

**REPORT TO THE BOARD OF SUPERVISORS
ON THE AMENDMENT TO THE
BAYVIEW HUNTERS POINT 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 an amendment (“Plan Amendment”) to the Bayview Hunters Point Redevelopment Plan (“BVHP 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 BVHP Plan establishes land use controls for development in the BVHP Redevelopment Project Area (“BVHP Project Area”). The Plan Amendment is necessary to facilitate proposed modifications to the existing development program for Zone 1 of BVHP Plan Subarea B (also referred to as “Candlestick Point”), as further described in Section II 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 an amendment 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 plan amendment; (ii) description of how the amendment will improve or alleviate blight; (iii) 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 May 23, 2006, the Board of Supervisors amended, by Ordinance No. 113-06, the Hunters Point Redevelopment Plan to add approximately 1,575 acres and rename it as the Redevelopment Plan for the Bayview Hunters Point Project Area (“BVHP Plan”). On August 3, 2010, the Board of Supervisors approved, by Ordinance No. 210-10, amendments to the BVHP Plan that divided Subarea B of the BVHP Project Area into two zones, Zone 1 (or “Candlestick Point”) and Zone 2. OCII retains land use authority within Zone 1 and the BVHP Plan supersedes the Planning Code for Zone 1 unless otherwise provided. The San Francisco Planning Department retains jurisdiction over Zone 2, which is subject to the San Francisco Planning Code. Maps delineating the BVHP Project Area Boundary and Redevelopment Zones are included in Exhibit A.

In 2010, the Former Redevelopment Agency and the City and County of San Francisco (“City”) undertook a series of actions to approve the development of Candlestick Point as part of a 702-acre development project—the “CP/HPS2 Project”—that includes both Candlestick Point and Phase 2 of the Hunters Point Shipyard Redevelopment Project Area (“HPS Project Area”).¹ At Candlestick Point, 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 been focused on implementation of the non-stadium development alternative.

B. Plan Amendment

The Plan Amendment makes two changes to the land use regulations of the BVHP Plan as applied to Candlestick Point. Existing square footage limits on nonresidential development within Candlestick Point would remain: 150,000 square feet of office use; 760,000 square feet of retail use; 150,000 square feet of hotel use; and 75,000 sf of arts/entertainment use for a total of 1.185 million square feet.

The Plan Amendment allows for adjustment of the square footage amounts in the foregoing nonresidential uses and for conversion of the square footage to other permitted non-residential uses under the BVHP Plan, subject to Commission approval and maintaining the overall 1,185,000 square-foot limitation on nonresidential use within Zone 1.

In addition, the Plan Amendment allows the transfer of 118,500 square feet of research and development and office space from HPS Phase 2 to Candlestick Point, subject to Commission approval.

The Plan Amendment clarifies that City regulations for cannabis-related uses and short term rentals would apply within Candlestick Point.

Lastly, the Plan Amendment shifts one parcel of land, Assessor’s Block/Lot No. 4991-276 (“Jamestown Parcel”) from Zone 1 to Zone 2 of the BVHP Project Subarea B. The Jamestown Parcel is shown on the Maps attached as Exhibit A. This parcel is not included in the CP/HPS2 Project and the shift would allow the property owners to pursue development under the jurisdiction of the San Francisco Planning Department. The shift does not change the BVHP Project Area boundary or legal description.

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 an amendment to a redevelopment plan. The contents of this Report, as described below, are consistent with the CRL, and include the following:

¹ Hunters Point Shipyard Phase 2, and an amendment to the Hunters Point Shipyard Redevelopment Plan, is the subject of a separate report to be submitted simultaneously to the Board of Supervisors.

- 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 amendments to the BVHP Plan in 2006, 2010, and 2017, the Board of Supervisors relied on information about the conditions of physical and economic blight within the BVHP Project Area, the need for tax increment financing to carry out redevelopment in the BVHP Project Area, and other factors justifying the establishment and amendment of the BVHP Project Area. Although the Plan Amendment shifts the Jamestown Parcel from Zone 1 to Zone 2 of the BVHP Project Area, the Plan Amendment does not alter the legal description or boundaries of the BVHP Project Area, change financing limits, or extend the duration of the BVHP Plan. Further, the Plan Amendment does not alter the blight and financial determinations made at the time the BVHP 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 alter the BVHP Project Area boundaries or make changes to the BVHP 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. Lastly, the Plan Amendment does not contemplate changes in the specific goals, objectives or expenditures of OCII for the BVHP Project Area.

A. Reason for the Plan Amendment

The purpose of the Plan Amendment is to make minor land use revisions for the Candlestick Point portion of Subarea B, and to shift the Jamestown Parcel from Zone 1 to Zone 2 of the BVHP Project Area.

The Plan Amendment also supports redevelopment of the Candlestick Point in a manner that responds to changes in market conditions to provide for economically feasible development. The Plan Amendment would provide certainty as to overall maximum development under the BVHP Plan, while allowing flexibility in development over the anticipated thirty-year buildout of Candlestick Point. This flexibility will maximize the potential for long-term economically successful development within Candlestick Point.

The following objectives and goals, as described in Section 1.2 of the BVHP Plan would be further advanced by the adoption of the Plan Amendment:

- Strengthening the economic base of the Project Area and the community by strengthening retail and other commercial functions within the Project Area through the facilitation of new retail space, and as appropriate, new commercial and light industrial uses.
- Providing public parks and open space.
- Encouraging participation of area residents in the economic development that will occur.
- Removing structurally substandard buildings, removing impediments to land development, and facilitating modern, integrated development with improved pedestrian and vehicular circulation within the Project Area and vicinity.
- Redesigning and developing undeveloped and underdeveloped areas, which are improperly utilized.
- Eliminate blighting influences and correcting environmental deficiencies within the Project Area, including, abnormally high vacancies, abandoned, deteriorated and dilapidated buildings, incompatible land uses, depreciated or stagnant property values, and inadequate or deteriorated public improvements, facilities, and utilities.
- Providing flexibility in the development of real property within the Project Area to respond readily and appropriately to market conditions.

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

The physical and economic conditions of blight existing in the BVHP Project Area at the time of adoption of the 2010 Plan Amendment remain substantially the same. The Project Area is characterized by vacant and underutilized land, stagnant property values and inadequate public improvements. The Plan Amendment will improve or alleviate the adverse conditions in the BVHP 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. Shifting the Jamestown Parcel from Zone 1 to Zone 2 conforms to the property owner's intent to proceed with development of the parcel in accordance with the San Francisco Planning Code.

Allowing for the conversion of certain non-residential uses within Zone 1 of the BVHP Project Area, and the transfer of up to 118,500 square feet of research and development and office uses from the HPS Project Area to those portions of Zone 1 of the BVHP Project where such use is already permitted, will strengthen the achievement of an economically vibrant mixed-use development, and improve the economic base of the BVHP Project Area by facilitating a diversity of land uses, including job-generating uses.

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 BVHP Project Area. The Plan Amendment does not change the reliance on private enterprise to finance 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 Zone 1 of the BVHP Project Area. The Plan Amendment is intended to provide flexibility to the development of the BVHP 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 it 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 amendments to the General Plan by amending the boundaries of the Candlestick Point Sub-Area Plan of the Bayview Hunters Point 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 into a supplemental report to the Board of Supervisors upon receipt.

E. Environmental Review

On June 3, 2010, the Commission of the former Redevelopment Agency of the City and County of San Francisco (“Redevelopment Commission”) 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. On July 14, 2010, the Board of Supervisors affirmed the Planning Commission’s certification of the FEIR by Resolution No. 347-10 and that various actions related to the 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 updated land use program of 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

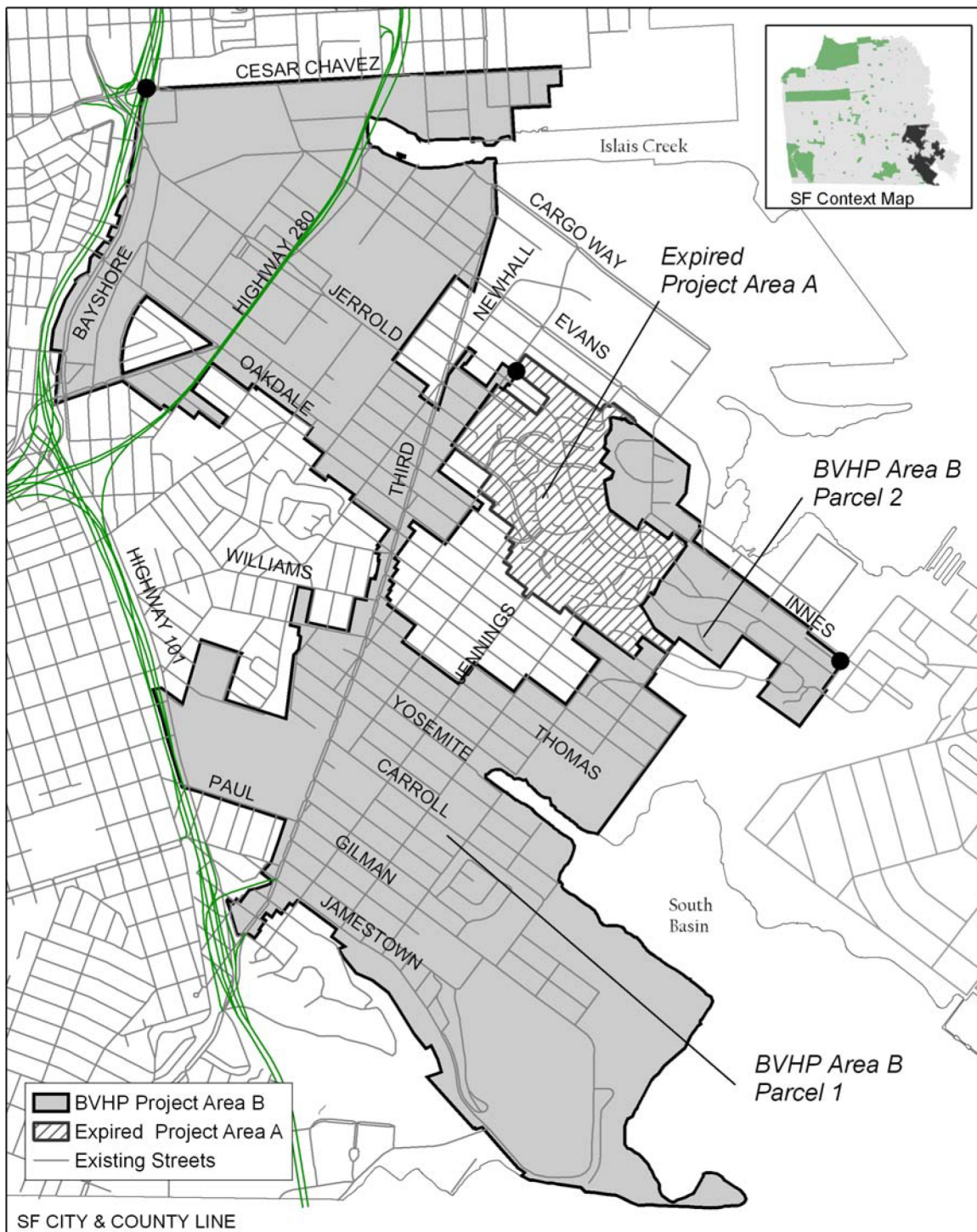
The Plan Amendment does not impact or alter the existing affordable housing obligations articulated in the BVHP Plan. Under the CRL, at least 15 percent of all new and substantially rehabilitated dwelling units developed within the BVHP Project Area by private or public entities other than OCII must be available at affordable housing cost to, and occupied by persons and families of extremely low, very low, low, or moderate income. Under the CP/HPS2 Project, approximately 32% of the housing developed by parties other than OCII will be available at affordable housing cost to, and occupied by persons and families of extremely low, very low, low, or moderate income.

The Plan Amendment will not cause the destruction or removal of housing units from the low and moderate-income housing market and no persons 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 Candlestick Point 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 Zone 1 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 and rehabilitation of existing rental and ownership units, infill development, and the possibility of senior housing. The housing opportunities within the Zone 1 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 CP/HPS2 Project.

Exhibit A: Maps



Map 1: Project Area Boundary Map

Office of Community Investment and Infrastructure
2018

1,000 500 0 1,000 Feet



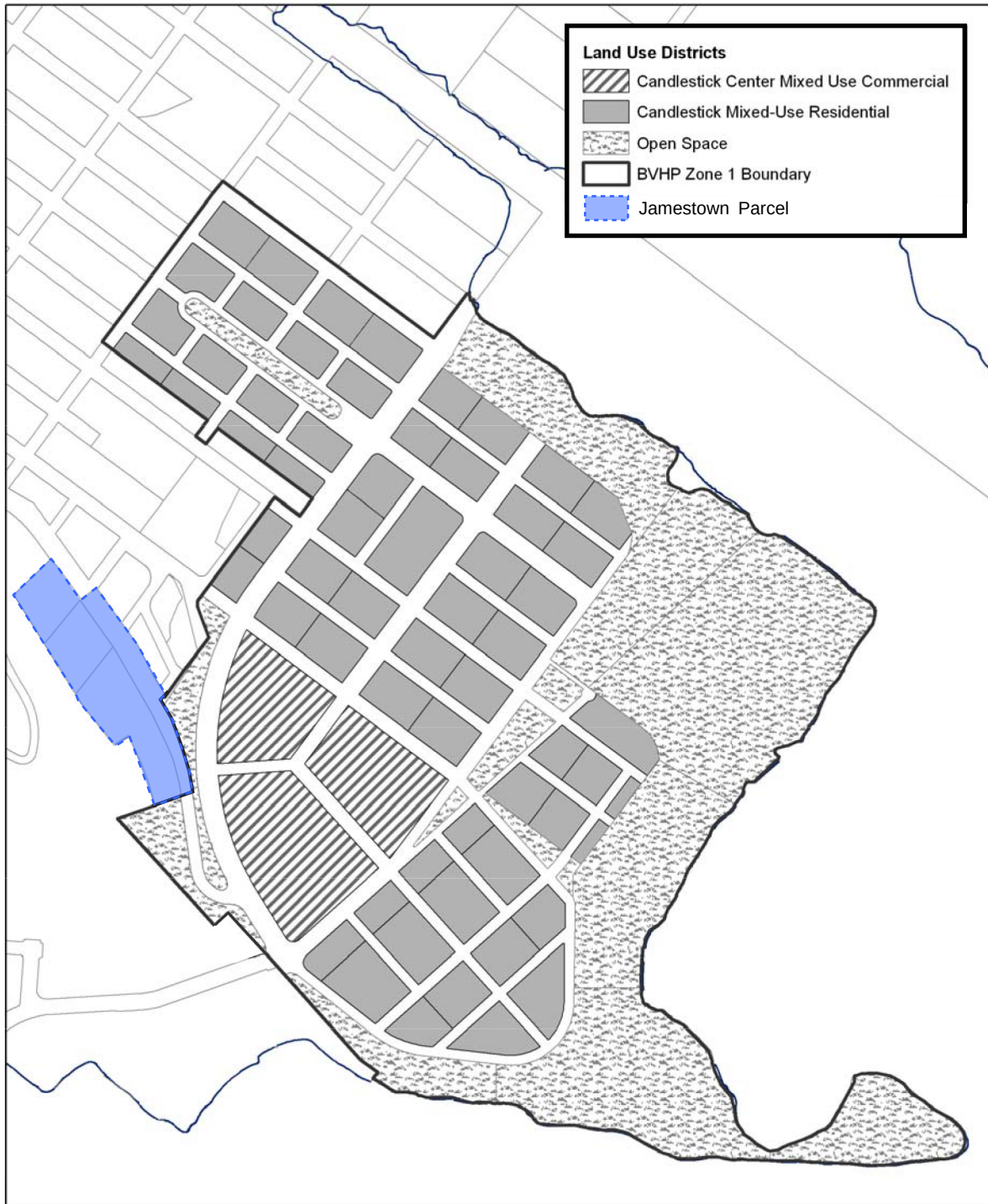


Map 2: Project Area B Redevelopment Zones Map

Office of Community Investment and Infrastructure
2018

1,000 500 0 1,000 Feet





Map 3: Jamestown Parcel

Office of Community Investment and Infrastructure
2018

600 300 0 600 Feet

