

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY (CPCFA)  
CALIFORNIA RECYCLE UNDERUTILIZED SITES (CALReUSE) REMEDIATION  
PROGRAM**

**Meeting Date: December 12, 2023**

**Request to Amend Infill Grant Documents Under the CALReUSE  
Remediation Program**

Prepared by: *Ryan Dannewitz*

**Applicant:** Office of Community Investment and Infrastructure as  
Successor Agency to the Redevelopment Agency of the  
City and County of San Francisco

**Project Name:** Hunters Point Shipyard

**Project Location:** San Francisco (San Francisco County)

**Type of Funding:** Grant

**Amount Disbursed:** \$5,000,000 approved, \$4,985,103 disbursed

**Resolution No.** 23-03-005

**Prior Actions:** Approved 11/19/2008  
Amended 09/17/2019  
Amended 11/15/2022  
Amended 06/20/2023

**Summary**

The Office of Community Investment and Infrastructure, also known as the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, (the “Grantee”) requests approval of an amendment to extend the term of the Infill Grant Agreement (“Grant Agreement”) to December 31, 2024, under the CALReUSE Remediation Program (“Program”).

**Project Background**

On November 19, 2008, the CPCFA Board approved a grant in the amount of \$5,000,000 for remediation at the former Hunters Point Naval Shipyard (“Shipyard”). CPCFA and, after a modification to the affordability mix approved by the Executive Director under her delegated authority, the Grantee executed the Grant Agreement dated as of October 10, 2010. All reimbursable costs have been submitted by the Grantee and the disbursement of the \$4,985,103 Grant is complete. The original brownfield cleanup proposed an initial Infill Development Project that consisted of 2,625 housing units (616 affordable).

In October of 2015, the Grantee requested an extension to the term of the Grant Agreement and a further reduction in housing units listed in the infill development project description. The Grantee cited challenges with the dissolution of the Redevelopment Agency, challenges with the California Department of Finance on enforceable obligations, and delays with the conveyance of U.S. Navy parcels to the

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City of San Francisco. In January of 2016, the CPCFA Executive Director, under their delegated authority, approved the extension to the term of the Grant Agreement for approximately 22 months to October 7, 2019, and to reduce the number of housing units in the infill development project description from 1,128 (221 affordable) to 884 (209 affordable).

In September of 2019, the Grantee requested, and the board approved, an extension of approximately 38 months, from the previous October 7, 2019, to December 31, 2022. The grantee cited the economic infeasibility of the design of Block 52 and the subsequent redesign requiring lot line adjustment and lot consolidation approval.

In November 2022, the Grantee requested, and the board approved, an additional extension until July 31, 2023, to obtain certificate of occupancy, and complete the Infill Development Report. In addition, the Grantee agreed to fulfilling five benchmarks, more fully described in the “Current Status” section below.

In June 2023, the Grantee requested, and the board approved, an extension until December 31, 2023. The Grantee cited shipping delays for key equipment that impacted the Grantee’s ability to obtain a Certificate of Final Completion and Occupancy, and complete the Infill Development Report.

**Project Delays Leading to the Current Extension Request**

The final development block of housing in the Infill Development Project has encountered delays due to supply chain issues for components needed for the car stackers. The delay of these components will result in a delay of issuance of the Certificate of Final Completion and Occupancy (CFCO).

The delayed items that have impacted the CFCO date are the car stacker components. In the previous extension request, the Grantee reported that the car stacker vendor, Klaus, gave a delivery window of August or September of 2023. However, when the car stackers were delivered, they were missing key components. The estimated delivery date of the missing components was October 2023. The current extension request to December 31, 2024 includes additional months to allow for further transit delays, installation of the components, and time for the associated inspections, including any delays resulting from that pushing the anticipated CFCO timing to 2024.

**Current Status**

The remediation is completed, and the Grantee anticipates submitting the Brownfield Remediation Final Report by the end of December 2023. The Infill Development Project consists of 884 housing units, of which 811 units have been completed and 73 units remain to be completed.

As per the November 2022 extension amendment, CPCFA and Grantee agreed to incorporate specific benchmarks the Grantee must meet to avoid a potential event of default under the extended Infill Grant Agreement. The Grantee has met four of the five

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agreed upon benchmarks. The Grantee cites the fifth and last benchmark, obtaining the CFCO, as the reason for the current extension request:

- 1) The Grantee to provide a copy of the approved Mapping adjustments for Block 52 by the Bureau of Street Use and Mapping by March 31, 2020. The Block 52 Final Map was approved and submitted to CPCFA in March 2020.
- 2) The Grantee to provide a copy of the recorded amendment to the Vertical Disposition and Development Agreement (VDDA) between the Grantee and HPS1 Block 52, LLC, by April 30, 2020, that meets or exceeds the number of housing units identified in the Infill Grant Agreement and timeline for completion of the project. The amended VDDA was submitted to CPCFA in March 2020.
- 3) The Grantee to deliver to CPCFA any amendments to the VDDA subsequent to the amendment recorded by April 30, 2020, and that any amendment which reduces the number of housing units or extends the Infill Development Project completion date, may constitute an event of default. The Grantee does not currently expect any additional amendments.
- 4) The Grantee to deliver to CPCFA an approved building permit for Block 52 by the San Francisco Department of Building Inspection by May 31, 2020. The developer submitted the building permit October 3, 2019, and due to delays because of COVID-19, the final permit was issued July 21, 2020.
- 5) CPCFA to receive from the Grantee a CFCO issued by the San Francisco Department of Building Inspection by December 31, 2024. Due to the supply issues involving the elevators and car stackers, this is expected to be delayed until March or April of 2024.

The final housing development block, Block 52, received a Temporary Certificate of Occupancy on August 25, 2023. Block 52 has completed all other construction related milestones. The remaining obstacles for the project to clear are the installation of the missing car stacker components, followed by an inspection period, before a CFCO can be issued.

**Staff Analysis**

Extending the term of the Infill Grant Agreement through December 31, 2024, allows the Grantee to complete the Infill Development Project, obtain the CFCO, and complete the Infill Development Report as required by the Program. Therefore, approval of the requested extension is appropriate as it is in the public interest and furthers the purposes of the program under section 8102.8(b) of the Authority's regulations.

**Recommendation to the Board**

CPCFA staff recommends approval of a resolution extending the current Grant expiration to December 31, 2024. Staff has prepared a resolution that the Board can utilize if they wish and is available to answer Board questions.

**RESOLUTION NO. 23-03-005  
A RESOLUTION OF  
THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY AMENDING  
GRANT DOCUMENTS UNDER THE CALIFORNIA RECYCLE UNDERUTILIZED  
SITES REMEDIATION PROGRAM**

**December 12, 2023**

**WHEREAS**, the California Pollution Control Financing Authority (the “Authority”), a public instrumentality of the State of California, on November 19, 2008, approved a California Recycle Underutilized Sites Remediation Program (“CALReUSE”) grant for the Hunters Point Shipyard project (the “Project”) in the amount of \$5,000,000 as reflected in the meeting minutes (the “Resolution”); and

**WHEREAS**, the Authority amended the Infill Grant Agreement on November 27, 2012, to add the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (“Grantee” or “Successor Agency”), which has the authority and responsibility to complete the Brownfield Infill Project and Infill Development Project as described in the Infill Grant Agreement dated October 18, 2010; and

**WHEREAS**, under the authority delegated to the executive director, the Authority amended the Infill Grant Agreement on January 13, 2016, to extend the term of the Infill Grant Agreement to October 7, 2019, and amended the number of housing units in the infill development project description to 884 (209 affordable); and

**WHEREAS**, the Authority amended the Infill Grant Agreement on September 17, 2019, to extend the term of the Infill Grant Agreement to December 31, 2022; and

**WHEREAS**, the Authority amended the Infill Grant Agreement on November 20, 2022, to extend the term of the Infill Grant Agreement to July 31, 2023; and

**WHEREAS**, the Authority amended the Infill Grant Agreement on June 20, 2022, to extend the term of the Infill Grant Agreement to December 31, 2023; and

**WHEREAS**, the Grantee requested an extension to the term of the Infill Grant Agreement from December 31, 2023, to December 31, 2024, due to supply chain delays; and

**WHEREAS**, the Authority finds that further extending the term of the Infill Grant Agreement until December 31, 2024, is in the public interest and advances the purposes of CALReUSE.

**NOW, THEREFORE, BE IT RESOLVED** by the California Pollution Control Financing Authority, as follows:

**Section 1.** The foregoing recitals are hereby adopted as set forth above.

**Section 2.** The term of the Infill Grant Agreement, as previously amended, is hereby further extended to December 31, 2024. All other terms, conditions and covenants of the Infill Grant Agreement, as previously amended, shall remain unchanged and in full force and effect.