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Hunters Point project finally getting off the ground



Michael Macor, The Chronicle

Protesters block the entrance to the Hunters Point Shipyard condominium and retail project, which they say has excluded them from discussions on hiring.

By Andrew S. Ross

Finally.

After three years of delays, including the collapse of a \$1.7 billion funding deal with a Chinese state bank, construction is to get under way Wednesday to turn the Hunters Point Shipyard and neighboring Candlestick Point into a brand-new neighborhood.

The decades-long project envisages 12,000 new affordable homes, 3.5 million square feet of retail, office, and research and development space, plus 300 acres of parks along San Francisco's southeast shoreline.

"The development is one of our city's most important projects," said Mayor **Ed Lee**. "It will transform a blighted former shipyard into a vibrant community that also brings thousands of construction and permanent jobs to San Francisco over the course of the projects."

Wednesday's the official kickoff, that is, if demonstrators from **Aboriginal Blackmen United**, a community organization protesting its lack of input on local hiring on the project, don't block the entrance to the site, as they did Tuesday.

A separate Hunters Point job training nonprofit, **Young Community Developers**, is working with the city on the local hiring aspect of the first phase of the project.

The first phase starts modestly, with 88 housing units, ramping up to 1,400 within the next five to seven years, according to the developer, **Lennar Urban**. Sewers, roads and other "horizontal" work have already been done.

The project would have gotten off the ground sooner had financing from the state-owned **China Development Bank** not fallen through in April, for reasons not entirely clear.

But discussions with other potential investors are continuing. "We've even had calls from China," said Lennar Urban Vice President **Kofi Bonner**.

No surprise, now that the project, nine years in the making, is actually moving ahead.

"A natural fit": The Hunters Point event will mark the second time that Mayor **Ed Lee** will show up at a construction site Wednesday.

Earlier he'll be at the groundbreaking for a \$620 million luxury condominium project that does have Chinese money invested.

China Vanke, the country's largest real estate developer, is partnering with New York's **Tishman Speyer Properties** on the twin-tower, 655-unit complex at 201 Folsom St., across the street from the Infinity condominium project.

It's the first venture outside of Asia for China Vanke, which is investing approximately \$175 million in the project.

"We are entering the U.S. market to understand business models in a mature market and accumulate management experience through project cooperation," company Chairman **Wang Shi** said when he signed the deal with Tishman Speyer in February.

Wang also will be at Wednesday's groundbreaking, along with Tishman Speyer CEO **Rob Speyer**.

The timing couldn't be better, given San Francisco real estate prices these days. Condos at the Infinity, for example, are going for as much as \$6 million.

For Chinese investors, **Yat Pang Au**, CEO of **Veritas Investments**, told an Asia Society gathering this month, "on a grassroots level, real estate is a natural fit."



Tishman Speyer
Groundbreaking is also set for Wednesday on a two-tower condominium complex at 201 Folsom St.

Clear the decks: Not only has the U.S. Justice Department decided to go after former **California Public Employees' Retirement System** CEO **Fred Buenrostro** and pay-to-play playmate **Alfred Villalobos**, it wants other litigants to get out of the way, at least for a while.

In court documents, federal judges are being asked "at the express request" of the Justice Department to stay suits already filed by the **Securities and Exchange Commission** and the California attorney general's office, and halt bankruptcy proceedings involving Villalobos in Nevada.

The reason: The Justice Department has a serious criminal case it says should take precedence over civil actions filed by the other agencies, which could potentially muddy the Justice Department's case.

In March, the U.S. attorney in San Francisco filed fraud, obstruction and other charges against Buenrostro and Villalobos, in connection with a multimillion-dollar scandal involving "placement agents," like Villalobos and CalPERS executives, several years ago.

The two have denied wrongdoing and have not commented on judicial developments. If convicted, each faces up to 20 years in prison.

The Justice Department's move "is a sure sign that federal prosecutors are committed to bringing these defendants to justice and sending them to prison," said **Philip Khinda**, a partner at Washington law firm **Steptoe & Johnson**, who led a "special review" of the scandal, requested by CalPERS.

"We remain committed to helping authorities pursue their case against those who have harmed CalPERS," said **Brad Pacheco**, a spokesman for the nation's largest public employees pension system, which filed one of the motions requesting a stay of proceedings.

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