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# Amended Long Range Property Management Plan

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Successor Agency to  
the South San Francisco  
Redevelopment Agency

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May 21, 2015

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## El Camino Corridor Project Area

The Agency owns seven parcels in the El Camino Corridor Project Area (see Figure B). These parcels are grouped into three property assemblages based on their acquisition history and proposed uses:

- Former PUC properties— Five parcels that were purchased from the San Francisco Public Utilities Commission (PUC) for future development as mixed-use, transit oriented development and open space.
- 1 Chestnut Ave— This parcel was purchased to augment the development potential of the former PUC properties.
- 80 Chestnut— This parcel was purchased from Cal Water in order to expand the Orange Memorial Park.

This section provides all of the required information regarding these properties. It begins with a description of the Agency's key goals and objectives from the El Camino Corridor Redevelopment Plan and Five-Year Implementation Plan. These properties were purchased to achieve the goals and objectives outlined in the El Camino Corridor Redevelopment Plan and Five-Year Implementation Plan as described below.

The El Camino Corridor Project Area was adopted in 1993 and amended to add area in 2000. El Camino Real (State Route 82) was the first highway and automobile route through the San Francisco peninsula. Spanning almost two miles in South San Francisco, the El Camino corridor is the City's most diverse area in terms of land use, and serves as a major neighborhood commercial center for the City. Commercial uses such as hotels, fast food restaurants, and shopping centers predominate. All but one of the City's neighborhood shopping centers is located in the corridor. Residential uses, offices and service commercial uses are located in small pockets. In addition, the area contains the Kaiser Permanente Medical Center, the County Government Center, Costco, and the South San Francisco BART station. The original Redevelopment Plan for the El Camino Corridor Project Area lists the following goals and objectives of the community redevelopment program in the El Camino Corridor Project Area, which serve as governing objectives for the property disposition program for this area:<sup>1</sup>

*1. The elimination and prevention of the spread of blight, non-conforming uses and deterioration and the conservation, rehabilitation and redevelopment of the Project Area in accord with the General Plan, future specific plans, the Plan and local codes and ordinances, as they now exist or may hereafter be amended.*

*2. The achievement of an environment reflecting a higher level of concern for architectural, landscape, urban design and land use principles appropriate for attainment of the objectives of the Plan and the General Plan, as they now exist or may hereafter be amended.*

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<sup>1</sup> Redevelopment Plan for the El Camino Corridor Area with 1st amendment ord 1150-94, p. 3

3. *The control of unplanned growth by guiding revitalization, rehabilitation and new development in such fashion as to meet the needs of the Project, the City and its citizens.*
4. *The reduction of the City's annual costs for the provision of local services to and within the Project Area.*
5. *Increased sales, business licenses and other fees, taxes and revenues for the City.*
6. *The promotion of new and continuing private sector investment within the Project Area to prevent the loss of and to facilitate the increase of commercial sales activity.*
7. *The creation and development of local job opportunities and the preservation of the area's existing employment base.*
8. *The development of a spectrum of housing types affordable to various segments of the community in a manner consistent with the Housing Element of the General Plan and the provisions of the Redevelopment Law, as they now exist or may hereafter be amended.*
9. *The elimination or amelioration of existing substandard condition, including substandard vehicular circulation and parking systems; inadequate infrastructure; insufficient off-street parking; and other similar public deficiencies adversely affecting the Project Area.*
10. *The assistance in undergrounding of BART through the project Area to ensure that the Project Area meets its full development potential upon the removal of existing blighting conditions.*

Furthermore, the 2000 Redevelopment Plan Amendment included the following relevant goals for the El Camino Corridor Project Area:<sup>2</sup>

- e. *Control of unplanned growth by guiding revitalization, rehabilitation and new development in such a fashion as to meet the needs of the Second Amendment to the Plan, the City of South San Francisco and its citizens.*
- i. *Promotion of new and continuing private sector investment within the Second Amendment Area to prevent the loss of and to facilitate the increase of commercial sales activity.*
- k. *Development of a spectrum of housing types affordable to various segments of the community in a manner consistent with the Housing Element of the General Plan and the provisions of the Redevelopment Law.*

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<sup>2</sup> The Second Amendment to Redevelopment Plan for the El Camino Corridor Area Ord. 1270-00, pp. 3-4

*I. Carrying out or providing for the carrying out of redevelopment In the Second Amendment Area in the interest of the general welfare pursuant to Health and Safety Code Sections 33020 and 33021, including planning, development, replanning, redesign, clearance, reconstruction, and provision of those residential, commercial, industrial, public or other structures or spaces as may be appropriate, including recreational and other facilities incidental or appurtenant to them, alteration, improvement, modernization, reconstruction or rehabilitation of existing structures, provision for open-space types of use such as streets and other public grounds and space around buildings, public or private buildings, structures and improvements, and improvement of public or private recreation areas and other public grounds.*

Based on these goals and objectives, the Agency has undertaken public infrastructure, public facility, economic development, property acquisition, and affordable housing activities in the El Camino Corridor Project Area. The City and Agency expanded the City's largest park, Orange Memorial Park by creating a linear park that connects the BART station to the original park. Redevelopment also supported the Specific Plan process for high density, transit-oriented development (TOD) in the BART station area and has helped catalyze mixed-used development in that area.

#### **Five-Year Implementation Plan**

The Five-Year Implementation Plan describes the goals and objectives for redevelopment activities in each of the project areas (based on the goals and objectives in the respective Redevelopment Plans) and presents specific programs and expenditures that would be undertaken. For the El Camino Corridor Project Area, the Implementation Plan states the following goals and objectives that are directly relevant to the development of properties that are owned by the former redevelopment agency (excerpted from pages I-7 to pages I-8 of the Implementation Plan):<sup>3</sup>

- *Eliminate and prevent the spread of blight, non-conforming uses and deterioration and conserve, rehabilitate and redevelop the Project Area in accordance with the General Plan, future specific plans, the Plan and local codes and ordinances.*
- *Achieve an environment reflecting a higher level of concern for architectural, landscape, urban design and land use principles appropriate for attainment of the objectives of the Plan and the General Plan.*
- *Control unplanned growth by guiding revitalization, rehabilitation and new development in such fashion as to meet the needs of the Project, the City and its citizens.*
- *Promote new and continuing private sector investment within the Project Area to prevent the loss of and to facilitate the increase of commercial sales activity.*

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<sup>3</sup> See page I-7 to I-8, South San Francisco Redevelopment Agency, Five-Year Implementation Plan, FY 2009/10–FY 2013/14.

- *Develop a spectrum of housing types affordable to various segments of the community in a manner consistent with the Housing Element of the General Plan and the provisions of the Redevelopment Law.*
- *Eliminate or ameliorate existing substandard conditions, including substandard vehicular circulation and parking systems, inadequate infrastructure, insufficient off-street parking, and other similar public deficiencies adversely affecting the Project Area.*
- *Present and create civic, cultural and educational facilities and amenities as catalysts for area revitalization.*
- *Upgrade and expand recreational areas and open space.*
- *Develop more east-west crossings on El Camino Real that connect the City's neighborhoods, and a continuous parallel street on the eastside to provide alternative travel routes.*
- *Encourage development of a mix of uses, with pockets of concentrated activity that provide focus and identity to the different parts of El Camino Real.*
- *Develop the South San Francisco BART station area as a vital pedestrian-oriented center, with an intensity and mix of uses that complement the area's new role as a regional center.*
- *Increase opportunities for regional and neighborhood commercial uses*
- *Extend Centennial Way along BART alignment and create east-west connections between El Camino and the neighborhoods.*
- *Enhance pedestrian and bicycle connectivity around existing facilities such as Kaiser, Orange Memorial Park and the Municipal Services Building as well as new public facilities such as a new library.*
- *Make improvements along Colma Creek Canal, including bank improvements, landscaping and removal of chain link fencing.*





## **2-6. Former PUC Properties**

### **APN 093-312-050, 093-312-060, 093-331-050, 093-331-060 and 011-326-030**

Following the purchase of the former PUC properties, the City embarked on preparing an area wide plan for the northerly portion of El Camino Real between Chestnut Avenue and the SSF BART station. The central aim of the plan is to develop the area into a vibrant high density mixed-use neighborhood allowing for improved auto access as well as attractive and accessible bicycle, pedestrian and open space connections. Located in the geographic heart of South San Francisco, the former PUC properties were acquired by the Agency in order to redevelop them into new mixed-use, transit-oriented developments that would create a vibrant Transit Village district within South San Francisco. The properties are advantageously located at the City's busiest crossroads at Chestnut Avenue and El Camino Real. They are located in close proximity to the South San Francisco Bay Area Rapid Transit (BART) Station and the City's Transit Village Zoning District just north of the properties. The properties are also near key public amenities including Orange Memorial Park, the Centennial Way pedestrian and bike trail and the Municipal Services Building. The properties are adjacent to the right-of-way for the underground BART.



*PUC Properties*

The PUC properties are currently vacant, offering the opportunity to structure development, connections and open space in an integrated manner. Centennial Way—a bicycle and pedestrian trail within the Colma Creek and BART rights of-way that run through the length of the site —will be extended along the portion of the BART right-of-way between Chestnut Avenue and Colma Creek. This trail network will provide an important direct connection between the South San Francisco BART Station to the north and Orange Memorial Park to the south. Pedestrian and bicycle paths will connect new development and surrounding neighborhoods to the Centennial Way spine. Buildings, parks, and plazas will be oriented to the open space network to maximize access to and visibility of these amenities.

a) **Acquisition Information**

In March 2006, the Agency Board approved a Purchase and Sale Agreement between the Agency and the City and County of San Francisco (CCSF)/San Francisco Public Utilities Commission to purchase approximately 21.3 acres of property. In July 2007, the Agency amended the Purchase and Sale Agreement to reduce the amount of property being purchased to 13.2 acres for a reduced price of \$21,060,000. The purchase and sale was completed and the property was transferred to the Agency on January 31, 2008.

b) **Purpose of Acquisition**

The South San Francisco BART Station created new opportunities for innovative planning along El Camino Real. With the adoption of the South San Francisco General Plan in 1999, the City Council recognized that the SSF BART Station area could be a new activity node that would serve local residents and attract visitors. Specific to the El Camino Real Corridor, the City has: 1) adopted the SSF General Plan which encourages transit oriented development; 2) implemented the SSF BART Transit Village Plan and Ordinance; 3) prepared plans to extend Oak Avenue from Mission Road to El Camino Real; 4) constructed the majority of Centennial Way over the BART-SFO right-of-way; and 5) purchased a total of 14 acres of vacant land from the San Francisco Public Utilities Commission and Ron Price Motors to ensure high quality mixed use development. The most recently approved housing projects include Park Station at 1200 El Camino Real (99 units), the Mid-Peninsula Housing Project at 636 El Camino Real (109 affordable units and 5,700 sq. ft. of commercial space), and the newly approved Mission & McLellan project at 1309 Mission Road (20 units and 6,000 sq. ft. commercial). The City's planning effort is consistent with regional efforts to promote Transit Oriented Development and is governed by the following planning and policy documents:

***The Grand Boulevard Initiative (advisory document only)***

The Grand Boulevard Initiative is a collaboration of 19 cities, counties, local and regional agencies to improve the performance, safety, and aesthetics of El Camino Real and to provide coordinated planning for the entire corridor.

***El Camino Real Master Plan***

In 2007, the City adopted the El Camino Real Master Plan with the goal to "develop El Camino as a boulevard that accommodates its role as a regional corridor but with streetscape and development that provide identity to the street."

***South San Francisco General Plan Housing Element***

The Housing Element, updated in June 2009, contains an analysis of the community's housing needs, resources, constraints, and opportunities. The Housing Element identifies several housing sites within the Planning Area and estimates that these sites can accommodate approximately 549 housing units at the existing zoning and development standards.

***El Camino Real/Chestnut Area Plan (2011)***

The City adopted a General Plan Amendment, Zoning Changes and Design Guidelines to permit high-density, mixed-use development along the El Camino Real Corridor. The purpose of the Amendment is to recognize the El Camino Real corridor as a strategic location in the city – the area is well served by schools, transit, and existing infrastructure – by replacing older policies and regulations, which promote low-intensity, auto-oriented single-use activity, with policies and regulations that target higher intensities and mixed-use development.

Given this planning context, the Agency purchased these properties to create a new walkable, distinctive, mixed-use district at the geographic center of South San Francisco. A network of open spaces will form the armature of new development. New streets and pedestrian connections will extend through the area, enabling easy movement on foot. The BART right-of-way that extends through the length of the Planning Area will be transformed into a linear park and a pedestrian-oriented “Main Street,” lined with restaurants, cafés and outdoor seating in a portion of the right-of-way. Development will be at high densities, reflecting adjacent transit access. The plan envisions a new neighborhood of up to 4,800 residents housed in low- to high-rise buildings. It will provide a range of commercial uses; walking access to everyday amenities; new civic uses, potentially including a new City Library; parks, plazas, and gathering spaces for the entire South San Francisco community.

c) Parcel Data

Former PUC Parcels APN 093-312-050, 093-312-060, 093-331-050, 093-331-060 and 011-326-030: These properties consist of various irregular shaped parcels encompassing 13.2 acres. The parcels are zoned according to a blend of development intensity as dictated by the El Camino Real/Chestnut Avenue Land Use Plan. The designations include High Density Residential, El Camino Real Mixed Use North, El Camino Real Mixed Use North High Intensity, El Camino Real Mixed Use North Medium Intensity and Public Use.

Parcel 011-326-030 is a vacant site of approximately 1.9 acres. It is a well exposed corner lot with extensive frontage along east side of El Camino Real and along Chestnut Avenue. However, it suffers from extreme grade variance dropping precipitously from the El Camino frontage to the rear of the property.

Parcels 093-312-060 and 093-312-050 are vacant lots of approximately 7.6 acres. They have extensive frontage along Mission Road but are also bisected by Colma Creek and the proposed Oak Avenue extension.

Parcels 093-331-050 and 093-331-060 are two narrow, landlocked lots running behind properties facing El Camino Real between Orange Avenue and Chestnut Avenue. This corridor now serves as a linear park. It also contains a 21,000 sq. ft. building next to Orange Park that is occupied by the Boys and Girls Club. These lots are approximately 3.7 acres.

d) Estimate of Current Value

The Successor Agency has only had parcel 011-326-030 recently appraised. Given the challenging development conditions that exist on this parcel, the appraisal dated September 9, 2013 by DANA Property Analysis estimates the value of the property to be \$970,000 (\$15.16/sq. ft.), see Appendix C.

The value of the remaining parcels as currently configured is difficult to assess because sub-areas within each parcel can have widely varying values depending on their accessibility, potential for development and the presence of hazardous materials. A better understanding of the value of these properties can be derived from the disposition section of this report where the properties are subdivided and/or assembled into developable lots.

e) Revenues Generated by Property/Contractual Requirements

All parcels are vacant and undeveloped with the exception of a 21,000 sq. ft. building on parcel 093-331-060. The building is rented to the Boys and Girls Club under a "Revocable Permit" that has existed between the PUC and the Boys and Girls Club since 1958 and prior to the Agency's acquisition of the property. The Agency assumed the Revocable Permit when it acquired the property. The Revocable Permit between the Agency and the Boys and Girls Club contains the following provisions: 1) no rent, 2) the buildings are considered to be temporary and can be demolished at the Boys and Girls Club expense, 3) the Boys and Girls Club must maintain liability insurance, 4) the Permit has no sunset clause and can be revoked at any time.

f) Environmental Contamination and Remediation

The Agency conducted Phase I and Phase II assessments and found parcel 011-326-030 has several adverse environmental conditions. See Appendix D for a complete listing of these conditions. The Phase I report indicates the remaining parcels do not have adverse environmental conditions.

g) Potential for Transit Oriented Development and Advancement of Planning Objectives

Sitting along El Camino Real and in close proximity to the BART station, the former PUC properties are a perfect example of land suitable for transit oriented development. This proposed efficient use of land creates a pedestrian oriented, walkable area close to transit that is part of the City's ongoing effort to promote integrated planning and development based on sustainability principles and practices. The vision for the Planning Area is one of "smart growth," enhanced by policies and design guidelines that ensure sustainable measures such as access to transit and green building

h) History of Development Proposals and Activity

Prior to the acquisition by the Agency, the PUC had not considered any development proposals that resulted in any significant development activity or review by the City.

## **Property Disposition**

This part of the LRPMP lists the Successor Agency's properties under the three applicable permissible categories allowed by the Redevelopment Dissolution Statutes. It begins with a discussion of the properties that are used for governmental purposes and the reason why these properties should retain their present functions. The next section lists the properties recommended for sale. The third section describes the properties that should be retained for the purpose of implementing the development goals of the approved Redevelopment Project Plan.

For the section discussing the properties that should be retained for implementing the development goals of the approved Redevelopment Project Plan, the LRPMP will provide background information that will put into context the information provided for each property or group of properties. In addition, for each property transferred to the City pursuant to Section 34191.5(c)(2)(A) and this LRPMP, the City and the Taxing Entities will enter into a Compensation Agreement pursuant to Section 34180(f). Each Compensation Agreement shall meet the characteristics described in the Compensation Agreement section of this LRPMP and will be subject to the directives of DOF in connection with its consideration and approval of this LRPMP.

During the 1990's and 2000's the Agency's redevelopment focus was directed at developing what is arguably the world's premier biotech cluster. Nevertheless, in the few years preceding the dissolution of redevelopment the Agency acquired and assembled a significant amount of land for future development in the El Camino Corridor and Downtown Central project areas. Properties assembled include the former PUC properties, the Ron Price property (1 Chestnut), the Ford properties in the downtown and various other scattered sites. The City also adopted the 1999 General Plan that included plans for intensive development of the Downtown and within Transit Oriented Districts (TOD), adopted area plans for the El Camino Corridor to guide future development, and most recently adopted the Downtown Station Area Specific Plan (DSASP).

With the dissolution of redevelopment the City lost a significant amount of funding that was available for fulfilling the Agency's and City's vision for downtown and the El Camino Corridor. The adoption of AB1484 (the clean-up legislation for ABx1 26), however, gives the City the opportunity to retain properties suitable for transit oriented development (TOD) to advance the project area's redevelopment plan. This section of the LRPMP will demonstrate that some of the Agency's former properties in TOD areas should be retained for future development to fulfill the redevelopment plan for the area. This section will further demonstrate that ensuring the development of these properties as envisioned by the Redevelopment Plans will ultimately be of greater benefit to the taxing agencies through increased property tax revenue.

Planning for the future of the former Agency's properties must seek a balanced approach between pursuing the goals of the Redevelopment Dissolution Statutes and taking today's market investment and cost development realities into consideration. The Successor Agency must also appreciate the benefits

of developing affordable housing in the project areas. Affordable housing is not simply about providing housing for low-income people, it is about providing housing to working people at affordable rents so that they have disposable income to promote a healthy economy.

Despite all of the benefits and attractive features of South San Francisco, there is no denying that the residential development community unfairly views South San Francisco as a second tier city in the County (this comment is not meant to insult but rather to convey the movement of capital). As developers have stated, it costs the same to build in South San Francisco as it does to build in Redwood City, San Mateo or Millbrae. Given this fact, why build in South San Francisco when the return on investment is much higher in other cities? This means that without proactive involvement, properties in the former redevelopment project areas will not be developed if development is left to market forces.

To ensure the growth planned in the former Agency's Redevelopment Plan, the City is going to have to take a leadership role and initiate development of the PUC properties and in the downtown. The City has to be able to retain some of the former Agency's properties in order to spark development and fulfill the vision of creating TOD areas around the South San Francisco BART and Caltrain stations.

To understand the development potential of the former Agency's properties and to identify the long-term financial benefits to the taxing agencies, the City worked with architects, developers and financial analysts to prepare development programs for the former Agency's properties. Each property discussed in the section listing the properties that should be retained for implementing the goals of the approved Redevelopment Plan describe the development potential of the properties and the long-term financial benefits to the taxing agencies.

One final element in this section that needs further explanation is residual land value (RLV). RLV is the value of land determined by deducting from the value of an improved property, the costs of development and a market rate profit. This methodology is often used where direct land sale comparable information is not available without substantial adjustment for the use and development conditions. Additionally, this method estimates the amount that a developer can afford to pay for the site based on the expected costs and revenues associated with the development program. A calculated residual land value equal to the expected cost of land suggests that a project is feasible. A residual land value significantly less than the expected cost of land, or negative, suggests that a project is not feasible.

Residual land values were calculated for both apartment and condominium developments. Apartments provide the highest and best use for the sites in current and projected market conditions. Condominium market conditions may improve and provide greater feasibility in the future. RLV for condominiums trailed feasibility thresholds in most scenarios. Consideration of park-in-lieu-fees and affordable housing requirements further impair condominium feasibility. Accordingly, condominium RLV's are excluded from the results presented in the LRPMP.



## Permissible Use Category: Government Use

### El Camino Corridor Project Area

#### 4-5. Former PUC Properties 093-331-050/ 093-331-060

These properties were acquired from the San Francisco Public Utilities Commission along with parcels APN 093-312-050, 093-312-060 and 011-326-030. While the latter parcels have development potential, these parcels are landlocked and run behind properties facing El Camino Real. They have no development value and are zoned for public use. The corridor now serves as a linear park. Therefore, these properties must remain a public use in order to provide public access and a park.



Upon transfer of the property to the City the grant deed will include language restricting the use of the property to governmental/public use. In the event that City as Grantee discontinues the restricted use or seeks to use the property for a non-governmental/public purpose, the City shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity or entities, providing that all net revenue from such non-governmental/public use shall be distributed in the same manner as property tax, subject to then-current law respecting such distribution. For a description of the proposed grant deed language, see Appendix F.

## 8. 80 Chestnut Avenue

This property was previously owned by Cal Water to operate wells and provide water to its users. It has long been the City's intent to expand Orange Memorial Park onto this property as reflected in the Orange Memorial Park Master Plan. The property is zoned Park/ Open Space/Public-Institutional Use and it currently serves as a museum for the South San Francisco Historical Society's historical collection. Cal Water plans to sell additional sub-area parcels to the City in the future to complete the expansion of the park. Given the property's zoning and intended public benefit, this property must remain a public use.

Upon transfer of the property to the City the grant deed will include language restricting the use of the property to governmental/public use. In the event that City as Grantee discontinues the restricted use or seeks to use the property for a non-governmental/public purpose, the City shall enter into a compensation agreement with the San Mateo County Auditor-Controller or other appropriate entity or entities, providing that all net revenue from such non-governmental/public use shall be distributed in the same manner as property tax, subject to then-current law respecting such distribution. For a description of the proposed grant deed language, see Appendix F.





In addition, the use of the property for an approved redevelopment project is in compliance with the City's General Plan and the El Camino/Chestnut Area Plan, and it will help achieve five of the General Plan's nine components:

- Neighborhood-oriented development
- Economic development and diversification
- Increased connectivity and accessibility
- Land use/transportation correlation and promotion of transit
- Reinforcement of Downtown as the center of South San Francisco

The General Plan emphasizes the need to improve and develop properties surrounding the BART and Caltrain stations. Redevelopment of these properties will help to achieve more efficient land use, stimulate mixed-use, transit-oriented development, and improve connections between residential and employment centers and transit hubs. In addition, the public improvements and land assembly will improve transportation and pedestrian linkages and improve residents' access to every day commercial needs and increase connectivity and accessibility within and among the Project Areas.

### El Camino Corridor Project Area

The following activities described in the Five-Year Implementation Plan are directly relevant to the development of properties as described in the LRPMP (excerpted from Section II. A pages II-1 and II-3 of the Implementation Plan): <sup>4</sup>

*2. Public Facilities—Development of new parks, and reconfiguration of landscaping and playfields to meet the current needs of residents.*

*3. Economic Development—The projects and activities will be designed to promote economic development in the Project Areas and include the..support for mixed-use development in the...El Camino Corridor Project Area....*

*4. Property Acquisition, Demolition and Site Preparation— Major land improvement activities will include the Chestnut Avenue/CalWater site and acquired from the PUC in the El Camino Corridor....*

*5. Affordable Housing Program—The Housing Program promotes residential and mixed-use development on vacant and underutilized sites. Through this program the Agency will increase and preserve the low and moderate-income housing stock. Components of this program include assistance for the construction of new rental and ownership units, loans and grants for rehabilitation, and first-time homebuyer assistance.*

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<sup>4</sup> See pages II-1 to II-3, South San Francisco Redevelopment Agency, Five-Year Implementation Plan, FY 2009/10–FY 2013/14.

Chapter 3.4 of the General Plan specifies guiding and implementation policies for the El Camino Real area, many of which will be facilitated by the proposed development strategy described in the LRPMP:

*3.4-G-2 Encourage development of a mix of uses, with pockets of concentrated activity that provide foci and identity to different parts of El Camino Real.*

*3.4-G-3 Develop the South San Francisco BART station area as a vital pedestrian center, with intensity and mix of uses that complement the area's new role as a regional center.*

*3.4-I-8 Require any new development within ½ mile of the BART station at a density of no less than 30 units per net acre for residential uses, or an FAR of 1.5 for non-residential uses, or an appropriate combination of the two.*

*3.4-I-13 Develop the El Camino Real/Chestnut Area in accordance with the vision established for the area by the El Camino Real/Chestnut Area Plan*

**2-3, 6-7.      1 Chestnut Avenue and Former PUC Properties**  
**APN 093-312-050, APN 093-312-060, APN 011-326-030**

**El Camino-Chestnut Avenue Property Assemblage**

The City of South San Francisco has identified the intersection of El Camino Real and Chestnut Avenue as a key opportunity site for new development and economic revitalization. The El Camino Real/Chestnut Avenue Area Plan, adopted in 2011, establishes a compelling long-term vision for the area as a new mixed-use neighborhood with residential, retail, and civic uses at a range of densities, along with public plazas and open space that benefit the broader community. The Successor Agency owns approximately 9.5 acres of vacant and underutilized property between El Camino and Mission Road, originally purchased by the Agency with the goal of facilitating development in an area that faces a variety of implementation challenges.

Following the dissolution of the Agency in 2012, the Successor Agency is responsible for developing a strategy for these properties. This could consist of the sale of individual properties, or the entering into a master development agreement with a single developer identified through a Request for Proposals (RFP) process or a negotiated purchase and sale agreement. The goal of this recommendation is to adopt a strategy most likely to maximize the long-term revenue to the taxing agencies while also maintaining the vision expressed in the former Redevelopment Agency's El Camino Corridor Project Plan, the El Camino Real/Chestnut Avenue Area Plan and the City's General Plan.

The former PUC properties exemplify both the opportunities and challenges of infill development along El Camino Real in the post-redevelopment era. The relatively large size of the assembled parcels, combined with their location near the South San Francisco BART station, makes this one of the most important development opportunity sites along El Camino Real. Nevertheless, the study area has several physical characteristics that pose significant implementation challenges. There is a sharp slope downwards from El Camino Real toward Mission Road, with a grade change of up to 50 feet in certain

locations. The developable parcels are also oddly-shaped due to the BART easement and the Colma Creek Channel, both of which cut through the site.

The City of South San Francisco has already made substantial public improvements to the area with the construction of Centennial Way, a multi-use bikeway and linear park constructed on top of the underground BART tunnel and alongside the Colma Creek channel. The trail provides an open space connection between the South San Francisco and San Bruno BART Stations for residents, commuters and recreationalists, offering an alternative to sidewalks along El Camino Real and Mission Road. As of its completion in May 2009, the trail was 2.85 miles long.

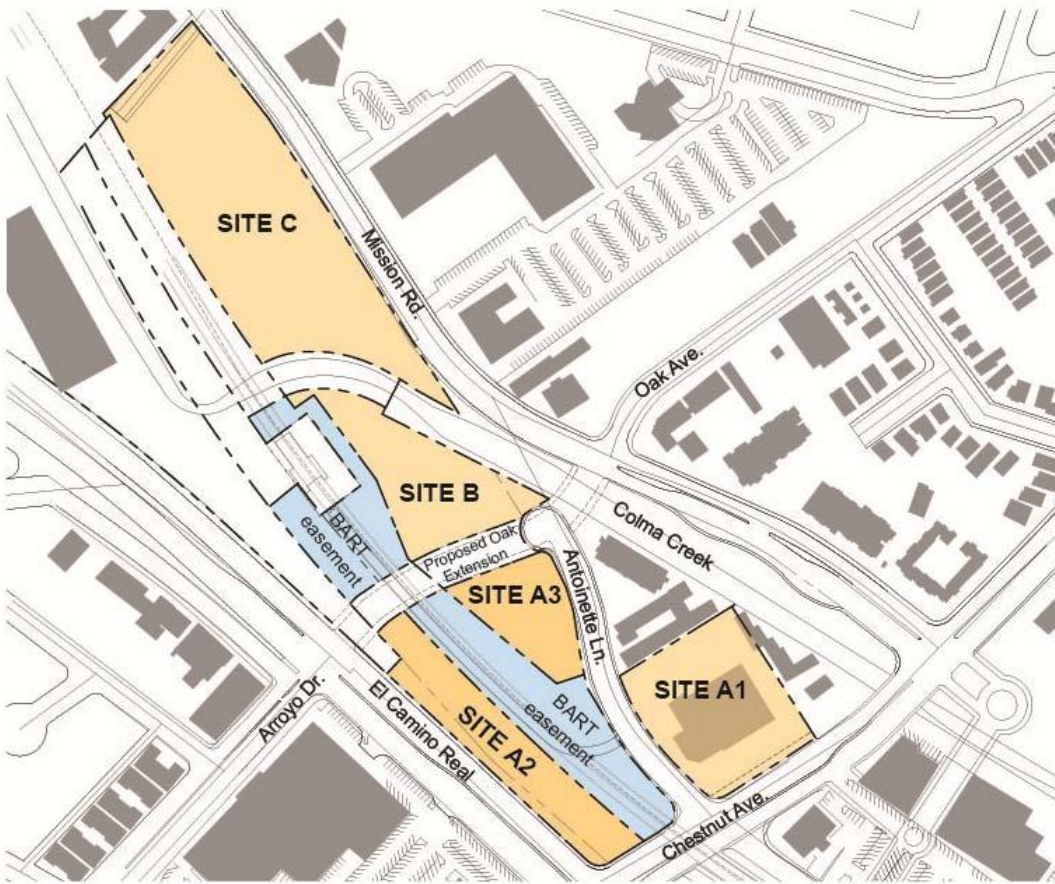
Another major public infrastructure project planned in the study area is the Oak Avenue extension, which would extend Oak Avenue from Mission Road through to Arroyo Drive, in accordance with the General Plan. This extension is expected to improve east-west connectivity.

Strategic Economics evaluated the potential for new residential, office retail, and mixed-use development in the study area with a focus on the next ten years or less (see Appendix I). Strategic Economics found that the area is well-positioned for residential development with supporting commercial uses. There is strong demand for new residential development in South San Francisco and the broader northern San Mateo County area. Employment growth in the Silicon Valley and San Francisco is a major driver of demand for housing in the market area. The study area offers excellent access to regional transit and freeways, and is an ideal location for professionals seeking a convenient commute to job centers in San Francisco or on the Peninsula.

### **Site Description**

The properties included in the development feasibility analysis are shown in Figure 1 on page 71. In addition to the 9.5 acres owned by the Successor Agency (shown in brown), the development program includes 2.8 acres that are subject to an easement because they are in the BART right-of-way. Although the BART tunnel is underground, structural constraints limit improvements that can be made on the ground above to projects that do not involve any foundation work, and development along this easement would require BART approval. The Colma Creek Channel, Antoinette Lane and the planned Oak Avenue extension also play a major role in defining the shape and size of the developable acreage. For this reason the properties do not follow the parcel configurations described earlier in the LRPMP. Instead they are divided into the areas described in Figures 1 and on page 71.

Figure 1



Site A is the southernmost of the three development sites, located between Chestnut Avenue and the proposed Oak Avenue extension. The site is divided into three subsections by the BART easement and Antoinette Lane. Each of these parcels is described in more detail below.

- Parcel 1 is 1.9 acres with frontage along Antoinette Lane and Chestnut Avenue. It is currently home to a single-story retail building occupied by Pet Club. This parcel has received interest from businesses and developers. (Labeled “Site A1” in Figure 1.)
- Parcel 2 is a long, shallow parcel between El Camino Real and the BART easement, with a total area of 1.5 acres. (Labeled “Site A2” in Figure 1.)
- Parcel 3 is a triangular 0.9 acre parcel bounded by the proposed Oak Avenue extension, the BART easement and Antoinette Lane. (Labeled “Site A3” Figure 1.)

Site B is located on the north side of the proposed Oak Avenue extension, bounded by the BART easement to the southwest and the Colma Creek channel to the northeast. The developable area owned by the Successor Agency is 1.5 acres; the BART easement is 1.1 acres.

Site C is the largest parcel at 4.5 acres. Located on the north side of the proposed Oak Avenue extension, it is bounded by the BART easement and Centennial Trail to the southwest and by Mission Road to the northeast.

Strategic Economics worked with Successor Agency staff to devise a development program that is both market driven and consistent with the community's goals for the study area as expressed in the El Camino Real/Chestnut Avenue Area Plan and the goals of the El Camino Real Project Plan. The development program assumes redevelopment of all Successor Agency-owned parcels in a manner consistent with a master developer approach. In this approach, the property is redeveloped with the goal of maximizing the combined potential of all of the parcels. Orchestrating development across all parcels offers three major benefits:

- 1) **Economies of scale.** Larger projects can benefit from savings on some "soft" costs of development such as site planning, entitlements, financing and marketing. In some cases, they can also save on some of the "hard" costs related with construction. Larger projects are also more likely to be of sufficient scale to assist in addressing related public improvements in utilities, access, or other infrastructure.
- 2) **More efficient site design.** Developed incrementally, each parcel would need to address access, parking and open space separately. A master developer approach allows required parking to be provided in a more economical way, in particular by making use of the BART easement for retail parking for multiple buildings.

Consistent with findings of the market analysis, the development program consists primarily of residential uses with some supporting retail. The development program is summarized in Figures 2, and the drawings are provided in Figures 3 and 4.

*Figure 2*

|                           | Site A   | Site B                             | Site C                             |
|---------------------------|--|------------------------------------|------------------------------------|
| Developable Area (acres)  | 4.2  | 1.5                                | 4.4                                |
| BART Easement             | 1.7  | 1.1                                | 0                                  |
| Description               | Residential Over<br>Ground Floor Retail<br>and Podium<br>Parking | Residential Over<br>Podium Parking | Residential Over<br>Podium Parking |
| Stories                   | 4-5 Stories  | 5 Stories                          | 6 Stories                          |
| Retail Area (sq. ft.)     | 32,400   | 0                                  | 0                                  |
| Residential Units         | 194  | 100                                | 420                                |
| Residential Parking Ratio | 1.5  | 1.5                                | 1.5                                |

Source: VMWP, 2013.

- 3) **Development of all Properties.** In the event the Successor Agency elected to sell individual properties, Site C is the only site that would be developed consistent with the Agency's El Camino Corridor Project Plan, the El Camino Real/Chestnut Avenue Area Plan and the City's General Plan. Site A1 would most likely be purchased by a business that would retain the existing use. Site A2 would not be developed or sold given the site's development constraints and environmental condition. The size and accessibility constraints of Site A3 and Site B would most likely preclude the development and sale of



these properties as well. Such outcomes waste a tremendous opportunity to develop hundreds of housing units in a transit oriented area.

### **Development Description**

Site A consists of three buildings with a total of 194 residential units and 32,000 square feet of retail. Each building has three to four residential levels over ground floor podium parking and retail. The retail businesses in all three buildings would be served by 131 shared surface parking spaces on the BART easement and Antoinette Lane, at a ratio of approximately 4 spaces per 1000 square feet.

Sites B and C are both entirely residential with one floor of ground floor podium parking. Site B contains 100 units in four levels above one level of podium parking. The structured parking is supplemented by an additional 26 surface parking spots on the BART easement. Site C is developed with 400 residential units in four levels above two levels of podium parking.

*Figure 3*



Figure 4



The financial feasibility results are summarized in Figure 5. Strategic Economics used a “land residual” approach to test the feasibility of the development program. This method estimates the amount that a developer can afford to pay for the property based on the expected costs and revenues associated with the development program. If the residual land value is similar to the expected cost of land, it suggests that the project is feasible. If the residual land value is less than the expected cost of land, or negative, it suggests that the project is not feasible.

Figure 5

|                            | Site A               | Site B              | Site C               |
|----------------------------|----------------------|---------------------|----------------------|
| <b>Development Costs</b>   |                      |                     |                      |
| Hard Costs                 | \$67,830,000         | \$31,388,000        | \$125,861,000        |
| Soft Costs                 | \$20,349,000         | \$9,416,000         | \$37,758,000         |
| Financing Costs            | \$3,224,000          | \$1,492,000         | \$5,982,000          |
| Developer's Return         | \$10,968,000         | \$5,076,000         | \$20,352,000         |
| <b>Total Costs</b>         | <b>\$102,372,000</b> | <b>\$47,372,000</b> | <b>\$189,953,000</b> |
| <b>Total Revenue</b>       | <b>\$104,580,000</b> | <b>\$47,078,000</b> | <b>\$189,477,000</b> |
| <b>Residual Land Value</b> | <b>\$2,208,000</b>   | <b>-\$294,000</b>   | <b>-\$476,000</b>    |
| <b>Per Square Foot</b>     | <b>\$8.03</b>        | <b>-\$2.63</b>      | <b>-\$2.46</b>       |

Source: Strategic Economics, 2013.

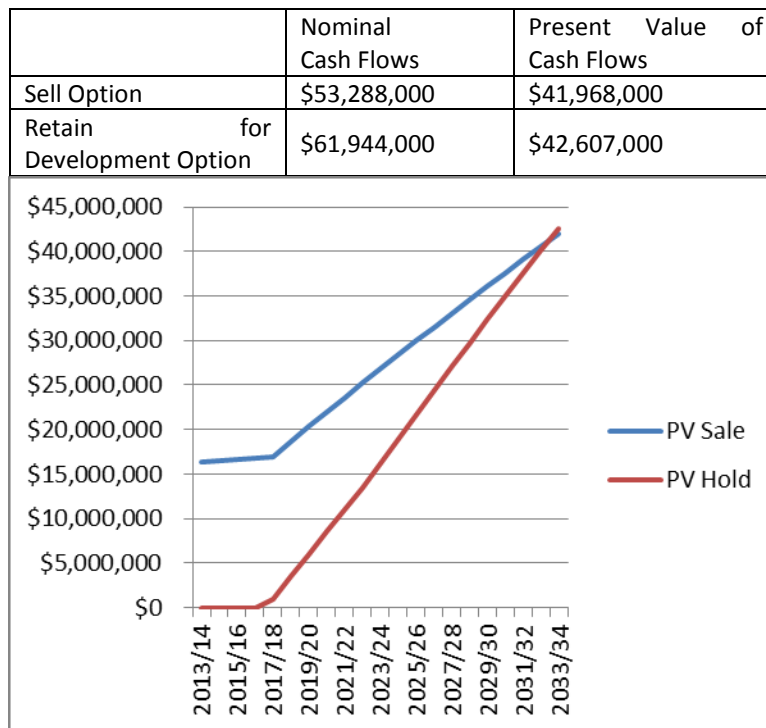


For the purposes of the analysis, land values for residential and mixed use development near the study area are estimated to range from \$50 to \$75 per square foot. This price range is based on recent transactions and asking prices for properties in the surrounding area, as well as interviews with brokers and developers active on the San Francisco Peninsula. It should be noted that land prices vary greatly depending on the location and specific characteristics of the property, as well as zoning, intended use and market conditions.

#### Financial Benefit to Taxing Agencies

While the benefit of the City retaining the properties for future development and the fulfillment of the El Camino Project Area Plan is the most beneficial option for the City, the property, the residents, the region and the State, the financial benefit to the taxing agencies is virtually equal between the two options. As summarized below, and shown in more detail in Appendix H and Table 3, the net financial benefit to the taxing agencies is virtually equal over a 20 year period. Notwithstanding the financial benefits of development discussed above, the City and the Taxing Entities will enter into a Compensation Agreement pursuant to Section 34180(f) as described in the Compensation Agreement section of this LRPMP.

Table 3





## LONG RANGE PROPERTY MANAGEMENT PLAN: PROPERTY INVENTORY DATA

|     |                     | HSC 34191.5 (c)(2) |   | HSC 34191.5 (c)(1)(A) |   |  |             |                                 | SALE OF PROPERTY    |                    | HSC 34191.5 (c)(1)(B)  | HSC 34191.5 (c)(1)(C) |             |                             |  |
|-----|---------------------|--------------------|---|-----------------------|---|--|-------------|---------------------------------|---------------------|--------------------|--|-----------------------|-------------|-----------------------------|--|
| No. | Property Type       | Permissible Use    | Permissible Use Detail  | Acquisition Date      | Value at Time of Purchase                   | Estimated Current Value                    | Value Basis | Date of Estimated Current Value | Proposed Sale Value | Proposed Sale Date | Purpose for which property was acquired  | Address               | APN #       | Lot Size (sq.ft.)           | Current Zoning   |
| 1   | Commercial          | Governmental Use   | Restrictive covenants requiring use for: a) operation of a child day care facility; b) a public library; c) a public office facility as an amenity to the property. | 28-May-03             | \$1,259,000                                 | \$1,259,000                                | Book        | May-03                          | N/A                 | N/A                | Construction a childcare center  | 559 Gateway Blvd.     | 015-024-490 | 30,330                      | Gateway Specific Plan with a General Plan designation of Business Commercial |
| 2   | Vacant Lot/Land     | Future Development | High Density Mixed-Use Development  | 31-Jan-08             | \$21,060,000 (inclusive of properties #2-6) | TBA  | Market      | Sep-13                          | N/A                 | N/A                | Development of a mixed-use district at the center of South San Francisco   | No address            | 093-312-050 | 331,056 (inclusive of #2-3) | Transit Village district   |
| 3   | Vacant Lot/Land     | Future Development | High Density Mixed-Use Development  | 31-Jan-08             | \$21,060,000 (inclusive of properties #2-6) | \$11,939,915                               | Market      | Sep-13                          | N/A                 | N/A                | Development of a mixed-use district at the center of South San Francisco   | No address            | 093-312-060 | 331,056 (inclusive of #2-3) | Transit Village District   |
| 4   | Vacant Lot/Land     | Governmental Use   | Public Park   | 31-Jan-08             | \$21,060,000 (inclusive of properties #2-6) | \$2,417,580 (inclusive of properties #4-5) | Market      | Sep-13                          | N/A                 | N/A                | Development of a mixed-use district at the center of South San Francisco   | No address            | 093-331-050 | 161,172 (inclusive of #4-5) | Transit Village District   |
| 5   | Other               | Governmental Use   | Public Park   | 31-Jan-08             | \$21,060,000 (inclusive of properties #2-6) | \$2,417,580 (inclusive of properties #4-5) | Market      | Sep-13                          | N/A                 | N/A                | Development of a mixed-use district at the center of South San Francisco   | No address            | 093-331-060 | 161,172 (inclusive of #4-5) | Transit Village District   |
| 6   | Vacant Lot/Land     | Future Development | High Density Mixed-Use Development  | 31-Jan-08             | \$21,060,000 (inclusive of properties #2-6) | \$970,000                                  | Appraised   | Sep-13                          | N/A                 | N/A                | Development of a mixed-use district at the center of South San Francisco   | No address            | 011-326-030 | 82,764                      | Transit Village District   |
| 7   | Commercial          | Future Development | High Density Mixed-Use Development  | 11-Jan-08             | \$6,500,000                                 | \$4,438,080                                | Appraised   | 11-May-12                       | N/A                 | N/A                | Essential for the development of the former PUC Properties; implementation of the Redevelopment Plan for the El Camino Project Area. | 1 Chestnut Ave.       | 011-322-030 | 72,000                      | El Camino Real/Chestnut Avenue Area, Mixed Use High Intensity                |
| 8   | Public Building     | Governmental Use   | Expansion of Orange Memorial Park   | 21-Dec-07             | \$1,100,000                                 | \$1,100,000                                | Book        | N/A                             | N/A                 | N/A                | Expand Orange Memorial Park  | 80 Chestnut Ave.      | 011-324-190 | 30,330                      | Public/Quasi-Public  |
| 9   | Police/Fire Station | Governmental Use   | Fire Station 61   | 28-Apr-04             | \$3,650,000                                 | \$3,650,000                                | Book        | 28-Apr-04                       | N/A                 | N/A                | Public safety, relocation of fire station serving project area.  | 480 North Canal St.   | 014-061-110 | 75,260                      | Mixed Industrial per the General Plan  |
| 10  | Vacant Lot/Land     | Governmental Use   | Caltrain station extension and pedestrian access improvements   | 28-Jan-10             | \$763,000                                   | \$763,000                                  | Book        | 28-Jan-10                       | N/A                 | N/A                | Caltrain station extension and pedestrian access improvements  | 296 Airport Blvd.     | 012-338-160 | 24,325                      | Public/Quasi-Public  |