

ITEM 9
Treasure Island Development Authority
City and County of San Francisco
Meeting of November 14, 2018

Subject: Resolution authorizing the Treasure Island Development Authority to execute a grant application, as defined herein, under the Department of Housing and Community Development Affordable Housing and Sustainable Communities (AHSC) Program as a joint applicant with Mercy Housing California, a California nonprofit public benefit corporation, AC Transit and/or the San Francisco County Transportation Authority for the project at Treasure Island Parcel C3.1; and authorizing the Authority to assume any joint and several liability for completion of the projects required by the terms of any grant awarded under the AHSC program; and adopting findings under the California Environmental Quality Act (CEQA), the CEQA Guidelines and Chapter 31 of the San Francisco Administrative Code.

Contact: Robert Beck, Treasure Island Director

SUMMARY

The resolution would authorize the Treasure Island Director (Director) (1) to execute a grant application to file as a joint applicant with Mercy Housing California, AC Transit, and/or the San Francisco County Transportation Authority under the State of California's Affordable Housing and Sustainable Communities (AHSC) Program for a grant up to \$20 million which would help fund development of affordable housing to be operated by Mercy Housing Management Group at Treasure Island Parcel C3.1, the purchase of up to five buses for AC Transit to operate service between Oakland and Treasure Island, and complete the Macalla Road reconstruction project with bicycle and pedestrian facilities, and (2) to agree to assume any joint and several liability for the completion of the Project as required by the terms of any grant awarded under the AHSC Program, and (3) execute and deliver any related documents necessary to secure the AHSC Program funds in accordance with the program guidelines and application package including the Standard Agreement with the State of California, subject to approval of the Board of Supervisors (BOS).

BACKGROUND

On November 1, 2018, the California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability for the AHSC Program. This program is designed to reduce greenhouse gas emissions through the implementation of land-use, housing, and transportation practices to support infill and compact development. Grant applications are due back to HCD on February 11, 2019, and awards will be granted in summer 2019. TIDA previously applied for a grant through this program in 2016, but was not chosen to be funded at that time.

TIDA is seeking approval from the BOS to file a joint application with Mercy Housing California (Mercy Housing), and AC Transit and, if successful, to accept and expend the grant proceeds for the scope which TIDA would be responsible. Mercy Housing would be responsible for the development of the Affordable Housing proposed scope, AC Transit would be responsible for the Sustainable Transportation Infrastructure proposed scope, and TIDA would be responsible for the Active Transportation proposed scope.

The Program is centered on the development of affordable housing at Treasure Island Parcel C3.1. This site is planned to be developed by Mercy Housing in partnership with Catholic Charities to replace existing Catholic Charities’ supportive housing units, replace existing over-income units, and to develop new tax-credit units. This is the second planned affordable housing development on Treasure Island.

In addition to the affordable housing element, the Program also contains two transportation elements. One of these elements is the purchase of up to five buses that AC Transit will operate between Downtown Oakland and Treasure Island. The second element is the enhancement of the Macalla Road reconstruction project to include the creation of new and safe bike and walkways connecting Treasure Island to the Bay Bridge Eastern Span Bicycle and Pedestrian Path.

The maximum award amount is up to \$20 million. The actual amount requested in the application will be determined in order to maximize the competitiveness of the application.

APPLICATION SCOPE

The proposed scope of the application includes the following elements:

Element 1: Affordable Housing Development

The grant would help fund the development of Affordable Housing on Treasure Island Parcel C3.1. The site is 1.14 acres located on the corner of Avenue C and 6th Street. The property is fully entitled under the Treasure Island /Yerba Buena Island Special Use District. The project is currently in the feasibility stage. The potential unit breakdown for the development is as follows:

	CC Units @ 30% AMI with S+C subsidy	Tax Credit Units	Pre-DDA Villages Over Income (10% + 10)	Managers Unit	Total Units
1 Bd		26	0		26
2 Bd	45	13	6	1	65
3 Bd	17	9	14		40
4 Bd	4	5	5		14
Total	66	53	25	1	145

Element 2: Sustainable Transportation Infrastructure

The grant would fund the purchase of up to five buses for AC Transit to operate service between Downtown Oakland and Treasure Island. Service would operate via Grand

Avenue with stops at Oakland City Center and Uptown Transit Center, and along West Grand Avenue, as needed. Bus service would run from 6am to 10pm every half hour.

Element 3: Active Transportation

The grant would provide gap funding to complete the upgrade of Macalla Road to accommodate one-way vehicular traffic, a Class 2 bike lane traveling towards Treasure Island, a separated 7' wide pedestrian path, and a Class 1 bike lane. Specific elements of this project eligible as Active Transportation under the terms of the AHSC Program include:

- Over 2,000 feet of separated pedestrian pathways
- Over 1 mile of Class 1 and Class 2 bike lanes

Because the discussions are ongoing on how to make the most competitive application possible, the scope is subject to changes and refinement. This includes the possible addition or substitution of the San Francisco County Transportation Authority (SFCTA) as a joint applicant. Any changes made to the application prior to submission will be consistent with the terms and conditions that AHSC Program funds are to be used for allowable capital asset project expenditures.

BOARD OF SUPERVISORS RESOLUTION

The AHSC Program guidelines require joint applicants to be jointly and severally liable for the full grant application scope of work included in the grant application. As a joint applicant, the BOS must approve the grant application and, if awarded, TIDA's acceptance and expenditure as co-applicant. TIDA intends to submit the application with Authority Board and BOS approval prior to the February 11, 2019 submission deadline. The Authority Board is being asked to approve a resolution recommending the BOS authorize TIDA to apply for the grant and delegate authority to TIDA to enter into a grant agreement if the application is successful.

AHSC Program guidelines provide that joint applicants (the developer, the City, AC Transit, and/or SFCTA) may enter into indemnity agreements with each other, e.g., to provide that the developer will assume liability for completion of those element of the project for which it is responsible.

TIDA and Mercy Housing have worked with the SFCTA which serves as the TIMMA to develop the scope of this application and anticipates filing additional applications under future cycles of the AHSC Program for additional elements of the transportation improvements and affordable housing development.

FUNDING IMPACT

The grant application includes a total funding request of up to \$20 million for the affordable housing development and infrastructure improvements. Of this amount, \$5 million is to be used on the transportation programs, and up to \$15 million will be used for the housing program.

\$500,000 to \$1 million of the transportation funding will be used to fill the final funding gap in the Macalla Road reconstruction. The remaining transportation funding will be used for the purchase of buses for AC Transit.

The final application is contingent upon demonstrating committed funding for the project at the time of application of 90 percent or greater, including requested AHSC funds. The application is also contingent upon certification that construction of the affordable housing units will begin no later than July 30, 2021, consistent with the requirements of the AHSC Program.

OTHER REQUIRED APPROVALS

The Board of Supervisors must approve resolutions delegating authority, on behalf of the City, to the TIDA to proceed as a joint applicant on the grant application.

RECOMMENDATION

Staff recommends that the Authority Board authorize the Director (1) to execute a grant application to file as a joint applicant with Mercy Housing California, AC Transit and/or the San Francisco County Transportation Authority under the State of California's AHSC Program for a grant up to \$20 million which would help fund development of affordable housing to be operated by Mercy Housing Management Group at Treasure Island Parcel C3.1, the purchase of up to five buses for AC Transit to operate service between Oakland and Treasure Island, and complete the Macalla Road reconstruction project with bicycle and pedestrian facilities, and (2) to agree to assume any joint and several liability for the completion of the Project as required by the terms of any grant awarded under the AHSC Program, and (3) execute and deliver any related documents necessary to secure the AHSC Program funds in accordance with the program guidelines and application package including the Standard Agreement with the State of California, subject to approval of the BOS.

Prepared by Robert Beck, Treasure Island Director