



101-0242016-136

July 22, 2016

Ballot Simplification Committee
In care of John Arntz
Director of Elections
City Hall, Room 048
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: Analysis of Initiative Measure for Office Development in Candlestick Point and Hunters Point

Dear Committee Members:

This letter is in response to your July 13, 2016 letter, which requested information about the effect on San Francisco law and practices of the initiative measure named the "Hunters Point Shipyard/Candlestick Point Job Stimulus Proposition," which the City Attorney titled "Office Development in Candlestick Point and Hunters Point" in the title and summary for the initiative petition (the "Initiative").

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 ("OCII"), is charged with implementing three major development projects that were previously administered by former Redevelopment Agency: 1) Mission Bay North and South Redevelopment Project Areas, 2) the Hunters Point Shipyard Redevelopment Project Area and Zone 1 of the Bayview Redevelopment Project Area, and 3) the Transbay Redevelopment Project Area (collectively, the "Major Approved Development Projects"). OCII exercises land use, development and design approval authority for the Major Approved Development Projects, and is committed to ensuring high quality urban and community development.

Consistent with Municipal Elections Code § 305, OCII wishes to inform the Ballot Simplification Committee about how the Initiative relates to OCII's ongoing efforts.

THE WAY IT IS NOW

OCII oversees development of the Hunters Point Shipyard Phase 2 and Candlestick Point project (the "Project") through both land use permitting authority and a public-private partnership with the Project's master developer.

Edwin M. Lee
MAYOR

Tiffany Bohee
EXECUTIVE DIRECTOR

Mara Rosales
CHAIR

Miguel Bustos
Marilyn Mondejar
Leah Pimentel
Darshan Singh
COMMISSIONERS

One S. Van Ness Ave.
5th Floor
San Francisco, CA
94103

415 749 2400

www.sfocii.org

OCII's land use permitting authority within the Project is governed by two Redevelopment Plans: the Hunters Point Shipyard Redevelopment Plan ("Shipyard Plan") and Zone 1 of the Bayview Hunters Point Redevelopment Project Area ("BVHP Plan" together, the "Redevelopment Plans"). The San Francisco Board of Supervisors amended the Redevelopment Plans in 2010 in furtherance of City policies established by the passage of Proposition G by the voters in 2008 to encourage the timely development a mixed use project in the Bayview on Candlestick Point and most of the former Naval Shipyard at Hunters Point.

The Redevelopment Plans outline permitted land uses and development limits within the Project. Specifically, the BVHP Plan permits up to 150,000 square feet of office development and the Shipyard Plan permits up to 5,000,000 square feet of office development, for a total of up to 5,150,000 square feet of office space development permitted under the Redevelopment Plans.

The Shipyard Plan provides that a portion of the office space entitlement on the Shipyard (800,000 square feet) be given priority under the City's Office Development Annual Limitation Program, which establishes an annual 950,000 square foot office development cap (the "Cap") (Planning Code §§ 320-325, commonly known as "Proposition M"). In approving the Project in 2010, the Planning Commission made findings under Proposition M that, to facilitate job generation within the Shipyard during the early phases of redevelopment, the first 800,000 square feet of office development within the Shipyard be given priority under Proposition M over all office development proposed elsewhere in the City except within the Mission Bay South Redevelopment Project Area and Transbay Transit Tower.

The Shipyard Plan also finds that up to 5,000,000 square feet of office development at the Shipyard promotes public welfare, convenience and necessity, and in so doing considered the criteria of Proposition M. However, the Planning Commission is still required to approve each individual building applying to receive an office space allocation under Proposition M.

OCII's public-private partnership with the Project's master developer is governed by the Candlestick Point and Hunters Point Shipyard Phase 2 Disposition and Development Agreement (the "DDA"), approved in 2010 by the former San Francisco Redevelopment Agency Commission (succeeded by the Commission on Community Investment and Infrastructure). The DDA assigns, subject to specified conditions and limitations, the master developer with the right to develop up to 3,150,000 square feet of office space, and includes design review procedures for the entitlement of individual buildings. The DDA's design review procedures require consultation between OCII and Planning Department staff and approval by the Commission on Community Investment and Infrastructure.

To further job creation in the Project and adjoining neighborhoods, the DDA also requires that the Project's master developer and subsequent vertical developers comply with the Bayview Hunters Point Employment and Contracting Policy ("BVHP ECP") and OCII's Small Business Enterprise Contracting Policy ("SBE Policy"). The BVHP ECP establishes a goal of 50 percent local hire for all construction and permanent jobs within the Project, with a preference for residents of the Bayview and Hunters Point. The SBE Policy similar requires that 50 percent of construction, professional services, or suppliers' contracts be awarded to small businesses, with a preference for Bayview Hunters Point and San Francisco small businesses.

THE WAY IT WOULD BE

If the Initiative is approved by the voters, additional actions would be required to effectuate exempting up to 5,150,000 square feet of office development within the Project from the Proposition M Cap.

Specifically, the Initiative only seeks to amend the San Francisco Planning Code. It does not amend the Redevelopment Plans or the DDA. The Redevelopment Plans would need to be amended by the Board of Supervisors to create an exemption for up to 5,150,000 square feet of office space development from the Proposition M Cap, specifically clarifying that office development within the Project is not required to obtain the Planning Commission's authorization under Proposition M.

Additionally, the Initiative does not alter the master developer's rights under the DDA to develop a maximum of 3,150,000 square feet of office space within the Project. To alter this provision, the DDA between OCII and the master developer would need to be amended to provide the master developer with the right to develop additional office space (from the existing 3,150,000 square feet up to the 5,150,000 square foot maximum allowed under the Redevelopment Plans).

As such, to exempt 5,150,000 square feet of office space development within the Project from the Proposition M Cap, additional actions would be required by both the Board of Supervisors and the Commission on Community Investment and Infrastructure.

ANALYSIS

The changes presented in the Initiative, if implemented by the additional approvals outlined above, would shorten the development timeline for office space within the Project. Specifically, the Initiative streamlines the development approval process by eliminating the requirement that office space in the Project receive Planning Commission authorization under Proposition M. This would provide the master developer with certainty regarding its timeframe for development by not making development contingent on the availability of square footages under the Proposition M Cap, or on other citywide office space proposals seeking Proposition M allocation. Under the Initiative, the Commission on Community Investment and Infrastructure would still be required to approve any office development proposal.

The Initiative could also accelerate job creation. The design, construction, and use of office space creates employment opportunities within in a wide-range of professions. The BVHP ECP and SBE Policies would continue to be implemented and monitored, ensuring that a significant portion of the jobs and contracts created by Project activities go to residents of the Bayview Hunters Point and San Francisco.

Thank you very much for providing OCII the opportunity to give feedback on this Initiative. Please let me know if you any questions about this or any other redevelopment related matter.

Sincerely,



Tiffany Bohee
Executive Director