



# SAN FRANCISCO PLANNING DEPARTMENT

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## Memo to the Planning Commission

HEARING DATE: MAY 13, 2010

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*Date:* May 6, 2010  
*Case No.:* 2007.0946BEMRTUZ  
*Project Address:* **Candlestick Point and Hunters Point Shipyard**  
*Current Zoning:* RH-2 (Residential, House Two Family)  
RM-1 (Residential, Mixed Low Density)  
P (Public)  
M-1 (Light Industrial)  
40-X Height and Bulk District  
OS Height and Bulk District  
*Location::* Candlestick Point and Hunters Point Shipyard  
*Project Sponsor:* San Francisco Redevelopment Agency / Office of Economic and  
Workforce Development / CP Development Co., LP  
*Staff Contact:* Mat Snyder – (415) 575-6891  
[mathew.snyder@sfgov.org](mailto:mathew.snyder@sfgov.org)  
*Recommendation:* **No Action, informational only**

### ACTIONS SCHEDULED FOR THIS HEARING

No actions are scheduled to be taken at this hearing. The Commission will be provided with an informational overview on the Project's Disposition and Development Agreement between the San Francisco Redevelopment Agency and the master developer, CP Development Co., LP, a joint venture between Lennar and Scala Real Estate Partners, Hillwood, and Estein and Associates, USA, including a presentation on the Project's Below Market-Rate Housing Plan, Community Benefits Plan and workforce development and local hiring programs.

### BACKGROUND

On March 24, 2010, the Planning Commission initiated General Plan, Zoning, and Map amendments for the Hunters Point Phase 2 – Candlestick Point integrated development project (“Project”). The Commission is scheduled to consider action on these item at their June 3, 2010 Hearing, which will be held jointly with the Redevelopment Commission on actions regarding this project. At the initiation hearing, the Commission requested additional information hearings on a multiple of aspects about the project. On May 13, The Commission is scheduled to hear a third information hearing.

The Office of Economic and Workforce Development, who are managing the project, prepared the attached informational memorandum for your May 13 hearing. Under separate cover, but also in your packets, is a packet from the Redevelopment Agency officially transmitting the proposed amended Bayview Hunters Point Redevelopment Plan and the amended Hunters Point Shipyard Redevelopment Plan.

Please feel free to contact me if you have any questions.



## MEMORANDUM

TO: Planning Commissioners  
FROM: Michael Cohen  
CC: John Rahaim, Mat Snyder, Linda Avery  
DATE: May 6, 2010  
RE: Hunters Point Shipyard Phase 2-Candlestick Point Integrated Development Project

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On May 13, 2010, the Office of Economic and Workforce Development (“OEWD”) and the San Francisco Redevelopment Agency (“Agency”) will provide the Commission with an informational overview of the Hunters Point Shipyard Phase 2-Candlestick Point integrated development project (“Project”) Disposition and Development Agreement (“DDA”) with the Redevelopment Agency and the Developer which includes a Community Benefits Plan, Housing Plan and the integrated workforce development and local hiring policies and programs that will be implemented as part of the Project.

### **EXECUTIVE SUMMARY**

Planning for the redevelopment of Hunters Point Shipyard and Candlestick Point areas has been ongoing for decades and has intensified in the last three years with the proposal for the integrated development of these two sites which together comprise over 700 acres of waterfront land along San Francisco’s southeastern shores. The integrated development project is designed to provide over 10,500 residential units—a significant portion of which will be offered at below-market rates—over 300 acres of new waterfront parks, including a new “Crissy Field of the South”, approximately 885,000 square feet of neighborhood and destination retail and entertainment space and 2.5 million square feet of commercial space oriented around a “green” science and technology campus targeting emerging technologies. The Project is also being designed to accommodate a world-class football stadium on the Shipyard for the San Francisco 49ers. In addition to these built-in public benefits, the Project’s DDA will include a variety of other plans together aimed to alleviate poverty, increase economic opportunity, and improve the overall health and quality of life of Bayview residents.

The Office of Economic and Workforce Development and the San Francisco Redevelopment Agency have been working closely with the two community-based advisory organizations that oversee the Project site, the Hunters Point Shipyard Citizens Advisory Committee (“CAC”) and the Bayview Hunters Point Redevelopment Project Area Committee (“PAC”), as well as other City agencies and departments to ensure that, in addition to the public benefits that are intrinsic to the

Project—open space, transportation improvements, new housing, job-generating commercial space, a rehabilitated public waterfront—the Project’s DDA establishes the Developer obligations for the creation of below-market rate housing, community benefits, community facilities and workforce development and local hiring.

The informational presentation will focus on three critical documents that are attached to the Draft DDA: 1) the Below-Market Rate Housing Plan, 2) the Community Benefits Plan and 3) the workforce development and local hiring policies that will be implemented as part of the Project which includes the Bayview Hunters Point Employment and Contracting Policy. Together these documents respond to the most pressing community concerns that have been communicated to OEWD and Agency staff over the course of more than 230 meetings that have been held throughout the community in the last three years.

## **BACKGROUND**

In May 2007, the Mayor, the Board of Supervisors, the Agency Commission, and PAC and CAC, endorsed a "Conceptual Framework” for the integrated redevelopment of Candlestick Point and Phase 2 of the Shipyard (Phase 1 of the Shipyard has been approved and is under construction). The Conceptual Framework envisioned a major mixed-use project, including hundreds of acres of new and restored waterfront parks and open space, thousands of new units of housing including a robust affordable housing program, extensive job-generating retail and research and development uses, permanent space and renovated for the artist colony that exists in the Shipyard and a site for a potential new stadium for the 49ers on the Shipyard.

In April 2007, the Planning Department also entered into a Memorandum of Understanding (“MOU”) between the City, the Planning Department, the Recreation and Park Department, the Mayor’s Office and the Agency. The MOU provides for the City and Agency to cooperate with one another to facilitate the planning of Candlestick Point and Phase 2 of the Shipyard as one integrated development project consistent with Conceptual Framework.

In June 2008, City voters approved Proposition G, an initiative petition measure named the Bayview Jobs, Parks, and Housing Initiative, regarding plans to revitalize the Project site. Proposition G: (i) adopted overarching policies for the revitalization of the Project site; (ii) authorized the conveyance of the City’s Recreation and Park interests within Candlestick Point in furtherance of the Project, provided that there is a binding commitment to replace the transferred property with other property of at least the same acreage that will be improved and dedicated as public parks or open space in the Project; (iii) repealed Proposition D and Proposition F relating to prior plans for the development of a new stadium and retail entertainment project on Candlestick Point; and (iv) urged the City, Agency and all other governmental agencies with jurisdiction to proceed expeditiously with the Project. A copy of the text of Proposition G is attached.

## **PROJECT DESCRIPTION**

Consistent with Conceptual Framework and Proposition G, the proposed land use and development program on the Shipyard and Candlestick Point include the following elements:

- 10,500 residential housing units, of which 31.86% (3,345) will be below market and public housing replacement units. The housing program includes the complete rebuilding of the Alice Griffith Public Housing Development, also known as Double Rock, to provide one-for-one replacement of existing units targeted to the same income levels as those of the existing residents and phased to ensure that residents have the opportunity to move directly to the new units.
- 2,500,000 sq. ft. of research and development uses including office and light industrial uses targeting emerging industries and technologies such as green technology.
- 150,000 sq. ft. of office and other commercial uses on Candlestick Point.
- 336 acres of new and restored open space and active recreation areas inclusive of the dual use stadium parking lot, which includes neighborhood parks within Candlestick Point and the Shipyard, new waterfront parks around the entire perimeter of the Shipyard connecting to the region's Bay Trail, and a major renovation of the Candlestick Point State Recreation Area with restored habitat areas and public access to the water.
- 635,000 sq. ft. of regional retail on Candlestick Point.
- 125,000 sq. ft. of neighborhood-serving retail on both the Shipyard and Candlestick Point.
- Permanent new and renovated space for the existing Shipyard artists as well as an arts education center.
- A 150,000 sq. ft. (220-room) hotel on Candlestick Point.
- A 10,000-seat performance venue on Candlestick Point.
- A potential new 69,000-seat, world-class football stadium for the 49ers.
- New public and community facilities on both the Shipyard and Candlestick Point, including a new fire station on the Shipyard and space for an expanded police station or school on Candlestick Point.
- A 300-slip marina on the Shipyard.

Should the 49ers choose not to relocate to the Shipyard, the Hunters Point Shipyard Redevelopment Plan allows for housing and additional research and development land uses to replace the stadium and associated parking lots. The Shipyard Redevelopment requires that in order for housing to be developed on the stadium site, any environmental conditions or plan restrictions placed on the property by the United States Navy, United States Environmental Protection Agency, California Department of Toxic Substances Control, and San Francisco Bay Area Regional Water Quality Control Board (the "Regulating Agencies") that would prohibit these uses would need to be removed by the Regulating Agencies. This permitted land use reflects the preferred non-stadium plan for the Project, which would shift 1,625 housing units from Candlestick Point to the stadium site, provides for 500,000 million square feet of additional research and development space on the stadium site, and slightly reduces the total open space on the Shipyard to approximately 222 acres for a total Project open space acreage of approximately 326 acres.

## **PROJECT DISPOSITION AND DEVELOPMENT AGREEMENT**

Similar to other large redevelopment projects, the development of Phase 2 of the Hunters Point Shipyard and Candlestick Point will be governed by a Disposition and Development Agreement with one master developer. The DDA is the primary legally binding document between Agency and Project Developer, CP Development Co., LP (a joint venture between Lennar and Scala Real Estate Partners, Hillwood, and Estein and Associates, USA) that connects the various Project documents such as the Below Market-Rate Housing Plan, Financing Plan, Transportation Plan, Infrastructure Plan, Community Benefits Plan, Design for Development Documents, Open Space Plan and Sustainability Plan as well as the respective entitlement documents for the Project including the Redevelopment Plan amendments, General Plan amendments, the Interagency and Planning Cooperation Agreements and land assembly documents. The DDA ensures that the vision, goals and priorities for the development of the Shipyard and Candlestick Point that were set forth in the Conceptual Framework and Proposition G are implemented in accordance with the priorities that the Bayview Hunters Point community and PAC and CAC has previously articulated. The various plans and many of the documents incorporated into the DDA have already been extensively vetted in numerous public forums over the past three years.

In summary, the DDA governs the Developer's rights to develop the Project in phases in accordance with the related Project documents. The DDA sets forth a phasing road map for development of the Project, including the Major Phases, which provide for planning of large mixed-use areas or neighborhoods within the Project site and Sub-Phases, which provide for more detailed planning of smaller-scale areas within the Major Phase. The DDA also establishes the linkages between the Developer's build out of Major Phases and Sub-Phases of the Project, and the 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. These linkages are articulated in the Phasing Plan and the Schedule of Performance, and include outside dates by which the Developer must submit applications and commencement and complete major components of infrastructure to serve Major Phases and Sub-Phases.

The Developer's role under the DDA reflects a "horizontal" land development model. Under this model, land is the asset that is being improved and sold. The DDA is designed to transform the Project site into finished parcels that are improved with streets, sidewalks, parks, and other public infrastructure and certain community facilities. In this structure, the Developer's role is to build the horizontal infrastructure improvements, together with the provision of various community amenities and other public benefits. In return, the Developer receives the right to develop and to sell land for "vertical" development.

The DDA also sets forth conditions for the transfer of land within the Project to the Developer that mirrors the phasing requirements. Generally, the Agency will not convey title to any parcel within the Project to the Developer until a Sub-Phase Application for such Sub-Phase has been approved and the Developer has satisfied the conditions to close of escrow under the DDA and provides financial guarantees to the Agency for the completion of all infrastructure and related public benefits included in that Sub-Phase.

Land transferred to the Developer within a given Sub-Phase will be subject to a “right of reverter” under which SFRA may re-take ownership of the land if the Developer fails to substantially complete the infrastructure allocated to that Sub-Phase within the time frame set forth in the DDA and the corresponding Major Phase and Sub-Phase approvals.

Additional information about the respective components of the DDA is detailed in the Project’s Executive Summary document that was provided to the Commission in the March 25<sup>th</sup> Commission Packet. Additionally, previous informational presentations have been made to the Commission on other components of the DDA including the Design for Development Documents and the Transportation, Infrastructure and Sustainability Plans.

### **HOUSING PLAN**

Of the 10,500 housing units to be developed, 3,345 or 31.86% will be offered on the Project site at below market rates, including the replacement of existing Alice Griffith public housing units. Under the Project agreements, the Developer will be required to meet these goals by (i) rebuilding the Alice Griffith Public Housing Development, phasing the construction to ensure that residents may move to their newly upgraded units from their existing homes without displacement, (ii) providing fully improved buildable pads with all of the requisite infrastructure to the Agency at no cost for housing projects that are affordable to low-income and very low-income households, (iii) providing the Agency with approximately \$120,000,000 to help fund the vertical construction of Agency’s stand-alone affordable housing within the Project site, (iv) requiring the inclusion of additional affordable housing units within market rate housing projects for moderate income households, (v) constructing “workforce” housing units for those San Franciscans that may not qualify for more traditional types of “affordable” housing but still cannot afford to buy a home in the City, and (vi) paying an additional \$28,665,000 into a Community First Housing Fund to assist qualifying residents in the purchase of housing units through opportunities such as down payment assistance programs. Collectively, the Project will contribute over \$500,000,000 to the creation of Agency affordable, public housing replacement and below market housing.

The Developer’s satisfaction of its below market housing obligations will track the development of the market rate housing in the Project and the affordable housing parcels will be integrated throughout the entire Project site. In addition, because of the need for family housing in San Francisco, the below market housing, but exclusive of those units specifically designed for occupancy by seniors or special needs residents, will average at least 2.5 bedrooms per unit.

### **COMMUNITY BENEFITS PLAN**

In addition to the below-market rate housing obligations, the Project’s DDA will also obligate the Developer to a variety of other community benefit obligations including:

- \$3,500,000 for an education scholarship fund for local residents;
- \$10,000,000 for an education improvement fund to improve or construct new educational facilities in the area;

- \$2,000,000 for community health facilities, including potentially a pediatric wellness center;
- 4.8 acres of improved land for additional community facilities as determined by a local community development process;
- 65,000 square feet of built space for additional community facilities, including an indoor African marketplace and library reading rooms;
- New and renovated space for the Shipyard’s artists at affordable rates and improved land for a possible Arts Center;
- Infrastructure for the United Nations Global Compact Sustainability Center at Building 813 on the Shipyard; and
- The funding of a community benefits fund (the “Legacy Fund”) through the payment of 0.5% of the initial sales price of all completed market rate homes– estimated to generate \$26 million over the life of the Project – as well as 50% of profits above the specified threshold, if any.

## **WORKFORCE DEVELOPMENT**

The Project is expected to create approximately 10,000 permanent jobs across a broad range of income and skill levels, including retail and sales, building and open space maintenance and management and in commercial, office, light industrial and research and development jobs. The Project will generate on average 1,500 construction job opportunities per year for the expected 20 year life of the development across a wide range of building trades.

All of these opportunities will be subject to the existing Bayview Hunters Point Employment and Contracting Policy, which after intensive collaboration with the Bayview Hunters Point community and endorsement by the Bayview Hunters Point Project Area Committee, was adopted by the Agency Commission for the Bayview Hunters Point Project Area in 2007. In addition, the Bayview Hunters Point Employment and Contracting Policy requires compliance with the Agency’s Small Business Enterprise Policy. Together, these documents will cover the entire Project from construction hiring to contracting for professional services. The DDA employment and contracting requirements establish a 50 percent goal for local contracting, construction and permanent workforce hiring with first consideration in the following order:

1. Bayview Hunters Point (“BVHP”) Residents living within the areas encompassed within the 94124 zip code,
2. BVHP Area Residents within the areas encompassed within the 94124, 94134 and 94107 zip codes,

3. Residents living in any other active Redevelopment Project Area in the City of San Francisco,
4. All San Francisco Residents, and
5. All others.

All permanent employers and construction contractors will work with community based organizations (“CBOs”) for hires. For permanent workforce jobs, the Project will comply with the City’s “First Source Hiring Program” under which the City will have the opportunity to train economically disadvantaged individuals for positions in the Shipyard and Candlestick Point, and Project employers will give first priority to hiring such individuals referred from the City’s workforce program. The Project will utilize the City’s CityBuild Sector Academies and CBOs to maximize access to professional development opportunities. In addition, the Project must comply with Agency’s non-discrimination and equal benefits, minimum compensation, health care accountability and prevailing wage policies.

In order to ensure that local residents are prepared to realize these opportunities, the Project requires the Developer to pay \$8,925,000 to fund workforce training and placement programs for local residents. The City’s Office of Economic and Workforce Development has committed to matching these funds with compatible programs.

The Project provides a range of additional programs designed to create opportunities for small and local businesses, including the following:

- A community builder program designed to support the participation of local builders in the construction of both market-rate and below market-rate housing;
- \$2,500,000 for construction assistance programs designed to provide technical assistance and contractor workshops in conjunction with the Project’s local hiring, disadvantaged business and other workforce development programs, including a program to assist local truckers in securing contracts related to the Project;
- \$1,000,000 contribution towards the Agency’s surety bond program designed to assist local contractors in obtaining insurance and credit support; and
- A community realtor program designed to provide specific opportunities for licensed brokers and salespersons in the BVHP area.

The DDA will also require that the Developer and subsequent vertical developers comply with the applicable rules, regulations and official policies of the Agency that are applicable to and govern the overall design, construction, fees, use or other aspect of development of the Project Site, including the Nondiscrimination in Contracts and Equal Benefits Policy, the Minimum Compensation Policy, the Health Care Accountability Policy and the Prevailing Wage Policy.

## **ENVIRONMENTAL REVIEW**



The Draft Environmental Impact Report was published on November 12, 2009. City staff and the environmental consultants are currently working on the Comments and Response portion of the EIR. Certification of the EIR is tentatively scheduled to occur at the same time as other Project actions at a meeting with the Redevelopment Agency Commission on June 3, 2010.

**NEXT STEPS**

OEWD and Agency staff will be at the Planning Commission's May 20<sup>th</sup> meeting to provide another informational presentation on the Project.