

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 16-2018

ADOPTING FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AUTHORIZING A THIRD AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT (CANDLESTICK POINT AND PHASE 2 OF THE HUNTERS POINT SHIPYARD) WITH CP DEVELOPMENT CO., LLC, SUBJECT TO THE APPROVAL OF THE OVERSIGHT BOARD OF THE CITY AND COUNTY OF SAN FRANCISCO AND THE CALIFORNIA DEPARTMENT OF FINANCE; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA AND BAYVIEW HUNTERS POINT REDEVELOPMENT PROJECT AREA

- WHEREAS, In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code, section 33000 et seq. the “CRL”), the Redevelopment Agency of the City and County of San Francisco (the “**Former Agency**”) undertook programs for the reconstruction and construction of blighted areas in the City and County of San Francisco (“**City**”), including the Bayview Hunters Point Redevelopment Project Area (“**BVHP Project Area**”) and the Hunters Point Shipyard Redevelopment Project Area (“**HPS Project Area**”); and,
- WHEREAS, The Board of Supervisors of the City and County of San Francisco (“**Board of Supervisors**”) adopted the Hunters Point Shipyard Redevelopment Plan (“**HPS Plan**”) on July 14, 1997 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; and,
- WHEREAS, On May 23, 2006, the Board of Supervisors amended the Bayview Hunters Point Redevelopment Plan (“**BVHP Plan**”) by Ordinance No. 113-06, on August 3, 2010 by Ordinance No. 210-10, and June 22, 2017 by Ordinance No. 123-17; and,
- WHEREAS, In June 2008, San Francisco voters approved the Bayview Jobs, Parks, and Housing Initiative (“**Proposition G**”), which established goals, objectives, and policies to encourage the timely and coordinated redevelopment of the Candlestick Point portion of the BVHP Plan and Phase 2 of the HPS Plan area. Proposition G also authorized the transfer of City land at Candlestick Point for non-recreational uses subject to certain requirements including that Developer provide a binding obligation to create new public park or public open space, at least equal in size to the land being transferred; and,
- WHEREAS, In furtherance of Proposition G, on June 3, 2010, the Former Agency Commission took several actions approving (or recommending for approval of) a program of development for approximately 702 acres of land comprised of Zone 1 of Project Area B of the BVHP Project Area (the “**Candlestick Site**”) and Phase 2 of the HPS

Project Area (the “**Shipyard Site**”, and collectively the “**CP/HPS2 Project**”), including a Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard) by and between the Former Agency and CP Development Co., LP (“**Developer**”) (including all related binding plans and agreements attached to or referenced in the text thereof, the “**DDA**”); and,

WHEREAS, The DDA is a binding contractual agreement that provides for the transfer of land from the Former Agency to Developer, the rights and obligations of Developer and Successor Agency relating to the construction of specified improvements, and the financing mechanisms for completing the CP/HPS2 Project. The DDA establishes a comprehensive set of enforceable obligations that collectively govern the completion of the CP/HPS2 Project; and,

WHEREAS, Pursuant to California Health and Safety Code §§ 34170 et seq. (the “**Dissolution Law**”), the Former Agency was dissolved as of February 1, 2012; and,

WHEREAS, 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, herein “**Successor Agency**” or “**OCII**”) is completing the enforceable obligations of the Former Agency with regard to the HPS and BVHP Project Areas, including implementation of the CP/HPS2 Project, under the authority of the CRL as amended by the Dissolution Law, and under San Francisco Ordinance No. 215- 12 (Oct. 4, 2012) (establishing the Successor Agency Commission (“**Commission**”) and delegating to it state authority under the Dissolution Law); and,

WHEREAS, On December 14, 2012, the California Department of Finance determined “finally and conclusively” that the DDA and tax allocation pledge agreements, including the affordable housing programs, are enforceable obligations under the Dissolution Law; and,

WHEREAS, The DDA contemplates two development alternatives for the CP/HPS2 Project, primarily distinguished by the presence or absence of a football stadium within the Shipyard Site. The 49ers elected to construct a new football stadium outside of the CP/HPS2 Project and in 2014 terminated the 49ers Lease. Accordingly, the Parties are proceeding with development of the Non-Stadium Alternative under the DDA; and,

WHEREAS, Recognizing the complexity of the CP/HPS2 Project, the DDA provides OCII and Developer with a process to make changes to the phasing and other elements of the CP/HPS2 Project. In 2013, OCII and Developer agreed to revise the phasing as a result of a delay in the schedule of the transfer of U.S. Navy parcels to OCII at Hunters Point Shipyard and the decision of the San Francisco 49ers to vacate Candlestick Park earlier than originally contemplated (approved by Oversight Board Resolution No. 16-2012, dated December 10, 2012). In 2014 OCII and Developer agreed to further revise the phasing of the CP/HPS2 Project to accommodate the early transfer of the former Candlestick Stadium site from OCII

to Developer (approved by Oversight Board Resolution No. 08-2014 on September 22, 2014); and,

WHEREAS, Transfer of the majority of the CP/HPS2 Project within the HPS Project Area (the “**Shipyard Site**”) has been delayed to allow the U.S. Navy to perform additional testing and remediation actions within the Shipyard Site, and Developer has used this delay to re-envision the program of development for the Shipyard Site in collaboration with a world-renown architectural team; and,

WHEREAS, The parties now propose a third amendment to the DDA (“**Third Amendment**”) to amending the Non-Stadium Alternative development program for the CP/HPS2 Project (the “**Updated Program**”), which generally includes: (a) redistribution of total planned residential units between the Shipyard Site and the Candlestick Site; (b) reallocation to the CP/HPS2 Project of 172 residential units and up to 71,000 square feet of commercial space planned for but unbuilt within Phase 1 of the HPS Project Area; (b) increase in research and development and office space at the Shipyard Site to 4,265,000 square feet; (c) addition at the Shipyard Site of 120,000 square feet of hotel use and 410,000 square feet of institutional uses; and (d) increase in retail space at the Shipyard Site to 401,000 square feet; and,

WHEREAS, As authorized in the Third Amendment, the overall CP/HPS2 Project would include 10,672 new homes, comprised of 10,500 units originally contemplated for the CP/HPS2 Project and the additional 172 relocated units initially planned for Phase 1 of the HPS Project Area. Of these 10,672 units, (a) up to 3,454 units will be located on the Shipyard Site and up to 7,218 units will be located on the Candlestick Site; (b) up to 3,345 units will be affordable units (including units to be developed by OCII), which maintains the current requirement that approximately thirty-one and eight-six hundredths percent (31.86%) of the 10,500 units originally contemplated for the CP/HPS2 Project be affordable units; and (c) 18 of the additional 172 units relocated from HPS Phase 1 will be below-market rate units; and,

WHEREAS, Also as authorized in the Third Amendment, the overall CP/HPS2 Project will include approximately 337.7 acres of public park and open space improvements and 8.1 acres of privately owned, publicly accessible open spaces, up to 1,161,000 square feet of regional and neighborhood-serving retail space and maker space, up to 255,000 square feet of new and renovated replacement space for the Shipyard artists and a new arts center, 100,000 square feet community use space, up to 410,000 square feet of institutional uses (including educational institutions), up to 270,000 square feet of hotel space, up to 4,415,000 square feet of research and development and office space, 75,000 square feet of film arts/performance/event space, and a marina and water taxi facilities; and,

WHEREAS, As part of the Third Amendment, the parties to the DDA also propose conforming amendments to several of the plans included in the DDA, including the Development Plan for the Non-Stadium Alternative, the Phasing Plan and Schedule of Performance, the Design Review and Document Approval Procedure

(“**DRDAP**”), the Below-Market Rate Housing Plan, the Community Benefits Plan, the Financing Plan, the Infrastructure Plan, the Parks and Open Space Plan, the Sustainability Plan, and the Transportation Plan (collectively, the “**Amended Plans**”); and,

WHEREAS, The Third Amendment maintains Developer’s right to develop the CP/HPS2 Project in Major Phases (as defined in the DDA), and within each Major Phase, in a series of Sub-Phases (as defined in the DDA), but the Third Amendment revises the boundaries of these Major Phases and Sub-Phases, reduces the number of Major Phases at both the Shipyard Site and the Candlestick Site from four (4) Major Phases to three (3) Major Phases, and reduces the number of Sub-Phases at the Shipyard Site from seventeen (17) Sub-Phases to six (6) Sub-Phases and to reduce the number of Sub-Phases at the Candlestick Site from eighteen (18) Sub-Phases to seventeen (17) Sub-Phases. The Third Amendment maintains linkages between Developer’s build-out of Major Phases and Sub-Phases, and Developer’s obligations to complete the parks, transportation and other infrastructure required for that build-out, and to deliver affordable housing parcels and other public benefits corresponding to that build-out. The revised Major Phases and Sub-Phases continue to be designed to ensure that Developer satisfies its public benefit obligations regarding parks, affordable housing, and other community benefits proportionately along with the construction of market rate development; and,

WHEREAS, The Third Amendment proposes the construction of an 8.1-acre, privately owned, publicly accessible open space known as the Green Room within the Shipyard Site, which space is intended to provide both passive and active uses to residential and commercial users within the Shipyard Site. The Third Amendment also maintains the provision of small-scale, privately owned but publicly accessible pedestrian mews within development blocks, known as mid-block breaks, which provide areas of passive recreation, respite and mobility within the larger blocks on the Shipyard Site. Developer is required to construct both the mid-block breaks and the Green Room, and will ensure that these spaces are owned and maintained by a master association with the ability to make assessments against its members for their perpetual maintenance; and,

WHEREAS, The Third Amendment modifies the calculation of costs reimbursable to OCII by Developer, providing an increase in such reimbursement; and,

WHEREAS, The Third Amendment allows the Agency to require Developer to enter into an agreement to recover property taxes to the extent portions of the CP/HPS2 Project site are sold or leased to entities otherwise exempt from payment of property taxes; and,

WHEREAS, The Third Amendment would amend the Below-Market Rate Housing Plan (“**BMR Plan**”) included in the DDA to allow, at Developer’s discretion, a 100% affordable 105-unit residential project (104 BMR units plus one manager’s unit) for residents aged 62 and over at 60% AMI and below, to be located within Sub-Phase CP-02 in the Candlestick Site (the “**CP-02 Senior BMR Project**”). As a result, market-rate

residential projects within the CP/HPS2 Project area would be allowed to credit units with the CP-02 Senior BMR Project against otherwise applicable Inclusionary Unit requirements, however the CP-02 Senior BMR Project would be constructed prior to or at the same time as the CP-02 Market Rate Project, therefore accelerating the delivery of Inclusionary Units with deeper affordability than was previously allowed in the BMR Plan. The BMR Plan is also being amended to require that 10.5% of the 172 residential units relocated from HPS Phase 1 be affordable at 80% AMI. Finally, the BMR Plan is being modified to provide Certificate of Preference holders priority for parking spaces in Inclusionary Units in Residential Projects with less than 1 parking space for every unit; and,

WHEREAS, The DDA requires that OCII convey to Developer all real property it owns (or acquires) within each Sub-Phase upon the OCII's approval of Developer's application for that Sub-Phase, with the exception of property to be retained by a public entity (defined as Public Property in the DDA). As reflected in the Community Benefits Plan, the Former Agency at one time intended to retain a former Navy property within the Shipyard Site, referred to as Building 813, to be rehabilitated, jointly with the City, for use as a center for business incubation. However, neither OCII nor the City intend to pursue this use for Building 813, which would entail substantial public investment for the rehabilitation and conversion of the building and for operations thereafter, funding for which is not available. Accordingly, the Third Amendment clarifies that Building 813 is no longer being retained as Public Property as defined in the DDA, and will instead be conveyed to Developer for development of the CP/HPS2 Project similar to all other former Navy property within the Shipyard Site; and,

WHEREAS, Like all other former Navy property at the Shipyard Site to be conveyed to Developer, conveyance of Building 813 would provide a benefit to the taxing entities given that its commercial reuse in accordance with the HPS Plan would increase the amount of tax revenues to the taxing entities by rehabilitating an otherwise chronically dilapidated building without public expenditure; and,

WHEREAS, The Third Amendment would amend the Community Benefits Plan as follows: (a) in place of the Former Agency's intention to establish a center for business incubation, Developer will instead: (i) construct to a high level of interior finishing (referred to as "warm shell") the 65,000 square feet of Community Facilities Space being provided by Developer as an existing obligation, which will decrease start-up costs required of community-based tenants intending to use these Spaces, and to require Developer to identify community-based tenants for these Spaces pursuant to a marketing plan that focuses on residents and businesses located in the BVHP area; and (ii) identify 75,000 square feet of retail within the Shipyard Site that it will lease (or require successors to lease) as maker space (generally considered to be small-scale production spaces), and requires Developer to undertake marketing efforts for these spaces targeting maker uses, including efforts focused on the BVHP community; and (b) establish an obligation for Developer to submit bi-annual reports on its progress under the Community Benefits Plan; and,

- WHEREAS, The Third Amendment was presented to the Mayor's Hunters Point Shipyard Citizens Advisory Committee Planning and Development subcommittee on March XX, 2018, and to its full committee on April 2, 2018 and April 9, 2018, and received its recommendation for approval; and,
- WHEREAS, The DDA, as amended, will continue to benefit the taxing entities because it will increase the amount of revenues to the taxing entities by enhancing and promoting the development of the CP/HPS2 Project, facilitate the revitalization of the community and encourage further investment in the area, and generate employment opportunities throughout the CP/HPS2 Project area; and,
- WHEREAS, On April 17, 2018, the Commission adopted Resolution No. XX-2018, by which the Commission determined that the Final EIR (therein defined), together with further analysis provided in Addendum No. 1, Addendum No. 4 and Addendum No. 5, remain adequate, accurate, and objective and in compliance with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) ("**CEQA**") and the CEQA Guidelines (14 California Code of Regulations Sections 15000 et seq.); and,
- WHEREAS, The environmental effects of the Third Amendment have been analyzed in the environmental documents, which are described in Agency Resolution No. XX-2018. Copies of the environmental documents are on file with the Agency; now, therefore, be it:
- RESOLVED, That the Commission hereby finds that the Third Amendment is included in the actions identified in Resolution XX-2018 for purposes of compliance with CEQA; and be it further
- RESOLVED, That in Resolution No. XX-2018, adopted on April 17, 2018, the Commission adopted findings that various actions facilitating modification of the CP/HPS2 Project, including the Third Amendment, were in compliance with CEQA. Said findings are on file with the Commission Secretary and are incorporated herein by reference. Said findings are in furtherance of the actions contemplated in this Resolution and are made part of this Resolution by reference herein; and be it
- RESOLVED, That the Commission approves the Third Amendment substantially in the form lodged with the Commission Secretary, subject to Oversight Board and DOF approval as required under the Dissolution Law; and be it further
- RESOLVED, That the Commission approves the Amended Plans substantially in the form lodged with the Commission Secretary, subject to Oversight Board and DOF approval of each as required under the Dissolution Law, and subject to approval by those City bodies having jurisdiction over the Amended Plans; and be it further
- RESOLVED, That the Commission authorizes the OCII Executive Director, prior to execution, to make changes and take any and all steps, including but not limited to the attachment of exhibits and the making of corrections, as necessary or appropriate to consummate the Third Amendment and Amended Plans, provided, however, that

such changes and steps do not materially increase the burdens and responsibilities of OCII or materially decrease the benefits to OCII from the Third Amendment or the Amended Plans; and be it further

RESOLVED, That the Commission authorizes the OCII Executive Director to take all actions as may be necessary or appropriate, to the extent permitted under applicable law and under the Third Amendment and Amended Plans, to effectuate OCII's performance thereunder.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of April 17, 2018.

Commission Secretary