

1 [Endorsing a Finance Plan for the Redevelopment of Candlestick Point and the Hunters Point
2 Shipyard.]

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4 **Resolution endorsing a Finance Plan for a proposed mixed-use development on**
5 **Candlestick Point and Hunters Point Shipyard.**

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7 WHEREAS, In 2007, the Redevelopment Agency of the City and County of San
8 Francisco (the "Agency") and the City and County of San Francisco (the "City") began a new,
9 integrated planning effort for the revitalization of both the Hunters Point Shipyard (the
10 "Shipyard") and Candlestick Point, which resulted in the adoption of a Conceptual Framework
11 for Development (the "Conceptual Framework"). The Conceptual Framework called for a
12 mixed-use project on the two sites to provide, among other things, much needed parks and
13 open space, new business and employment opportunities, new housing, including significant
14 affordable housing, a site for a new 49ers sports stadium, and other economic and public
15 benefits; and,

16 WHEREAS, The Conceptual Framework was endorsed by the Agency on May 1, 2007,
17 and by the Board of Supervisors on May 15, 2007 (Resolution No. 264-07; File No. 070544);
18 and,

19 WHEREAS, In June 2008, the San Francisco voters overwhelmingly approved
20 Proposition G, the "Mixed Use Development Project for Candlestick Point and Hunters Point
21 Shipyard." Proposition G made it City policy to proceed, subject to public input and the
22 environmental review process, with revitalizing Candlestick Point and the Shipyard through an
23 integrated mixed-use development project (the "Project") that includes, among other things,
24 over 300 acres of public park and open space, between 8,500 and 10,000 homes, and
25 significant retail, industrial and green office, science and technology, research and

1 development space. Proposition G also made it City policy that the Project be consistent with
2 certain defined objectives, including requiring that the Project be financially sound; and,

3 WHEREAS, City and Agency staff have been working diligently with Lennar BVHP, a
4 California limited liability company, and its affiliates and consultants on the planning,
5 community review, environmental review, and related predevelopment matters associated
6 with the Project in accordance with the Conceptual Framework and Proposition G, under an
7 exclusive negotiations and planning agreement (the "Phase 2 ENA") approved by the Agency
8 on May 1, 2007 (Agency Resolution No. 42-2007); and,

9 WHEREAS, The Phase 2 ENA required the Developer to bring on additional partners
10 with expertise in retail, infrastructure, research & development and/or biotech, as well as
11 additional equity partners with the financial capacity to ensure that the development of the
12 Project site can expeditiously proceed through all predevelopment and development phases
13 notwithstanding fluctuations in the marketplace (the "Partner Requirement", as defined in the
14 Phase 2 ENA); and,

15 WHEREAS, On August 19, 2008, the Agency confirmed the Developer's satisfaction of
16 the Partner Requirement with the addition of Kimco Developers, Inc. and MACTEC
17 Development Corporation as key strategic partners in the areas of retail and infrastructure,
18 respectively, and the addition of affiliates of Scala Real Estate Partners, LP, Hillwood
19 Development Company, LLC and Estein & Associates USA Ltd. as key equity partners
20 (Agency Resolution No. 86-2008); and,

21 WHEREAS, Both Proposition G and the Conceptual Framework provide specific
22 guidance on an appropriate financing plan for the Project, including without limitation the
23 following: (i) the Project financing should rely on private capital and land secured tax exempt
24 financing, such as tax increment and Mello-Roos bonds, that leverages private investment
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1 and minimizes adverse impacts to the City's General Fund; (ii) the Project must be financially
2 feasible and provide a risk adjusted market rate of return to the Developer to support the
3 required investment of private capital in the Project and the transaction structure should
4 simultaneously prioritize the delivery of the Project's core public benefits like parks, jobs and
5 affordable housing, and (iii) except with regard to the use of the citywide Affordable Housing
6 Fund, the Project should not use property tax increment generated from any part of a
7 redevelopment area outside of the Project site to finance the construction of improvements
8 within the Project site; and,

9 WHEREAS, In accordance with the Phase 2 ENA, the Developer has prepared a
10 finance plan, a copy of which is attached can be found in Board File No. _____ (the
11 "Finance Plan"). The Finance Plan was endorsed by the Bayview Hunters Point Project Area
12 Committee and the Hunters Point Shipyard Citizens' Advisory Committee at a joint meeting on
13 October 20, 2008, and by the Agency on October 27, 2008 (Agency Resolution No. 130-
14 2008); and,

15 WHEREAS, The Finance Plan is not a binding agreement that commits the Agency or
16 the City to proceed with the approval or implementation of the Project, but it outlines the
17 financial terms on which the Agency, the City, and the Developer will negotiate in good faith to
18 reach agreement on the final transaction documents for the Project. Consistent with the
19 Conceptual Framework and Proposition G, the Finance Plan demonstrates that the Project
20 can be self-sufficient – meaning that the Project can be financed with Developer equity and
21 certain forms of tax-exempt financing from the Project itself such as Mello Roos and property
22 tax increment financing, and that the City's General Fund will not pay for the infrastructure and
23 capital needs of the Project. As set forth in the Finance Plan, the total Project cost is
24 expected to exceed \$2 billion; and,

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1 WHEREAS, The Finance Plan includes a summary of the sources and uses of funds, a
2 cash flow proforma analysis, a general description of the proposed transaction structure, a
3 description of the Project, key financial terms for a new 49ers stadium, and a letter from
4 CBRE Consulting, Inc. and C.H. Elliott & Associates validating certain financial assumptions;
5 and,

6 WHEREAS, The Project, as ultimately proposed by the Agency, the City, and the
7 Developer, will be subject to a process of thorough public review and input and all necessary
8 and appropriate approvals; that process must include environmental review under the
9 California Environmental Quality Act ("CEQA") before the Agency or the City may consider
10 approving the Project; the Project will require discretionary approvals by a number of
11 government bodies after public hearings and environmental review, including by the Agency
12 Commission and the City's Board of Supervisors; the Project also may require approval by
13 various State agencies, such as the State Park and Recreation Commission, Bay
14 Conservation and Development Commission, and State Lands Commission; and the Project
15 may require amendments to the Shipyard and Bayview Hunters Point Redevelopment Plans,
16 in accordance with the procedural and substantive requirements of the California Community
17 Redevelopment Law; and,

18 WHEREAS, Nothing in this resolution commits, or shall be deemed to commit, the City,
19 the Agency, or any other public agency to approve or implement any project, and they may
20 not do so until environmental review of the proposed project as required under CEQA has
21 been completed; accordingly, the references to "the Project" (or the like) in this resolution
22 mean a proposed project subject to future environmental review and consideration by the City,
23 the Agency, and other public agencies; further, the City, the Agency, and any other public
24 agency with jurisdiction over any part of the Project each shall have the absolute discretion
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1 before approving the Project to: (i) make such modifications to the Project as may be
2 necessary to mitigate significant environmental impacts; (ii) select other feasible alternatives
3 to avoid or substantially reduce significant environmental impacts; (iii) require the
4 implementation of specific measures to mitigate any specific impacts of the Project;
5 (iv) balance the benefits of the Project against any significant environmental impacts before
6 taking final action if such significant impacts cannot otherwise be avoided; or (v) determine
7 whether or not to proceed with the Project; now, therefore, be it

8 RESOLVED, That the Board of Supervisors endorses the Finance Plan, and urges City
9 staff, including the Office of Economic and Workforce Development, the Planning Department,
10 and the Recreation and Park Department, together with Agency staff, to continue with the
11 environmental review and planning for the Project and the negotiation of transaction
12 documents consistent with the Conceptual Framework, Proposition G and the Finance Plan;
13 and, be it

14 FURTHER RESOLVED, That any and all actions taken by City staff consistent with this
15 intent of this Resolution are hereby ratified and approved.

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