

Arc Ecology

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TO: Members of the San Francisco Redevelopment Commission
FROM: Saul Bloom, Director
Eve Bach, Economist/Planner

RE: Hunters Point Shipyard Disposition and Development Agreement

Introductory

In addition to supporting modifications proposed by the CAC, we are raising issues that should be addressed before the Commission approves the DDA. The final document has been available for review for only a few days – including the Thanksgiving Weekend. We believe that the sense of urgency that has pervaded the review process is based on symbolic rather than substantive considerations. If however the Commission determines that it must act today on the DDA, we believe that the issues we are raising need to be addressed before subsequent actions are taken, including the Vertical DDA, the Design for Development, and final approvals.

Our most basic objection to the DDA concerns the underlying trickle-down assumption that it is in the interest of the community for Lennar to maximize its profits since community needs will be satisfied by setting aside a portion of project land and profits. Although we appreciate that the community will have the ability to influence development of the community facility site and the expenditure of the community benefit funds, the impact on Bayview-Hunters Point - particularly on displacement through gentrification - will primarily be determined by the market-oriented development. Despite hundreds of hours of public meetings, there has been almost no public discussion of requirements that could be imposed on market-oriented components so that they would be more responsive to community needs, even if such requirements might reduce profits, and therefore reduce the amount designated for the community.

In our comments below, we are proposing modifications to the DDA that we believe would begin to improve the project's ability to meet community needs.

The DDA does not conform to the Hunters Point Shipyard Redevelopment Plan

In accordance with Redevelopment Law that requires redevelopment plans to specify the amount of housing that will be developed,¹ the Shipyard Redevelopment Plan states that the Project Area will include approximately 800 to 1,300 dwelling units.

“If fully developed under this Plan, the residential areas will contain approximately 800 to 1,300 dwelling units.”²

The DDA provides for 1,600 dwelling units in the First Phase alone.

We are not opposed to increasing the amount of housing at the Shipyard – especially to meet the needs of all income groups. However, there is a process for modifying the Redevelopment Plan that needs be followed.

The DDA transforms the Redevelopment Agency from landowner to regulator.

¹ Health and Safety Code §33333 (c) – “Every redevelopment plan shall show by diagram and in general terms... (c)The approximate number of dwelling units...”

² San Francisco Redevelopment Agency, *Hunters Point Shipyard Redevelopment Plan*, Section II B, page 9, July 14, 1997.

The Agency will own the Shipyard. As owner, it can play a positive role in deciding how this asset will be developed. If the Agency gives up ownership, it will retain only the negative power of a regulator to say what cannot be developed. Under this DDA, the Agency gives up most of its ownership interest when improved parcels are sold. Consequently, the Agency must strengthen its regulatory authority by adopting explicit and detailed requirements in subsequent agreements: the Vertical DDAs, the Design for Development, the Implementation Plan, and specific approvals.

Housing

We have proposed the following modifications of the DDA to Agency and Lennar staff and understand that they are generally acceptable:

1. A third priority for inclusionary housing will be San Francisco households displaced by local government action.
2. The priority for households overpaying for housing will be clarified to include only San Francisco households.
3. The Vertical Developer should not be able to unreasonably reject prospective tenants or homeowners from inclusionary units who have gone through the selection process. Under current language, vertical developers can reject applicants for any reason that is not illegal so long as they hold market rate tenants and buyers to the same standard. For example, as currently drafted, the DDA would allow the vertical developer to require very low income applicants who have been paying 60% of their income for housing to meet the same credit history standards as prospective tenants for market rate housing, even though the tenant would be paying half as much for the inclusionary rental unit. Vertical developers could similarly reject very low income applicants with less stable employment histories, or with police records so long as they impose the same standards on market rate tenants. Since the Agency has no role in selecting the Vertical Developer, it is necessary to ensure that whomever is chosen does not have the ability to impose standards inappropriate for subsidized housing.
4. The calculation of the sale price for inclusionary units should include homeowners' insurance as a housing expense.
5. Other than requiring inclusionary units to mimic the bedroom sizes of market rate units, the DDA provides the Agency with no ability to determine the mix. Furthermore, the definition of a residential unit allows a single room to be considered a dwelling unit. The DDA should clarify that the Agency will specify a mix that meets neighborhood housing needs as part of subsequent approvals.

Agency Administrative Costs

It is inappropriate for the DDA to specify that the Agency administrative costs will be paid out of the Community Benefits Fund. This is not an issue to be determined by a contract between the Agency and the Developer. It is a matter that the Agency must resolve with the community, who have been repeatedly assured that 100% of the Community Benefits Fund will support community benefits.

Up Front Contribution to the Community Benefits Funds

To ensure that the Bayview Hunters Point community can fully take advantage of employment, housing, and business opportunities presented by Shipyard development, it will be necessary to jump start the Community Benefits Fund instead of waiting for land sales revenues to accumulate. This issue should be referred to the CAC for resolution.