EXECUTIVE SUMMARY

The Successor Agency to the Redevelopment Agency of the City and County of San Francisco (“SFRA”) now the “Successor Agency” submits its Long Range Property Management Plan (“PMP”) for the disposition of real property in the Hunters Point Shipyard/Candlestick Point Redevelopment Project (the “Project”). The Project is comprised of two adjacent areas – the Hunters Point Shipyard and Candlestick Point. The portion of the Project on the Hunters Point Shipyard is referred to herein as the “Shipyard,” and the portion of the Project on Candlestick Point is referred to herein as “Candlestick.” The real property in these portions are referred to herein as the “Property.”

The Shipyard, a former federal naval base, and Candlestick, which contains various vacant lands and the soon-to-be-vacated Candlestick Park, are together the largest undeveloped acreage in San Francisco. The Project is the subject of two disposition and development agreements that call for about 12,000 new residential units (of which about 32% will be affordable), office space, regional and community-serving retail space, more than 350 acres of parks and open spaces, community facilities, and significant infrastructure improvements, including new roadways, utilities, and pedestrian walkways. The disposition of the Property is required under enforceable obligations, as defined in Section 34171 (d) (1) of the California Health and Safety Code¹ and in a Final and Conclusive Determination by the Department of Finance (“DOF”) under Section 34177.5 (i).²

The development of the Shipyard is divided into two phases:

- Phase 1 covers approximately 75 acres and is commonly known as “Hilltop” and “Hillside.” The Phase 1 Property used to be owned by the U.S. Navy (the “Navy”), but is now jointly owned by the Successor Agency and a private developer, HPS Development Co., LP, (the “Phase 1 Developer”) which is currently constructing the infrastructure improvements under a disposition and development agreement (the “Phase 1 DDA”).

- Phase 2 covers more than 700 acres at the Shipyard and at Candlestick. The Phase 2 Shipyard Property is owned by the Navy and the Phase 2 Candlestick Property is mostly owned by the City and County of San Francisco (the “City”), the State of California (the “State”) and various private land owners. Phase 2 is governed by a second disposition and development agreement (the “Phase 2 DDA”) with a second, but affiliated private

¹ All future statutory references are to the California Health and Safety Code unless otherwise noted.
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The Phase 1 and Phase 2 DDAs (individually or collectively as the context requires, the “DDAs”) require that (1) the Successor Agency acquire land in the Project in phases from the Navy after the Navy cleans up the land, which has been designated a “Superfund” site under the federal Comprehensive Environmental Response, Compensation and Liability Act, and from the State and the City in connection with development, (2) the Successor Agency acquire additional land from the State of California and the City and County of San Francisco, and engage in certain property exchanges to assemble necessary land for the Project, (3) the Successor Agency transfer land to the Developer over time, in phases, for development consistent with the approved land use plan, (4) the Developer acquire, or use good faith efforts to acquire, certain private property within the project area (the “Private Parcels”) for development consistent with the approved land use plan, (5) the Successor Agency use the tax increment it has committed to the Project for the development of infrastructure, affordable housing and other Project costs.

The Property subject to this PMP includes property in Phase 1 and Phase 2 and is comprised of (1) property the Successor Agency owns or will own in the future and convey to the Developer for private development (i.e., residential and commercial) (the “Developer Property”) (2) property the Successor Agency owns or will own to develop affordable housing (the “Affordable Housing Parcels”), (3) property the Successor Agency owns or will own to develop public parks and open space (the “Park Parcels”), (4) property the Successor Agency owns or will own to develop public streets and transportation networks (the “Street Parcels”), and (5) property the Successor Agency owns or will own to develop community-serving uses (the “Community Facility Parcels”).

Under its enforceable obligations for the Project, the Successor Agency assembles most of the land for the project (except for certain privately owned parcels to be acquired directly by the Developer), and then must transfer property to the Developer for the private development, and retain the Affordable Housing Parcels, the Park Parcels, the Street Parcels and the Community Facilities Parcels (collectively, the “Public Property”) and ensure they are developed with these public uses consistent with the DDAs. In addition, the Successor Agency has obligations under state law to ensure that certain “public trust land” are developed and used for purposes consistent with the public trust. The Successor Agency may either transfer the entirety of a Sub-Phase to the Developer for horizontal development, with an obligation by the Developer to transfer back the Public Property once the streets and lots are completed, or the Successor Agency may retain all of the Public Property in a Sub-Phase and allow the Developer to access the Public Property as required to complete the streets and lots.

The Successor Agency submits the following disposition plan pursuant to Redevelopment Dissolution Law for the Property:

- **Land Assembly.** Acquire the property in Phase 2 from the Navy once the properties have been remediated to their intended land use per the enforceable obligations for the Project and from the City and the State as needed in connection with the development of the developer. CP Development Co., LP, (the “Phase 2 Developer”). The Phase 1 Developer and the Phase 2 Developer are sometimes referred to in this PMP, individually or collectively as the context requires, as the “Developer.”
Project, and then transfer them in accordance with the DDAs (with other assembled land from the City and the State) to the Developer for development. The transfer dates are expected to occur between 2016 and 2039.

- **Affordable Housing Parcels.** Retain Affordable Housing Parcels in Phase 1 and acquire and retain Affordable Housing Parcels in Phase 2 to fulfill the Successor Agency’s enforceable obligations under the DDAs to develop the Affordable Housing Parcels. The Successor Agency intends to provide the affordable housing developer for each Affordable Housing Parcel with a ground lease to provide site access to construct the affordable housing, as well as apply long term affordability restrictions to the project. Upon completion of each specific vertical development, the land and the vertical housing project will be transferred to the City as the Housing Successor Agency, as required under Redevelopment Dissolution Law. In the case of the Affordable Housing Parcels and vertical housing projects associated with the Alice Griffith Public Housing Replacement Project, the Successor Agency will transfer these parcels and projects to the San Francisco Housing Authority (“SFHA”), pursuant to the Project’s enforceable obligations. The estimated transfer dates are expected to occur between 2018 and 2039.

- **Park Parcels.** Retain Park Parcels in Phase 1 and acquire and retain Park Parcels in Phase 2 to fulfill the Successor Agency’s obligations under the DDAs to ensure the Developer completes the park improvements on the Park Parcels. U.S. Department of Commerce’s Economic Development Administration (“EDA”) grant funds were used in 2011 to construct a community facility building within a Phase 1 park. The building is part of the park’s program. The Successor Agency has an enforceable obligation to ensure the Park Parcels are developed and maintained consistent with the DDA’s park designs, the EDA grant, are financially self-sustaining, and to use the funding from the parks operations community facility district set up for this purpose. Upon completion of each specific “major phase and sub phase” of development, the finished interlocking Park Parcels will be transferred to the City for a governmental purpose subject to the approval of the State Lands Commission pursuant to SB 792 and the Developer pursuant to the DDAs. The estimated transfer dates are between 2020 and 2039.

- **Street Parcels.** Retain Street Parcels in Phase 1 and acquire and retain Street Parcels in Phase 2 to fulfill the Successor Agency’s obligations under the DDAs to ensure the Developer completes the street improvements on the Street Parcels. The DDAs include an Acquisition Agreement under which the Developer will construct and the City will accept infrastructure which includes but is not limited to utilities, roads, sidewalks, street furniture, and components of transportation systems. Upon completion of each specific “major phase and sub phase” of development, the finished Street Parcels will be transferred to the City for a governmental purpose subject to the approval of the State Lands Commission pursuant to SB 792 and the Developer pursuant to the DDAs. The estimated transfer dates are between 2015 and 2039.

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3 All references in this PMP to the Successor Agency’s “retention” of property include the possibility of transfer to the Developer with a mandated transfer back to the Successor Agency when the Developer completes the streets, infrastructure, mapping, and lots, i.e., after the Developer has completed all horizontal obligations.
### Community Facilities Parcels

- **Vacant Land.** Retain the vacant land in Phase 1, and acquire and retain additional raw land in Phase 2, all of which has been designated for community facilities (including but not limited to school and fire station properties), to fulfill the Successor Agency’s enforceable obligations under the DDAs to ensure the Developer completes the required parcels, mapping, and infrastructure to serve these parcels. Upon completion of each specific “major phase and sub phase” of development, these Community Facilities Parcels will be transferred to the City, subject to the approval of the Developer pursuant to the DDAs, as finished developable lots for future development potentially with a community development corporation, community land trust, public entity, or not-for-profit organization with the requirement that the City facilitate the timely development of these facilities in a manner consistent with the DDAs, the applicable Redevelopment Plan, and that the Community Facilities Parcels “be used to provide, preserve and leverage such critical local resources as social services, education and other community services as determined by the (Successor) Agency in collaboration with the Hunters Point Shipyard Citizens Advisory Committee (“CAC”) and the Bayview Hunters Point Representative Entity,” (community organizations identified in the Phase 1 DDA that are required to be consulted with). (See Section 3.3 of the Phase 2 Community Benefits Plan and Section 1.1 of Attachment 23 to the Phase 1 DDA) The estimated transfer dates are between 2015 and 2039.

- **Artist Studios.** Retain Building 101, and acquire and retain a new artist studio building (the “Artist Replacement Building”), both of which have been designated as permanent artist studio space, to fulfill the Successor Agency’s enforceable obligations under the DDAs to ensure the Developer completes the Artist Replacement Building and the permanent infrastructure serving both buildings. Upon completion of the Developer’s development obligations (and artists have moved into the Artist Replacement Building), these Artist Replacement Buildings will be transferred to the City for a governmental purpose (explained below) subject to the approval of the Developer pursuant to the DDAs. The estimated transfer dates are between 2015 and 2022.

The Project’s inclusion of the Artist Replacement Building fulfills a government purpose and the City’s goals to retain and increase arts related facilities on decommissioned military sites in buildings that are subject to local government control. The City’s General Plan, a voter initiative (Proposition G), and the Shipyard Redevelopment Plan established these goals and the (Successor) Agency fulfilled the goals through the Phase 2 DDA. See more on this in Attachment C, Summary of Project Enforceable Obligations.

- **Building 813.** Acquire Building 813 in Phase 2 to fulfill the Successor Agency’s enforceable obligations under the DDAs to ensure the Developer completes the permanent infrastructure serving the building. Upon the completion of the Developer’s infrastructure obligations, Building 813 will be transferred to the City, subject to the approval of the Developer (as required by the DDAs), for a
governmental purpose with the restriction that this building must be used for the benefit of BVHP community and the Project as a center for the incubation of emerging businesses and technologies (see Section 3 of the Phase 2 Community Benefits Plan). The estimated transfer dates are between 2014 and 2026, during which time interim uses are permitted in accordance with the Phase 2 DDA and the Shipyard Redevelopment Plan.

The Successor Agency also leases a number of buildings from the Navy for temporary facilities (i.e., artist studios, storage/construction staging, and for the San Francisco Police Department (the “Temporary Facilities”). The Successor Agency will continue leasing the Temporary Facilities until the applicable land is conveyed to the Developer for development as described above. Lease terminations are expected to occur between 2016 and 2021.

Under the DDA, the Agency is prohibited from transferring Property where the transfer would materially and adversely impair Developer’s (or any “Vertical Developer’s”) performance under the DDA. Accordingly, the foregoing is subject to Developer’s (and any Vertical Developer’s) rights under the DDA.

**BACKGROUND**

For decades, the Navy operated a large naval facility at the Shipyard. At its peak, the Shipyard employed 17,000 civilian and military personnel, many of whom lived in the adjacent neighborhood. But by 1974, the Shipyard had outlived its usefulness as a naval facility and was closed. The state legislature has described the Project in these terms:

Together, they comprise approximately 760 acres and make up the largest area of underused land in the city. The shipyard, once a source of economic opportunity for the surrounding Bayview Hunters Point community, has stood dilapidated and abandoned for over 30 years and now stands as a barrier to public health, open space, and the waterfront, and a blight on one of San Francisco’s poorest communities. The revitalization of Candlestick Point has been contemplated for over 10 years to create much needed economic and public benefits, affordable housing for Bayview Hunters Point residents, and other tangible benefits to the Bayview Hunters Point community. The stadium at Candlestick Point is nearing the end of its useful life and is in need of replacement, the nearby public housing development at Alice Griffith requires a complete rebuilding, and the restoration and improvement of the adjoining state recreation area has been a long-time goal of the state, the city, and the Bayview Hunters Point community

* Statutes 2009, Chapter 203, § 1 (f) (granting to the San Francisco Redevelopment Agency the state’s interest in public trust lands at the Shipyard and Candlestick Point)

In the summer of 1997, the City designated the Shipyard as a redevelopment project area (amending it in August 2010) and approved the Shipyard Redevelopment Plan (the Candlestick Point portion of the Project is subject to a separate but related redevelopment plan called the Bayview Hunters Point Redevelopment Plan). Pursuant to Section 33492.9 of the California Health and Safety Code specific to the redevelopment of former military installations, the
Shipyard’s Redevelopment Plan expires in 2042. In 1991, the U.S. Congress passed legislation that ordered the Navy to convey its land at no cost to the City or its designated local reuse authority, pursuant to a to-be-negotiated conveyance agreement (“Conveyance Agreement”). Concurrently, the City designated the former San Francisco Redevelopment Agency (the “SFRA”) as its local reuse authority and directed it to accept the Navy’s property. The following briefly describes each enforceable obligation for the Project that stemmed from these actions:

1. **The Conveyance Agreement.** In April 2004, the SFRA’s Commission approved the Conveyance Agreement with the Navy, which established a framework and orderly process for the SFRA to receive remediated land from the Navy in phases. Under the Conveyance Agreement, the Navy must complete the environmental remediation of its land (which has been designated a federal “Superfund” site) to a level consistent with the intended re-use of the property. Once the environmental remediation is complete, the Navy must transfer the property to the SFRA (now the Successor Agency). To date, 75 acres of land has been transferred to the Successor Agency (“Phase 1”) under the Conveyance Agreement in 2004. The Developer is required to provide property management services for the Phase 1 Property that the Successor Agency currently owns and certain property that the Successor Agency currently leases from the Navy under a lease with the Successor Agency (the “Interim Lease”).

2. **The Phase 1 DDA.** In December 2003, the SFRA Commission approved the Phase 1 DDA with the Phase 1 Developer for 75 acres at the Shipyard. Under the Phase 1 DDA, the SFRA is required to (1) transfer all the land designated for private uses to the Phase 1 Developer, and (2) retain all the land designated for affordable housing, parks, and community facilities. Under the Phase 1 DDA, the Developer is required to finance and build the horizontal improvements and some of the public uses (i.e., parks) and to transfer land on which private residential and commercial uses are to be constructed by Vertical Developers. The SFRA (and now the Successor Agency) is required to finance and build the affordable housing and assist with financing the rest of the community facilities.

3. **Other Conveyance Agreements.** In October 2009, the state legislature approved Senate Bill 792 (2009 Statutes, Chapter 203) (“SB 792”), which allowed land owned by the State Department of Parks and Recreation (“State Parks”) at Candlestick to be improved and reconfigured as part of the Project. It permits the exchange of certain public trust lands and the reconfiguration and improvement of the Candlestick Point State Recreation Area, a currently under-resourced public open space owned by State Parks. In furtherance of SB 792, land exchange agreements were executed in 2010-2011 between the SFRA (now the Successor Agency) and State Parks (the “State Parks Agreement”) and the State Lands Commission (the “Trust Exchange Agreement”). In addition, as part of the approval of the Project and as approved by the City’s voters under Proposition G, SFRA (now the Successor Agency) and the City, acting through its Parks and Recreation Department entered into a “City Land Transfer Agreement” related to the land on which Candlestick Park currently stands. The Developer is a third party beneficiary of these agreements and requires the Successor Agency to accept title to land owned by State Lands, State Park, and the City in furtherance of the Project. These agreements are sometimes referred to herein as the “Other Conveyance Agreements.”
4. The Phase 2 DDA. In June 2010, the SFRA Commission approved the Phase 2 DDA with the Phase 2 Developer for the Phase 2 Property at the Shipyard and Candlestick. The Phase 1 and 2 DDAs, together with a number of related binding agreements attached to or referenced in the text of both DDAs, establish a comprehensive set of enforceable obligations that collectively govern the completion of the Project. The Phase 1 and 2 DDAs remain in effect until the Project is complete or until the applicable redevelopment plan has expired, whichever is earlier. On December 14, 2012, the Department of Finance issued a Final and Conclusive Determination that the DDAs were enforceable obligations.4

More information about these enforceable obligations, including the provisions that relate to the Developer Property, the Affordable Housing Parcels, the Park Parcels, the Street Parcels, and the Community Facilities Parcels, is contained in Attachment C.

LONG RANGE PROPERTY MANAGEMENT PLAN

The Project’s Property and various uses are generally described on Attachment A (DOF Tracking Sheet for the Project and Attachment B (Map of Property).

Date of Acquisition

See Attachment A for anticipated acquisition dates for the Developer, the Affordable Housing Parcels, the Park Parcels, the Street Parcels, and the Community Facilities Parcels. Also, see Attachment A for the lease start dates for the Successor Agency’s leasehold interests in the Temporary Facilities.

Value of Property at Time of Acquisition

See Attachment A for the estimated acquisition values for the Developer Property, the Affordable Housing Parcels, the Park Parcels, the Street Parcels, and the Community Facilities Parcels. Also, see Attachment A for the acquisition values for the Successor Agency’s leasehold interests in the Temporary Facilities.

Estimate of the Current Value

See Attachment A for estimated current values for the Developer Property, the Affordable Housing Parcels, the Park Parcels, the Street Parcels, and the Community Facilities Parcels. Also, see Attachment A for the estimated current values for the Successor Agency’s leasehold interests in the Temporary Facilities. The source of these values are appraisals.

Purpose for which the Property was Acquired

4 See footnote 2, above.
Revitalizing the Shipyard, and Candlestick, is one of the City’s highest priorities, as this area – part of the Bayview-Hunters Point neighborhood -- has suffered economically ever since the federal naval base was closed in 1974. Toward that end, federal, state and local entities have executed the various binding legal documents mentioned in this PMP (including the Phase 1 DDA and the Phase 2 DDA) all of which are designed to redevelop feasibly and comprehensively the largest area of under-utilized land in San Francisco.

The Developer Property will be acquired from the Navy for the purposes of transferring them to the Developer for the development included in the Project, pursuant to the Phase 1 and Phase 2 DDAs.

The Affordable Housing Parcels, the Park Parcels, the Street Parcels, and the Community Facilities Parcels (again collectively, the “Public Property”) all were, and shall be, acquired for the purposes of constructing the various affordable housing and public uses at the Project, pursuant to the Phase 1 and Phase 2 DDAs.

The Temporary Facilities were leased to provide temporary facilities for artists and public safety personnel until permanent facilities were built. The Developer is building permanent facilities for the artists and the City is building permanent facilities for the public safety personnel off-site. The Temporary Facilities were also leased for storage and construction staging purposes.

**Address/Location**

See Attachment A for the specific addresses for the Developer Property, the Affordable Housing Parcels, the Park Parcels, the Street Parcels, and the Community Facilities Parcels. Also, see Attachment A for the specific addresses for the Successor Agency’s leasehold interest in the Temporary Facilities. A map of all these parcels is attached as Attachment B.

**Lot Size**

See Attachment A for the estimated lot sizes for the Developer Property, the Affordable Housing Parcels, the Park Parcels, the Street Parcels, and the Community Facilities Parcels. Also, see Attachment A for the lot sizes for the Successor Agency’s leasehold interest in the Temporary Facilities. A map of all these parcels is attached as Attachment B.

**Current Zoning**

The zoning or land uses for the Project are codified in the Shipyard Redevelopment Plan and the Bayview Hunters Point Redevelopment Plan. Since all the land in the Project is being assembled and reconfigured, the land uses described in the two redevelopment plans are under an umbrella of land use districts. Each land use district has a range of allowed uses to allow for a mixed use community to develop over time. As such, each land use district has portions of land that allows for residential, retail, and commercial uses, and in some cases office, multi-media/digital arts, and or industrial uses (i.e. Private Lands and Affordable Housing). Each land use district also has portions of land set aside for recreation/park, civic/community facility, arts/cultural, public safety, educational, and social services uses (i.e. Community Facilities, Parks, and Streets).
Some of the lands (i.e. Parks and Streets) are subject to the State public trust and must be used for purposes of commerce, navigation, and fisheries, and for other public trust purposes, subject to SB 792.

**Estimate of the Current Value (Including Appraisal Information)**

See Attachment A for estimated current values for the Developer Property (Buildings 808), the Affordable Housing Parcels, the Park Parcels, the Street Parcels, and the Community Facilities Parcels. Also, see Attachment A for the estimated current values for the Successor Agency’s leasehold interests in the Temporary Facilities. The source of these values are appraisals.

**Estimate of Revenues Generated (Including Contractual Requirements for Use of Funds)**

The Interim Lease covers portions of the Phase 1 Property that the Successor Agency currently owns and certain property that the Successor Agency currently leases from the Navy and allows the Developer to sublease certain buildings (indirectly) to about 300 subtenants. The Interim Lease is anticipated to remain in effect until the leased premises are transferred to Developer, the DDA terminates as to the leased premises without transfer or Developer’s obligations for the leased premises are satisfied. The revenue generated by the Successor Agency under the Interim Lease currently covers only the basic costs of managing these buildings, but not capital costs. Any future revenues generated by the Successor Agency will be used for deferred maintenance and capital repairs, as required under the Interim Lease.

**History of Environmental Contamination, Studies, Remediation Efforts**

As mentioned, the Shipyard has been designated as a “Superfund” site by the U.S. Environmental Protection Agency (“EPA”). Significant hazardous materials exist at the Shipyard, resulting from the activities of the Navy and its contractors and tenants during the decades between 1940 and 1986. In 1992, the Navy, EPA and the State executed an agreement that required the Navy to investigate and remediate hazardous materials at the Shipyard according to a specified process and schedule. In October 2004, various state and federal regulatory bodies deemed the Phase 1 Property at the Shipyard remediated for its intended land uses, and authorized the transfer of Phase 1 from the Navy to the SFRA.

The Navy continues to remediate other areas of the Shipyard, under the supervision of various federal, state and local agencies. The Navy has completed numerous specific reports and analyses for areas of potential contamination on the Shipyard. Based on those reports, specific cleanup plans have been developed and many have already been completed. After specific cleanup actions are finished, additional confirmatory testing is done to ensure the cleanup was effective and the Shipyard Phase 1 Property can be used safely.

To date, the Navy has spent or obligated more than $850 million on the cleanup of the Shipyard. The types of contamination that are being remediated by the Navy include but are not limited to, contaminated groundwater, soil based volatile organic compounds, low-level radiological materials, naturally occurring asbestos, abrasive blast material, naturally occurring metals, lead-based paint, mercury, arsenic, iron, manganese, nickel, and PCB’s.
A final environmental impact report ("Phase 1 EIR") pursuant to the California Environmental Quality Act, or CEQA, was completed for the Phase 1 Project and certified by the San Francisco Planning Commission and the SFRA Commission in February 2000. In addition, a final environmental impact report ("Phase 2 EIR") pursuant to CEQA, was completed for the Phase 2 Project and certified by the San Francisco Planning Commission in June 2010. (Acting on an appeal of the Planning Commission decision, the San Francisco Board of Supervisors upheld the certification of the Final EIR in July 2010.) In addition, certain components of the Project have been reviewed under the National Environmental Protection Act ("NEPA"), including the Alice Griffith Parcels.

Potential for Transit-Oriented Development; Advancement of Planning Objectives

In 2010 the Association of Bay Area Governments, or ABAG, designated the Project as a “Priority Development Area” or PDA. The PDA designation is one way that ABAG encourages future growth near transit and in the existing communities that surround the San Francisco Bay. To be eligible to become a PDA, an area has to be within an existing community, near existing or planned fixed transit or served by comparable bus service, and planned for more housing. The Project is surrounded by some of the region’s most important transportation infrastructure (i.e., Caltrain, BART, Interstate 280, Highway 101, Muni light rail, etc.). However, a major planning objective of the Project’s Shipyard Redevelopment Plan, the Bayview Hunters Point Redevelopment Plan and other planning documents is to better link residents to transportation networks so they have better access to jobs, healthcare services, and other critical community services. As such, transportation improvements in the Project focus on creating a multi-modal system of streets, transit facilities, pedestrian paths, and dedicated bicycle lanes to link the Project to the transportation infrastructure that exists beyond the Project’s borders. Infrastructure improvements are designed to give priority to buses (i.e., exclusive transit right-of-ways and transit signal priority) and there will be dedicated bike lanes and roadways, paving, landscaping and lighting improvements designed for sustainability and expansion flexibility.

Some of the other specific ways the Project is a “transit-oriented” development include (1) its compact land use pattern organized around rapid/express bus service, (2) dedicated bike paths to attract both commuter and recreational users, (3) a fine-grained street grid which is linked to the surrounding City grid and built to the City’s “better streets” standards to promote walking, (4) a high jobs/housing ratio, meaning a mix of employment, retail, entertainment and community uses within walking distance of homes, (5) pedestrian upgrades to plazas and rail-stop waiting areas, (6) the reconfiguration of local truck routes to decrease conflicts with light-rail, buses, cars, bikes and pedestrians, and (7) a specialized transportation demand management program which will use programs (such as mandatory transit passes for each household), incentives (such as free car share parking) and amenities (such as showers in all commercial buildings) to encourage alternative modes of transportation.

One of the specific components of the Project that will benefit from these transportation improvements is the Alice Griffith Replacement Project, which was awarded a Choice Neighborhoods Initiative Implementation (“CNI”) grant of $30.5 million in 2011 from the U.S. Department of Housing and Urban Development (“HUD”). The CNI program supports locally
driven strategies to address struggling neighborhoods with distressed public or HUD-assisted housing through a comprehensive approach to neighborhood transformation. The Alice Griffith Replacement in the Project fulfills the planning objectives of the CNI program by replacing a distressed public housing project with a network of low-rise buildings situated around a central park. Furthermore, the development of all of the Affordable Housing Parcels fulfills the planning objectives contained in the Bayview Hunters Point and Shipyard Redevelopment Plans, the City’s General Plan and the Housing Element, all of which identify a need for permanently affordable housing.

History of Previous Development and Leasing Proposals

In 1997, the City designated the Shipyard as a redevelopment project area and approved the Shipyard Redevelopment Plan, which served as the guiding framework for the development initiatives and agreements that followed (i.e., the Phase 1 DDA and the Phase 2 DDA). In 1998, the SFRA issued a Request for Qualifications and five proposals to redevelop the Shipyard were received. Three development teams were interviewed and Lennar/BVHP, LLC was selected as the Developer. The Phase 1 Developer and the Phase 2 Developer are the successors to Lennar/BVHP, LLC.

Disposition of the Property

Based on the foregoing, and the information contained in Attachment D, the Successor Agency submits the following disposition plan pursuant to Redevelopment Dissolution Law for the Property:

- **Land Assembly.** Acquire the property in the Project under the Conveyance Agreement from the Navy once they have been remediated to their intended land use per enforceable obligations for the Project and under the Other Conveyance Agreements from the City and the State as needed in connection with the development of the Project, and then transfer these parcels to the Developer for development pursuant to the Phase 2 DDA enforceable obligations. The estimated transfer dates are expected to occur between 2016 and 2033.

- **Affordable Housing Parcels.** Retain Affordable Housing Parcels in Phase 1 and acquire and retain Affordable Housing Parcels in Phase 2 to fulfill the Successor Agency’s enforceable obligations under the DDAs to fund and develop the Affordable Housing Parcels. The Successor Agency intends to provide the affordable housing developer for each Affordable Housing Parcel with a ground lease to provide site access to construct the affordable housing, as well as apply long term affordability restrictions to the project. Upon completion of each specific development, the property and ground lease will be transferred to the City as the Housing Successor Agency, as required under Redevelopment Dissolution Law. In the case of the Affordable Housing Parcels associated with the Alice Griffith Public Housing Replacement Project, the Successor Agency will transfer these parcels to the SFHA, pursuant to Shipyard enforceable obligations and subject to the approval of the Developer pursuant to the DDAs.
• **Park Parcels.** Retain Park Parcels in Phase 1 and acquire and retain Park Parcels in Phase 2 to fulfill the Successor Agency’s enforceable obligations under the DDAs to ensure the Developer completes the park improvements on the Park Parcels. The Successor Agency has an enforceable obligation to ensure the Park Parcels are developed and maintained consistent with the DDA’s park designs, the EDA grant, are financially self-sustaining, and to use the funding from the parks operations community facility district set up for this purpose. Upon completion of each specific “major phase and sub phase” of development, the finished interlocking Park Parcels will be transferred to the City for a governmental purpose subject to the approval of the State Lands Commission pursuant to SB 792 and the Developer pursuant to the DDAs.

• **Street Parcels.** Retain Street Parcels in Phase 1 and acquire and retain Street Parcels in Phase 2 to fulfill the Successor Agency’s enforceable obligations under the DDAs to ensure the Developer completes the street improvements on the Street Parcels. The DDAs include an Acquisition Agreement that describes a process by which the Developer will construct and the City will accept infrastructure which includes but is not limited to utilities, roads, sidewalks, street furniture, and components of transportation systems. Upon completion of each specific “major phase and sub phase” of development, the finished Street Parcels will be transferred to the City for a governmental purpose subject to the approval of the State Lands Commission pursuant to SB 792 and the Developer pursuant to the DDAs.

• **Community Facilities Parcels**
  - **Vacant Land.** Retain the vacant land in Phase 1, and acquire and retain additional raw land in Phase 2 that has been designated for community facilities, to fulfill the Successor Agency’s enforceable obligations under the DDAs to ensure the Developer completes the permanent infrastructure serving these parcels. Upon completion of each specific “major phase” of development, these Community Facilities Parcels will be transferred to the City, subject to the approval of the Developer pursuant to the DDAs, as finished developable lots for future development potentially with a community development corporation, community land trust, public entity, or not for-profit organization with the requirement that the City facilitate the timely development of these facilities in a manner consistent with the DDAs, the applicable Redevelopment Plan, and that the Community Facilities Parcels “be used to provide, preserve and leverage such critical local resources as social services, education and other community services as determined by the (Successor) Agency in collaboration with the CAC and the Bayview Hunters Point Representative Entity.

  - **Artist Studios.** Retain Building 101, and acquire and retain new artist studios (the “Artist Replacement Building”), both of which have been designated as permanent affordable artist studio space, to fulfill the Successor Agency’s enforceable obligations under the DDAs to ensure the Developer completes the Artist Replacement Building and the permanent infrastructure serving both buildings. Upon completion of the Developer’s development obligations (and artists have moved into the Artist Replacement Building), these Community Facilities will be transferred to the City, subject to the approval of the Developer pursuant to the DDAs, to ensure
compliance with the Phase 2 DDA’s enforceable obligation limiting studio rents to the costs of operation and maintenance of the Shipyard Artist Studios.

Under the Phase 2 DDA’s Community Benefits Plan, the Successor Agency must lease the Artist Studios at rates necessary to reimburse the Agency for its costs, including any operation and maintenance costs, reserves and any administrative fees, but not more than required to reimburse such costs to the Agency. In other words, the enforceable obligations were designed to ensure that these spaces remain affordable to artists, and could not be used as a profit center for one or more property owners.

- **Building 813.** Acquire Building 813 in Phase 2 to fulfill the Successor Agency’s enforceable obligations under the DDAs to ensure the Developer completes the permanent infrastructure serving the building. Upon the completion of the Developer’s infrastructure obligations, Building 813 will be transferred to the City, subject to the approval of the Developer (as required by the DDAs), for a governmental purpose with the restriction that this building must be used for the benefit of BVHP community and the Project as a center for the incubation of emerging businesses and technologies (see Section 3 of the Phase 2 Community Benefits Plan). The estimated transfer dates are between 2014 and 2026.

The Successor Agency also leases a number of buildings from the Navy for Temporary Facilities. The Successor Agency will continue leasing the Temporary Facilities until the applicable property is transferred to the Developer for development consistent with the DDA. In connection with any such transfer, the Successor Agency will terminate its leases on the Temporary Facilities. Lease terminations are expected to occur between 2016 and 2021.

Under the DDA, the Agency is prohibited from transferring Property where the transfer would materially and adversely impair Developer’s (or any Vertical Developer’s) performance under the DDA. Accordingly, the foregoing is subject to Developer’s (and any Vertical Developer’s) rights under the DDA.

**Properties Dedicated to Governmental Use Purposes and Properties Retained for Purposes of Fulfiling an Enforceable Obligation**

See section above.

**Attachment A:** DOF Tracking Sheet for the Hunters Point Shipyard/Candlestick Point
**Attachment B:** Map of Property
**Attachment C:** Summary of the Project’s Enforceable Obligations
Attachment A
DOF Tracking Sheet Summary of the Project’s Enforceable Obligations
### ATTACHMENT A

**CURRENT PROPERTY OWNERSHIP**

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Attachment B
Map of Property
ATTACHMENT B-2
Map of Property Leased and Owned (Phase 2 and Candlestick) (page 1 of 3)

- Fee Ownership Commercial Buildings 101 and 110 (both APN 4591C-010)
- Leased Commercial Buildings 103, 104, 115, 116, 125, 606, and 813 (all APN 4591A-079)
- Fee Ownership Affordable Housing Lot (APN 4884-027)
ATTACHMENT B-3
Map of Property Leased and Owned (Phase 1 Hilltop) (page 2 of 3)
Attachment C

Summary of Shipyard Enforceable Obligations

Under Project’s enforceable obligations, the Successor Agency is required to transfer the Developer Property to the Developer for the private development, and retain the Affordable Housing Parcels, the Park Parcels, the Street Parcels and the Community Facilities Parcels and ensure they are developed with these public uses. The Project’s enforceable obligations include but are not limited to:

**Enforceable Obligations to Acquire Property**

- The 2004 Conveyance Agreement between the Successor Agency and the Navy (the “Conveyance Agreement”); and

- The 2010 Agreement for Transfer of Real Estate between the City and the Successor Agency (the “City Land Transfer Agreement”).

- The 2011 Hunters Point Shipyard/Candlestick Point Title Settlement, Public Trust Exchange and Boundary Line Agreement between the State Lands Commission, the State Department of Parks and Recreation, the Successor Agency, the City, and the Port of San Francisco (the “Trust Exchange Agreement”); and

- The 2011 Candlestick Point State Recreation Area Reconfiguration, Improvement and Transfer Agreement between the State Lands Commission, the State Department of Parks and Recreation, and the Successor Agency (the “State Parks Agreement”); and

**Enforceable Obligations to Retain Property for Development**

- The 2003 Phase 1 Disposition and Development Agreement between the Successor Agency and the Phase 1 Developer (the “Phase 1 DDA”); and

- The 2004 Interim Lease between the Successor Agency and the Developer (the “Interim Lease”); and

- The 2010 Candlestick Point Hunters Point Shipyard Phase 2 Disposition and Development Agreement between the Successor Agency and the Phase 2 Developer (the “Phase 2 DDA”).

Each of these enforceable obligations is discussed in greater detail below.

**The Conveyance Agreement.** Under the Conveyance Agreement, the Successor Agency is “obligated to accept title” to any property that the Navy transfers to the Successor Agency, assuming the Navy has met the closing conditions, including remediating the property consistent with its intended land use (See Article 3(e)) pursuant to the Shipyard Redevelopment Plan. The Navy’s property is comprised of all the land in Phase 1 and Phase 2, except Candlestick Point.
The Trust Exchange Agreement, the State Parks Agreement, and the City Land Transfer Agreement. These three agreements were executed as a result of the passage of SB 792 and Proposition G. The 1) Trust Exchange Agreement and the 2) State Parks Agreement provide for the exchange of public lands at Candlestick (which the Navy does not own) and the Shipyard. These agreements require the Successor Agency to accept and exchange title to lands under the jurisdiction and or ownership of the State Lands Commission and the State Department of Parks and Recreation in both Candlestick and the Shipyard for the development of the public uses of the Project, including parks, streets, and community facilities.

In a similar fashion, the 3) City Land Transfer Agreement requires the Successor Agency to accept title to land currently owned by the City, acting by and through the Park and Recreation Department. Under the City Land Transfer Agreement, “the City agrees to convey to the (Successor) Agency, and the (Successor) Agency agrees to accept from the City, the City’s interest in the real property” at Candlestick (See Section 1.1). Furthermore, the Successor Agency is required “to use and dispose” of this land pursuant to the Phase 2 DDA (discussed below) and Proposition G, a voter-approved proposition passed in 2008 that requires the Developer to provide new open space areas at least equal in size to the portion of the City’s property that must be used for non-recreational purposes (See Section 1.2).

The Phase 1 DDA. The Phase 1 DDA only governs a portion (i.e., the Hilltop and Hillside properties) of the Shipyard. The following discusses what the Phase 1 DDA states about how the various parcels slated for private development, affordable housing, parks, streets, and community facilities in Phase 1 are to be developed and managed over the long-term:

- **Land Assembly.** Once the SFRA accepted title to the Hilltop and Hillside properties from the Navy pursuant to the Conveyance Agreement, it was required under the Phase 1 DDA to “convey the Project Site” to the Phase 1 Developer “for the purposes of developing and constructing” the infrastructure so that the improved land could be sold to other developers (See Section 6.1 of the Phase 1 DDA). The “Project Site” is defined as all the Phase 1 land except the “Agency Parcels.” The Agency Parcels include the Park Parcels, the Affordable Housing Parcels, and the Community Facilities Parcels. Thus, the SFRA was required to transfer all the land slated for private development to the Phase 1 Developer and retain all the land slated for public development (i.e., parks, community facilities, and affordable housing).

- **The Affordable Housing Parcels.** The Affordable Housing Parcels are defined in the Phase 1 DDA as “parcels to be retained by the Agency and designated” for affordable housing to be built by the Successor Agency (See Section 1.1). Further, in Section 11, the Successor Agency “shall commence and complete construction” of the affordable housing projects on these parcels, in accordance with future development agreements.

- **The Park Parcels.** The Park Parcels are defined in the Phase 1 DDA as “parcels retained by the (Successor) Agency and designated for parks, public recreation and other open space uses ….” (See Section 1.1). The Developer is required to finance and build the park improvements on the Successor Agency’s land as part of its overall obligation to build the horizontal infrastructure in Phase 1 at the Shipyard. Thus, the Successor
Agency is required to retain these parcels and ensure the Developer constructs the park improvements on them in accordance with the Phase 1 DDA, subject to approval of the State Lands Commission pursuant to SB 792 and the Developer pursuant to the Phase 1 DDA. In 2008, the SFRA established a community facilities district so that a funding stream would be available for the maintenance of the Shipyard Park Parcels in Phase 1, but the district has yet to levy or collect any special taxes.

Federal EDA grant funds were used in 2011 to construct a community facility building within a Phase 1 park. The building is part of the park’s program. These grant funds carry with them certain restrictions that run with the land for 20 years. These restrictions require that the building be used to further the implementation of an “arts and technology district” in the park at the Shipyard, even if the building is sold within the 20-year restriction period. There is no funding source to maintain this building, other than rental revenue generated from the building. It is currently vacant and the park is incomplete.

- **The Street Parcels.** In the Phase 1 DDA, all the land designated for street systems and street improvements within the Project Area are part of the property conveyed to the Phase 1 Developer who is responsible for constructing all the infrastructure, or horizontal improvements, in Hilltop and Hillside. These improvements include street systems and street improvements, wet utilities, dry utilities, public open space and other improvements (See Section 1.1). However, three Street Parcels — that were part of the Navy’s conveyance to the SFRA — were located outside the boundaries of the Shipyard Redevelopment Project Area and served existing private properties. As such, they were not transferred to the Phase 1 Developer. The Phase 1 Developer is responsible for improving these three parcels as part of the Phase 1 DDA. The DDA includes an Acquisition Agreement under which the Developer will construct and the City will accept infrastructure which includes but is not limited to utilities, roads, sidewalks, street furniture, and components of transportation systems. These streets are dedicated to the City as public rights of way once they are improved by the Developer.

- **The Community Facilities Parcels.** The Community Facilities Parcels (1.2 acres) are defined in the Phase 1 DDA as “parcels retained by the (Successor) Agency and designated for ultimate disposition for community development or community facilities.” As to uses, the Phase 1 DDA states that the Shipyard Community Facilities Parcels “will be used to provide, preserve and leverage such critical local resources as social services, education and other community services as determined by the (Successor) Agency in collaboration with the CAC and the Bayview Hunters Point Representative Entity. See Section 1.1 of Attachment 23 to the Phase 1 DDA.

Under the Phase 1 DDA, the Phase 1 Developer is not required to build the improvements on the Community Facilities Parcels. Before dissolution, the SFRA intended to use the Phase 1 tax increment to finance the development of these parcels. The Phase 1 DDA requires the Successor Agency to “identify certain land use restrictions, based on land uses determined in consultation” with the community for the Shipyard Community Facilities Parcels “which shall ensure that such parcels shall be dedicated to community purposes in perpetuity. The development of the Community Facilities Parcels will be
The Interim Lease. Anticipating that the SFRA would acquire property as it was remediated, but have no funds to manage it, the Phase 1 DDA requires the Developer to maintain and manage Phase 1 Property that the Successor Agency currently owns and certain property that the Successor Agency currently leases from the Navy. The Interim Lease requires the Developer to provide, at no cost to the Successor Agency, certain “baseline services” and “active services, which may include site management, operations, utilities, security, fencing, maintenance and repair services, and to indemnify the Successor Agency for certain losses caused by the Developer in performing its obligations under the Interim Lease. The Interim Lease is anticipated to remain in effect until the leased premises are transferred to Developer, the DDA terminates as to the leased premises without transfer or Developer’s obligations for the leased premises are satisfied. The Interim Lease does not cover Candlestick.

The Phase 2 DDA. The Phase 2 DDA governs the rest of the Shipyard and Candlestick, both of which together span more than 760 acres. The following discusses what the Phase 2 DDA states about how the various parcels slated for private development, affordable housing, parks, streets, and community facilities in Phase 2 are to be developed and managed over the long-term:

- Land Assembly. Once the Successor Agency has accepted title to the Navy’s property in Phase 2, then the Successor Agency must “convey to Developer all real property” the Agency owns (or acquires as contemplated herein) that is part of the Sub-phase, other than real property that is subject to the Public Trust and or is the “Public Property.” (See Section 3.4.2 of the Phase 2 DDA) The definition of Public Property includes the Park Parcels, the Affordable Housing Parcels, and the Community Facilities Parcels. It also includes property for other uses, such as land held in “Public Trust” under the jurisdiction of the State Lands Commission.

The Successor Agency is required to transfer all the land slated for private development to the Phase 2 Developer, and retain all the land slated for public development in Phase 2 (i.e., parks, streets, community facilities, and affordable housing). The Phase 2 DDA requires that the property reserved for the public uses be developed along the same schedule as the private development (See Section 1.5 of the Phase 2 DDA).

- The Affordable Housing Parcels. The Affordable Housing Parcels are defined in the Phase 2 DDA as part of the Public Property the Successor Agency retains for development of affordable housing (See Section 3.4.2). The Successor Agency “shall use good faith efforts to construct (or cause to be constructed by qualified housing developers)” up to 1,140 units of affordable housing (See Section 4.1 of Exhibit F to the Phase 2 DDA).

These parcels include parcels slated for a public housing project that is to replace the dilapidated “Alice Griffith” public housing project in Candlestick (the “Alice Griffith Parcels”). The current Alice Griffith public housing project, which sits on 22.5 acres, is owned by SFHA. The Phase 2 DDA requires that a new housing project comprised of a
one-for-one replacement of the 256 existing public housing units and 248 new affordable housing units, be built on land owned by the SFHA, the Successor Agency, and State Parks (the “Alice Griffith Replacement Project”). Pursuant to the Phase 2 DDA, the Successor Agency “shall convey” any property it owns needed for the Alice Griffith Replacement Project to the SFHA on or before the Alice Griffith Replacement Project is completed (See Section 6.2.3(a)). Any property owned by the Successor Agency not needed for the Alice Griffith Replacement Project shall be conveyed to the Developer for the purposes of constructing the infrastructure (See Section 6.2.3(a)). The property the Successor Agency will convey to the SFHA and the Developer is the “Alice Griffith Parcels.”

- **The Park Parcels.** The Park Parcels are defined in the Phase 2 DDA as part of the “Public Property” the Successor Agency retains for development of the public open spaces at the Shipyard (See Section 3.4.2). Again, the Developer is required to finance and build the park improvements on the Successor Agency’s land as part of its overall obligation to build the horizontal infrastructure on Phase 2 at the Shipyard. Thus, the Successor Agency is required to retain these parcels and ensure the Developer constructs the park improvements on them in accordance with the Phase 2 DDA subject to approval of the State Lands Commission pursuant to SB 792 and the Developer pursuant to the Phase 2 DDA. (See e.g. Section 7.8.6 of the Phase 2 DDA (requiring Developer to complete all surface improvements for the Open Space Lots in accordance with the Parks and Open Space Plan)). An additional community facilities district is envisioned as the funding mechanism for the maintenance of these parcels. (See Section 2.7 of Attachment H (Financing Plan) attached to and made part of the Phase 2 DDA).

- **The Street Parcels.** The Street Parcels are defined in the Phase 2 DDA as part of the “Public Property” the Successor Agency retains for development of the public rights of way (See Section 3.4.2). These Street Parcels may then be conveyed to the Phase 2 Developer for construction of the roads and utilities (See Section 1.1). The DDA includes an Acquisition Agreement under which the Developer will construct and the City will accept infrastructure which includes but is not limited to utilities, roads, sidewalks, street furniture, and components of transportation systems. Once complete, the Street Parcels are accepted by the City through the City’s subdivision map process for the Project, subject to approval of the State Lands Commission pursuant to SB 792 and the Developer pursuant to the Phase 2 DDA.

- **The Community Facilities Parcels.** The Community Facilities Parcels (5.8 acres) are defined in the Phase 2 DDA as part of the “Public Property” the Successor Agency retains for development of the community facilities at the Shipyard. In addition, there is 15,000 to 30,000 square feet set aside for an arts center within the existing land area of Building 101. These parcels include vacant land and buildings reserved for community-serving uses:

  o **Vacant Land.** This land “shall be provided in fee to the (Successor) Agency at no cost to the (Successor) Agency” and “shall be used” in a way that complies with the Shipyard’s planning and development documents, including the Shipyard
Redevelopment Plan and the Phase 2 DDA (See Section 3.3 of Exhibit G to the Phase 2 DDA). Furthermore, the Successor Agency “shall use commercially reasonable efforts to (i) select the use of such land and the identity of such transferee as soon as reasonably feasible and (ii) secure the maximum feasible amount of third-party, local, state, and federal funding to pay for the completion of such selected uses so as to ensure that the benefits” to the Bayview-Hunters Point community “may be realized in a timely fashion.” [The Successor Agency owns some of this land now (the land already conveyed by the Navy on the Hilltop in Phase 1, but will own more land in the future as the Phase 2 lands are conveyed by the Navy. Neither the Phase 2 DDA nor its Tax Allocation Pledge Agreement, however, commits property tax revenue (i.e. former tax increment) to the development of this vacant land. All of the tax increment in Phase 2 is pledged pursuant to enforceable obligations to affordable housing and to the Developer to reimburse it for the construction of the infrastructure improvements.

- **Buildings.** The community-serving buildings discussed in Section 3.4 of Exhibit G to the Phase 2 DDA include (1) artist studios (i.e., Building 101, and a new building the Developer is required to build adjacent to Building 101 (the “Artist Replacement Building”), and (2) Building 813, a 260,000-square-foot building slated for a clean-tech business incubator. Each of these is discussed below:

  1. The Project’s inclusion of Artist Studios, the Artist Replacement Building, and the Arts Center are the fulfillment of long standing City goals to retain and increase arts related uses in the City. The City’s General Plan, Policy VI-1.7 “encourages the use of available and existing facilities under local government jurisdiction by artists and arts organizations.” Policy VI-1.6 relating to “de-commissioned military facilities in San Francisco” states that “portions of Hunters Point Shipyard are currently used for artists’ studio space…..” “The continued and expanded use of these facilities for the arts should are considered, and included as a general principal of the Hunters Point Shipyard Redevelopment Plan.” Further, in November 2007, voters approved Proposition G: Bayview Jobs, Parks and Housing Initiative. Proposition G lists one of the Shipyard’s development goal as, “subsidizing the creation of permanent space on the Shipyard Property for existing artists.”

  In response, the (Successor) Agency included in the Shipyard Redevelopment Plan land use objectives for the Shipyard Village Center Cultural District where the arts related buildings are as, “provide space dedicated for artists and arts related uses…….” The Phase 2 DDA’s Community Benefits Plan, Section 3.4.(a) specifies that the Developer shall build an Artist Replacement Building and land for an Arts Center, provide these improvements to the (Successor) Agency at no cost, and that the (Successor) Agency would lease the Artist Replacement Building at affordable rent restricted rates (see below).

  Artist Studios. The Successor Agency already owns Building 101, and spent federal grant dollars recently to renovate it. The Developer is required to
“complete the infrastructure” serving Building 101 (See Section 3.4 of Exhibit G to the Phase 2 DDA).

The Artist Replacement Building (which includes a culinary arts facility) will be built by the Developer on land the Successor Agency already owns. Once built, the Developer “shall convey to the (Successor) Agency, at no cost to the (Successor) Agency, fee title to new permanent artist studio space … .” (See Section 3.4 of Exhibit G to the Phase 2 DDA). The Successor Agency Commission is required to approve a relocation plan before artists are asked to relocate and/or move into the Artist Replacement Building. The Successor Agency Commission is also required to approve a management agreement before artists move into the Artist Replacement Building (the “Management Agreement”). Under the Management Agreement “the (Successor) Agency shall lease” the Artist Replacement Building at rents “necessary to reimburse the (Successor) Agency for its costs, including any operation and maintenance costs, reserves and any administrative fees, but the (Successor) Agency shall not charge more than is required to reimburse such costs to the (Successor) Agency.” (See Section 3.4 of Exhibit G to the Phase 2 DDA).

(2) Building 813. Per the Phase 2 DDA, the Developer “shall reasonably cooperate” with the Successor Agency, the City, and the community “to facilitate the rehabilitation of Building 813 … for use as a center for the incubation of emerging businesses and technologies, including, but not limited to, clean tech, biotech, green business, arts and digital media.” (See Section 3.4 of Exhibit G to the Phase 2 DDA). Furthermore, the Developer “shall reasonably cooperate with the (Successor) Agency to ensure the timely availability of interim and permanent infrastructure to support the renovated building.” The Phase 2 DDA, however, does not provide financing for the renovation of Building 813.