontal schedule of performance, the Plan, and the D for D. Additionally, staff finds the proposed Major Phase Amendment to be within the scope of the development analyzed in the Shipyards's Phases 1 and 2 Final Environmental Impact Reports ("FEIR") and its addenda, and that no additional environmental review is required.

*Staff recommends approving the Major Phase Amendment for a residential project on Blocks 56 and 57, at the Hunters Point Shipyard Phase 1, including a) adoption of environmental findings pursuant to the California Environmental Quality Act, b) Schedule of Performance Report, c) a Major Phase and Project Housing Data Table, and d) a combined Basic Conceptual and Schematic Design, and d) form VDDA; Hunters Point Shipyard Project Area, subject to the conditions contained in this memorandum.*
BACKGROUND

Hunters Point Shipyard and Candlestick Point Overview and Summary

The Hunters Point Shipyard and Candlestick Point areas are comprised of approximately 780 acres along the long-neglected waterfront lands of southeastern San Francisco (See Attachment 2, Major Phase Application Map within the Schematic Designs). These lands will be developed and transformed into productive areas for jobs, parks, and housing, including affordable housing through public-private partnerships as required by the Shipyard Disposition and Development Agreements with OCII. The development will be implemented in two phases by affiliated but separate developers managed by Lennar under separate DDAs.

During the development, 12,100 new homes will be delivered, approximately 32 percent of which will be 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 approximately 328 acres of new and renovated parks in the southeast portion of San Francisco. In total, the project will generate 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. The Project’s full build out will occur over 20 to 30 years, but just over 1,000 units of housing and 26 acres of parks will be completed over the next five years in the first phase of the Shipyard.

Phase 1 Development Program

In December 2003, the SFRA Commission approved the Phase 1 DDA with Lennar. The Phase 1 DDA has been amended six times 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 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.

The Phase 1 DDA obligates Lennar to construct the infrastructure necessary to support the total vertical development of up to 1,600 units with 1,498 housing units planned in the Phase 1 development and 27 acres of open space and parks. The Phase 1 development is well underway (70-80 percent of the horizontal infrastructure construction is complete) with approximately 250 housing units currently under construction. Now, Lennar is planning to directly construct Blocks 56 and 57.

Phase 1 Affordable Housing

Under the Phase 1 DDA, a minimum of 27 and a maximum of 40 percent of all the 1,498 Phase 1 units will be BMR (the maximum 40 percent will be achieved if OCII exercises its right to purchase additional units for BMR housing). Within this total, at least 10.5 percent of the 1,280 private vertical developer units (approximately 134 units) constructed by vertical developers will be affordable to households earning no more than 80 percent of AMI, which in 2014 is $77,700 per year for a family of four. Of the 1,498 Phase 1 units, 218 will be OCII subsidized BMR units at 50 percent of AMI, which in 2014 is $53,400 per year for a family of four.
In accordance with the Sixth Amendment to the Phase 1 DDA, the Developer has the right to determine the number of BMR units to be located in each Residential Project as long as the number of BMR 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 total number of BMR Units for Phase 1 as a whole is not less than 10.5 percent of the private vertical developer units. For purposes of calculating the number of BMR units, any fraction equal to or greater than one-half are rounded up to the nearest whole number and any fraction less than one-half are rounded down to the nearest whole number. The Sixth Amendment to the Phase 1 DDA also states that at 300th, 600th, 900th and the 1,200th Residential Unit to be transferred by the Developer to a Vertical Developer, at least 10.5 percent of the aggregate number of all of private developer Residential Units in Phase 1 must be BMR units. Staff anticipates that the 300th unit milestone will be reached with the execution of a VDDA on Block 52, for which a Major Phase was approved earlier this year.

Increased Density on Blocks 56 and 57

Density Bonus under the Plan and the D for D: The Plan and D for D govern the amount of a density increase allowed under a density bonus that a Developer may request from OCII. The Plan contains a project-area wide ceiling on the amount of additional housing that may be created by the application of density bonus procedures. The Plan does not establish density by block or project, but rather establishes the number of dwelling units that may be built on the Phase 1. The D for D governs how much of a density bonus is allowed in a specific project. The D for D allows density bonuses of up to 25 percent in exchange for additional BMR units. To qualify for a density bonus, both the Plan and the D for D require an increase in affordable housing beyond the existing BMR requirements. Existing requirements are detailed in the Sixth Amendment to the Phase 1 DDA, which allows the Developer to determine the number of BMR Units to be located in each Residential Project as long as the number of BMR 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 total number of BMR Units for Phase 1 as a whole is not less than 10.5 percent of the private vertical developer units. Neither the Plan nor the D for D provide a precise formula for the amount of affordable housing that a developer must provide to be eligible for a density bonus, but rather require that a density bonus result in additional affordable housing beyond the amount already contractually required.

Density Bonus under State Density Bonus Law: The State Density Bonus Law provides a precise formula for the amount of affordable housing that a developer seeking a density bonus must provide. The State Density Bonus Law provides a stricter control and yields more affordable units than the D for D standards. The revised development program for Blocks 56 and 57 includes approximately 132 units of for-sale housing. Under the State Density Bonus Law’s formula, the Major Phase Amendment density increase requires that the Developer provide at least 11 percent of Block 56 and 57’s total Residential Units be designated as BMR units at 80 percent of AMI, which yields a total of 15 BMR units. The density bonus results in twenty-one additional units of market rate housing and three additional BMR units, for a total of twenty-four Residential Units.

The three Density Bonus Units do not count toward the Developer’s satisfaction of the DDA’s 10.5 percent Inclusionary Housing. This accomplishes the objective of the Plan to require that additional BMR units be produced in order to receive a density bonus and provides the Developer with the immediate benefit of a higher density project. These three additional Density Bonus Units will be
required in addition to the Developer’s overall project wide DDA BMR unit obligations of 10.5 percent. The Density Bonus Units will be provided onsite on Blocks 56 and 57 at 80 percent AMI.

Blocks 56 and 57 Affordable Housing Program
The proposed Major Phase Amendment includes approximately 132 units of for-sale housing, 15 units of which will be BMR units at 80 percent of AMI. By using the State Density Bonus Law calculations, the proposed Major Phase Amendment is required to provide a total of fifteen BMR units, of which only 9.3 percent of the total units (or 12 units) will count towards the Developer’s Phase 1 DDA 10.5 percent overall Inclusionary Unit requirements. The remaining three units are considered Density Bonus Units and are provided in addition to the Developer’s Phase 1 DDA 10.5 percent overall Inclusionary Unit requirement. The proposed allocation of the BMR units is consistent with the Phase 1 DDA as it is within the 5-20 percent range allowed by the Phase 1 DDA and provides a bedroom mix that is comparable to the market-rate units, providing a mixture of one, two and three-bedroom units distributed throughout.

The Developer is proposing to develop the Project as for-sale housing; therefore, any BMR units would be sold through OCI’s Limited Equity Program (“LEP”). Final pricing of the BMR units will be determined closer to the marketing of the units based on the then current AMI and other factors including homeowner association dues. However, for reference the Developer is currently marketing BMR units at 80 percent AMI in Blocks 50 and 51 and those LEP sales prices start at approximately $170,000 for a one-bedroom to $246,000 for a two-bedroom. The location and floor plans of the fifteen BMR units are depicted in the Schematic Designs and are also detailed below on Table 2, Development Summary.

Community Benefits and Community Builders
The Phase 1 DDA also obligates Lennar to provide training, assistance, and contracting opportunities to community residents and organizations, as well as offer development opportunities to Community Builders. There are no Community Builders on Blocks 56 and 57.

DISCUSSION
Summary of Major Phase Application
Under a Major Phase Application, vertical developers are required to submit overall plans for one or more development blocks.

The Major Phase Amendment for Blocks 56 and 57 includes:

1) A Schedule of Performance Report regarding compliance with the horizontal Schedule of Performance that identifies any deferred infrastructure (the deferred infrastructure is the asphalt concrete wearing surface, plantings, irrigation heads, street furniture, driveways, and sidewalks) that will be completed as part of the Major Phase Amendment. All of the non-deferred infrastructure has been installed and completed and the deferred infrastructure will be coordinated with the vertical construction schedule to prevent damage to items like trees and sidewalks from machinery (see Schedule of Performance Report, Attachment 3).
2) Major Phase and Housing Data Tables that detail the overall development program including for example, the number of units proposed, the number, location and size of BMR units, whether the project is residential or includes other land uses, and parcel acreage. Lennar proposes to construct 132 residential units, 15 of which will be BMR, in four separate buildings and on two blocks with varying topography. The market rate and BMR units will be comprised of one-, two-, and three-bedroom units. See Attachment 4 for the Major Phase and Housing Data Table.

3) Schematic Designs for which OCII staff has determined are consistent with the D for D and the Plan. Staff’s analysis of the Schematic Designs is described below.

4) A form of the VDDA for Blocks 56 and 57 which is on file with the Secretary of the Commission as Attachment 4 describes the vertical developers’ rights and responsibilities and includes a construction schedule. The proposed form VDDA included in the Major Phase Amendment is consistent with previously approved VDDAs.

OCII staff has determined that the Major Phase Amendment is complete, is consistent with the Phase 1 DDA, the horizontal schedule of performance, the Plan, and the D for D.

Development Summary
Blocks 56 and 57 are located on opposite sides of Innes Court, with each block facing Innes Court Park, a half-acre linear park featuring a tot lot, lawn areas, a picnic area, flower gardens, and public art. The development program consists of 36 residential units on Blocks 56 and 96 units on Block 57. Block 56 measures approximately 19,602 sq. ft. in area (.45 acres) and contains a single building. Block 57 measures approximately 47,045 sq. ft. in area (1.08 acres) and contains three separate buildings.

2013 Major Phase Application
The 2013 Major Phase Application provided for the development of 98 units, 11 of which were designated as BMR housing units, 98 parking spaces, and 27 bicycle spaces. The table below summarizes the differences between the approved and the proposed Major Phase Amendment.
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<th>BUILDING</th>
<th>2013 SUBMITTAL</th>
<th>2014 SUBMITTAL</th>
<th>DIFFERENCE +/-</th>
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<td>Building Height (ft)</td>
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<td></td>
<td>1 BR (units)</td>
<td>7</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>2 BR (units)</td>
<td>18</td>
<td>23</td>
<td>5</td>
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<tr>
<td></td>
<td>3 BR (units)</td>
<td>3</td>
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<td></td>
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</tr>
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<td>Building Height (ft)</td>
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<td>1 BR (units)</td>
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<td>Density per acre</td>
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<tr>
<td></td>
<td>Unit Count</td>
<td>70</td>
<td>96</td>
<td>26</td>
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</table>

Table 1: Major Phase Amendment Summary

The 2014 Major Phase Amendment Application

Whereas the previously approved Major Phase Application proposed three-story buildings, the Major Phase Amendment proposes four-story buildings across both blocks, for a total of 132 housing units. The Major Phase Amendment proposes one parking space per unit and one bicycle parking per four units (total of 33 bicycle storage spaces).

Design Summary

Under this Major Phase Amendment the development’s Site Context, Form and Orientation (with the exception of the height), and Open Space remain substantially the same as previously approved. The updates to the Parking and the Materiality and Color and other design changes can be seen in the detailed three-dimensional renderings of each building on pages 14 through 19 of the Schematic Designs Attachment 2. Rendering from the 2013 submittal are included in Attachment 2 for comparison purposes.

Site Context

Blocks 56 and 57 are located on opposite sides of Innes Court, with each block facing Innes Court Park, a half-acre linear park featuring a tot lot, lawn areas, a picnic area, flower gardens, and public art. The design approach for Blocks 56 and 57 is to create a cohesive interactive community on the hilltop in four residential buildings with many varying components. Innes Avenue is a central spine that leads from the Shipyard gateway at Blocks 50 and 51 to Innes Court Park at the center of the project culminating at the Hilltop Point Park.
Coleman Street connects into Kestrel Place and Innes Court creating a strong connection from the neighboring blocks into Innes Court Park while reinforcing the gateway effect and maintaining individuality for each of the four buildings on Blocks 56 and 57. This creates a sense of place on either side of the central spine for this Hilltop community with 360 degree views.

**Form and Orientation**
Each of the buildings on Blocks 56 and 57 have been individually developed to provide modulation required by the D for D. The layout of the blocks orient buildings to maximize views and access to natural light while taking advantage of the naturally sloped site. The interior spaces of the residential units are efficient in design with living spaces oriented to the light and views. The courts at podium level created by the “C-shaped” buildings allow common open space opportunities that can be a nice private gathering area for the residents within the buildings. The residential units are placed in a configuration to provide view opportunities for maximum number of units. On Block 57, upper levels of Building 2 are higher than the adjacent Building 1 allowing all the upper floors a clear view. On Blocks 56 and 57, Buildings 4 and 3 respectively are oriented to allow views in all directions towards the bay.

**Open Space**
The linear Innes Court Park as the central spine of the Hilltop community is a gathering and play space for the community. Buildings 2, 3 and 4 have linear porches at grade level that open out to Innes Court Park allowing residents a visual connection to the play areas creating a community space that promotes interaction between residents and yet is set back from the loop street that surrounds the park. The porches also act as an extension of the living space to the outdoors and a unique architectural element for ground level articulation.

Kestrel Place provides a connection to the garage entrances in Building 1, 2 and 3. The street is private in nature for residents designed to provide a pedestrian scale plaza like appearance with zero curb sidewalks at entrances to Building 1’s lobby and accessible residential units in Building 2.

**Parking**
The overall parking ratio is 1:1 (spaces per unit) and parking is contained on the ground floor of each building. It provides a total of 132 parking stalls in compliance with the D for D requirements. No Car Share is required on these blocks because each building contains less than 50 units each.

**Materiality and Color**
The material palette used for the buildings on both blocks will consist of light dash exterior cement plaster, horizontal cementitious siding and brick veneer along with accents with smooth painted break metal panels and smooth plaster. The windows will be thermally broken aluminum clad windows at the exterior street facades and vinyl at select locations at the interior courts. The aluminum clad windows will have an anodized finish. At some key areas they will be detailed to have smooth break metal spandrel panels to match to create a storefront like look. The entry doors will have an anodized aluminum finish to match the windows with full lite glass infill. The garage doors will be metal, the railings will be metal cable and the porch roofs will be metal standing seam. The buildings will be painted in different palettes that complement each other to create a harmonious project. Building 1 and 4 will use the same palette while Building 2 and 3 have individual palettes. Common building materials and elements will create a cohesive design.
Affordable Housing Requirement

The DDA requires that the BMR units be substantially equivalent in size, location, amenities and quality to reflect the mix of unit sizes and room configurations of the market rate residential units in the Project, with a goal of comparability in square footage and interior features. The BMR units are also required to be dispersed throughout each building within each block in a unit type mix that is representative of the market rate dwelling units.

Blocks 56 and 57 include 15 BMR units at 80 percent of AMI. As was stated above, twelve of the BMR units (or 9.3 percent of the total units) will be counted towards the Developer’s Phase 1 DDA 10.5 percent overall Inclusionary Unit requirement and three units which are considered Density Bonus Units under the State Density Bonus Law are considered in addition to the Developer’s Phase 1 DDA 10.5 percent overall Inclusionary Unit requirement. The BMR units provide a bedroom mix that is comparable to the market-rate units, one-, two- and three-bedroom units, as shown in the table below.

<table>
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<th>Block</th>
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Table 2: Development Summary

Under the terms of the Phase 1 DDA 27 to 40 percent of the housing units within the Phase 1 development will be BMR. Ten and one half percent of the non-OCII housing units to be developed will be BMR and 100 percent of the OCII housing units to be developed will be BMR. As required, the non-OCII BMR housing units will be spread equally through the development of each of the blocks.

Staff Recommendation for Conditional Approval

As is typical, there are a few remaining design issues to be resolved in subsequent design stages. Conditions 1, 2, and 3 were included as part of the 2013 Major Phase Approval for Block 56 and 57 and continue to be required and the balance of the conditions are related to the amended designs.
OCI staff recommends approval of Blocks 56 and 57's Major Phase Amendment is subject to the following conditions:

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 Developer 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.

**Next Steps and Schedule**

By the time Lennar 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.

If this Major Phase Amendment is approved, Lennar will work to finalize construction contracts for the blocks in this Major Phase and will continue to coordinate with Young Community Developers ("YCD") and CityBuild to start referring Bayview Hunters Point and San Francisco residents to work on the construction. Construction on Blocks 56 and 57 is estimated to commence in February 2015 with construction finishing in November 2016.

**Small Businesses and Local Workforce**

The VDDA and the Phase 1 DDA both require Lennar and vertical developers to follow an equal opportunity program, which substantially consists of, 1) the Bayview Hunters Point Employment and Contracting Policy ("BVHP ECP"), 2) the Small Business Enterprise Policy ("SBE"), 3) the Nondiscrimination in Contracts and Equal Benefits Policy, 4) the Minimum Compensation Policy, 5) the Health Care Accountability Policy, 6) the Prevailing Wage Policy, and 7) the Card Check Neutrality Policy.

**Small Businesses**

Under the BVHP ECP, developers must make good faith efforts to award 50 percent of the contracting opportunities to SBE consultants and contractors with first consideration for businesses with addresses in the BVHP Area (defined as zip codes 94124, 94134, and 94107). On the Shipyard to date Lennar has achieved 71 percent SBE participation on its vertical projects in the area of professional service contracts, of that 30 percent were from minority-owned firms and 34 percent were from women-owned firms. On Blocks 56 and 57, Lennar has achieved 94 percent SBE participation in the area of professional service contracts, of that 64 percent were from minority-owned firms and 42 percent were from women-owned firms.

**Local Workforce**

The BVHP ECP also requires developers to make good faith efforts to achieve 50 percent local workforce participation, with First Consideration to BVHP Area residents, in construction workforce hiring, permanent/temporary workforce hiring, and trainee program. Over 1,500 short and medium
term construction jobs are anticipated to be created on this project. On the Shipyards Lennar has achieved 44 percent San Francisco resident workforce participation on its vertical projects to date (Blocks 50, 51, 53, and 54), of that 28 percent are from BVHP and 75 percent are minorities. Attached are Lennar’s workforce projections for construction hiring for Blocks 56 and 57 (see Jobs Projection and Phase 1 Vertical Professional Consultants Summary, Attachment 5).

Community Outreach

OCII staff briefed the Mayor’s Hunters Point Shipyards Citizens Advisory Committee (“CAC”) on the details of the Major Phase Amendment for Block 56 and 57 during its meeting in November 2014. At the meeting, OCII staff conducted a review of the proposed development and facilitated discussion on the designs. The CAC recommended that the Major Phase Amendment move forward to the Commission for consideration.

Enforceable Obligation

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. The Major Phase Amendment is implementing the Phase 1 DDA and the Phase 1 DDA is shown on line HPSY 21 of the approved Recognized Obligation Payment Schedule.

California Environmental Quality Act

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 for Phase 1 in 2000 (“Phase 1 EIR”). Subsequently a First and Second Addendum to the Phase 1 EIR were issued in 2003 and 2006, respectively, to address project changes. The Commission has 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 Shipyards. 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 Lennar to submit Major Phase Applications for the Shipyards development in accordance with the Phase 1 DDA, the D for D, and is pursuant to and in furtherance of the Plan. OCII staff has reviewed the Major Phase Amendment submitted by Lennar and finds it to be within the scope of the project analyzed in the Phase 1 EIR and subsequent addenda as well as the Phase 2 EIR and no additional environmental review is required pursuant to State CEQA Guidelines Sections 15180, 15162, and 15163.
(Originated by Immanuel Bereket, Associate Planner, and Thor Kaslofsky, Project Manager, Hunters Point Shipyard)

Tiffany Bohrer
Executive Director

Attachments:

1. July 2013 Commission Memorandum and Resolution No. 34-2013
2. Basic Conceptual and Schematic Design
3. Major Phase Schedule of Performance Report
4. Major Phase Housing and Project Data Table
5. Jobs Projection and Phase I Vertical Professional Consultants Summary
6. Form of Vertical Disposition and Development Agreement