MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee
Executive Director

SUBJECT: Adopting environmental review findings pursuant to the California Environmental Quality Act, and conditionally approving a Major Phase Application for residential projects on Blocks 56 and 57 at the Hunters Point Shipyard Phase 1, including a) Schedule of Performance Report, b) a Major Phase and Project Housing Data Table, and c) a combined Basic Conceptual and Schematic Designs; Hunters Point Shipyard Redevelopment 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 "OCII" as successor to the San Francisco Redevelopment Agency and HPS Development Co, LP ("Lennar" or the "Developer"). The Phase 1 development program includes the construction of infrastructure, parks, and housing. 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 community builders, to build housing and/or retail.

The Phase 1 DDA includes a process for vertical developers to receive development approvals in Phase 1 of the Shipyard called a "Major Phase Application." Under a Major Phase Application, vertical developers are required to submit overall plans for one or more development blocks. In the Major Phase Application vertical developers propose a development program (including a form Vertical Disposition and Development Agreement or "Vertical DDA") and specific architectural designs for buildings. The Vertical DDA grants development rights and responsibilities to vertical developers. A revised form of the Vertical DDA was approved by the Commission on Community Investment and Infrastructure (the "Commission") on May 21, 2013.

This Major Phase Application is for Blocks 56 and 57 and includes approximately 98 units of housing (a mixture of one and two story condominiums), 10.5 percent of which will be affordable in accordance with the Phase 1 DDA. (See Attachment 1, Major Phase Application Map.)

OCII staff has determined that the Major Phase Application is complete, is consistent with the Phase 1 DDA and the horizontal schedule of performance, the Shipyard Redevelopment Plan (the "Plan") and the Phase 1 Design for Development ("D for D").

Staff recommends approving the Major Phase Application for residential projects on Blocks 56, and 57 at the Hunters Point Shipyard Phase 1, including a) Schedule of Performance Report,
b) a Major Phase and Project Housing Data Table, and c) Schematic Designs; Hunters Point Shipyard Redevelopment Project Area.

BACKGROUND

Hunters Point Shipyard and Candlestick Point Overview and Summary

The Hunters Point Shipyard and Candlestick Point areas (together the “Project”) are comprised of approximately 780 acres along the long-neglected waterfront lands of southeastern San Francisco (see attached Shipyard Project Map, Attachment 2). 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 (“DDAs”) with the Office of Community Investment and Infrastructure or “OCII” as successor to the San Francisco Redevelopment Agency. The Project will be implemented in two phases by affiliated but separate developers managed by Lennar under separate DDAs (the “Phase 1 DDA” and the “Phase 2 DDA”).

The Project will deliver over 12,000 new homes, approximately 32 percent of which will be below market rate 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 more than 350 acres of new 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 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 since its approval in 2003. The SFRA Commission authorized; 1) on April 5, 2005, a First Amendment to the DDA; 2) on October 17, 2006, a Second Amendment to the DDA; 3) on August 5, 2008, a Third Amendment to the DDA; 4) on August 19, 2008, a Fourth Amendment to the DDA; 5) on November 30, 2009 a Fifth Amendment to the DDA; and 6), and on December 19, 2012 the Commission on Community Investment and Infrastructure (the “Commission”) approved a Sixth Amendment to the DDA.

The Phase 1 DDA obligates Lennar to construct the infrastructure necessary to support the total vertical development of 1,498 housing units in the Phase 1 development and 26 acres of open space and parks. The Phase 1 development is well underway (70-80 percent of the horizontal infrastructure construction is complete) and the Phase 2 entitlements are fully in place. Now, through its affiliate vertical developer, Lennar is planning to directly build Blocks 56 and 57.

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 affordable (the maximum 40 percent will be achieved if OCII exercises its right to purchase additional units for affordable 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 Area Median Income ("AMI"), which in 2013 is $80,950 per year for a family of four. Of the 1,498 Phase 1 units, 218 will be OCII subsidized affordable units at 50 percent of AMI, which in 2013 is $50,600 per year for a family of four. In addition, approximately 59 units will be built on Block 49 and all of those units will be affordable at 50 percent of AMI. A Major Phase Application for Block 49 is anticipated to be presented to the Commission in September 2013.

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 opportunities for development of certain lots to Bayview Hunters Point-based developers and contractors ("Community Builders"). There are no Community Builders on Blocks 56 and 57.

DISCUSSION
Summary of Major Phase Application
The Phase 1 DDA includes a Major Phase Application process for vertical developers to receive development approvals in Phase 1 of the Shipyard. Under a Major Phase Application, vertical developers are required to submit overall plans for one or more development blocks.

A Major Phase Application includes:
1) A 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 Application. 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.

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 affordable units, whether the project is residential or includes other land uses, and parcel acreage. Lennar proposes to construct 98 residential units, 15 of which will be affordable, in four buildings that on the two development blocks. The market rate and affordable units will be comprised of one, two and three bedroom units (see table below).

3) A form of Vertical DDA for the blocks that describes the vertical developers’ rights and responsibilities and includes a construction schedule. The proposed form included in the Major Phase Application is consistent with the most recently approved Vertical DDA that was approved by the Commission for Blocks 50 and 51.

4) The schematic designs are consistent with the Phase 1 Design for Development documents as proposed for amendment in Item 5(d) of the Commission’s July 2, 2013
agenda. The increase in density for these blocks from 54 to 70 dwelling units per acre enables this development to increase by 15 units.

OCII staff has determined that the Major Phase Application is complete, is consistent with the Phase 1 DDA and the horizontal schedule of performance (Attachment 3), the Plan, and the D for D.

Development Summary

- **Block 56**: 28 for-sale units, four of which will be affordable, 28 parking spaces, and seven bicycle spaces.
- **Block 57**: 70 for-sale units, seven of which will be affordable, 70 parking spaces, and 20 bicycle spaces.
- **ALL BLOCKS TOTAL**: 98 units, of which 11 will be affordable, 98 parking spaces (no Car Share is required on these blocks because all the buildings have fewer than 50 units), and 27 bicycle spaces. See Attachment 4, the Major Phase and Project Housing Data Table for complete development details on these blocks.

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Design Summary (see Attachment 5, Basic Conceptual and Schematic Designs)

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 the two 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.
Each of the buildings on Blocks 56 and 57 have been individually developed to provide modulation required by the Phase 1 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 57B, upper levels of Building 2 are higher than the adjacent Building 1 allowing all the upper floors a clear view. On Blocks 56A and 57A, Buildings 4 and 3 respectively are oriented to allow views in all directions towards the bay.

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 Lobby and accessible residential units in Building 2.

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.

Staff Recommendation for Conditional Approval

As is typical, there are a few remaining design issues to be resolved in subsequent design stages, including the Design Development phase. OCII staff recommends approval of the Block 56 and 57 designs subject to the following conditions:

1. On Block 57 Building 1, make reasonable efforts to improve and better define 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. Explore the addition of more street trees or other plantings that would complement the buildings and where is practicable.
3. Explore opening a passage to the park open space between Buildings 1 and 3 from Kestrel Place.

Next Steps and Schedule
After this Major Phase Approval, Lennar will work to finalize construction contracts for the blocks in this Major Phase and will continue to coordinate with Young Community Developers ("YCD") to start referring BVHP and San Francisco residents to work on the construction. Construction on Blocks 56 and 57 is estimated to commence in April 2014 with construction finishing in May 2016.

Small Businesses and Local Workforce
The Vertical DDA 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.

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). 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.

On the Shipyard to date Lennar has achieved 76.4 percent SBE participation on its vertical projects in the area of professional service contracts, of that 28 percent were from minority-owned firms and 29.3 percent were from women-owned firms. Hundreds of short and medium term construction jobs are anticipated to be created during this Major Phase. Lennar is already working with YCD to refer BVHP and San Francisco residents to work on this construction. 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 6).

Community Outreach
OCII staff briefed the Mayor’s Hunters Point Shipyard Citizens Advisory Committee ("CAC") on the details of the Major Phase Application for Block 56 and 57 during its meetings in June 2013. At these meetings, OCII staff conducted a review of the proposed development and facilitated discussion on the designs. The CAC recommended that the Major Phase 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 Phase 1 VDDA and the Schematic Designs are implementing documents of that Phase 1 DDA and the Phase 1 DDA is shown on line HPSY 21 of the approved Recognized Obligation Payment Schedule for January to June 2013, which was approved by the Oversight Board and the Department of Finance.

**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"), and subsequently issued a First and Second Addendum to the Phase 1 EIR 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 Shipyard.

The Phase 1 DDA requires Lennar to submit Major Phase Applications for the Shipyard’s development in accordance with the Phase 1 DDA, the D for D, and is pursuant to and in furtherance of the Plan. OCCI staff has reviewed the Major Phase Application 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 Thor Kaslofsky, Project Manager, Hunters Point Shipyard)*

Tiffany Bohce  
Executive Director

**Attachments:**
1. Major Phase Application Map
2. Project Map
3. Major Phase Schedule of Performance Report
4. Major Phase Housing and Project Data Table
5. Basic Conceptual and Schematic Designs
6. Jobs Projection and Phase 1 Vertical Professional Consultants Summary