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Report regarding a resolution authorizing submission of the 2022 Infill Infrastructure Grant (IIG) Program to the California State Department of Housing and Community Development. (Ernesto Lucero, Acting Deputy Director, Economic and Community Development Department)

RECOMMENDATION

Staff recommends that the City Council approve a resolution authorizing submission of the 2022 Infill Infrastructure Grant (IIG) Program to the California State Department of Housing and Community Development (HCD) and authorizing the City Manager to execute related agreements and take related actions.

BACKGROUND/DISCUSSION

In 2007, the former Redevelopment Agency of the City of South San Francisco ("Redevelopment Agency") entered into an agreement with the City and County of San Francisco/San Francisco Public Utilities Commission (SFPUC) to purchase 13.2 acres of land located in the vicinity of El Camino Real and Chestnut (PUC Site). The sale was completed and the property transferred to the Agency on January 31, 2008. Within this 13.2-acre property, the PUC Site consists of two vacant lots totaling approximately 5.9 acres, identified as a portion of APNs 093-312-050 and 093-312-060.

The PUC Site, as envisioned in several policy documents, offers an opportunity for mixed-use development, due to its large contiguous land area, extensive frontage along Mission Road, and direct pedestrian access to the South San Francisco BART station, El Camino Real commercial corridor, Centennial Trail, and other amenities. In late 2011, the City Council adopted the El Camino Real/Chestnut Avenue Area Plan (Area Plan) to help guide future development on the PUC Site and adjacent parcels. The subject site is zoned according to the Area Plan, with the designation for high density residential. The Project contains three vertical development structures on three parcels (with a companion subdivision map). Parcel 1 will have Building C2, Parcel 2 will have Building C1 and Parcel 3 will have Building B. Building C2 will provide 158 units of 100% affordable housing. Other community benefits include an 8,300 SF childcare center, a 13,000 SF market hall with a public plaza and 1.4 acres of public open space in the form of a community park, market hall plaza, and picnic area.

Building upon the existing site amenities, the project will provide a series of linked public open space along the Centennial Trail. Multiple access points from Mission Road to the Community Park will be provided. The Centennial Trail pedestrian/bike trail improvement will include better lighting, new interpretive signs, seating, and bike share stations along the trail.

From the beginning of the Request for Proposals (RFP) process, L37-KASA and BRIDGE Housing factored in receiving IIG funding to help supplement the cost of horizontal and infrastructure work proposed in its offer. During the negotiation of the Purchase and Sale Agreement (PSA) and Development Agreement (DA) with staff. The IIG application is a key funding program that supports the overall financial feasibility of the PUC Site's development. As the applicant, the City would be awarded grant dollars from HCD, which would then be allocated by the City to BRIDGE and L73-KASA, as applicable per the IIG guidelines. These funds will be used to pay for IIG eligible expenses, which are described in greater detail below.

Eligible costs include parking costs for the affordable property, and "horizontal" development costs including storm water, utility relocation and installation, public open space, streetscape, landscaping and site prep and grading for the master plan area overall. As a master-planned site, the project is eligible for \$30 million of funding under the IIG program guidelines as a Qualified Infill Area (QIA) application.

Below is a summary of how the IIG grant would be used to fund the development of the PUC site:

Total Eligible IIG Request \$30,000,000

- \$7,500,000 to support development costs associated with the 158-unit affordable housing project, including required parking, design costs, and impact fees.
- \$9,797,640 of infrastructure cost associated with parcels 1, 2, and 3. These costs include rough grading of open space areas, relocating existing utility infrastructure, new wet and dry utilities, storm water control, traffic mitigation devices, site prep and demo, sidewalk and streetscape, street and open space lighting, storm water improvements.
- \$3,665,322 of work in the Mission Road ROW, including undergrounding utilities, enclosure of open storm drains and open water mitigation efforts, new and improved sidewalks and streetscape, street grinding, repaving, and restriping to Mission Road, and traffic signal improvements.
- \$1,638,624 of landscaping expenses associated with the BART Parcel parks, Centennial Trail improvements, the market hall plaza, the public paseo between buildings C1 and C2 and other landscaped areas around projects.
- \$1,760,125 in soft costs that include design and engineering expenses.
- \$1,500,000 to support the payment of impact fees required as a condition of project approvals.
- \$4,138,290 of infrastructure cost associated with parcels controlled by BART, Kaiser and other third parties. These costs include rough grading of open space areas, relocating existing utility infrastructure, and new wet and dry utilities and storm water control.

The IIG funds will support the development of the new market hall public plaza, Centennial Trail and Colma Creek improvements, a one-acre Community Park behind and between Buildings C1 and C2 and the Colma Creek, 0.2 acres of Picnic Area Building upon the existing site amenities and a series of linked public open spaces arrayed along the Centennial Trail. Multiple access points from Mission Road to the Community Park will be provided. The Community Park will include children's play area, sculpture lawn, adult fitness stations and seating. The Centennial Trail pedestrian/bike trail improvement will include better lighting, new interpretive signs, seating, and bike share stations along the trail.

Due to the competitive nature of these grant funds, the City continues to apply for the Infill Infrastructure Grant (IIG) Program in 2022, as the City was not awarded grant funds in 2021 from HCD.

FISCAL IMPACT

There is no fiscal impact to the General Fund associated with the recommended action. HCD is offering the opportunity to apply for a competitive IIG to that will support the development of public open space and infrastructure improvements at the PUC site.

CONCLUSION

It is recommended that the City Council adopt a resolution authorizing submission of the 2022 IIG Program application to the California State Department of Housing and Community Development and authorizing the City Manager to execute related agreements and take related actions.