



450-0302018-146

May 14, 2018

Ms. Angela Calvillo
Clerk of the Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, CA 94102-4689

Re: Candlestick Point/Hunters Point Shipyard Phase 2 Project
Below-Market Rate Housing Plan

Dear Ms. Calvillo:

Pursuant to authority delegated by the Board of Supervisors of the City and County of San Francisco, the Successor Agency Commission (commonly known as the Commission on Community Investment and Infrastructure ("Commission")) is overseeing development within the Major Approved Development Projects of the former Redevelopment Agency of the City and County of San Francisco, including the Candlestick Point/Hunters Point Shipyard Phase 2 Project ("Project").

On April 17, 2018, the Commission conditionally approved certain changes to the Project, including an amendment to the Below-Market Rate Housing Plan ("BMR Plan") that would allow for a 100% senior BMR development affordable at 60% Area Median Income, allow an additional 18 BMR units affordable at 80% Area Median Income and related changes.

Pursuant to the Board of Supervisors' delegation of authority, the Successor Agency Commission may not make material changes to the BMR Plan without Board of Supervisors' approval. We understand that Supervisor Cohen will introduce legislation approving changes to the BMR Plan at the May 15, 2018 meeting of the Board of Supervisors. Attached is the proposed BMR Plan amendment, together with OCII Staff's summary of the changes, for inclusion in the Clerk's legislative file for the amendment to the BMR Plan. Required environmental documentation for this action has been provided under separate cover, transmitting proposed amendments to the Hunters Point Shipyard and Bayview Hunters Point Redevelopment Plans.

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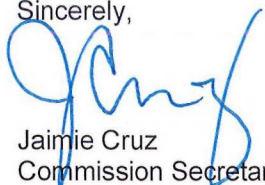
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Please contact me at (415) 749-2408 if you have any questions concerning these attachments or the BMR Plan amendment.

Sincerely,



Jaimie Cruz
Commission Secretary
Commission on Community Investment and Infrastructure

Cc: Hon. Mark Farrell, Mayor (w/ attachments)
Hon. Malia Cohen, Supervisor (w/ attachments)

OCII STAFF SUMMARY OF BMR HOUSING PLAN AMENDMENTS

SUMMARY

The BMR Housing Plan (also referred to in this Attachment as the “Plan”) is Exhibit F to the Candlestick Point/Hunters Point Shipyard Phase 2 (“CP/HPS2”) Disposition and Development Agreement. The Plan describes the process and requirements for the development of approximately 10,500 homes on the CP/HPS2 site and is designed to provide new housing opportunities for households of diverse income, ages, lifestyles and family size. Thirty-one and eighty-six hundredths percent (31.86%) of the Total Units (or 3,345 of 10,500 Units), will be Below-Market Rate Units, including Alice Griffith Replacement Units, Agency Affordable Units, Inclusionary Units and Workforce Units. The balance of the housing in the Project, approximately 7,155 Market Rate Units, will include a variety of unit types and sizes.

The BMR Housing Plan Amendments have been reviewed and approved by staff of MOHCD in addition to OCII staff.

The currently approved BMR Housing Plan defines Inclusionary Units as units for which the rental charge or purchase price is Affordable with an AMI Percentage that is equal to a minimum of eighty percent (80%) and a maximum of one hundred twenty percent (120%). The BMR Housing Plan also requires that Inclusionary Units be incorporated into Market Rate Lots at a percentage of no less than 5% and no more than 20%.

The Plan is modified to allow a 100% affordable 105-unit project (104 BMR units plus one manager’s unit) for seniors (aged 62 and over) at 60% AMI and below in CP-02 (the “CP-02 Senior BMR Project”). Although below the 80% AMI minimum for Inclusionary Units, the units in the CP-02 Senior BMR Project would be considered Inclusionary Units, thereby accelerating the delivery of Inclusionary Units with deeper affordability than was previously allowed in the Plan. The Housing Table is modified to reflect the number of Inclusionary Units at the 80% AMI level will be reduced by the 104 units at the 60% AMI level in the CP-02 Senior BMR Project. The Plan modifications also allow parking spaces for the CP-02 Senior BMR Project to be offered for free at a ratio of .5 spaces for every unit. The CP-02 Senior BMR Project will not be subject to the 2.5 bedroom average goal typically required for Inclusionary Units as they will be serving seniors, a population that the Plan allows to be exempt from that goal. The Plan is also being modified to incorporate the transfer of 172 approved but unused residential units, including 18 Inclusionary Units, from Phase 1 to Phase 2. Finally, the Plan is being modified to provide Certificate of Preference (“COP”) holders priority for parking spaces in Inclusionary Units in Residential Projects with less than 1 parking space for every unit.

DETAILED AMENDMENT OVERVIEW

Amendments to the BMR Housing Plan include:

§1 Definitions

- Added a definition for the “CP-02 Senior BMR Project”
- Added a definition for “CP-02 Market Rate Project” to allow the remainder of CP-02 to have no Inclusionary Units if the CP-02 Senior BMR Project is built.
- Added a definition for “Additional Inclusionary Units” serving households at 80% AMI to allow for the transfer of 172 approved but unused residential units, including 18 Inclusionary Units, from Phase 1 to Phase 2
- Modified the definition of “Inclusionary Unit” to include the CP-02 Senior BMR Project

§2.2(b)(1) Inclusionary Units and Workforce Units

- Modified to allow the Inclusionary Units for the Market Rate Lot in CP-02 to be provided in the CP-02 Market Rate Project

§2.2(b)(3) (c) Transferred Units

- Added to allow for the of 172 approved but unused residential units, including 18 Inclusionary Units at 80% AMI transferred from Phase 1
- Requires that at least 9 of the Additional Inclusionary Units be built by the BMR Checkpoint Date for fifty percent (50%) of the Total Units and that the remaining 9 be built by the BMR Checkpoint Date for one hundred percent (100%) of the Total Units

§3.2(a) Comparability

- Requires the CP-02 Senior BMR Project to be substantially comparable in quality to the Agency Affordable Units

§3.2 (c) CP-02 Senior BMR Project

- Added to require that the CP-02 Senior BMR Project be completed no later than the date that the CP-02 Market-Rate Project is completed

§3.5(c)(2) Vertical Development Parking Requirements

- Modified to provide COP holders priority for parking spaces in Inclusionary Units in Residential Projects with less than 1 parking space for every unit, in addition to the existing priority for renters and purchasers in need of larger bedroom sizes

§3.5(d) Parking in CP-02 Senior BMR Project

- Added to allow parking at the CP-02 Senior BMR Project to be offered free of charge and at a minimum ratio of .5 spaces for every unit

Exhibit F-A Below-Market Rate Table

- Modified to reflect the Additional Inclusionary Units transferred from Phase 1
- Allows for the table to be updated as follows if the Developer opts to develop the CP-02 Senior BMR Project:
 - Add the CP-02 Senior BMR Project to the Below-Market Rate Table (including the 104 Units therein (not including the manager's unit) in a new 0%-60% Inclusionary AMI category
 - Reduce the number of Inclusionary Units with an AMI Percentage equal to 80%-100% by 104 Units
 - Reduce the number of Inclusionary Units with an AMI Percentage equal to 120% by 57 Units
 - Add 57 Units Inclusionary Units with an AMI Percentage equal to 101%-119% (with an average AMI Percentage equal to 110%) in order to increase income diversity within the housing ladder in the event the CP-02 Senior BMR Project is developed

Exhibit F-B Housing Map

- o Modified to reflect the updated development program for the Shipyard and final unit counts for the Agency Units at Alice Griffith and Candlestick Point North Block 10 A and Candlestick Point South Block 11A

AMENDMENTS TO CANDLESTICK POINT/HUNTERS POINT SHIPYARD PHASE 2
BELOW-MARKET RATE HOUSING PLAN

1. Definitions. The following definition of CP-02 Senior BMR Project is hereby added to section 1 of the Below-Market Rate Housing Plan and the definition of Inclusionary Unit set forth in section 1 of the Below-Market Rate Housing Plan is hereby deleted and replaced with the definition of same as follows:

“**CP-02 Senior BMR Project**” means a Residential Project developed within Sub-Phase CP-02 that contains one hundred and five (105) Units serving seniors ages 62 and older and with household incomes up to sixty percent (60%) of AMI (and including one (1) manager’s unit) and including the recorded restrictions as set forth in Section 3.4(a), subject to such revisions thereto as are Approved by the applicable Vertical Developer and the Agency (including to conform with the requirements related to such Residential Project as contemplated hereby and to provide that such restrictions will apply for the life of the Residential Project, as more particularly described therein).

“**Inclusionary Unit**” means (i) a Unit for which the rental charge or purchase price is Affordable with an AMI Percentage that is equal to a minimum of eighty percent (80%) and a maximum of one hundred twenty percent (120%), and includes the recorded restrictions as set forth in Section 3.4(a) or (ii) a Unit in the CP-02 Senior BMR Project.

2. Minimum and Maximum Affordability. Section 2.2(b)(1) of the Below-Market Rate Housing Plan is hereby deleted and replaced with the following:

(1) Inclusionary Units and Workforce Units. When Developer Transfers a Market Rate Lot, it shall have the right to determine in its sole and absolute discretion the number of Units, Inclusionary Units and Workforce Units designated for each such Lot, so long as, unless otherwise Approved in the sole and absolute discretion of the Agency Director: (i) no less than five percent (5%) and no more than twenty percent (20%) of the Units on such Market Rate Lot are Inclusionary Units; provided, however, that if Developer Transfers a Market Rate Lot for development of the CP-02 Senior BMR Project, then the number of Inclusionary Units designated for the Market Rate Lot(s) Transferred for the development of one (1) other Residential Project in Sub-Phase CP-02 (the “**CP-02 Market Rate Project**”) may be less than five percent (5%); (ii) no more than forty percent (40%) of the Units on such Market Rate Lot are Workforce Units; (iii) Developer otherwise satisfies the requirements of Section 2.5; and (iv) if Developer decreases the percentage of Inclusionary Units or Workforce Units on a Lot from the number that was identified in a Sub-Phase Approval, it shall notify the Agency of the proposed alternative location of such Inclusionary or Workforce Units. If the applicable Lot is designated to include Additional Units, then the provisions of this Section 2.2(b)(1) shall not apply with respect to such Additional Units (which, for the avoidance of doubt, shall not be counted for purposes of the foregoing restrictions) and instead the provisions

of Section 2.2(b)(3) shall apply with respect to such Units (and the Additional Inclusionary Units).

3. Additional Units. Section 2.2(b)(3) is hereby added to the Below-Market Rate Housing Plan as follows:

(3) Additional Units. When Developer Transfers a Market Rate Lot, it shall have the right to determine in its sole and absolute discretion the number of Additional Units designated for each such Lot, so long as, unless otherwise Approved in the sole and absolute discretion of the Agency Director, (i) no less than five percent (5%) and no more than twenty percent (20%) of the Units on such Market Rate Lot are Additional Inclusionary Units, (ii) if Developer decreases the percentage of Inclusionary Units or Workforce Units on a Lot from the number that was identified in a Sub-Phase Approval, it shall notify the Agency of the proposed alternative location of such Inclusionary or Workforce Units and (iii) when Developer has obtained Unit Credits equal to fifty percent (50%) of the Total Units (or 5,250), Developer shall have identified, pursuant to this Section 2.2(b)(3), the location of nine (9) Additional Inclusionary Units. The Additional Units and Additional Inclusionary Units shall not constitute part of the “Total Units” for purposes of this Below-Market Rate Housing Plan and without limiting the above shall not be tracked for purposes of the BMR Checkpoint Requirements applicable to the Project, but shall be separately identified in the applicable Assignment and Assumption Agreements and tracked in the Housing Data Table and applicable Project Data Tables. Sections 3.2, 3.4(a), 3.4(b), 3.5, 3.7(a) and 6 of this Below-Market Rate Housing Plan shall apply to the Additional Inclusionary Units and, solely for purposes of such Sections, the Additional Inclusionary Units shall be deemed to be “Inclusionary Units”. The Additional Inclusionary Units are also described on the Below-Market Rate Table for information purposes only.

4. Comparability. Section 3.2(a) of the Below-Market Rate Housing Plan is hereby deleted and replaced with the following:

(a) Comparability. Inclusionary Units and Market Rate Units in the same Residential Project with the same Household Size shall be substantially similar in size, exterior appearance and overall quality of construction. Inclusionary Units’ interior features need not be the same as or equivalent to those of the Market Rate Units, as long as such features are of good quality and are consistent with the Redevelopment Requirements and, in the case of the CP-02 Senior BMR Project, substantially comparable in quality to the Agency Affordable Units. Inclusionary Units in a Residential Project may be Rental Units or Sale Units, as determined by Developer or Vertical Developer, as applicable, in their respective sole and absolute discretion, so long as the Market Rate Units in that Residential Project are the same (i.e., all Rental Units or all Sale Units, as applicable).

5. CP-02 Senior BMR Project. Section 3.2(c) is hereby added to the Below-Market Rate Housing Plan as follows:

(c) CP-02 Senior BMR Project Completion. If Developer elects for the CP-02 Senior BMR Project to be developed, Developer shall ensure, subject to Excusable Delays, that

the CP-02 Senior BMR Project is Completed, ready for occupancy, and marketed no later than the same for the CP-02 Market Rate Project.

6. Vertical Development Parking Requirements. Section 3.5(c)(2) of the Below-Market Rate Housing Plan is hereby deleted and replaced with the following:

(2) Priority With Fewer Parking Spaces than Units. Where the Parking Spaces are fewer in number than the number of Units within the Residential Project, the Parking Spaces offered to renters or purchasers of Inclusionary Units and Workforce Units shall be offered in the following order of priority within each applicable AMI Percentage: (i) to renters or purchasers with three (3) or more bedrooms or to renters or purchasers who are Certificate of Preference holders, (ii) to renters or purchasers with two (2) bedrooms, (iii) to renters or purchasers with one (1) bedroom or less, (iv) to renters or purchasers of the Market Rate Units within the Residential Project and (v) in the discretion of Vertical Developer or, if applicable, the applicable homeowners association, to the general public.

7. Parking in CP-02 Senior BMR Project. Section 3.5(d) is hereby added to the Below-Market Rate Housing Plan as follows:

(d) Parking in CP-02 Senior BMR Project. Notwithstanding anything in this Below-Market Rate Housing Plan to the contrary, the CP-02 Senior BMR Project shall not be subject to the requirements of Section 3.5(a) or (b). The Vertical Developer may choose in its discretion to bundle parking spaces in the CP-02 Senior BMR Project, and shall offer parking spaces free of charge at a ratio of at least one space for every two Units within the CP-02 Senior BMR Project.

8. Below-Market Rate Table.

(i) Replacement. The Below-Market Rate Table attached to the Below-Market Rate Housing Plan as exhibit F-A thereto is hereby deleted and replaced by Exhibit 1-1 hereto.

(ii) Revisions Related to CP-02 Senior BMR Project. If Developer Transfers a Market Rate Lot for development of the CP-02 Senior BMR Project, then effective as of the date of such Transfer the Agency and Developer shall Approve a revision to the Below-Market Rate Table to (i) add the CP-02 Senior BMR Project to the Below-Market Rate Table (including the 104 Units therein (not including the manager's unit) and the AMI Percentage applicable thereto), (ii) reduce the number of Inclusionary Units with an AMI Percentage equal to 80%-100% by 104 Units, (iii) reduce the number of Inclusionary Units with an AMI Percentage equal to 120% by 57 Units, and (iv) add a new tier of Inclusionary Units with an AMI Percentage equal to 101%-119% (with an average AMI Percentage equal to 110%) by 57 Units.

9. Replacement of Housing Map. The Housing Map for the Non-Stadium Alternative attached to the Below-Market Rate Housing Plan as exhibit F-B thereto is hereby deleted and replaced by Exhibit 1-2.

EXHIBIT F-A

Below-Market Rate Table

AMI Percentage	Type of Below-Market Rate Unit	Percentage of Total Units	Number of Below-Market Rate Units¹
0 – 60%	Alice Griffith Replacement Units	Alice Griffith Percentage	256
0 – 60%	Agency Affordable Units	Agency Percentage	1,388
80 – 100% ²	Inclusionary Units	3.45%	363
120%	Inclusionary Units	4.25%	446
140%	Workforce Units	4.25%	446
141% – 160% ³	Workforce Units	4.25%	446
Total Below-Market Rate Units		31.86%	3,345

¹Assuming 10,500 Total Units.

² Units in this tier must be on average Affordable with an AMI Percentage equal to ninety percent (90%).

³ Units in this tier must be on average Affordable with an AMI Percentage equal to one hundred fifty percent (150%).

“**Alice Griffith Percentage**” means the number, expressed as a percentage, that is equal to two hundred fifty six (256) divided by the Total Units. For example, assuming ten thousand five hundred (10,500) Total Units, the Alice Griffith Percentage would equal two and forty for hundredths percent (2.44%) ($256/10,500 = 0.0244$).

“**Agency Percentage**” means the number, expressed as a percentage, that is equal to fifteen and sixty six hundredths percent (15.66%) *less* the Alice Griffith Percentage. For example, assuming ten thousand five hundred (10,500) Total Units, the Agency Percentage would equal thirteen and twenty two hundredths percent (13.22%) ($15.66\% - 2.44\% = 13.22\%$).

ADDITIONAL INCLUSIONARY UNITS:

AMI Percentage	Type of Below-Market Rate Unit	Percentage of Additional Units	Number of Additional Inclusionary Units
80%	Additional Inclusionary Units	10.5%	18

EXHIBIT F-B

Housing Map

[ATTACHED]

