

**THIS PRINT COVERS CALENDAR ITEM NO. : 10.3**

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**DIVISION:** Sustainable Streets

**BRIEF DESCRIPTION:**

Recommending that the Board of Supervisors (BOS) authorize the SFMTA, on behalf of the City and County of San Francisco, to execute a grant application, grant agreement, and related documents under the State of California’s Affordable Housing and Sustainable Communities Program (AHSC Program) as a joint applicant with Mercy Housing, Inc. for the project at 455 Fell Street, San Francisco, and with the Tenderloin Neighborhood Development Corporation (TNDC) for the project at 480 Eddy Street, San Francisco, on the condition that the BOS authorize the City to assume any joint and several liability for completion of the projects required by the terms of any grant(s) awarded under the AHSC Program; and authorizing the SFMTA to accept and expend the grant funds for the SFMTA work should the City be awarded the grant(s).

**SUMMARY:**

- In March, 2016 the SFMTA submitted two applications as ‘joint applicant’ with two non-profit affordable housing developers—Mercy Housing and Tenderloin Neighborhood Development Corporation—to the AHSC Program. The AHSC Program has invited both projects to submit final grant applications by June 20, 2016.
- The application receives an additional points in the evaluation process by having a transit agency as a joint applicant.
- Since the SFMTA does not have authority to accept liability for completion of an affordable housing project, there needs to be a resolution from the BOS accepting liability on behalf of CCSF and delegating to the SFMTA the authority to act on behalf of the City.
- The two grant applications include a total funding request of \$1.1 million for the SFMTA to complete pedestrian improvements in the vicinity of the affordable housing projects.

**ENCLOSURES:**

1. SFMTAB Resolution

**APPROVALS:**

**DATE**

DIRECTOR \_\_\_\_\_ 5/28/16

SECRETARY Roberta Boomer \_\_\_\_\_ 5/28/16

**ASSIGNED SFMTAB CALENDAR DATE:** June 7, 2016

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### PURPOSE

Recommending that the Board of Supervisors (BOS) authorize the SFMTA, on behalf of the City and County of San Francisco, to execute a grant application, grant agreement, and related documents under the State of California's Affordable Housing and Sustainable Communities Program (AHSC Program) as a joint applicant with Mercy Housing, Inc. for the project at 455 Fell Street, San Francisco, and with the Tenderloin Neighborhood Development Corporation (TNDC) for the project at 480 Eddy Street, San Francisco, on the condition that the BOS authorize the City to assume any joint and several liability for completion of the projects required by the terms of any grant(s) awarded under the AHSC Program; and authorizing the SFMTA to accept and expend the grant funds for the SFMTA work should the City be awarded the grant(s).

### GOAL

The requested resolution and grant application proposals support the following SFMTA Strategic Goals:

Goal 1: Create a safer transportation experience for everyone

Goal 3: Improve the environment and quality of life in San Francisco

### PROJECT DESCRIPTION

In March 2016, the SFMTA submitted conceptual applications as a 'joint applicant' with two non-profit affordable housing developers—Mercy Housing and Tenderloin Neighborhood Development Corporation—to the Affordable Housing and Sustainable Communities (AHSC) Program, which is a competitive statewide grant program funded through proceeds from California's greenhouse gas (GHG) cap-and-trade system. The two projects are described as follows:

- **455 Fell Street (Mercy Housing):** New construction of 100 percent affordable, mixed-use building, including 108 residential units and approximately 6,000 square feet of retail, commercial, and community activities space. The project does not contain any off-street vehicular parking, but includes 118 bicycle parking spaces. The project site occupies a former Central Freeway parcel (Parcel O) that is currently vacant and will remain under City ownership (the City will enter into a ground lease with Mercy Housing).

SFMTA Work: The SFMTA transportation improvements in the grant application consist of seven sidewalk bulb-outs and Accessible Pedestrian Signal (APS) upgrades along Laguna, Oak, and Fell streets; as well as new and modified center medians along Octavia Boulevard in the immediate vicinity of the housing project. These transportation improvements are programmed in the current draft 2017-2021 SFMTA Capital Improvement Plan (CIP) under the 'Oak-Laguna-Octavia Safety Improvements' project in the 'Streets' CIP category.

**480 Eddy Street (Yosemite Project) (Tenderloin Neighborhood Development Corporation):** The Yosemite Apartments is an existing 32-unit, six-story, elevator building built in 1924 and is on the Historic Register. Given its age, the property is in need of a substantial rehabilitation, and is unencumbered by rent restrictions. The financing of the rehabilitation effort – of which AHSC is a critical component – will ensure that the property maintains affordability, good physical condition, and its historic integrity in the long term. The developer also proposes to partner with a local nonprofit, Tenderloin SafePassage, to expand both their pedestrian safety programming and public safety infrastructure improvements. Launched in 2012, SafePassage addresses child and family safety in the Tenderloin neighborhood through streetscape improvements, street corner monitoring, and free pedestrian safety classes.

SFMTA Work: The SFMTA transportation improvements in the grant application will consist of converting painted safety zones at three street corners (Eddy and Leavenworth streets, Turk and Leavenworth streets, and Turk and Jones streets) near the Yosemite Apartments to permanent concrete bulb-outs. The necessary parking restrictions (red zones) at these locations were legislated by the SFMTA on September 4, 2014. These capital improvements are programmed in the current draft 2017-2021 SFMTA Capital Improvement Plan (CIP) under the ‘WalkFirst Permanent Painted Safety Zone’ project in the ‘Streets’ CIP category.

The AHSC Program has invited both projects to submit final grant applications by June 20, 2016.

### **NEED FOR 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, including completion of both the transportation and housing components. Although the SFMTA has independent authority under the Charter to apply for, accept and expend grants for transportation projects, the SFMTA does not have authority to accept liability for completion of an affordable housing project. Only the Board of Supervisors can accept this liability on the part of the City; however, the BOS can delegate to the SFMTA the authority to enter into grant agreement and otherwise act on behalf of the City in this matter. The SFMTA Board is being asked to approve a resolution recommending this delegation of authority from the BOS.

AHSC Program guidelines provide that joint applicants (the developer and the City) may enter into indemnity agreements with each other, e.g., to provide that the developer will assume liability for completion of the affordable housing element of the project. The City, through the SFMTA, plans to enter into indemnity agreements with the developers. However, such an indemnity agreement would be worthless if, for example, the developer went bankrupt during construction of the project. Thus, it is crucial for the Board of Supervisors to accept liability on behalf of the City, as opposed to the SFMTA signing on as a joint applicant on its own. The Mayor’s Office of Housing and Community Development (MOHCD) has worked with SFMTA staff to develop criteria by which the City, through the SFMTA, is willing to enter into AHSC grant application proposals as co-applicants. These criteria include applying for grants for

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housing projects that have or are planned to have substantial City funding assistance irrespective of the AHSC grant request. Both the 455 Fell Project and the Yosemite Project meet these criteria.

By jointly applying with a public agency that has authority over public transit or transportation infrastructure, each housing application would receive an additional four points in the grant program's ranking and evaluation system, which the project developers have indicated may be critical to a successful grant submission.

Staff recommends that the SFMTA follow through with its commitment to apply jointly with the housing developers to improve the overall chances of these two proposals receiving funding.

There is a slight risk that, following execution of the indemnity agreements, one or both of the developers would not complete the housing component of the project. Staff considers this risk to be negligible given existing funding commitments, the current status of the projects, and the performance records of the non-profit housing developers.

## **ENVIRONMENTAL REVIEW**

### **455 Fell Street and Related SFMTA Transportation Improvements**

The environmental effects of the Parcel O Project were determined by the San Francisco Planning Department to have been fully reviewed under the Market and Octavia Area Plan Environmental Impact Report (EIR). State CEQA Guidelines Section 15183 provides an exemption from environmental review for projects that are consistent with the development density established by existing zoning, community plan or general plan policies for which an EIR was certified, except as might be necessary to examine whether there are project-specific effects which are peculiar to the project or its site. On December 16, 2015, the Planning Department issued a "Note to File," indicating that no further environmental review is required for the Project.

On January 7, 2016, the Parcel O Project was approved at the Planning Commission. The staff packet from the hearing is available at <http://commissions.sfplanning.org/cpcpackets/2015-002837CUA.pdf>.

On April 1, 2014, the SFMTA Board adopted Resolution No. 14-044, which approved the establishment of no parking zones on Oak Street for the construction of sidewalk bulbs in the vicinity of the Parcel O Project, and found that the construction of the sidewalk bulbs was categorically exempt from environmental review under CEQA (Class 1(c)(9) - changes in traffic and parking regulations where such changes do not establish a higher speed limit and/or result in more than a negligible increase in the use of the street).

<https://www.sfmta.com/sites/default/files/agendaitems/4-1-14%20Item%2010.1%20Traffic%20modifications%20resolution.pdf>

On June 16, 2015, the SFMTA Board adopted Resolution No. 15-085, which approved the establishment of no stopping zones for sidewalk widening and a pedestrian refuge island, both in

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the vicinity of the Parcel O Project, and found that these transportation projects were categorically exempt from environmental review under CEQA (Class 1(c)(9) - changes in traffic and parking regulations where such changes do not establish a higher speed limit and/or result in more than a negligible increase in the use of the street).

<https://www.sfmta.com/sites/default/files/agendaitems/2015/6-16-15%20Item%2010.2%20Traffic%20modifications%20resolution.pdf>

### **480 Eddy Street and Related SFMTA Transportation Improvements**

The environmental effects of the Yosemite Project (which does not include new development and consists of seismic retrofit activities of an existing building) were determined to be exempt from environmental review by the Planning Department on May 25, 2016.

On September 5, 2014, the SFMTA, under delegation from the Planning Department, determined that the extension of red zones in the vicinity of the Yosemite Project was categorically exempt from environmental review under CEQA (Class 1(c)(9) - changes in traffic and parking regulations where such changes do not establish a higher speed limit and/or result in more than a negligible increase in the use of the street.

On May 24, 2016, the SFMTA, under delegation from the Planning Department, determined that the construction of sidewalk bulb-outs in the extended red zones in the vicinity of the Yosemite Project were categorically exempt from environmental review under CEQA (Class 1(c)(9) - changes in traffic and parking regulations where such changes do not establish a higher speed limit and/or result in more than a negligible increase in the use of the street; the Planning Department confirmed this determination on May 25, 2016.

The SFMTA determinations are on file with the Secretary to the SFMTA Board of Directors.

### **PUBLIC OUTREACH**

Each of the development and transportation projects conducted outreach separately, but are collectively considered by staff to be non-controversial projects with substantial public support for their funding requests and implementation.

The Parcel O Project was approved at Planning Commission on January 7, 2016, after attending numerous neighborhood stakeholder meetings and interviews.

Several public hearings with required public notification were conducted for legislating elements contained within the Oak-Octavia-Laguna Safety Project, with community support having been confirmed through additional public meetings (open houses and neighborhood association meetings) as part of the Octavia Boulevard Enhancement Project.

The Yosemite Project is a retrofit of an existing building that will result in increased affordability of its rental units and improved historical integrity of the building itself. No public opposition to

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the project is anticipated.

A public hearing with required public notification was conducted on Friday, September 19, 2014, for legislating the parking restrictions (red zones) that will facilitate permanent sidewalk widening at the intersections of Turk and Leavenworth, Eddy and Leavenworth, and Turk and Jones streets.

## **ALTERNATIVES CONSIDERED**

There are two potential actions the SFMTA could take related to the final submission of the AHSC grant application:

- **Submit as joint applicants:** This option is the recommended option, as it improves the chances that one or both grant funding requests will be approved.
- **Pull out from the grant proposals:** This option would remove the transportation component from the grant funding request altogether. This option is not recommended since it would, at best, reduce the competitiveness of the housing component of the proposal and, at worst, put the eligibility of the entire grant application into question.

## **FUNDING IMPACT**

The two grant applications include a total capital funding request of \$1.1 million for the SFMTA to complete the aforementioned pedestrian improvements. These funds are currently programmed within the draft 2017-2021 CIP. Funding from the AHSC Program would offset Streets CIP programming, which could then be used to fully fund other priorities within the Streets CIP.

## **OTHER APPROVALS RECEIVED OR STILL REQUIRED**

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

## **RECOMMENDATION**

That the SFMTA Board recommend that the Board of Supervisors authorize the SFMTA, on behalf of the City and County of San Francisco, to execute a grant application, grant agreement, and related documents under the State of California's Affordable Housing and Sustainable Communities Program (AHSC Program) as a joint applicant with Mercy Housing, Inc. for the project at 455 Fell Street, San Francisco, and with the Tenderloin Neighborhood Development Corporation (TNDC) for the project at 480 Eddy Street, San Francisco, on the condition that the BOS authorize the City to assume any joint and several liability for completion of the projects required by the terms of any grant(s) awarded under the AHSC Program; and authorizing the SFMTA to accept and expend the grant funds for the SFMTA work should the City be awarded the grant(s).

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION No. \_\_\_\_\_

WHEREAS, The Affordable Housing and Sustainable Communities Program (AHSC) was established by Division 44, Part 1 of the Public Resources Code of the State of California (Section 75200 et seq.); and

WHEREAS, The AHSC Program was developed and is administered by the State of California's Strategic Growth Council, which adopted the 2015-2016 AH Guidelines, dated December 17, 2015 (the Guidelines); and

WHEREAS, The Guidelines state that the State of California's Department of Housing and Community Development shall implement the transportation, housing and infrastructure component of the AHSC Program; and

WHEREAS, The AHSC Program provides grants and loans to applicants identified through a competitive process for the development of projects that, per the Guidelines, will achieve greenhouse gas reductions and benefit disadvantaged communities through increased accessibility to affordable housing, employment centers and key destinations via low-carbon transportation; and

WHEREAS, The application selection and scoring criteria in the Guidelines state that additional points will be awarded to joint applications from a housing developer and a public agency that has authority over public transit or transportation infrastructure, such as the SFMTA; and

WHEREAS, The AHSC Program requires that joint applicants for a project will be held jointly and severally liable for completion of such project; and

WHEREAS, Mercy Housing, Inc. has asked SFMTA to be a joint applicant for its projects located at 455 Fell Street, San Francisco (the Parcel O Project), and at 480 Eddy Street (the Yosemite Project); and

WHEREAS, The SFMTA plans to perform pedestrian improvements in the vicinity of the Parcel O Project and the Yosemite Project (the SFMTA work), and will receive a portion of any grant funds awarded for the SFMTA work; and

WHEREAS, The SFMTA does not have the authority under the Charter to assume liability for completing affordable housing projects; therefore, in order for the City to make such a commitment, the Board of Supervisors must agree to assume such liability for the City and may delegate the authority to SFMTA to make such a commitment on behalf of the City; and

WHEREAS, The Planning Department has determined that the Parcel O Project complies with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) (CEQA), as explained in Planning Commission Motion 19544, dated January 7, 2016; and

WHEREAS, The Planning Department has issued a categorical exemption under CEQA for the Yosemite Project, dated May 25, 2016; and

WHEREAS, On April 1, 2014, the SFMTA Board adopted Resolution No. 14-044, which approved the establishment of no parking zones on Oak Street for the construction of sidewalk bulbs in the vicinity of the Parcel O Project, and found that the construction of the sidewalk bulbs was categorically exempt from environmental review under CEQA (Class 1(c)(9) - changes in traffic and parking regulations where such changes do not establish a higher speed limit and/or result in more than a negligible increase in the use of the street); and

WHEREAS, On June 16, 2015, the SFMTA Board adopted Resolution No. 15-085, which approved the establishment of no stopping zones for sidewalk widening and a pedestrian refuge island, both in the vicinity of the Parcel O Project, and found that these transportation projects were categorically exempt from environmental review under CEQA (Class 1(c)(9) - changes in traffic and parking regulations where such changes do not establish a higher speed limit and/or result in more than a negligible increase in the use of the street); and

WHEREAS, On September 5, 2014, the SFMTA, under delegation from the Planning Department, determined that the extension of red zones in the vicinity of the Yosemite Project were categorically exempt from environmental review under CEQA (Class 1(c)(9) - changes in traffic and parking regulations where such changes do not establish a higher speed limit and/or result in more than a negligible increase in the use of the street); and

WHEREAS, On May 24, 2016, the SFMTA, under delegation from the Planning Department, determined that the construction of sidewalk bulb-outs in the extended red zones in the vicinity of the Yosemite Project were categorically exempt from environmental review under CEQA (Class 1(c)(9) - changes in traffic and parking regulations where such changes do not establish a higher speed limit and/or result in more than a negligible increase in the use of the street); and

WHEREAS, The CEQA-related documents are on file with the Secretary of the SFMTA Board; now, therefore, be it

RESOLVED, The SFMTA Board of Directors recommends that the Board of Supervisors delegate to the SFMTA on behalf of the City and County of San Francisco, the authority to execute grant applications, grant agreements, and related documents under the State of California's Affordable Housing and Sustainable Communities Program as a joint applicant with Mercy Housing, Inc. for the project at 455 Fell Street, San Francisco, and with the Tenderloin Neighborhood Development Corporation for the project at 480 Eddy Street, on the condition that



the Board of Supervisors authorize the City to assume any joint and several liability for completion of the projects required by the terms of any grant(s) awarded under the AHSC Program; and be it

FURTHER RESOLVED, That in accordance with any such delegation by the Board of Supervisors, the SFMTA Board authorizes the SFMTA to accept and expend the grant funds for the SFMTA work should the City be awarded the grant(s) and execute and deliver any documents that are necessary or advisable to complete the transactions contemplated.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of June 7, 2016.

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Secretary to the Board of Directors  
San Francisco Municipal Transportation Agency