COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 27-2024
Adopted September 3, 2024

ADOPTING FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AUTHORIZING A FOURTH 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, on June 22, 2017 by Ordinance No. 122-17, and on July 16, 2018 by Ordinance No. 0166-18; 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, on June 22, 2017 by Ordinance No. 123-17, and on July 16, 2018 by Ordinance No. 0166-18; 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., LLC ("**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 Successor Agency and Developer (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, The DDA was amended by that certain First Amendment to Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard), dated as of December 20, 2012, ("**First Amendment**"), as further amended by that certain Second Amendment to Disposition and Development Agreement (Candlestick Point and Phase 2 of the Hunters Point Shipyard), dated as of December 1, 2014 ("**Second Amendment**"), and as further amended by that certain Third Amendment to Disposition and Development Agreement

(Candlestick Point and Phase 2 of the Hunters Point Shipyard), dated as of August 10, 2018 ("**Third Amendment**") (collectively, the "**DDA**"); 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,

WHEREAS, Commencing in May 2018, the Excusable Delay provisions of the DDA became applicable to all dates in the Schedule of Performance for the Shipyard Site because of the ongoing Navy parcel transfer delays that were not in the control of the Developer. As a result, all dates in the Schedule of Performance for the Shipyard Site are no longer applicable given the severity of the ongoing delays; and,

WHEREAS, On September 13, 2023, the Governor signed into law Senate Bill 143 (2023) ("**SB 143**") which amended Health & Safety Code section 34177.7 to add subdivision (j) which states that "the limitations relating to time for establishing loans, advances, and indebtedness, the effectiveness of the redevelopment plans, the time to repay indebtedness, the time for applying tax increment, the number of tax dollars, or any other matters set forth in Section 33333.2 and Section 33492.13 shall not apply" to the Project. SB 143 provides that the applicable time limits for establishing loans, advances, and indebtedness, the effectiveness of the redevelopment plans, the time to repay indebtedness and receive property taxes will be established in the Project agreements. SB 143 further clarified that Redevelopment Dissolution Law does not "limit the receipt and use of property tax revenues generated from the HPS Redevelopment Plan project area or Zone 1 of the BVHP Redevelopment Plan project area" in connection with the Project; and,

WHEREAS, The Parties now propose a fourth amendment to the DDA ("**Fourth Amendment**") to amend the Non-Stadium Alternative development program for the CP/HPS2 Project (the "**Updated Program**"), which generally includes: (a) increase in research and development and office space at the Candlestick Site to 2,800,000 square feet; (b) decrease in research and development and office space at the Shipyard Site to 2,096,500 square feet; and (c) as described below, increases in the time limits for the redevelopment program, the incurrence of indebtedness, and the receipt of property tax revenue to repay the indebtedness. The Updated Program will facilitate the development of Candlestick Center as an "Innovation District" which is envisioned as a place that focuses on innovation, entrepreneurship, advancing employment generating uses, and flexible and harmonious integration of land uses, including with adjacent residential uses; and,

WHEREAS, The Fourth Amendment does not change the number of residential units contemplated in the overall CP/HPS2 Project, which would continue to include up to 10,672 new homes. Of these 10,672 units, 3,454 units are allocated to the Shipyard Site and 7,218 units are allocated to the Candlestick Site. The Fourth Amendment also does not change 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 18 of the additional 172 units relocated from HPS Phase 1 will be below-market rate units; and,

WHEREAS, The Fourth Amendment maintains Developer's right to develop the CP/HPS2 Project in Major Phases (as defined in the DDA), but the Fourth Amendment eliminates Sub-Phases and the Sub-Phase Application and Approval process which is duplicative with the Major Phase process. The elimination of Sub-Phase process will streamline the planning review process to help advance development of the Project. Major Phase Applications will continue to be submitted to the Hunters Point Shipyard Citizens Advisory Committee ("**CAC**") for review and consideration and will continue to be subject to approval by the Commission; and,

WHEREAS, The Fourth Amendment would also implement SB 143 by establishing new time limits related to the completion of the CP-HPS2 Project; and,

WHEREAS, In connection with the development of the Candlestick Site, the Fourth Amendment establishes the following time limits: (a) the time limit for establishing loans, advances, and indebtedness in connection with Zone 1 of Project Area B shall be 30 years from the 2024 Plan Amendment Date (defined in the BVHP Plan as the date on which the Board of Supervisors ordinance adopting the amendments to the BVHP Plan becomes effective); and (b) the time limit to repay indebtedness and receive property taxes for Zone 1 of Project Area B shall be 45 years from the 2024 Plan Amendment Date. Solely for the purpose of using property tax revenues generated from Zone 1 of the BVHP Project Area to fund Qualified Project Costs and other costs necessary to complete the enforceable obligations in the Shipyard Site, the time limits referenced in clauses (a) and (b) shall include an additional fifteen (15) years. The Navy has recently informed OCII that completion of remediation and conveyance of all portions of the Shipyard Site, excluding Parcel F, to Developer will occur between 2036-2038, including time needed for a Finding of Suitability for Transfer and associated conveyance documentation. Exhibits 1 is correspondence from the Navy attached relaying Navy schedule delays. This estimated delay (defined as the Anticipated Navy Delay in the Fourth Amendment) warrants an additional 15-year extension of the redevelopment timelines referenced in clauses (a) and (b) of this paragraph for purposes of funding, from Candlestick Site tax increment, redevelopment activities on the Shipyard Site and related tax increment financing; and,

WHEREAS, In connection with the development of the Shipyard Site, the Fourth Amendment establishes the following time limits: (a) the time limit for establishing loans, advances, and indebtedness shall be 30 years from the date of conveyance to the Developer all portions of the Shipyard Site required for the completion of development of the first Major Phase (as defined in the DDA) (defined as the "Initial HPS Transfer Date" in the DDA) plus an additional 15 years which represents the "Anticipated Navy Delay" as further described in the preceding paragraph, and (b) the time limit to repay indebtedness and receive property taxes for the Shipyard Site shall be 45 years from the Initial HPS Transfer Date plus an additional 15 years which represents the Anticipated Navy Delay; and,

WHEREAS, The Fourth Amendment would further clarify that Developer is required to provide Adequate Security only upon the transfer of real property from the Agency to Developer when Developer has not obtained an approved final subdivision map and has not provided improvement security to the City pursuant to the CP/HPS Subdivision Code; and,

WHEREAS, As part of the Fourth Amendment, the Parties to the DDA also propose conforming amendments to several of the plans included in the DDA as exhibits, 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 Financing Plan, and the Transportation Plan (collectively, the "**Amended Exhibits**"); and,

WHEREAS, The Fourth Amendment revises the boundaries of the Major Phases for the Candlestick Site (but not the project area boundaries of the Candlestick Site), increases the number of Major Phases at the Candlestick Site from three (3) Major Phases to seven (7) Major Phases. The Fourth Amendment maintains linkages between Developer's build-out of Major 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 updated Phasing Plan includes significant affordable housing as part of Major Phase 2, the next phase of development at Candlestick Point, which includes: AG 7, an Agency Lot that will provide approximately 60 Agency Affordable Units that were previously contemplated to be provided in a later phase; AG 6, which will provide approximately 57 market rate units plus three inclusionary units; Agency Lot 11a which will include 176 Agency Affordable Units; and Blocks 6a, 8a, and 9a which will include 340 market-rate units plus 39 inclusionary units. The updated Phasing Plan also contemplates advancing development of housing in future phases. Major Phase 4 will include portions of Alice Griffith that were part of former CP-05. The portion of former CP-05, which was intended to be developed after former CP-02-03-04, would include four residential lots. The proposed Major Phase 4 boundaries in the updated Phasing Plan, which is anticipated to follow Major Phases 2 and 3 (which includes former CP-02-03-04), will now include seven residential lots, four affordable lots and three market-rate lots with inclusionary housing; and,

WHEREAS, The Fourth Amendment would modify the Outside Dates for the Commencement and Completion of Infrastructure and Completion of Associated Public Benefits to address the updated development timeline and to align with the updated Phasing Plan; and,

WHEREAS, The Fourth Amendment would amend the Below-Market Rate Housing Plan ("**BMR Plan**") included in the DDA to adjust the dates in the Cumulative Agency Subsidy schedule to reflect the delays facing the Project and the updated Schedule of Performance. As part of the advancement of development of more residential units in Major Phase 4 in connection with the portion of Alice Griffith that was part of former CP-05, the amendment to the BMR Plan would also adjust the timing for payment of the Agency Subsidy for the remaining thirty Alice Griffith Replacement Unis and remaining associated Subsidized Agency Affordable Units and would amend the BMR Housing Map to convert AG 11 from a Stand-Alone Workforce Lot to a Market-Rate Lot and convert AG 17 from a Market-Rate Lot to a Stand-Alone Workforce Lot. The number of Workforce Units will remain the same; and,

WHEREAS, The Fourth Amendment would amend the Transportation Plan to modify the parking ratio for office and research and development uses at Candlestick Point to

2.0 spaces per 1,000 square feet for the first 1,700,000 square feet of office and research and development. Following the development of the first 1,700,000 square feet of office and research and development, the Developer will conduct a parking study to determine whether adjustments to the parking ratio are needed; and,

WHEREAS, Section 26.7 of the DDA (as amended by the Third Amendment) provides that if the Developer elects not to provide Adequate Security for the parks and open space identified in the Parks and Open Space Plan, Infrastructure Plan, Schedule of Performance, and Phasing Plan for the last Major Phase on the Candlestick Site and Shipyard Site (defined as "Final Public Improvements" in the DDA), then OCII may elect to sever any or all of such Final Public Improvements from the DDA and shall design and construct the Final Public Improvements in the same manner and to the extent that Developer would have been obligated to construct such Final Public Improvements with the Agency retaining Candlestick Proceeds and/or Shipyard Proceeds available in the last major Phase for the sole purpose of completing the Final Public Improvements. The Fourth Amendment would delete Section 26.7 from the DDA, while leaving intact all of Developer's obligations regarding park and open space development; and,

WHEREAS, The Fourth Amendment was presented to the Mayor's Hunters Point Shipyard Citizens Advisory Committee Business & Employment, Housing and Planning subcommittee on May 16, 2024, and to its full Committee on June 17, 2024, 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 September 3, 2024, the Commission adopted Resolution No. 22-2024, by which the Commission determined that the Final EIR (therein defined), together with further analysis provided in Addendum No. 1, Addendum No. 4, Addendum No. 5, Addendum No. 6, and Addendum No. 7 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 Fourth Amendment have been analyzed in the environmental documents, which are described in Resolution No. 22-2024. Copies of the environmental documents are on file with the Agency; now, therefore, be it:

RESOLVED, That the Commission hereby finds that the Fourth Amendment is included in the actions identified in Resolution No. 22-2024 for purposes of compliance with CEQA; and be it further

RESOLVED, That in Resolution No. 22-2024, adopted on September 3, 2024, the Commission adopted findings that various actions facilitating modification of the CP/HPS2 Project, including the Fourth 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 authorizes the OCII Executive Director to execute an amended and restated DDA pursuant to the Fourth Amendment, without further Agency Commission approval, provided that the amended and restated DDA does not include material changes from the DDA, as amended by the First Amendment, Second Amendment, Third Amendment, and Fourth Amendment; and be it further

RESOLVED, That the Commission approves the Fourth Amendment substantially in the form lodged with the Commission Secretary, subject to Oversight Board and DOF review and approval as required under the Dissolution Law; and be it further

RESOLVED, That the Commission approves the Amended Exhibits 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 Exhibits; 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 Fourth Amendment and Amended Exhibits, provided, however, such changes and steps are consistent with review and approval of the Oversight Board and DOF and do not materially increase the burdens and responsibilities of OCII; 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 Fourth Amendment and Amended Exhibits, to effectuate OCII's performance thereunder.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of September 3, 2024.

Commission Secretary

EXHIBIT 1: Email correspondence from Danielle Janda to Office of Community Investment and Infrastructure dated July 30, 2024, with accompanying Attachment "Hunters Point Naval Shipyard" schedule dated 5/10/2024.

From:	Janda, Danielle L CIV USN (USA)
To:	Hussain, Lila (CII)
Cc:	Pound, Michael J CIV USN NAVFAC WASHINGTON DC (USA); Moss, Curtis M CIV USN (USA)
Subject:	HPNS Updated FFS Schedule
Date:	Tuesday, July 30, 2024 12:33:07 PM
Attachments:	REVISED TAB B HPNS Schedule Revvised Final May 10 2024.pdf

Good Afternoon Lila,

In May, the Secretary of the Navy provided a letter to Speaker Emerita Pelosi that laid out our current schedule. In that letter we had updated the FFA schedule to account for the objects found in Parcels B and C.

I attached a modified version of the table. Will this work for your purposes of updating the FFA schedule? I don't want to do something different and risk mistakenly providing dates that do not match what we gave Speaker Emerita Pelosi.

V/r,
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