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$2 billion plan for Candlestick, Hunters Point
Robert Selna,James Temple, Chronicle Staff Writers
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(10-22) 19:43 PDT -- Details will be released Thursday for the planned $2 billion remake of the Hunters Point Naval Shipyard and nearby Candlestick Point into a neighborhood and business district - and possibly the construction of a new 49ers stadium.
The financial plan, hashed out between city officials and Miami developer Lennar Corp., is one of the first steps toward completing the huge development proposal approved by city voters in June.
It covers the costs of infrastructure, utilities, parks, transportation and land preparation, and it includes generous incentives to keep the 49ers in San Francisco. It does not address the cost of constructing housing and commercial buildings.
The finance scheme puts flesh on the bones of a plan approved by 61 percent of voters. It predicts an infusion of $618 million from Lennar and its development partners and an additional $1.4 billion raised mainly through tax-exempt government bonds.
Under the proposal, if the 49ers decide to stay in the city, they would lease the land for $1 a year and receive $100 million from Lennar to help build a stadium at the shipyard.
Some of the finance plan's details are likely to change before it is presented to the Board of Supervisors and other city commissions for approval. It will be presented as part of a binding development contract as early as fall 2009.
The plan comes as public and private financing for housing development in California is shaky. Yet city officials say that the plan has reliable backing and that San Francisco has unique land value.
"We are seeing sophisticated real estate investors continuing to fund pre-development planning work, demonstrating a fundamental confidence in the San Francisco economy and real estate market," said Michael Cohen, director of the city's Office of Economic Development.
Cohen said the land would be ready for development in approximately 10 years, and housing and commercial space could be completed in 15 years.
The proposed development plan would take 720 acres of public land - an area twice the size of Treasure Island - and build up to 10,000 units of market-rate and affordable housing, retail shops and an office park ringed by 300 acres of parkland. It would also rebuild a nearby, run-down public housing development.
Transportation arteries would be created to handle the development and increased population.
Because the shipyard is designated by the U.S. Environmental Protection Agency as a toxic Superfund site, the Navy must clean individual parcels there before turning them over to the city.
Cohen said the city has secured enough funding from the Navy to complete one of four phases of development and expects to get the rest. The estimated remaining cost for cleaning the shipyard is $300 million to $500 million.
City leaders and Lennar have portrayed the project as a means of revitalizing the impoverished southeastern corner of San Francisco and as the best chance for holding onto the 49ers, who want to move to Santa Clara.
Aside from the $100 million from the developers, the 49ers would be responsible for the costs of building, operating and maintaining the stadium. Environmental work would begin on the site next year and construction could be completed by 2013, Lennar has said.
Team spokesperson Lisa Lang said Wednesday that the 49ers had not seen the financial report and that Santa Clara remains the team's first choice for a new home, even though a stadium deal there is not assured.
If the 49ers decide against San Francisco, Lennar and the city plan to expand the retail and commercial development component of the new development.
The real estate downturn raised questions about Lennar's ability to complete the project. The past six weeks - as mortgage problems have escalated, banking giants have foundered and credit markets remained tight - have

heightened those concerns.
Esmael Adibi, director of the Anderson Center for Economic Research at Chapman University in Southern California, said it's likely that it will be difficult for both private firms and government entities to raise money for projects in the next two to three years.
The upside is that the partnership between Lennar and the city means that the project's sources of revenue will be broader.
"Right now interest rates are very high and borrowing is tough if you are public or private, and it will be that way for a while," Adibi said.
Cohen said Lennar added several equity partners to its development team during the summer, helping to ensure that the project could go forward on schedule.
Plan highlights
Here are the highlights of the finance plan to redevelop the Hunters Point Naval Shipyard and Candlestick Point:
-- $2 billion to complete infrastructure, utilities, parks and transportation arteries and to prepare land for building
-- Housing and commercial construction completed in 15 years, depending on market
-- $618 million invested by private developers who expect to make $1.3 billion in revenue
-- $1.4 billion in public investment, mostly from tax-exempt bonds repaid through taxes generated by new development and taxes on new residents and tenants.
-- $82 million toward community benefits, such as workforce development and training programs and home buying assistance
Source: Draft financial plan.
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