



## Legislation Text

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Report regarding the developer selection process for a Successor Agency to the Redevelopment Agency of the City of South San Francisco property known as the San Francisco Public Utilities Commission site. *(Nell Selander, Economic & Community Development Deputy Director)*

### **RECOMMENDATION**

**Staff recommends that the joint City Council/Successor Agency receive a presentation on the developer selection process, including presentations by four developers, consider selecting a preferred developer and an alternate developer to develop the 5.9-acre property known as the San Francisco Public Utilities Commission site (the “PUC Site”), and provide direction on drafting an Exclusive Negotiating Rights Agreement.**

### **BACKGROUND**

This report provides background information on the developer solicitation process for the PUC Site, the Housing Standing Committee’s recommendation to select a preferred and alternate developer, and next steps in the disposition process.

### **Site Description**

In 2007, the former Redevelopment Agency of the City of South San Francisco entered into an agreement with the City and County of San Francisco/San Francisco Public Utilities Commission to purchase 13.2 acres of land located in the vicinity of El Camino Real & Chestnut Avenue. The sale was completed and the property was transferred to the Agency on January 31, 2008. Within this 13.2-acre property, there is a 5.9-acre site - currently referred to as the “PUC Site” - that is the subject of the current developer solicitation process. The PUC Site consists of two vacant lots identified as assessor’s parcel number (APN) 093-312-060 (see Attachment 1).

### **Permissible Uses on the PUC Site**

Because the PUC Site is former redevelopment property, its disposition and development is controlled to a significant degree by the state statutes. In 2011, California Governor Brown signed State legislation to abolish redevelopment throughout the state. A new state law created a process to wind up the affairs of the former redevelopment agencies, and required a plan for how all former redevelopment land would be sold and/or developed.

In accordance with this new law, the South San Francisco Successor Agency to the Redevelopment Agency (Successor Agency) prepared a Long Range Property Management Plan (LRPMP) to govern the disposition and development of all former Redevelopment Agency properties within the City of South San Francisco (City). The State approved the LRPMP in 2015. Housing properties were transferred to the City and the non-housing properties were transferred to the Successor Agency for disposition consistent with the LRPMP. Per the terms

of the LRPMP and Dissolution Law, the City is responsible for disposition of these non-housing properties, including the PUC Site consistent with the terms of the LRPMP.

The LRPMP identifies the PUC Site for future development and, specifically, for high-density, mixed-use development consistent with the El Camino Real/Chestnut Area Plan. The LRPMP envisions approximately 520 units on the PUC Site. Ultimately, sale of the property is contingent upon the Oversight Board's approval of the purchase price. Attachment 2 includes portions of the LRPMP related to the PUC Site.

In 2011, the City adopted the El Camino Real/Chestnut Avenue Area Plan ("Area Plan"), which introduced higher density development on and in the vicinity of the PUC Site. The adopted Area Plan set forth: heights and intensities greater than existing, surrounding development to emphasize the area's role as a transit-oriented destination; a new neighborhood of up to 4,400 residents housed in low- to high-rise buildings; a range of commercial uses; a new Civic Campus; and a linear park along a portion of the Bay Area Rapid Transit (BART) right-of-way.

The PUC Site is zoned according to the Area Plan. The Zoning Ordinance specifies a minimum density on the PUC Site of 80 dwelling units to the acre, and a base maximum of 120 dwelling units to the acre. The base maximum height limit on the PUC Site is 120 feet. Developers can apply for greater densities (up to 180 dwelling units per acre) and taller heights (up to 160 feet) on the PUC Site, which may be granted at the discretion of City Council.

The City's Housing Element designates the PUC Site as a housing opportunity site, able to accommodate approximately 845 housing units. Should the Site be used for something other than high-density housing, the City will have to amend its Housing Element to identify other properties throughout South San Francisco that are able to - under existing (or new) zoning - accommodate the housing units previously identified at the PUC Site. This amendment will have to be approved by the California Department of Housing and Community Development.

### **Developer Selection Process**

To dispose of the PUC Site in a manner consistent with the LRPMP, on May 1, 2017, the City issued a Request for Qualifications (RFQ) for the PUC Site. Twelve development teams responded. Their responses were reviewed and reduced to a list of eight finalists, which were interviewed by a six-member Review Panel of community members and City staff. Following the interviews, the Review Panel recommended that four developers be invited to respond to a Request for Proposals (RFP), subject to Housing Standing Committee ("Committee") approval.

On October 16, 2017, the Committee reviewed the draft RFP and the Review Panel's recommended short list of developers. The Committee approved the RFP and determined that the following teams should be invited to respond to it: AGI Avant/KASA Partners; Blake Griggs; Republic Metropolitan; Sares Regis; and Summerhill Housing Group.

In October 2017, staff distributed the RFP to the short listed developers. The solicitation concluded on February 5, 2018, with five developer teams submitting responses: AGI/KASA, Blake Griggs, Republic Metropolitan, Sares Regis, and SummerHill Housing Group. Their proposals are attached in full to the Committee staff report dated March 12, 2018.

On March 12 and 13, 2018, the Committee interviewed the five developer teams. The two-day interview period culminated in a closed session during which price and terms were presented to the Committee. Needing more information from three of the developer teams, the Committee invited AGI/KASA, Blake Griggs, and SummerHill Housing Group to provide answers to specific Committee-directed questions on March 20, 2018. On March 20, 2018, the Committee met again to review the three developers' revised projects and amended offers.

### **Housing Standing Committee Recommendation**

At the March 20, 2018 meeting, AGI/KASA, Blake Griggs, and SummerHill Housing Group presented revised proposals. Based on the revised proposals presented on March 20, 2018, the Committee decided to recommend that the full City Council consider either AGI/KASA or Blake Griggs as the preferred developer of the PUC Site. The Committee recommended the two developers because of their qualifications, project proposals, community and economic benefits, and price offers.

### **City Council Consideration of Developers**

At a special joint meeting of the City Council and Successor Agency on March 28, 2018, the City Council/Successor Agency considered selecting a preferred and alternate developer. Staff gave an introductory presentation, AGI/KASA and Blake Griggs made presentations on their qualifications and conceptual approaches to the project, public comment was received, and a closed session was held. Ultimately, Council directed staff to provide the community with more opportunity to comment on the developer selection process prior to making a decision.

### **Community Outreach**

To provide the community with an opportunity to comment further, staff made arrangements for two community workshops on April 18, 2018, one at 10 am and an evening session at 6 pm. At the regularly scheduled City Council meeting on April 11, 2018, City Council directed staff to invite Republic Metropolitan and SummerHill Housing Group to participate in the community workshops, in addition to AGI/KASA and Blake Griggs.

To advertise the workshops on April 18<sup>th</sup>, staff mailed a notice to all property addresses (over 850) within 1,000 feet of the PUC Site. Several community alert emails were sent to the City's distribution list of over 9,000. Digital signage was set up in the vicinity of the Site announcing the workshops, and notices were posted on the City's website, Facebook, and NextDoor.

To gather feedback from those members of the public unable to attend the workshops on April 18<sup>th</sup>, a webpage was set up - [www.ssf.net/PUC](http://www.ssf.net/PUC) <<http://www.ssf.net/PUC>> - with information on the PUC Site and developer selection process. A link was also provided on the webpage to a survey, which asked about what amenities

people would like to see on the Site and what their greatest concerns were with its development. Further, boards describing the City's process and the developers' proposals were set up in the atrium of the Municipal Services Building on April 16, 2018 and left up through the workshops to generate further comment and feedback.

### **Community Feedback**

The community workshops on April 18, 2018 were attended by over 250 residents, business owners, employees who work in the City, and stakeholders. Over 15 City staff members participated in the workshops, recording the comments and questions asked by attendees. Additional feedback came in the form of emails to the City's PUC-specific email address, [PUC@ssf.net](mailto:PUC@ssf.net) <<mailto:PUC@ssf.net>>, and from developers who collected notes and comment cards at their workshop stations. Attachment 4 synthesizes this feedback into a set of priorities and questions, organized by topic, to be addressed during forthcoming meetings and discussions. The priorities and comments are divided into the following topics.

- Design and Architecture
- Housing & Affordability
- Infrastructure Impacts and Traffic
- Impact to Public Services
- Sustainability, Health, and Safety
- Public Input/Communication
- Open Space and Recreation
- Community Benefits
- Developer Selection Process

Many workshop attendees completed paper surveys (over 100), and others submitted survey responses online before and after the workshops (approximately 25). The survey asked what people would like to see in parks and open space, retail, and what major concerns are regarding development. Survey results are summarized in Attachment 5.

### DISCUSSION

The four developer teams presented for Council's consideration are all well-qualified and have undergone thorough evaluation by staff and the City's consultant, Economic and Planning Systems. In the RFP, the developers were asked to present a conceptual project plan for the Site. This is frequently a requirement of RFPs in order to understand what is feasible on the Site. It also informs the developer's price proposal. These conceptual project plans have not been vetted by the Planning Division for compliance with the General Plan, Area Plan, or Zoning Ordinance. They are simply meant to convey the developer's perspective of what is possible on the Site.

To evaluate the developer teams, selection criteria were included in the RFP. These criteria and the City's expectations for the Site, which were also outlined in the RFP, are provided in Attachment 3. The City expectations helped the developers craft their proposals, which include a target to provide at least 20 percent affordable housing, substantial public open space, and active street frontages. Below is a brief summary of each development team's proposal (in Attachment 6, please find a detailed matrix comparing all four proposals):

### **AGI/KASA Partners**

The project team includes AGI Avant Inc., KASA Partners, Brookfield Residential, Kwan Hemi Architects, BAR Architects, RHAA Landscape Architects, GLS Landscape/Architecture, and Bridge Housing. AGI/KASA's proposal includes 812 rental units, of which 20 percent will be affordable, and over 1,000 parking spaces. The affordable units will be constructed in a stand-alone, purpose-built development by Bridge Housing. The assumed building heights are 85 feet. They also propose 13,000 square feet of retail and maker space, and a 5,500 square foot child care center. Finally, AGI/KASA have secured an equity partner for the project - Brookfield Residential. See Attachments 7 and 8 for the proposal and supplemental material.

### **Blake Griggs**

The project team includes Blake Griggs, Mitsui Fudosan America, Eden Housing, and TCA Architects. Blake Griggs have presented three alternatives within their proposal.

- Alternative A includes 702 rental units and 145 for-sale units with over 1,000 parking spaces. Most of the building heights are 85 feet, with the exception of one, mid-rise, for-sale building reaching 155 feet. Twenty percent of the units will be affordable, with 97 in a stand-alone, purpose-built development by Eden Housing, and the remaining 70 affordable units integrated throughout the development.
- Alternative B includes 790 rental units with just under 1,000 parking spaces. The buildings will be no higher than 85 feet. Twenty-three percent of the units will be affordable, with 97 in a stand-alone, purpose-built development by Eden Housing, and the remaining 88 affordable units integrated throughout the development.
- Alternative C includes 702 rental units and 118 for-sale units with over 1,000 parking spaces. Most of the building heights are 85 feet, with the exception of one, midrise, for-sale building reaching 125 feet. Like Alternative A, 20 percent of the units will be affordable, with 97 in a stand-alone, purpose-built development by Eden Housing, and the remaining 70 affordable units integrated throughout the development.

All alternatives include approximately 14,000 square feet of retail and a 5,000 square foot childcare facility. Finally, Blake Griggs has secured an equity partner for the project - Mitsui Fudosan America. See Attachments 9 and 10 for the proposal and supplemental material.

### **Republic Metropolitan**

The project team includes Republic Family of Companies/ReMet, Mercy Housing, Swinerton Builders, BDE Architects, and SWA Land Planning and Landscape Architecture. Republic Metropolitan's proposal includes 639 rental units, of which 28 percent will be affordable, and approximately 700 parking spaces. The affordable units will be constructed in a stand-alone, purpose-built development by Mercy Housing. The assumed building heights are 85 feet. They also propose 3,500 square feet of retail space, and a 5,000 square foot child care center. See Attachment 11 for the proposal.

### **SummerHill Housing Group**

The project team includes Summerhill Housing, KTG Architecture and Planning, R3 Studios, and CBG Civil Engineers. SummerHill presented three alternatives within their proposal.

- Original Plan includes 568 rental units and 187 for-sale units, and just under 900 parking spaces. The assumed building heights are 85 feet. This Plan does not include retail space.
- Alternative 1 includes 504 rental units, 188 for-sale units, and 15 townhomes. Most of the building heights are 85 feet, with the exception of one row of townhomes reaching just 45 feet. Alternative 1 also includes 5,000 square feet of retail space.
- Alternative 2 includes 568 rental units and 188 for-sale units, and just under 900 parking spaces. The assumed building heights are 85 feet. Alternative 2 includes 5,000 square feet of retail space.

All alternatives include 20 percent affordable units integrated throughout the development and a 5,000 square foot childcare facility. See Attachments 12 and 13 for the proposal and supplemental material.

### CONCLUSION

At this meeting, staff recommends that the City Council/Successor Agency consider selecting a preferred developer and an alternate developer for the PUC Site. If direction is provided on selecting a preferred and alternate developer, staff will bring forward a resolution approving the selection and authorizing the City Manager to enter into an Exclusive Negotiating Rights Agreement (ENRA) with the preferred developer. Following City Council/Successor Agency approval of the resolution, the City will enter into an ENRA with the selected developer, which will form the basis of negotiations and subsequent agreements for the development and disposition of the PUC Site.

Once selected and the ENRA executed, the preferred developer will partner with the community to understand its concerns and vision for the PUC Site. This community engagement process will inform a formal development project application, which will be reviewed and considered for approval like any other development application. Initially, staff will review it and then there will be a series of public hearings including, but not limited to Design Review Board, Planning Commission, and City Council. Today, Council is considering selecting a development partner, not approving a plan for the future development of the PUC Site.

### Attachments:

1. Site Map
2. Excerpts from the Long Range Property Management Plan
3. City Expectations and Evaluation Criteria
4. Community Feedback from April 18 Workshops and Emails Received
5. Community Survey Results
6. Developer Comparison Matrix
7. AGI/KASA Partners Proposal
8. AGI/KASA Supplemental Material
9. Blake Griggs Proposal
10. Blake Griggs Supplemental Material
11. Republic Metropolitan Proposal
12. SummerHill Housing Group Proposal
13. SummerHill Housing Group Supplemental Material

