REPORT TO THE BOARD OF SUPERVISORS
ON THE AMENDMENT TO THE
HUNTERS POINT SHIPYARD REDEVELOPMENT PLAN

Prepared by:

The Office of Community Investment and Infrastructure,
as the Successor Agency to the San Francisco Redevelopment Agency

April 17, 2018

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I. INTRODUCTION

The Successor Agency to the Redevelopment Agency of the City and County of San Francisco, commonly known as the Office of Community Investment and Infrastructure ("Successor Agency" or "OCII"), has prepared this report ("Report") to the Board of Supervisors of the City and County of San Francisco ("Board of Supervisors") on the proposed amendment ("Plan Amendment") of the Hunters Point Shipyard Redevelopment Plan ("HPS Plan"), in accordance with the California Community Redevelopment Law (Heath and Safety Code Section 33000 et seq., "CRL"). On April 17, 2018, the Successor Agency Commission, commonly known as the Commission on Community Investment and Infrastructure, ("Commission") will consider approval of the Plan Amendment and authorization to transmit this report to the Board of Supervisors.

The HPS Plan establishes land use controls for development in the Hunters Point Shipyard Project Area ("HPS Project Area"). The Plan Amendment is necessary to facilitate proposed modifications to the existing development program for Phase 2 of the HPS Plan area, as further described in Section II.B, below.

This Report is prepared pursuant to CRL Sections 33457.1 and 33352, which delineate the information that the Successor Agency must provide to the Board of Supervisors for its consideration of amendments to a redevelopment plan. The contents of this Report provide the information required for redevelopment plan amendment "to the extent warranted" by the proposed amendment, Health & Safety Code § 33457.1, including the following: (i) reason for the amendment; (ii) description of how the amendment will improve or alleviate blight; (iii) proposed method of financing/economic feasibility; (iv) Planning Commission's determination regarding conformity of the Plan Amendment to the General Plan (to be incorporated upon receipt); (v) report on the environmental review required by Section 21151 of the Public Resources Code; and (vi) neighborhood impact report.

II. DESCRIPTION OF THE PLAN AMENDMENT

A. Background

On July 14, 1997, the Board of Supervisors adopted the Hunters Point Shipyard Redevelopment Plan ("HPS Plan") by Ordinance No. 285-97 and amended the HPS Plan on August 3, 2010 by Ordinance No. 211-10 and on June 22, 2017 by Ordinance No. 122-17. The HPS Plan calls for redevelopment of United States Navy lands constituting the former Hunters Point Naval Shipyard, proceeding on a multi-phased timeframe determined by the Navy's environmental remediation and ultimate transfer of remediated land to the Redevelopment Agency of the City and County of San Francisco.

The HPS Plan bifurcates the Redevelopment Plan area ("Plan Area") into two Phases—HPS Phase 1, which the Navy transferred in 2004, has been largely developed and HPS Phase 2, which includes approximately 507acres, and mostly remains to be transferred from the Navy.

In 2010, the Former Redevelopment Agency of the City and County of San Francisco ("Former Agency") and the City and County of San Francisco ("City") undertook a series of actions to approve the development of Phase 2 as part of a 702-acre development project—the "CP/HPS2 Project"—that includes both HPS Phase 2 and Candlestick Point.[1] Within HPS Phase 2, the CP/HPS2 Project proposed two development alternatives, primarily distinguished by the presence or absence of a football stadium. Subsequent to the 2010 actions, the San Francisco 49ers football team elected to construct a new football stadium outside of San Francisco, and as a result, the Successor Agency and CP Development Co. LLC, the master developer of the CP/HPS2 Project ("Developer"), have focused on implementation of the non-stadium development alternative.

In addition to the withdrawal of the 49ers, delays in the Navy's land transfers have allowed the Developer to engage a world-renown architectural team to prepare an updated land use vision for HPS Phase 2 (the 2018 updated development program, or "2018 Updated Program"). The 2018 Updated Program reflects the historic Shipyard street network and building typology, and proposes a robust mix of land uses and improved utilization of HPS Phase 2, as well as private "eco-district" infrastructure that is intended to place HPS Phase 2 at the forefront of sustainable development. The Plan Amendment is necessary to facilitate development under the 2018 Updated Program, and is described further below.

B. Plan Amendment

The Plan Amendment will update the land use program for HPS Phase 2 by modifying the street grid and layout for development within the Plan Area. In addition, the Plan Amendment will modify the definition of certain land uses to be consistent with the 2018 Updated Program; reduce the overall amount of square footage authorized for research and development/office use and allow additional retail use, and new hotel and institutional uses; make attendant changes to Principal Uses allowed in the five land use districts within the Plan area; allow additional private "eco-district" infrastructure; and allow for City regulation of cannabis-related uses and short term rental uses within the Plan area. The Plan Amendment does not modify the maximum amount of residential uses that may be developed within the Plan Area, which is 5,875 Dwelling Units. Maps delineating the HPS Project Area Boundary, Land Use Districts and street grid are attached as Exhibit A.

The Plan Amendment will update HPS Plan Section II.D.4, which provides limitations on type, size and height of buildings. Specifically, the Plan Amendment reduces the amount of research and development and office use from 5,000,000 square feet to approximately 4,265,000 square feet, increases the amount of retail from 125,000 square feet to approximately 401,000 square feet, and allows new uses of 120,000 square feet of hotel use and 410,000 square feet of institutional use, while retaining existing amounts of artists space and community facilities

[1] Candlestick Point is part of a separate redevelopment project area, the Bayview Hunters Point Redevelopment Project Area, which is the subject of a separate report to be submitted simultaneously to the Board of Supervisors.

space. The Plan Amendment will retain the existing 5,501,000 square-foot overall cap for nonresidential development. To provide flexibility over the course of the anticipated thirty-year buildout of HPS Phase 2, the above-specified square footage uses are permitted to be adjusted or converted to other uses, subject to approval by the Commission. and consistency with the overall 5,501,000 square foot nonresidential development cap.

III. SCOPE OF THE REPORT

This Report is prepared pursuant to CRL Sections 33457.1 and 33352, which delineate the information that the Successor Agency must provide to the Board of Supervisors for its consideration of amendments to a redevelopment plan. The contents of this Report, as described below, are consistent with the CRL, and include the following:

- Reason for the Plan Amendment (subsection (a) of Section 33352 of the CRL);
- Description of how the Plan Amendment will improve or alleviate blighting conditions (subsection (b) of Section 33352 of the CRL);
- Proposed method of financing the redevelopment of the Project Area as applicable to the Plan Amendment (subsection (e) of Section 33352 of the CRL);
- Discussion of the Planning Commission’s forthcoming report and recommendation regarding conformity of the Plan Amendment to the General Plan, as required by (subsection (h) of Section 33352 of the CRL and Section 4.105 of the San Francisco Charter);
- Report on the environmental review required by Section 21151 of the Public Resources Code as applicable to the Plan Amendment (subsection (k) of Section 33352 of the CRL); and
- The neighborhood impact report (subsection (m) of Section 33352 of the CRL).

In approving the HPS Plan in 1997, and amendments in 2010 and 2017, the Board of Supervisors relied on information about the conditions of physical and economic blight within the HPS Project Area, the need for tax increment financing to carry out redevelopment in the HPS Project Area, and other factors justifying the establishment and amendment of the HPS Project Area. The Plan Amendment does not change the legal description or boundaries of the HPS Project Area, modify financing limits, or extend the duration of the HPS Plan. Further, the Plan Amendment does not alter the blight and financial determinations made at the time the HPS Project Area was originally adopted. The Plan Amendment would not displace any residents of the area, therefore there is no need for a relocation plan that might otherwise be required. In addition, since the Plan Amendment does not change the HPS Project Area boundaries or make changes to the HPS Plan to increase financing limits, extend its duration or add significant capital projects, no county fiscal officer’s report or consultation with the taxing entities is required.

A. Reason for the Plan Amendment

As described above, the reason for the Plan Amendment is to facilitate redevelopment of HPS Phase 2 in a manner that will provide a greater mix of uses, while providing flexibility to respond to market conditions. The Plan Amendment seeks to create a strong and balanced mix of uses by reducing research and development and office uses by 735,000 square feet, and including additional retail, hotel and institutional uses, while maintaining artists' space and community facilities uses, and slightly increasing the amount of park space provided within HPS Phase 2. In addition, the Plan Amendment provides a greater opportunity to provide sustainable infrastructure improvements throughout the HPS Project Area, to help the community achieve sustainability and ecological priorities that will provide for the development of environmentally sound districts.

The following objectives and goals, as described in Section II of the HPS Plan would be further advanced by the adoption of the Plan Amendment:

A. Foster employment, business, and entrepreneurial opportunities in the rehabilitation, construction, operations and maintenance of facilities in the Project Area.

B. Stimulate and attract private investments, thereby improvement the City's economic health, tax base, and employment opportunities.

C. Provide for the development of economically vibrant and environmentally sound districts for mixed use; cultural, educational and arts activities; research, industrial and training activities; and housing.

D. Provide public parks, open space, and other community facilities.

E. Provide for infrastructure improvements, including; streets and transportation facilities, open space and recreation areas; and utilities for water, sewer, gas and electricity.

F. Provide sufficient flexibility in the development of real property within the Project Area to respond readily and appropriate to market conditions.

B. Description of How the Plan Amendment Will Improve or Alleviate Blight

The physical and economic conditions of blight existing at the time of adoption of the 2010 HPS Plan Amendment remain substantially the same. The HPS Project Area is characterized by adverse physical conditions including buildings in which it is unsafe or unhealthy for persons to live or work, and the existence of factors that prevent or substantially hinder the economically viable reuse of buildings and areas. Adverse economic conditions include depreciated and stagnant property values, properties containing hazardous wastes, abnormally high business vacancies, abandoned buildings, and excessive vacant lots within an area formerly used as a military base.

The Plan Amendment will improve or alleviate these adverse physical and economic conditions in the HPS Project Area through the development of under-utilized land, economic development activities, community enhancement efforts, affordable housing activities, and the delivery of public parks and open space. The Plan Amendment seek to create a strong and balanced mix of uses by reducing research and development and office uses by 735,000 square feet, and including additional retail, hotel and institutional uses, while maintaining artists space and community facilities uses, and slightly increasing the amount of park space provided within HPS Phase 2. Creation of a more robust mixed-use development will foster employment, business and entrepreneurial opportunities, thereby strengthening the economic base of the HPS Project Area. Similarly, allowing for adjustment to square footage limitations of specific uses specified in the HPS Plan, within the HPS Plan's overall nonresidential development cap, will provide for certainty in the overall level of development while allowing continued flexibility in permitting future development, which maximizes the potential for long-term economically successful development within the Plan Area.

C. Proposed Method of Financing / Economic Feasibility of Amendment

The Plan Amendment does not propose any new capital expenditures by OCII, involve any new indebtedness or financial obligation of OCII, or change OCII's overall method of financing the redevelopment of the HPS Project Area. The Plan Amendment does not change the role of private enterprise in developing and financing the Project. OCII will continue, however, to use tax increment financing and funds from all other available sources to carry out its enforceable obligations to pay for the costs of public infrastructure in the HPS Project Area. The Plan Amendment is intended to provide flexibility to the development of the HPS Project Area to create a diverse and strong mix of land uses that appropriately responds to market conditions, which would generate more property taxes and consequently more tax increments than the existing, undeveloped conditions.

D. Report of the Planning Commission

Upon approval of the Plan Amendment, the Commission will refer the Plan Amendment to the Planning Commission for its report and recommendation, and findings of conformity with the General Plan. Prior to making its findings, the Planning Commission will consider for recommendation to the Board of Supervisors conforming amendments to the General Plan, including the Hunters Point Shipyard Area Plan. Assuming an affirmative recommendation, the Planning Commission will then review the Plan Amendment for conformity with the General Plan (as recommended for amendment), which will be incorporated in a supplemental report to the Board of Supervisors upon receipt.

E. Environmental Review

On June 3, 2010, the Commission of the Former Redevelopment Agency by Resolution No. 58-2010 and the Planning Commission by Motion No. 18096, acting as co-lead agencies, certified the Final Environmental Impact Report ("FEIR") under the California Environmental Quality Act ("CEQA") for the CP/HPS2 Project, which included amendments to the HPS Redevelopment Plan. On July 14, 2010, the Board of Supervisors affirmed, by Resolution No. 347-10 the Planning Commission's certification of the FEIR and found that various actions related to the CP/HPS2 Project complied with CEQA. Subsequent to the certification of the FEIR, OCII and the Planning Department prepared Addenda 1 through 4 to the FEIR analyzing certain Project modifications.

On April 9, 2018, OCII, as Lead Agency, approved Addendum 5 to the FEIR, which evaluated the 2018 Updated Program facilitated by the Plan Amendment, and determined that the analyses conducted and the conclusions reached in the FEIR remain valid and no supplemental environmental review is required beyond Addendum 5. With assistance from the Planning Department, OCII has reviewed Addendum 5, the FEIR and the Plan Amendment and determined that development facilitated by the Plan Amendment will not result in any new significant impacts or a substantial increase in the severity of previously identified significant impacts that would alter the conclusions reached in the FEIR. Accordingly, no additional environmental review pursuant to State CEQA Guidelines Sections 15180, 15162, and 15163.

F. Neighborhood Impact Report

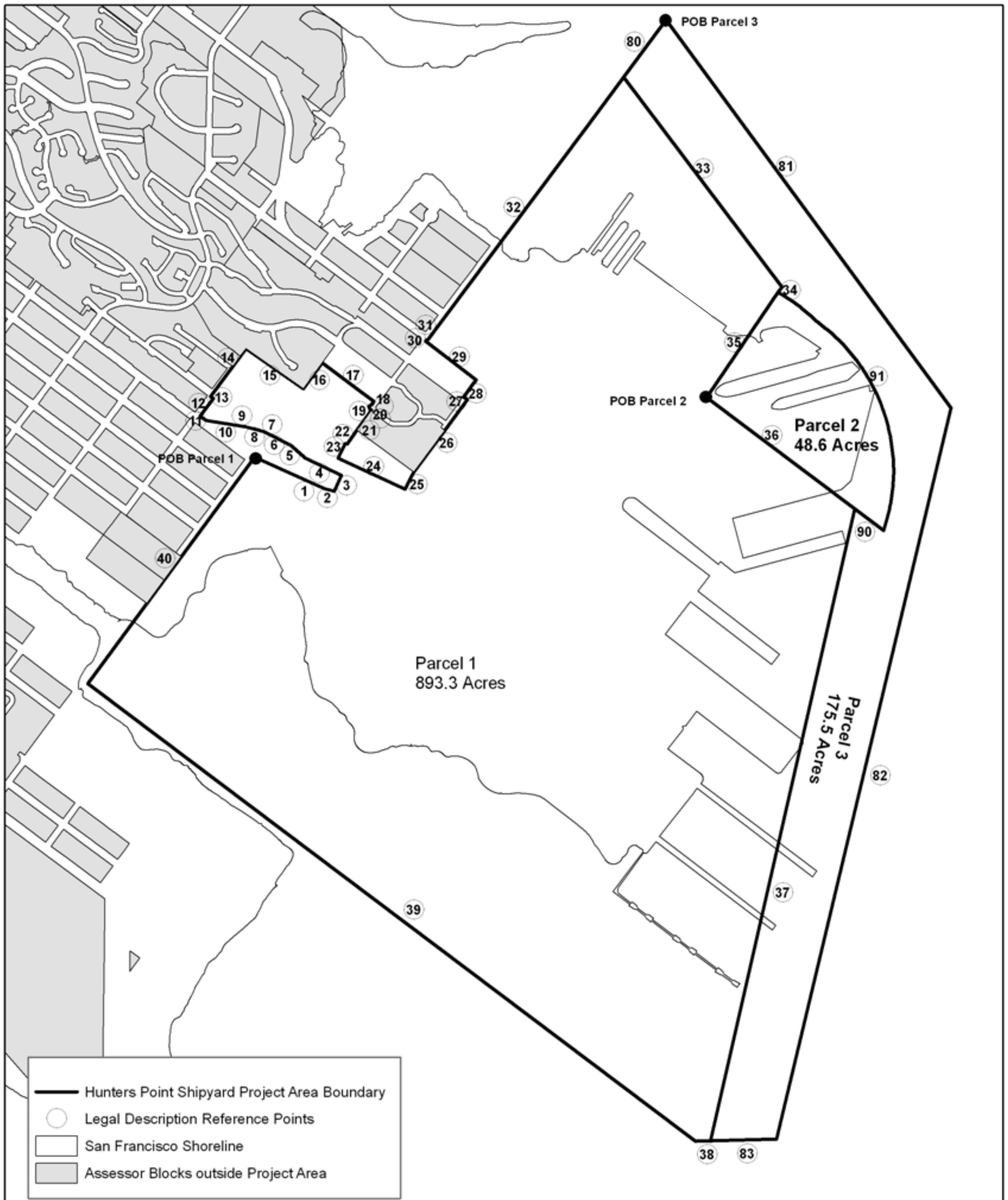
The Plan Amendment does not impact or alter the existing affordable housing obligations articulated in the HPS Plan. Under the CRL, at least 15 percent of all new and substantially rehabilitated dwelling units developed within the HPS Project Area by private or public entities other than OCII must be available at affordable housing cost to, and occupied by persons and families of extremely low, very low, low, or moderate income. Under the HPS Plan, at least 15% of the housing must be affordable to persons and families of low or moderate income.

The percentage of affordable housing to be developed in the HPS Project Area is substantially higher than the required 15 percent. In HPS Phase 1, 27 percent of the homes to be constructed will be affordable. The percentage of affordable housing in the CP/Phase 2 Project will be 32 percent.

The Plan Amendment will not cause the destruction or removal of housing units from the low and moderate-income housing market and no persons or families of low or moderate income will be displaced, temporarily or permanently, from dwelling units as a result of the Plan Amendment. The means of financing the low- and moderate income housing units in the HPS Project Area are tax increment financing, revenue from the sales of public properties within the Project (if any), and development fees. The Plan Amendment does not change OCII’s tax increment financing committed to affordable housing.

The process and requirements for the development of housing within the HPS Project Area is designed to provide new housing opportunities for households of diverse income, ages, lifestyles and family size. OCII will continue to promote the development of a wide variety of affordable housing including mixed-use development, development of new rental and ownership units and development of rental and ownership units, infill development, and senior housing. The housing opportunities within the HPS Project Area address the demand for housing suitable for families, seniors, young adults, and others with special needs. The amount and timing of this development is dependent on the amount and pace of the overall development in the HPS Project Area.

Exhibit A: Maps



Map 1: Project Area Boundary Map

OCII office of COMMUNITY INVESTMENT and INFRASTRUCTURE

Office of Community Investment and Infrastructure
2018

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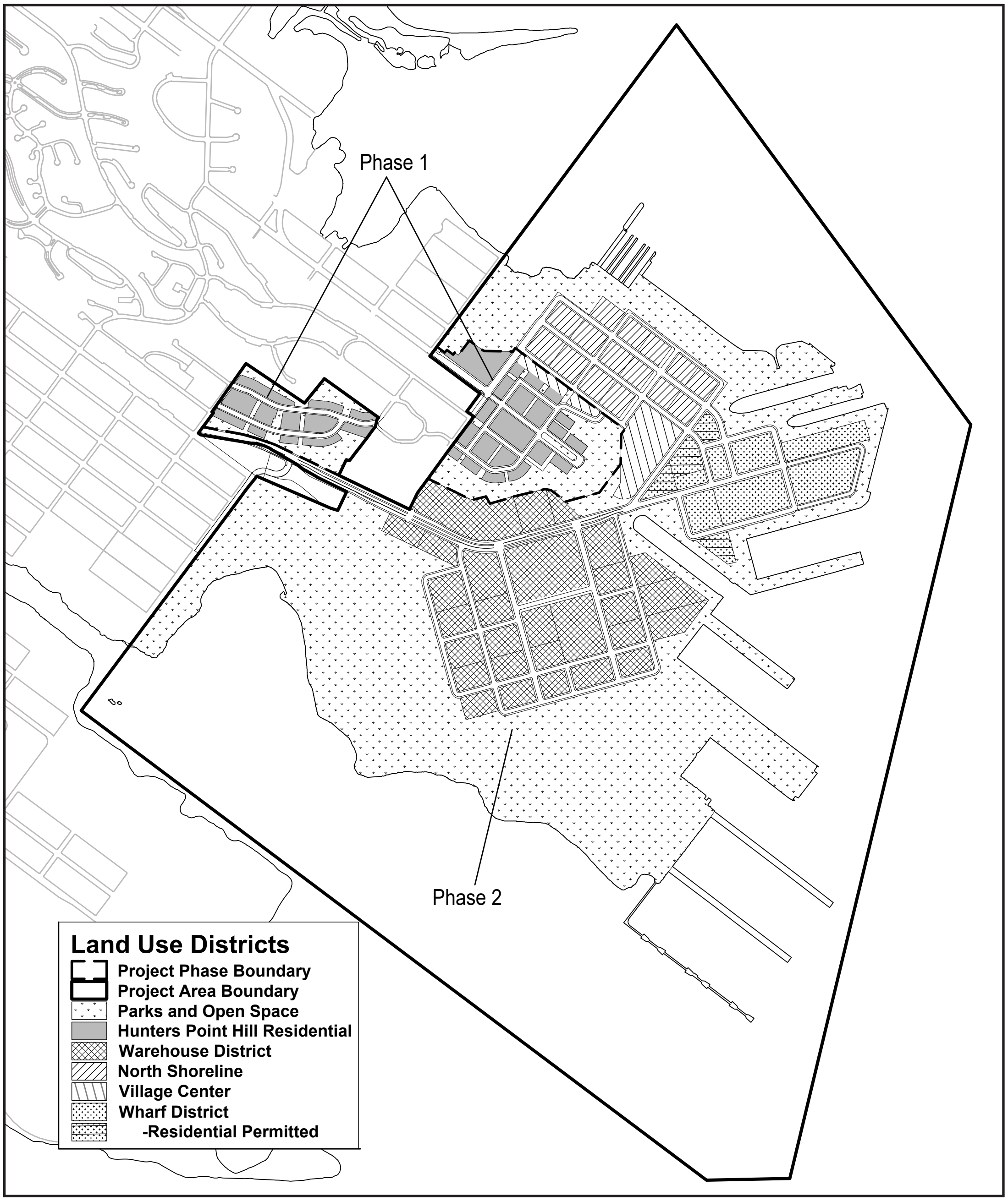

Map 2: Land Use Districts Map

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