

**RESOLUTION NO. 8-2014
Adopted February 18, 2014**

AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A VERTICAL LEASE DEVELOPMENT AND DISPOSITION AGREEMENT AND AN OPTION TO GROUND LEASE WITH AMCAL PACIFIC POINT FUND, LP, AND A CONVEYANCE AGREEMENT WITH HPS DEVELOPMENT CO, LP, FOR THE DEVELOPMENT OF 59 UNITS OF VERY LOW-INCOME RENTAL HOUSING DEVELOPMENT SERVING FAMILIES EARNING UP TO 50 PERCENT OF AREA MEDIAN INCOME, PLUS ONE MANAGER'S UNIT, AT BLOCK 49 IN PHASE 1 OF THE HUNTERS POINT SHIPYARD; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA

- WHEREAS, Under Chapter 5, Statutes of 2011, ABx1 26, and Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12, Regular Session) (collectively, the "Dissolution Law"), the San Francisco Redevelopment Agency ("SFRA") was dissolved and the non-affordable housing obligations of SFRA were transferred to the successor agency, now known as the Office of Community Investment and Infrastructure or "OCII," the successor to the San Francisco Redevelopment Agency by operation of law; and,
- WHEREAS, As required by the Dissolution Law, the City timely established the oversight board for OCII (the "Oversight Board"), which has been meeting since March 2012 to perform its duties under the Dissolution Law; and,
- WHEREAS, On October 2, 2012, the Board of Supervisors in its capacity as the legislative body of the Successor Agency adopted Ordinance No. 215-12, acknowledging that OCII is a separate legal entity as a result of AB 1484 and creating the Community Investment and Infrastructure Commission (the "Commission") as the policy body of OCII to implement three Major Approved Development Projects (1. Hunters Point Shipyard/Candlestick Point, 2. Mission Bay, and 3. Transbay), together with certain housing obligations (the "Retained Housing Obligations"), and other enforceable obligations under the Dissolution Law; and,
- WHEREAS, On December 2, 2003 the SFRA Commission authorized the Phase 1 DDA with HPS Development Co., LP, ("Lennar" or the "Master Developer") for the first phase of the Project's development. The Phase 1 DDA has been amended six times, as follows: 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) on December 19, 2012, Sixth Amendment to the DDA (the "Sixth Amendment"); and,

- WHEREAS, The Phase 1 DDA obligates Lennar to construct the infrastructure necessary to support the vertical development of 1,498 residential units in the Phase 1 development, and 26 acres of open space and parks. At least 10.5 percent of the 1,280 units constructed by Vertical Developers will be affordable at 80 percent of Area Median Income (“AMI”), 59 units will be affordable at 50 percent of AMI, and OCII will cause to be constructed 218 units at deeper levels of affordability; and,
- WHEREAS, AMCAL Pacific Pointe Fund, L.P., a joint venture between AMCAL Multi Housing and Young Community Developers Inc. (“AMCAL/YCD” or “Block 49 Developer”) plans to develop a 60 unit building (with 59 affordable units at 50 percent of AMI and one manager’s unit) on Block 49; and,
- WHEREAS, In accordance with the Sixth Amendment, Lennar will convey the Block 49 lot to OCII at no cost, together with \$1 million and such gap financing as is required to build 59 affordable housing units and one manager’s unit on Block 49 (removing these units as part of the inclusionary housing requirement for Phase 1 Vertical Developers); and,
- WHEREAS, In order for the Block 49 housing to be developed as contemplated, certain agreements must be entered into including 1) a Vertical Lease Development and Disposition Agreement between OCII and AMCAL/YCD (the “VLDDA”), 2) an Option to Ground Lease between OCII and AMCAL/YCD (which will be followed by an actual Ground Lease no later than December 31, 2014) and 3) a Conveyance Agreement between OCII and Lennar for the conveyance of Block 49 from Lennar to OCII (collectively, the “Transaction Documents”); and,
- WHEREAS, The OCII commission reviewed and approved the schematic designs for the Block 49 Project on October 15, 2013 by resolution no. 50-2013 (as described, the “Block 49 Project”); and,
- WHEREAS, Following the conveyance of Block 49 and the execution and delivery of the Block 49 VLDDA, Lennar has the right to proceed with the Residential Projects on the remainder of the property in Phase 1, including the 80 percent AMI Inclusionary Units but excluding the 50 percent AMI Inclusionary Units (which will all be located on Block 49); and,
- WHEREAS, Lennar shall not, without the prior written approval of the OCII Executive Director, close sale on the 450th Residential Unit (or any subsequent Residential Unit) in Phase 1 until the Block 49 Project has achieved Final Completion as defined in the VLDDA; and,
- WHEREAS, If the Ground Lease or the VLDDA terminates before Final Completion for any reason, OCII and Lennar will cooperate in good faith to attempt to cause the Block 49 Project to be completed through alternate arrangements that are acceptable to each party in their sole and absolute discretion. If no such arrangements are made within sixty (60) days, then upon Lennar’s request, OCII shall lease Block 49 to Lennar or its nominee on the same terms and

conditions as the Ground Lease to enable Lennar to complete the Block 49 Project; and,

WHEREAS, In accordance with Dissolution Law, Block 49 will, upon completion of the Block 49 Project, be conveyed to the City and County of San Francisco, acting under the Mayor's Office of Housing and Community Development; and,

WHEREAS, The Phase 1 DDA is an enforceable obligation under the Dissolution Law. The proposed Transaction Documents are implementing documents of the Phase 1 DDA. 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; and,

WHEREAS, OCII staff informed the Mayor's Hunters Point Shipyard Citizens Advisory Committee ("CAC") of the details of the Transactional Documents during its meetings in January and February 2014. At the CAC's February 10, 2014 meeting the CAC was in support of the Transactional Documents moving forward; and,

WHEREAS, 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; and,

WHEREAS, On January 7, 2014, the San Francisco Commission on Community Investment and Infrastructure approved Candlestick Point-Hunters Point Shipyard Phase II –Addendum 1. Addendum No. 1 analyzed changes to the implementation of transportation system improvements, including: (1) the provision of some interim transit service that would serve the CPHPSII Project until permanent transit service is warranted when the Project is further built-out; (2) reconfiguration of Arellious Walker Drive to provide a more walkable roadway; (3) improvements to the bicycle network; (4) other minor modifications to roadway configurations to ensure consistent design principles throughout the CPHPSII Project, establish a consistent BRT alignment, reorient certain streets in Candlestick Point, revise the bicycle network, and widen by four feet the non-stadium Yosemite Slough Bridge alternative, and reorient the street grid in Hunters Point South. Addendum No. 1 also addressed minor revisions to Mitigation Measures TR-16 Widen Harney Way and UT-2 Auxiliary Water Supply System. Addendum No. 1

concluded no further environmental review beyond the CPHPSII FEIR is required to approve the Project; and,

WHEREAS, That the Block 49 Schematic Designs were reviewed by this Commission and the Block 49 Project was found 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 (collectively, the “Environmental Documents”); now, therefore, be it

RESOLVED, That since the Environmental Documents were finalized, there have been no substantial project changes and no substantial changes in project circumstances that would require major revisions to the Environmental Documents due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the Environmental Documents; and, be it further

RESOLVED, That the Commission authorizes the Executive Director to enter into a Vertical Lease Development and Disposition Agreement and an Option to Ground Lease with AMCAL Shipyard Fund, LP, and a Conveyance Agreement with HPS Development Co, LP, all in substantially the form presented to this Commission with only such changes as the OCII Director determines are not inconsistent with this Resolution and do not materially increase the burdens and responsibilities of OCII or materially decrease the benefits to OCII with respect to Phase 1, for the Block 49 Project; and, be it further

RESOLVED, That the Commission authorizes the Executive Director to take such other actions as may be necessary or appropriate, in consultation with the City Attorney’s Office, to effectuate the purpose of the intent of this resolution.

I hereby certify that the foregoing resolution was adopted by the Commission on Community Investment and Infrastructure at its meeting of February 18, 2014.

Natasha Jones

Board Secretary