

450-0212018-002

Agenda Item **Nos. 5(b) through 5(g)**
Meeting of April 17, 2018

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Executive Director

SUBJECT: Approval of Proposed Changes to the Candlestick Point (“CP”) and Hunters Point Shipyard (“HPS”) Phase 2 and Candlestick Point Project Land Use Program, including adopting environmental review findings pursuant to the California Environmental Quality Act and approving amendments to the Hunters Point Shipyard and Bayview Hunters Point Redevelopment Plans, a Report to the Board on the Plan Amendments, a Third Amendment to the Disposition and Development Agreement for the Candlestick Point and Phase 2 of the Hunters Point Shipyard with CP Development Co., LLC and applicable Project Documents, a Seventh Amendment to the Hunters Point Shipyard Phase 1 Disposition and Development Agreement with HPS Development Co. LP., an amended HPS Phase 2 Design for Development, and other related actions; Bayview Hunters Point and Hunters Point Shipyard Redevelopment Project Areas

EXECUTIVE SUMMARY

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The Candlestick Point and Hunters Point Shipyard Phase 2 Project (“CP/HPS2 Project”) is a 702-acre redevelopment project governed by two Redevelopment Plans. The Hunters Point Shipyard Redevelopment Plan governs both the HPS Phase 1 Project and the HPS Phase 2 portion of the CP/HPS2 Project (together, the “Shipyard”). The Bayview Hunters Point (“BVHP”) Redevelopment Plan governs the Candlestick Point portion of the CP/HPS2 Project, which is designated as Zone 1 of the BVHP Redevelopment Plan (the “Candlestick Site” or “CP”). The Office of Community Investment and Infrastructure (“OCII”) administers development under both Redevelopment Plans.

In 2010, the San Francisco Redevelopment Agency (“SFRA”) Commission approved The Disposition and Development Agreement for Candlestick Point and Phase 2 of Hunters Point Shipyard (“CP/HPS2 DDA”) between the Former Agency and CP Development Co., LLC (“Developer”). The CP/HPS2 DDA establishes the rights and obligations of the parties with respect to development of the CP/HPS2 Project. The CP/HPS2 DDA identifies two alternative development programs, primarily differentiated by the presence or absence of a football stadium within HPS Phase 2. The “Non-Stadium Alternative” provides the Developer with the right to build approximately 10,500 housing units (approximately thirty-two percent of which will be below market

rate and will include the rebuilding of the Alice Griffith public housing development), 885,000 square feet of regional and neighborhood serving retail and entertainment uses, 150,000 square feet of hotel uses, 100,000 square feet of community uses, 255,000 square feet of artist space, 75,000 square feet of performance space, approximately 326 acres of new open space and parks, and approximately 3,150,000 square feet of research and development (R&D) and office space. Two Design for Development documents, the Hunters Point Shipyard Phase 2 Design for Development ("HPS Phase 2 D4D") and Candlestick Point Design for Development ("CP D4D"), provide detailed development controls and design guidelines for their respective development areas.

At the time of the CP/HPS2 Project approvals in 2010, the primary development program included a new stadium for the San Francisco 49ers football team on the Shipyard. Since that time, the 49ers left San Francisco and constructed a new stadium in Santa Clara, California, triggering the Non-Stadium Alternative outlined above in the CP/HPS2 DDA. The Developer has further considered the non-stadium development program and reviewed the various project alternatives that were previously analyzed under the Candlestick Point/Hunters Point Shipyard Final Environmental Impact Report ("Project FEIR"). The Developer also engaged the architectural and planning services of award-winning architect Sir David Adjaye to re-examine the land use plan of HPS Phase 2.

After that review, the Developer is now proposing changes to the CP/HPS2 Project to provide a more robust mix of land uses that is phased in a way to better respond to market conditions, improve utilization of HPS Phase 2, and fully leverage the development authorized by the Redevelopment Plans. The Developer also identified other project changes, including a few that affect the Candlestick Site, and are part of the overall proposal (the "2018 Updated Program"). The proposed amendments to the Redevelopment Plans ("Plan Amendments") implement the 2018 Updated Program and are consistent with the Redevelopment Plan objectives of providing flexibility in the development of real property within the BVHP and HPS Project Areas to respond to market conditions. The amendment to the BVHP Plan would include the removal of the Jamestown Neighborhood from Zone 1 of the BVHP Project Area. The Developer is working closely with staff from OCII, the Planning Department, Public Works, the Municipal Transportation Agency, the Public Utilities Commission, the Recreation and Parks Department, the Department of the Environment, and other affected City agencies to develop and refine these proposed project changes. The Developer is also undertaking a community engagement process to consult with the Hunters Point Shipyard Citizen Advisory Committee (the "CAC") and the surrounding larger community.

OCII staff and the Developer presented a summary of these proposed changes at an informational workshop at the Commission on Community Investment and Infrastructure ("Commission") meeting on March 20, 2018. Staff now recommends: (1) adopting environmental findings pursuant to the California Environmental Quality Act, (2) approving a Report to the Board of Supervisors regarding the proposed Plan Amendments, and authorizing submittal of the Plan Amendments to the Board of Supervisors, (3) approving the Plan Amendments and recommending the Plan Amendments to the Board of Supervisors for adoption; (4) approving a Third Amendment to the CP/HPS2 DDA including conforming amendments to associated Project Documents, (5) approving a conforming change to the Hunters Point Shipyard Phase 1 DDA ("Phase 1 DDA") through a Seventh Amendment, (6) and approving a revised HPS Phase 2 D4D and authorizing OCII staff to implement conforming amendments to the CP D4D to remove the Jamestown parcels from the Zone 1 of the BVHP Project Area. After Commission approval, the Developer would then seek the necessary approval actions from affected City agencies, the Board of Supervisors, the Oversight Board, the California Department of Finance, and the State Lands Commission.

BACKGROUND

Proposition G: Bayview Jobs, Parks, and Housing Initiative

In June 2008, the voters of San Francisco approved the Bayview Jobs, Parks, and Housing Initiative (“Proposition G”), which established a framework and set forth goals, objectives, and policies for the timely and coordinated redevelopment of Candlestick Point and Hunters Point Shipyard. The subsequent actions to amend the HPS and BVHP Redevelopment Plans and to approve the CP/HPS2 DDA were in furtherance of Proposition G’s primary objective of revitalizing the Bayview Hunters Point community.

HPS and BVHP Redevelopment Plans

The Board of Supervisors adopted the HPS Redevelopment Plan on July 14, 1997 (Ordinance No. 285-97). The Board of Supervisors adopted the BHVP Redevelopment Plan on January 20, 1969 (Ordinance No. 25-69), and amended it on June 2, 2006 (Ordinance No. 113-06). On August 3, 2010, the Board of Supervisors amended both the HPS Redevelopment Plan (Ordinance 211-10) and the BVHP Redevelopment Plan (Ordinance No. 210-10) in furtherance of the goals of Proposition G, and in connection with approval of the CP/HPS2 Project.

The 2010 amendments to the BVHP Redevelopment Plan divided the BVHP Project Area into Zone 1 and Zone 2. Zone 1 commonly referred to as Candlestick Point comprises of three land use districts, and is intended to be developed with a mix of uses, including residential, retail, office and parks and open space. The Jamestown Neighborhood is included within the boundaries of Zone 1. The remainder of the BVHP Project Area is Zone 2. OCII retains land use authority within Zone 1 of the BVHP Project Area, and BVHP Redevelopment Plan supersedes the Planning Code for Zone 1 unless otherwise provided, while the San Francisco Planning Department retains jurisdiction over Zone 2 of the BVHP Project Area.

On November 8, 2016, San Francisco voters adopted Proposition O, the Hunters Point Shipyard/Candlestick Point Jobs Stimulus Proposition (“Proposition O”), which exempts Zone 1 of the BVHP Project Area and HPS2 of the Hunters Point Shipyard Redevelopment Project Area from the annual office development limitations set forth in Planning Code Sections 320-325. On June 13, 2017, the Board of Supervisors approved conforming amendments to the Redevelopment Plans to implement Proposition O and the voter’s intent to exempt office space development in the Project from Proposition M’s annual office space limits to help achieve the Redevelopment Plans’ economic goals and objectives by allowing office development already authorized under the Redevelopment Plans to be delivered predictably and efficiently, while ensuring that job opportunities and economic and community benefits associated with office development can be delivered in a timely manner.

The CP/HPS2 Project

The CP/HPS2 Project covers approximately 702-acres in San Francisco’s Bayview Hunters Point and Hunters Point Shipyard neighborhoods, governed by the Redevelopment Plans. The Project, as analyzed in the Project FEIR, contemplated a mixed-use development consisting of up to 10,500 residential units that includes a mix of affordable and market rate units, up to 960,000 square feet of retail and entertainment uses, up to 5,150,000 square feet of R&D and office development, and associated parks and open spaces.

The CP/HPS2 Project is adjacent to Hunters Point Shipyard Phase 1. The Phase 1 DDA authorizes the development of up to 1,600 residential units and up to 80,000 square feet of commercial uses in Phase 1. Of the 1,600 residential units and 80,000 square feet of commercial uses approved for Phase 1, only 1,428 residential units and 9,000 square feet of commercial space are expected to be developed in Phase 1 (with the ability to increase the amount of commercial space to be developed in Phase 1 up to 20,000 square feet).

CP/HPS2 DDA

The CP/HPS2 DDA was executed between the former San Francisco Redevelopment Agency ("SFRA") and the Developer on June 3, 2010 and sets forth the Developer's and OCII's rights and obligations regarding the construction of infrastructure, certain vertical construction obligations such as those related to the Alice Griffith Public Housing Revitalization and the Artists' Complex, and the provision of robust community benefits and below market rate housing program. The CP/HPS2 DDA provides for the delivery of these obligations through a series of Major Phases and Sub-Phases pursuant to the land use controls established in the Redevelopment Plans. The CP/HPS2 DDA includes a Schedule of Performance, as amended from time to time, that reflects the Phasing Plan and provides "Outside Dates" by which the Developer must submit Major Phase and Sub-Phase applications and complete infrastructure improvements, parks, and other community benefits.

The CP/HPS2 DDA was previously amended twice. On December 18, 2012, the Commission approved the First Amendment to the CP/HPS2 DDA by Resolution No. 3-2012, to provide consistency between the provisions related to the rights of lenders under the HPS Phase 1 DDA and the CP/HPS2 DDA. On September 12, 2014, OCII approved the Second Amendment to the CP/HPS2 DDA by Resolution No. 82-2014 to permit the early transfer of Candlestick Point Stadium as a result of the early departure of the 49ers and to accelerate development within the existing Stadium Site.

Existing Land Use Program and Current Project Status

Following the CP/HPS2 Project approval in 2010, the 49ers decided to move to a new stadium in the City of Santa Clara, and the Developer decided to proceed with the CP/HPS2 Project under a non-stadium alternative. Due to the importance and critical nature of the Alice Griffith Public Housing Revitalization, the Developer began work first in the Candlestick Point area. To date, Candlestick Major Phase 1 and Sub-Phase CP-01, -02, -03, and -04 have been approved. In 2014 and 2016, the Developer obtained certain approvals to permit the initial Candlestick work to begin, which included infrastructure necessary to support the first four phases of new Alice Griffith public housing replacement and affordable housing developments in Sub-Phase CP-01, as well as demolition of the Candlestick Park stadium in 2015. Preliminary civil work associated with the proposed regional retail center and adjacent mixed-use developments in Sub-Phases CP-02, CP-03, and CP-04 are underway generally north of Harney Way, west of Ingerson Avenue, and east of Jamestown Avenue. Development has not yet begun in Phase 2 of the Shipyard.

Below is a summary of the land uses for the CP/HPS2 Project as established in 2010. See Attachment 1 for the existing Development Plan.

Table 1: CP/HPS2 Land Use Plan Approved in 2010

	CANDLESTICK	HPS Phase 2	TOTAL	
CP/HPS2 Housing Units	6,225	4,275	10,500	UNITS
Parks & Open Space Acreage	104.8	222.2	327	ACRES
Artist Studio	0	255,000	255,000	SF
Community Use	50,000	50,000	100,000	SF
FAC/Performance Venue	75,000	0	75,000	SF
Hotel	150,000	0	150,000	SF
Institution	0	0	0	SF
R&D/Office	150,000	3,000,000	3,150,000	SF
Regional Retail	635,000	0	635,000	SF
Neighborhood Retail	125,000	125,000	250,000	SF
Maker Space	0	0	0	SF
Non-Residential Square Footage	1,185,000	3,430,000	4,615,000	SF

DISCUSSION

2018 Proposed Updated Program

After further evaluation of the non-stadium development program for the HPS Phase 2 Project Area, the Developer now proposes changes primarily to the land use program in HPS Phase 2 with accompanying changes to infrastructure, transportation networks, and parks and open space; and changes to the phasing schedule for both HPS Phase 2 and the Candlestick Site. Since the Candlestick Site portion of the CP/HPS2 Project is in a more active phase of development, the Developer has had the opportunity to evaluate program needs there and is also recommending some changes that impact the Candlestick Site.

The proposed land use plan at HPS Phase 2 reflects the historic layout of the Hunters Point Shipyard, which results in a new street grid and arrangement of development blocks, and allows for the possibility to retain and adapt some of the existing buildings on the HPS Phase 2. The proposal increases the amount of R&D/office space and neighborhood retail from what was approved in 2010 under the Redevelopment Plans, increases neighborhood retail than what was previously entitled under CP/HPS2 DDA, and adds new allocations for regional retail, maker space, hotel, and institutional uses. Residential uses are re-allocated between HPS Phase 1, HPS Phase 2 and Candlestick Point, but with no net change to the total number of housing units provided between the CP/HPS2 Project and the Phase 1 Project. The proposed land use plan also re-configures the parks and open spaces, resulting in an overall increase in the total amount of parks and open space area. A table summarizing the differences between the land uses approved in 2010 and those proposed now is included as Attachment 2. Attachment 6 as listed below provides the new Development Plan map.

Proposed Documents and Amendments Necessary for Approval

In order to implement this new land use vision, changes are required in almost all of the relevant documents that control development in the CP/HPS2 Project. This memorandum, through its attachments, provides a detailed explanation of the proposed changes by each document. These documents are listed below with summaries of

proposed changes and their attachment numbers. The documents listed under the Third Amendment to the CP/HPS2 DDA include their corresponding DDA Exhibit reference.

Document	Content Summary	Memo Attach. #
HPS Redevelopment Plan Amendment*	- Maintains maximum number of Dwelling Units (and affordable requirements) within HPS Project Area - Allows for 5,501,000 sf of nonresidential development, including 4,265,000 sf R&D/Office sf¹, 401,000 sf of retail, 410,000 sf of institutional and 120,000 sf of hotel uses² - Allows for adjustment of above-specified square footages and conversion to other permitted uses under the Plan, subject to Commission approval and maintaining the 5,501,000 non-residential cap; - Land use definition changes to align with proposed development plan - Permitting private “eco-district” infrastructure within HPS Phase 2 - Other clarifying changes	3
BVHP Redevelopment Plan Amendment*	- Maintains maximum number of Dwelling Units (and affordable requirements) within Zone 1 of the BVHP Project Area - Maintains 1,185,000 sf of existing nonresidential development, including 150,000 sf of office use, 760,000 sf of retail space, 150,000 sf hotel space, and 75,000 sf of arts/entertainment space. - Allows for adjustment of above-specified nonresidential square footages and conversion to other permitted uses under the Plan, subject to Commission approval and maintaining the 1,185,000 sf non-residential cap within Zone 1 of Candlestick Point - Allow for the transfer of 118,500 sf from HPS Phase 2 to Candlestick Point; - Shifts Jamestown parcels from Zone 1 to Zone 2 of the BVHP Redevelopment Plan Area - Other clarifying changes	4
Third Amendment to the CP/HPS2 DDA**	- Sets forth land use program revisions and updates Development Plan - Provides for relocation of 172 housing units (of which 18 are BMR) and up to 71,000 sf of commercial space originally planned within the HPS Phase 1 Project - Establishes private construction and repair and maintenance obligation for mid-block breaks and privately owned publicly accessible open space (POPOS), and remedies for failure to construct POPOS - Increases the amount of OCII staff overhead costs to be reimbursed by the Developer - Allows for disposition of Building 813 to Developer - Establish framework for obtaining or waiving Payment in Lieu of Taxes (PILOT) for Tax-Exempt Entities	5
Development Plan (Ex. A-B-B)	- Land Use Map to be updated with proposed changes	6

¹ Subject to reduction by up to 118,500 sf if, pursuant to future Commission approval, that amount is transferred to BVHP Plan area Zone 1.

² 255,000 square feet of artist space and 50,000 square feet of community use space remain unchanged.

Phasing Plan (Ex. C)	- Reduction in the number of Major Phases and Sub-Phases in both HPS Phase 2 and Candlestick - Shifts order of development in both areas	7
Schedule of Performance (Ex. D)	- Outside Dates for Application Submittal, Commencement and Completion are changed per Phasing Plan changes; - Associated Public Benefits changed to reflect proposed development plan, i.e. new Parks & Open Space Plan	8
Design Review & Document Approval Procedure (Ex. E)	- Allows for combined Major Phase Applications - Establishes a separate Parks and Open Space Design submittal process that is due later in order to allow community input to occur closer to time of construction - Other clarifying changes	9
Below-Market Rate Housing Plan (Ex. F)	- Allows for some Inclusionary Housing to be placed in a stand-alone low-income senior housing project in CP-02 - Provides Certificate of Preference Holders parking priority for Inclusionary and Workforce units if parking is less than 1:1 - Describes how 18 BMR units remaining unbuilt in Phase1 will be accounted for in CP/HPS2 Project	10
Community Benefits Plan (Ex. G)	- 75,000 sf of Maker Space must be provided in cold shell condition and must make good faith marketing efforts - Community Facilities Spaces now must be provided in Warm Shell condition and Developer takes on marketing obligations focusing on BVHP area; CAC consideration of recommended tenants included - Bi-annual Community Benefits Reports now required - Developer's discretion to provide 10,000-15,000 sf of Warm Shell for use as a community arts center as an alternative to a land parcel	11
Financing Plan (Ex. H)	- Adjusts Major Phase Allocations to new Phasing Plan - Revised Summary Proforma - Other clarifying changes	12
Infrastructure Plan (Ex. I)	- Revised to reflect proposed changes to Development Plan, Transportation Plan, Parks and Open Space Plan and Sustainability Plan	13
Parks & Open Space Plan (Ex. J)	- Reconfigures Parks and Open Spaces in HPS Phase 2 to reflect new Development Plan - Includes some refinements to Candlestick Point Parks and Open Spaces - Provides for a net increase of over 10 acres - In addition to that increase, creates an 8-acre "Green Room", a privately owned, public accessible park.	14
Sustainability Plan (Ex. K)	- Revised to reflect new Development Plan - Allows for "Eco-District" water and energy programs to be provided by Developer, including a recycled water facility and potential geo-thermal heating and cooling	15
Transportation Plan	- Reconfigures transit, vehicular, bicycle, and pedestrian routes to reflect new Development Plan	

(Ex. N)	- Shifts phasing of transit to align with Phasing Plan	16
HPS Phase 2 Design for Development (D4D)	- Replaces existing D4D; provides for new design controls to implement the proposed Development Plan	17
Seventh Amendment to the Phase 1 DDA	- Reflects relocation of 172 housing units and up to 71,000 sf of commercial space originally planned for HPS Phase 1 Project to the CP/HPS2 Project - Shifts Community Benefits Reporting from quarterly to bi-annual to match new CP/HPS2 reporting requirement	18
Project MMRP (Ex. L)	- Modifications to 16 adopted mitigation measures	20

*A Report to the Board on the Plan Amendments accompanies the Redevelopment Plan documents.

**The following remaining exhibits to the CP/HPS2 DDA are not being amended at this time:

- Ex. B: Definitions
- Ex. M: Stadium Pad Infrastructure and Stadium Related Infrastructure
- Ex. O-W "Form of" documents
- Ex. X – DD: Employment and Contracting Policies
- Ex. EE: Proforma Values for Commercial Lots

City Review of Proposed Changes

The City and SFRA entered into the Interagency Cooperation Agreement ("ICA"), dated June 3, 2010, to facilitate the implementation of the CP/HPS2 Project in accordance with the Redevelopment Plans. The ICA sets forth a framework between the City and OCII collaboration in reviewing, approving and amending land use, development, construction, and infrastructure documents and requirements for the CP/HPS2 Project. The amendment of certain Project Documents are subject to the review processes set forth under the ICA. To the extent the ICA framework applies to a Project Document, OCII and the City have coordinated any required review as set forth under the ICA.

Fiscal & Economic Impact Report

The Developer conducted an analysis of the fiscal and economic impacts of the proposed CP/HPS2 Project changes and included comparisons to the conclusions reached in the Fiscal and Economic Impact Report ("F&E Report") prepared for the 2010 CP/HPS2 Project approvals. Both reports were prepared by the Developer's consultant, Economic & Planning Systems (EPS). Estimates for the CP/HPS2 Project include the proposed land use and phasing changes, and are represented in 2017 constant dollars (as the analysis for the report began in 2017). Staff has reviewed the F&E Report in consultation with OCII's consultant team for ALH Consulting, and staff from the City's Controller's Office, and agrees with the conclusion that the amended CP/HPS2 Project will create a net positive impact to the General Fund and the local economy. Review of the underlying calculations is ongoing however with the Controller's Office as the project approvals make their way through the Board of Supervisors process, and it is possible that further refinements could result from that review. See Attachment 19 for the full F&E Report. The Report concludes the following about several key fiscal and economic indicators about the CP/HPS2 Project at full buildout:

- **General Fund Net Revenues: \$40 million**

At full buildout the CP/HPS2 Project is estimated to contribute a total of \$40.6 million in annual General Fund revenue (net of General Fund expenditures), which is over twice the 2010 estimate of \$16.1 million. Specifically, EPS estimates that General Fund revenues will be 79% higher than estimated in 2010, while General Fund expenditures are only expected to increase by 39%. When adjusted for inflation, the 2010 General Fund revenues increase by 53% in real terms, and the associated expenditure increase is 18%. Over half of the increase in General Fund revenues is driven by revenue categories driven by the Project's assessed values, including revenues from property tax, transfer tax, and property tax in-lieu of vehicle license fees. Revenue increases are also driven by increased projections of hotel tax due to higher projected hotel overnight rates, and increased projections of sales tax due to higher projected sales at Project retail uses; like the increase in assessed values, these changes are market-driven. In addition to these market-driven changes, revenue changes are also projected to result from changes in the Project development program: hotel tax revenues are projected to increase due to increased Project hotel rooms, sales tax and business tax revenues are projected to increase due to increased Project retail and office/R&D space, and parking tax revenues are projected to decrease due to reductions in Project parking spaces subject to parking tax. Additionally, some changes to projected property transfer tax revenues resulted from changes in City property tax transfer rates, and from a more specific analysis of expected property transfers and inflationary impacts. See Table 2 in the attached F&E Report for a full breakdown and comparison of General Fund Revenue and Expenditure at Project buildout.

- **Transit Surplus: \$3.4 million**

At full buildout, EPS estimates that the net annual Transit surplus related to the CP/HPS2 Project will be \$3.4 million, as compared to \$1.5 million in the 2010 report. Transit revenues are estimated to be one percent higher than in 2010, while transit expenditures are expected to be 6 percent lower than 2010. After adjusting for inflation, both transit revenues and expenditures were higher in 2010 than in 2018, though the net annual surplus was lower in the 2010 report. See Table 3 in the attached F&E Report for a full breakdown and comparison of Transportation Revenue and Expenditure at CP/HPS2 buildout.

- **Job Generation: 28,000 new jobs (using “multiplier effect”)**

At full buildout, EPS estimates that the employment-generating uses within the CP/HPS2 Project will provide approximately 15,763 jobs across a broad range of industries and occupations, up from the 9,834 jobs assumed in 2010. R&D/Office uses account for 11,000 of these jobs, with retail providing approximately 2,700 jobs. The remaining 2000+ jobs are associated with the Maker spaces, institutional uses, film and art center, hotels, and other uses. In addition, the CP/HPS2 Project will create “indirect” jobs in industries which support the new businesses located at CP/HPS2, and “induced” jobs created when the new workers spend money in the community. This is called the “multiplier effect” of new employment. The estimate for the total number of jobs generated rises to approximately 28,000. The total number jobs using the multiplier effect was estimated at 22,000 in 2010. See Table 4 for a full breakdown and comparison of Ongoing Employment at Project buildout.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

On June 3, 2010, the SFRA Commission and the San Francisco City Planning Commission, acting as co-lead agencies, prepared and certified the Final Environmental Impact Report for the CP/HPS2 Project (“Project FEIR”) in compliance with the California Environmental Quality Act (“CEQA”). On the same date, both co-lead agencies adopted findings pursuant to CEQA (“CEQA Findings”), including findings regarding the alternatives, mitigation measures and significant environmental effects analyzed in the Project FEIR, a statement of overriding considerations and a mitigation monitoring and reporting program for the CP/HPS2 Project. On July 14, 2010, the Board of Supervisors affirmed the certification of the FEIR and adopted CEQA Findings.

Subsequent to the certification of the Project FEIR, the Commission approved certain changes to the CP/HPS2 Project supported by Addendum No. 1 and Addendum No. 4. Addendum No. 1 addressed changes to the schedules for implementation of transportation system improvements in the Transportation Plan, including the Transit Operating Plan, the Infrastructure Plan and other public benefits; and minor proposed revisions in two adopted mitigations measures, TR-16 Widen Harney Way, and UT-2 Auxiliary Water Supply System. Addendum No. 4 addressed modifications to the approved Candlestick Point Design for Development, Schedule of Performance, the Candlestick Point Infrastructure Plan, the Candlestick Point Hunters Point Shipyard Phase II Transportation Plan, and proposed revisions to two adopted mitigation measures TR-16 Widen Harney Way, and TR-23.1 Maintain the Proposed Headways of the 29-Sunset. (Addenda Nos. 2 and 3 analyzed proposed changes to the Project, which are no longer being pursued).

OCII, in consultation with the Planning Department, has prepared Addendum No. 5, dated April 9, 2018 (Attachment 20). Addendum No. 5 evaluates the potential environmental effects of proposed amendments to the Hunters Point Shipyard and Bayview Hunters Point Redevelopment Plans; the Hunters Point Shipyard Phase 2 Design for Development; the Disposition and Development Agreement (Hunters Point Shipyard Phase 1) and its related documents; the Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard) and its related documents, including the Infrastructure Plan; the Parks, Open Space, and Habitat Concept Plan Candlestick Point and Hunters Point Shipyard Phase II; the Sustainability Plan Briefing Document Update Candlestick Point/Hunters Point Shipyard; the Below-Market Rate Housing Plan; the Community Benefits Plan; the Phasing Plan and Schedule of Performance, Design Review and Document Approval Procedure, the Candlestick Point Hunters Point Shipyard Phase II Transportation Plan; all of the above collectively referred to in Addendum No. 5 as the 2018 Modified Project Variant.

Addendum No. 5 also recommends modifications to 16 adopted mitigation measures. Addendum No. 5 concludes that the 2018 Modified Project Variant are within the scope of the Project analyzed in the Project FEIR and will not result in any new significant impacts or a substantial increase in the severity of previously identified significant effects that alter the conclusions reached in the Project FEIR.

Based on the analysis in Addendum No. 5, OCII concludes that the analyses conducted and the conclusions reached in the Project FEIR on June 3, 2010, remain valid and the proposed Plan Amendments, the Design for Development and other document revisions included in the 2018 Updated Program, and including the proposed amendments to the Mitigation Measures, will not cause new significant impacts not identified in the Project FEIR, or substantially increase the severity of previously identified significant impacts, and no new mitigation measures will be necessary to reduce significant impacts. Further, as described in Addendum No. 5, no Project changes have occurred, and no changes have occurred with respect to circumstances surrounding the proposed Project that will require major revisions of the FEIR due to the involvement of new significant effects or a substantial increase in the severity of previously identified significant effects, and no new information has become available that shows that the Project will cause new or more severe significant environmental impacts.

Therefore, staff recommends that the Commission make CEQA Findings that state that no subsequent or supplemental environmental review is required under CEQA beyond Addendum No. 5, and that determine that the actions identified as the 2018 Modified Project Variant in Addendum No. 5 are within the scope of the Project analyzed in the Project FEIR and require no further environmental review beyond the Project FEIR pursuant to CEQA and CEQA Guidelines Sections 15180, 15162, and 15163.

PUBLIC REVIEW AND COMMUNITY OUTREACH

The proposed changes to the land use program for the CP/HPS2 Project were subject to the following community input.

- On August 10, 2017, presented to the Hunters Point Shipyard CAC Planning, Development and Finance Subcommittee on the proposed HPS/CP Project updates;
- On October 16, 2017, hosted a Community Open House and presentation in conjunction with the Hunters Point Shipyard Citizens Advisory Committee on the HPS/CP Project updates;
- On November 9, 2017, presented to the Hunters Point Shipyard Planning, Development and Finance CAC Subcommittee on the updated Parks and Open Space Plan;
- On November 13, 2017, presented to the Hunters Point Shipyard Citizens Advisory Committee on the updated Parks and Open Space Plan;
- On January 27, 2018, hosted a Community Open House on the HPS/CP Project updates;
- On February 8, 2018, presented to the Hunters Point Shipyard Planning, Development and Finance CAC Subcommittee on the proposed HPS/CP Project updates;
- On March 6, 2018, presented to the Park, Recreation and Open Space Advisory Committee on the updated Parks and Open Space Plan;
- On March 15, 2018, presented to the Recreation and Park Commission on the updated Parks and Open Space Plan;
- On March 15, 2018, presented to the Hunters Point Shipyard CAC Housing Subcommittee on the updated Below-Market-Rate Housing Plan;
- On March 15, 2018, presented to the Hunters Point Shipyard Business and Employment CAC Subcommittee on the Building 813, Maker Space, and Community Facilities Space proposal.
- On March 20, 2018, presented an informational workshop to the Commission on Community Investment and Infrastructure.
- On March 21, 2018, presented to the Historic Preservation Committee on the potential adaptive re-use of legacy Navy buildings;
- On March 22, 2018, presented to the Planning Commission on the CPHPS2 Project updates;
- On March 23, 2018, presented to SFMTA Policy and Governance Subcommittee on the updated Transportation Plan;
- On April 2, 2018 and April 9, 2018, presented to the full Hunters Point Shipyard Housing CAC on the 2018 Updated Program;
- On April 10, 2018, a presented to the MTA Citizen Advisory Council's Operation and Transit Services Subcommittee on the updated Transportation Plan.

CAC Review and Comments

As noted above, the Developer presented the proposed project changes to the Hunters Point Shipyard CAC through a variety of informational workshops at sub-committee and full CAC meetings. The full CAC took final approval action on April 9, 2018. At that meeting, some CAC members, as well as members of the public, expressed that

there was not adequate time given to review the large volume of documents, which were sent at the end of the previous week. Other CAC members and members of the public stated that the months of workshops and the previous weekend was sufficient time to adequately review the material, and that further delay was unwarranted. Of the members present, seven voted to recommend approval of the project changes, three voted against the action, and one member abstained.

CONCLUSION & NEXT STEPS

The Developer has worked closely with staff from OCII and numerous City departments, and has conducted public outreach to solicit feedback from the community and is now proposing a development program that will result in a thriving mixed-use community, one that will allow the CP/HPS2 Project and the neighborhood to take part in the City and the region in the expanding economy of the City and the region.. The updated development program supports the following five key principles:

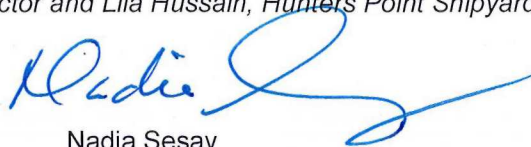
- A more integrated community that provides a greater mixes of uses, including institutional (e.g. schools), an expanded retail offering including Maker Space, and hotel uses. The addition of institutional uses provides new learning opportunities for students, while Maker Space will provide much needed facilities for San Francisco's creative class;
- A more diverse and robust mix of uses which will facilitate increased job generation;
- A new urban grid that reinforces HPS Phase 2's historic and industrial fabric and allows for greater potential to retain and adaptively re-use legacy buildings;
- A re-imagining of parks and open space to include the Green Room and Water Room, which will provide a backdrop to urban life; and
- The incorporation of best practice green infrastructure.

Importantly, the proposed land use program retains its commitment to affordable housing, with approximately 32% of dwellings units at the Candlestick Site and HPS Phase 2 still planned as below-market rate housing. In addition to direct investments in affordable housing, the CP/HPS2 Project will generate substantial property tax increment revenues for affordable housing in the City.

Next Steps

To implement the 2018 Updated Program, a series of actions are required to approve the changes to the Redevelopment Plans, the CP/HPS2 DDA and its Exhibits, the Phase 2 D4D, and the Phase 1 DDA. Upon Commission approval of the requested actions, staff will proceed to seek necessary approval actions from the Planning Commission, the Municipal Transportation Agency Board, the Oversight Board, the Board of Supervisors, the California Department of Finance, and the State Lands Commission.

(Originated by Sally Oerth, Deputy Director and Lila Hussain, Hunters Point Shipyard Project Manager)



Nadia Sesay
Executive Director

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Attachment 2:	Land Use Comparison Table
Attachment 3a:	HPS Redevelopment Plan Amendment – Description of Changes
Attachment 3b:	HPS Redevelopment Plan Amendment
Attachment 3c:	Report to the Board on the HPS Plan Amendment
Attachment 4a:	BVHP Redevelopment Plan Amendment – Description of Changes
Attachment 4b:	BVHP Redevelopment Plan Amendment
Attachment 4c:	Report to the Board on the BVHP Plan Amendment
Attachment 5a:	Third Amendment to the CP/HPS2 DDA – Description of Changes
Attachment 5b:	Third Amendment to the CP/HPS2 DDA
Attachment 6a:	Proposed Development Plan – Description of Changes
Attachment 6b:	Proposed Development Plan (CP/HPS2 DDA Ex A-B-B as of 2018)
Attachment 7a:	Phasing Plan – Description of Changes
Attachment 7b:	Phasing Plan
Attachment 8a:	Schedule of Performance – Description of Changes
Attachment 8b:	Schedule of Performance
Attachment 9a:	DRDAP – Description of Changes
Attachment 9b:	DRDAP
Attachment 10a:	BMR Housing Plan – Description of Changes
Attachment 10b:	BMR Housing Plan Amendments
Attachment 11a:	Community Benefits Plan – Description of Changes
Attachment 11b:	Community Benefits Plan Amendments
Attachment 12a:	Financing Plan – Description of Changes
Attachment 12b:	Financing Plan Amendments
Attachment 13a:	Infrastructure Plan – Description of Changes
Attachment 13b:	Infrastructure Plan
Attachment 14a:	Parks & Open Space Plan – Description of Changes
Attachment 14b:	Parks & Open Space Plan
Attachment 15a:	Sustainability Plan – Description of Changes
Attachment 15b:	Sustainability Plan
Attachment 16a:	Transportation Plan – Description of Changes
Attachment 16b:	Transportation Plan
Attachment 17a:	HPS Phase 2 Design for Development – Description of Changes
Attachment 17b:	HPS Phase 2 Design for Development
Attachment 18a:	Seventh Amendment to the HPS Phase 1 DDA – Description of Changes
Attachment 18b:	Seventh Amendment to the HPS Phase 1 DDA
Attachment 19:	Draft Fiscal and Economic Impact Report
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Attachments to the Memo for Agenda Item Nos. 5(b) through 5(g)
Meeting Date of April 17, 2018

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