

Commission on Community Investment and Infrastructure

RESOLUTION NO.11 -2015

Adopted March 3, 2015

ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, CONDITIONALLY APPROVING A MAJOR PHASE APPLICATION WITH HPS DEVELOPMENT CO. LP, WHICH INCLUDES A 1) BASIC CONCEPT DESIGN FOR ALL RESIDENTIAL PROJECTS ON BLOCK 48, GRANTING A DENSITY BONUS AND REQUIRING EIGHT ADDITIONAL BELOW MARKET RATE HOUSING UNITS ON-SITE FOR A TOTAL OF 404 HOUSING UNITS, AND 2) A SCHEMATIC DESIGN AND ANCILLARY DOCUMENTS FOR PHASE 1A OF BLOCK 48, GENERALLY BOUNDED BY NAVY ROAD ON THE NORTH BOUNDARY, EARL ON THE EAST BOUNDARY, OAKDALE AVENUE ON THE WEST BOUNDARY, AND POCKET PARKS 4 AND 5 ON THE SOUTH BOUNDARY, FOR A TOTAL OF 47 HOUSING UNITS; HUNTERS POINT SHIPYARD PROJECT AREA

WHEREAS, Under Chapter 5, Statutes of 2011, ABx1 26, and Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12, Regular Session), the San Francisco Redevelopment Agency (“SFRA”) was dissolved and certain 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. ABx1 26 and Assembly Bill No. 1484 amended Sections 33500 *et seq.* of the California Health and Safety Code, which sections, as amended from time to time, shall be referred to herein as the “Dissolution Law;” and,

WHEREAS, The Dissolution Law requires an oversight board for each successor agency to oversee certain fiscal and other actions of the successor agency. As required by AB 26, the oversight board for OCII (the “Oversight Board”) was timely established, and 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), the Retained Housing Obligations, and other enforceable obligations under the Dissolution Law; and,

WHEREAS, The Hunters Point Shipyard/Candlestick Point Project (the “Project”) is divided into two phases, called Phase 1 and Phase 2, each with a separate disposition and development agreement (“DDA”). The DDAs, together with a number of related binding agreements attached to or referenced in the text of the DDAs, establish a comprehensive set of enforceable obligations that collectively govern the completion of the Project. The DDAs are binding contractual agreements that provide for the

transfer of land from OCII to developers, the developers' and OCII's rights and obligations relating to the construction of specified improvements, and the financing mechanisms for completing the Project. 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 20-30 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 Project; and,

WHEREAS, On December 2, 2003, the SFRA Commission approved the Phase 1 DDA with HPS Development Co, LP ("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 Phase 1 DDA; 2) on October 17, 2006, a Second Amendment to the Phase 1 DDA; 3) on August 5, 2008, a Third Amendment to the Phase 1 DDA; 4) on August 19, 2008, a Fourth Amendment to the Phase 1 DDA; 5) on November 30, 2009 a Fifth Amendment to the Phase 1 DDA; and 6), and on December 19, 2012 the Commission approved a Sixth Amendment to the Phase 1 DDA; 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"), approximately 60 units will be affordable at 50 percent of AMI on Block 49 under a Block 49 Vertical DDA with the affordable housing developer AMCAL. The Phase 1 DDA also obligates Lennar through a community benefits agreement, 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"); and,

WHEREAS, The Phase 1 DDA requires the Developer to undertake development of infrastructure in Phase 1 and permits the Developer to sell improved land to vertical developers for development of individual projects for residential and other uses; and the Phase 1 DDA includes a process for vertical developers to receive development approvals in Phase 1 of the Shipyard called a "Major Phase." 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" or "VDDA") 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 May 21, 2013 by Resolution No. 21-2013; and,

WHEREAS, The Developer has submitted a Major Phase Application for Block 48 consisting of a Basic Conceptual Design for 404 housing units (“Conceptual Design”) and Schematic Designs for Blocks 48 Phase 1A consisting of 47 housing units (“Schematic Designs”). OCII staff has determined that the Major Phase Application is consistent with the Phase 1 DDA and the horizontal schedule of performance, the Shipyard Redevelopment Plan (the “Plan”) and the Hunters Point Shipyard Phase 1 Design for Development (“D for D”). A copy of the Major Phase Application is attached to the Commission memorandum accompanying this resolution; and,

WHEREAS, Pursuant to the Plan and the D for D, a developer may request a density bonus if it provides an increased number of affordable housing units beyond the existing requirements. The D for D states: “Density bonuses for housing development may be awarded by the Agency to developers in order to encourage the provision of low and/or moderate income housing. Such bonuses are deemed to be a local housing assistance program. Bonuses may be granted in an amount up to 25 percent above what the density would otherwise be permitted under the terms set forth in this document;” and,

WHEREAS, The Plan and the D for D do not provide a precise formula to calculate density bonus requirements. Thus, the State Density Bonus Law, Government Code Section 65915 et. seq., has been used to calculate the density bonus for the proposed Major Phase; and,

WHEREAS, In accordance with the Sixth Amendment to the Phase 1 DDA, the Developer has the right to determine the number of Inclusionary Units to be located in each Residential Project as long as the number of Inclusionary Units is no less than five percent and no more than 20 percent of the total number of Residential Units in each Residential Project, and the final number of Inclusionary Units in Phase 1 is not less than 10.5 percent of the total number of market rate units in Phase 1; and,

WHEREAS, The Sixth Amendment to the Phase 1 DDA also states that at 300th, 600th, 900th and the 1200th Residential Unit to be transferred by the Developer to a Vertical Developer, at least 10.5 percent of the aggregate number of all of Residential Units in Phase 1 must be Inclusionary Units; and,

WHEREAS, The development program for Block 48 includes approximately 404 units of for-sale housing to be constructed in six phases and in a variety of unit types (a mixture of lofts/studios, one, two and three bedroom condominiums) and includes approval of Density Bonus in accordance with, the State Density Bonus Law; and,

WHEREAS, Of the 404 housing units on Block 48, 42 units (or 10.5 percent) shall be Below Market Rate (“BMR”) housing units at 80 percent of AMI, additional six units shall be BMR housing units at 80 percent of AMI as required by the Phase 1 DDA for 600th milestone, and additional eight units shall be categorized as Density Bonus

Units provided pursuant to the State Density Bonus law and these eight Density Bonus Units shall not count as Inclusionary Units for purposes of meeting the Developer's total obligation for Inclusionary Units in Phase 1. This characterization will have the effect of increasing the number of BMR units for which the Developer is responsible and thus satisfy the density bonus provisions of the Plan, the D for D and State Density Bonus law; and,

WHEREAS, The Major Phase Application for Block 48 consisting of a Conceptual Design for 404 housing units and includes: 1) a report on the Schedule of Performance, 2) a Major Phase and Project Housing Data Table, 3) a Conceptual Plan, 4) Schematic Designs, and 5) a form Vertical DDA that includes a date for commencement of construction which is relative to the date on which the lot(s) applicable to the Vertical DDA will be transferred; and,

WHEREAS, Developer also submitted Schematic Designs for Blocks 48 Phase 1A consisting of 47 housing units, and a Vertical DDA for this Block 48 Phase 1A project; and,

WHEREAS, OCII staff has determined that the above items submitted with the Major Phase Application are consistent with the Plan, the D for D, and the Phase 1 DDA, as applicable; and,

WHEREAS, The Phase 1 DDA is an enforceable obligation under the Dissolution Law. The Block 48 Phase 1A Vertical DDA is an implementing document of that Phase 1 DDA and is shown on line HPSY 21 of the approved Recognized Obligation Payment Schedule for July to December 2014, which was approved by the Oversight Board and the Department of Finance. 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 Major Phase Application during its meetings in November and December 2014, and also January and February 2015 and the CAC supports approval of the Major Phase Application; 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 ("EIR") for Phase 1 in 2000, and subsequently issued a First and Second Addendum to the EIR in 2003 and 2006, respectively, to address project changes. The Commission 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 pursuant to and in furtherance of the Plan. OCII staff has reviewed the Major Phase Application submitted by Lennar and finds it to be within the scope of the development analyzed in the Phase 1 EIR and subsequent Addenda as well as the Phase 2 EIR; now, therefore, be it

RESOLVED, The Commission has reviewed the Major Phase Application and the Schematic Designs for Block 48, Phase 1A and the environmental documents referenced above and finds that no additional environmental review is required pursuant to State CEQA Guidelines Sections 15180, 15162, 15163, and 15164; and, be it further

RESOLVED, That the Commission finds that the Major Phase Application and the submitted Schematic Designs are complete subject to satisfaction of the conditions below, are consistent with the Phase 1 DDA and the horizontal schedule of performance, the Plan, and the D for D; and, be it further

RESOLVED, That the Commission authorizes the Executive Director to approve subsequent design documents related to the Schematic Designs, beginning with the Design Development phase, that the Executive Director reasonably determines are in OCII's best interest or are necessary or convenient to implement the completion of the Block 48 development consistent with the Major Phase Application and the Vertical DDA, the Plan, the D for D, and the Phase 1 DDA; and, be it further

RESOLVED, That the Commission conditionally approves the Major Phase Application, including 1) a report on the Schedule of Performance, 2) a Major Phase and Project Housing Data Table, 3) a Basic Concept Plan, 4) Schematic Designs for Phase 1A, and 5) a form the Vertical DDA that includes a date for commencement of construction, subject to the following design issues being resolved to the satisfaction of the Executive Director and any changes included in subsequent design stages approved by the Executive Director, beginning with the Design Development phase:

Basic Concept Design Conditions

1. All subsequent Schematic Designs within Block 48 shall be subject to the Vertical Design Review and Document Approval Procedures including but not be limited, the Hunters Point Shipyard Citizens Advisory Committee, OCII staff and Commission review and approval, and other procedures as applicable.
2. Distribution of Developer sponsored market rate housing units and buildings within the subject block may be rearranged in future phases provided that the total housing units for the block shall not exceed 404 units.
3. The maximum height for all structures shall be limited to 45 feet, except that this limitation shall not apply to elevator enclosures not exceeding ten feet in height used solely for elevator purposes, nor to open pergolas or similar open

ornamental treatment of roof-gardens, rooftop playgrounds, or similar structures.

4. A minimum of 80 square feet of usable private or common open space per unit shall be provided and shall be easily and independently accessible. This usable private or common open space shall be composed of an outdoor area or areas designed for outdoor living, recreation or landscaping, including ground level yards, decks, balconies, and patios.
5. The planned community facility within Block 48, including all its programmed elements, features and components, shall be accessible to all residents, including residents of Agency sponsored development.
6. Bicycle parking spaces shall be distributed throughout the proposed Phase 1A buildings.
7. Wherever possible, garage doors shall consist of translucent material in order to engage with the sidewalk.
8. The Developer shall further study the addition of more street trees or other plantings that would complement the buildings where practicable.

Phase 1A Schematic Design Conditions:

1. The Developer shall further study color and material scheme/palette. As planned, the buildings feature monotonous coloring and material scheme that contribute to the industrial appearance of the proposed structures.
2. Where possible, the applicant shall study the use of differentiated material for the front portion of the driveway that aligns with the furnishing and street tree zone. Permeable pavers or similar treatment across the base of the driveways would be preferred.
3. All roof-mounted equipment shall be screened from ground-level view. Screening material for roof-mounted equipment shall be architecturally compatible with the design, color, and materials of the proposed buildings. Screening incorporated into the building design such as mechanical wells and parapet walls are preferred.
4. In the event the Developer effectuates a condominium map on the project, is required to prepare and record a Covenants, Conditions and Restrictions (“CC&Rs”) and Home Owners Association, such documents shall be reviewed and approved by OCII prior to recordation.

and, be it further

RESOLVED, That the Commission approves the Conceptual Design for Block 48, the Schematic Designs for Block 48 Phase 1A and the VDDA for Block 48 Phase 1A, and authorizes the Executive Director to execute, delivery and perform the VDDA, together with such changes as the Executive Director reasonably determines, are (i) in OCII's best interest or are necessary or convenient to implement the development of Block 48 consistent with the VDDA, the Plan, the D for D, and the Phase 1 DDA, and (ii) do not materially increase OCII's obligations or liabilities in connection with the VDDA; 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 at its meeting of March 3, 2015.



Commission Secretary