



City of Emeryville

CALIFORNIA

MEMORANDUM

DATE: April 20, 2021

TO: Christine Daniel, City Manager

FROM: Charles S. Bryant, Community Development Director
Mary Grace Houlihan, Public Works Director

SUBJECT: **Potential Partnership With Resources For Community Development (“RCD”) For The Affordable Housing Sustainable Communities (“AHSC”) Funding Opportunity To Support For 40th And San Pablo Bus Hub Project And 3600 San Pablo Avenue Apartments Project**

RECOMMENDATION:

Staff recommends that the City Council support the above-entitled funding opportunity. No additional action is requested of the City Council at this time. A resolution for consideration will be presented at a later City Council meeting once the required resolution language has been issued by the California Department of Housing and Community Development.

BACKGROUND

The City began planning for bus, bicycle and pedestrian improvements to the 40th and San Pablo Transit Hub in 2017. On July 9, 2019, the City Council considered a draft preferred concept design memorandum, and on March 2, 2020 the City Council adopted Resolution No. 20-17 approving the 40th and San Pablo Avenue Bus Hub Project Draft Final Report (the “Project Report”) which set forth a preferred design alternative for bus, bicycle and pedestrian improvements for 40th Street between Adeline and the Shellmound Street/IKEA Entry intersection (the “Project”). As part of its resolution approving the Project Report, the City Council requested additional study of various design elements as part of the final engineering design of the Project.

As outlined in the Project Report, major elements of the Project include:

1. A two-way separated bikeway along the north side of 40th Street between San Pablo Avenue and the Shellmound/IKEA Entry intersection;
2. Bus-only travel lanes;
3. Multimodal intersection improvements including:
 - a. high-visibility crosswalk striping,
 - b. advance stop bars,
 - c. curb extensions (i.e. “bulb-outs”) where feasible,
 - d. bicycle-friendly signal phasing, and protected intersections where feasible;

- e. striping of bike boxes, green-backed sharrows, and green skip lines at the bikeway's intersections with cross streets and driveways;
- f. enhancement of bus stops;
- g. enhancement of landscaping; and
- h. incorporation of green infrastructure elements.

In addition to approving the Project Report, City Council Resolution No. 20-17 included direction to consider the following topics as part of the final engineering design of the Project:

- Bollards between the eastbound left turn pocket and westbound travel lane at the 40th/Horton Street intersection, to discourage U-turns;
- Wayfinding signage at the transition from the southbound bike lane on Shellmound Street to the two-way bikeway on the east side of the street communicating the bikeway's continuation to 40th Street;
- Coordination with Caltrans to make the connection to the Bay Bridge Trail one-way, to add a "Yield to Pedestrians" sign where the bikeway intersects the sidewalk, and to add a "Slow - Approaching Bay Bridge Trail" sign at the northbound bike lane;
- Physical barriers to prevent unwarranted vehicles from entering the bikeway and green paint at entrances and conflict points;
- If mountable curbs are required for bike protective islands in the protected intersections, offsetting stop bars to prevent cyclists from stopping in the mountable areas;
- Making pedestrian and bicyclist activation of traffic signals as accessible as possible;
- Studying the feasibility of allowing right turn only onto and off of some of the streets to the north of 40th Street at unsignalized intersections (i.e. Watts, Haven, Hubbard, and Holden Streets); and
- Allowing diagonal movement of eastbound bicycle travel at the 40th and Adeline intersection.

The Project Report included a preliminary estimate of Project costs ranging from approximately \$13,400,000 to \$25,204,000 in 2020 dollars. Given constraints on the City's capital funding available for the Project, staff monitored a variety of funding programs that could assist with completing a funding plan for the Project.

On September 1, 2020, the City Council considered a resolution authorizing the submittal of an application for funding under the Active Transportation Program ("ATP") administered by the California Transportation Commission at the state level and MTC at the regional level. Because the transit elements of the Project were not considered eligible for funding under the ATP, staff had recommended the application include only the

pedestrian and bicycle elements, showing an estimated project cost of \$13,915,000 for design and construction.

The City Council expressed concern about authorizing the application for ATP funds as proposed by staff. The City Council's concerns focused on the level of coordination with the Transportation Committee regarding strategic approaches to funding the Project, and the limitations on future design changes if construction funding were awarded for only a portion of the Project. Specifically, the City Council's request to study the feasibility of allowing right turn only onto and off of some of the streets to the north of 40th Street at unsignalized intersections could result in a potential change in Project design that would need to be accommodated if funding were awarded. The City Council voted to authorize submittal of the ATP application as recommended by staff only if staff were able to confirm that future design changes could be accommodated. If design changes were not possible, staff was authorized to submit an application for ATP funding of the design phase only.

After conferring with the funding agencies, staff submitted an application for design funding only, requesting \$1,347,000. On March 16, 2021 staff was informed that the Project was recommended for award of the design funding request from the Regional ATP.

Prior to the announcement of the award of the ATP funds, Resources for Community Development ("RCD") approached staff regarding a potential application for funding from the Affordable Housing and Sustainable Communities program, ("AHSC") administered by the State Housing and Community Development Department ("HCD") to support the development of affordable housing at 3600 San Pablo Avenue as well as pedestrian and bicycle improvements in the City.

Staff acknowledges that the City Council has directed staff to evaluate various Project design issues before proceeding with securing construction funds for the Project and that the City Council has concerns regarding segmentation of the Project; however, staff believes that the unique potential for AHSC funds to provide substantial support to both the Project and the 3600 San Pablo Avenue Affordable Housing Project merits consideration by the City Council.

DISCUSSION

Affordable Housing and Sustainable Communities Program

AHSC provides funding for affordable housing projects that are paired with transportation improvements. Because AHSC is funded by cap and trade auction proceeds, the program is premised on the concept of funding affordable housing/transportation projects that reduce greenhouse gas emissions. The City has participated in this program in the past, partnering with EAH Housing for funding of the Estrella Vista affordable housing project at 3706 San Pablo Avenue and median landscaping improvements along 40th Street and San Pablo Avenue.

3600 San Pablo Avenue Affordable Housing Project

On November 5, 2019, the City Council authorized the execution of a Pre-Development Loan Agreement and Affordable Housing Agreement with RCD for the acquisition and predevelopment of the properties at 3600, 3610 and 3620 San Pablo Avenue. Under the terms of the Pre-Development Loan Agreement and Affordable Housing Agreement, the City provided \$2,000,000 to RCD for the development of a 100% affordable housing project and space for Emeryville Citizen Assistance Program (“ECAP”), with at least 25% of the residential units to be permanent supportive housing targeted to formerly homeless households.

RCD proposed that development entitlements be processed under the provisions of Senate Bill (“SB”) 35 and Assembly Bill (“AB”) 1763. On October 20, 2020, the Community Development Director approved the zoning application in compliance with SB35 and AB1763 to develop a new seven-story building with 89 affordable residential units and one resident manager’s unit, with ground floor commercial space for ECAP (the “3600 San Pablo Avenue Affordable Housing Project”).

On January 19, 2021, the City Council adopted a resolution authorizing the commitment of \$16,747,486 (inclusive of the prior \$2,000,000 pre-development loan) in the form of a permanent financing development loan. RCD has continued to seek additional funding for development of the 3600 San Pablo Avenue Affordable Housing Project, including AHSC.

Potential AHSC Application

RCD is proposing to partner with the City and BART to submit an application for approximately \$20,200,000 in AHSC funds. Of this amount, approximately \$10,100,000 would support the 3600 San Pablo Avenue Affordable Housing Project, \$5,800,000 would be provided to BART for the acquisition of new train cars and street lighting at the Macarthur BART station, \$500,000 would be used to purchase transit passes and bicycle education courses for future residents of the 3600 San Pablo Avenue Affordable Housing Project, and \$3,800,000 would be provided to the City to support a pedestrian-bicycle improvement project. The AHSC requires pedestrian-bicycle improvement projects to include at least 0.5 miles of bicycle improvements (0.25 miles if bi-directional), 2,000 feet of pedestrian improvements, and \$200,000 of landscaping improvements in a public right-of-way.

Staff reviewed projects in the City’s Capital Improvement Program to evaluate potential uses for \$3,800,000 in AHSC funds and conferred with RCD to gauge competitiveness. Staff concluded that an AHSC application that includes the westerly pedestrian and bicycle improvements portion of the 40th and San Pablo Bus Hub Project could meet the AHSC requirements and be competitive for this opportunity.

Specifically, the following components could be included in an application for \$3,800,000 in AHSC funds:

1. A two-way separated bikeway along the north side of 40th Street between the Shellmound/IKEA Entry intersection and Horton Street.

2. Multimodal intersection improvements at 40th/Horton Street including:
 - a. high-visibility crosswalk striping;
 - b. advance stop bars;
 - c. curb extensions (i.e. “bulb-outs”) where feasible;
 - d. bicycle-friendly signal phasing, and protected intersections where feasible;
 - e. striping of bike boxes, green-backed sharrows, and green skip lines at the bikeway’s intersections with cross streets and driveways; and
 - f. enhancement of bus stop.
3. New Class-1 bicycle and pedestrian pathway between Halleck Street and Hubbard Street, connecting to the 40th Street bikeway, including:
 - a. enhancement of landscaping; and
 - b. incorporation of green infrastructure elements.
4. New Class 3 bikeway on Halleck Street from Beach Street to Horton Landing Park at Sherwin Avenue.
5. New/improved sidewalks on the following connecting streets:
 - a. Halleck Street from Beach Street to the Parcel D Park at Sherwin Avenue.
 - b. Hubbard Street from 40th Street to Park Avenue.
 - c. North side of 40th Street from Hubbard to Shellmound/IKEA Entry intersection.
6. New sidewalk/landscaping for expanded plaza area at the Bay Trail entrance near the Shellmound/IKEA Entry intersection.
7. Bus-Only travel lanes on 40th Street from Shellmound/IKEA Entry intersection to Horton Street.

While these improvements can be built as a functionally independent segment of the Project, and this segment of the Project implicates fewer of the un-signalized intersections that are the subject of future design analysis than the easterly segment, staff notes that the AHSC includes a greater degree of flexibility than many other transportation improvement funding sources. The AHSC application requires only concept-level design, which provides flexibility to the City in final design details; and the program requires funds to be disbursed (i.e. expended) by November 2027, with a provision to extend the disbursement deadline to November 2029.

Other AHSC Considerations

As noted above, the City has experience with the AHSC as part of the Estrella Vista Affordable Housing Project. While the AHSC has been an important source of funding, the City Council should be aware of certain unique aspects of the program specifically that apply to the affordable housing component of this funding source.

AHSC funding for affordable housing is provided in the form of a loan to the developer. The AHSC guidelines provide that these loans are evidenced by a promissory note and secured by a deed of trust on the development project, which “shall be recorded junior only to such liens, encumbrances and other matters of record approved by [HCD]”. Additionally, the loans are subject to the AHSC standard agreement terms and conditions, as well as any special conditions imposed by HCD.

Consequently, staff assumes that the City’s loan of \$16,747,486 and its Affordable Housing Agreement would be subordinate to the AHSC loan and associated documents, including any regulatory agreement required by AHSC. In staff’s experience, the terms and conditions of AHSC agreements can vary from year to year; therefore the exact terms are not known at this time, and prior experience indicates that HCD is inflexible in considering modifications that would provide additional security for subordinate funders. In summary, while AHSC is an important and competitive funding source that is widely used to support projects statewide, accepting AHSC funds requires the City to cede a degree of control to HCD as senior lender.

FISCAL IMPACT

There is no fiscal impact at this time.

STAFF COMMUNICATION WITH THE PUBLIC

Staff presented the AHSC funding opportunity to the Transportation Committee on April 8, 2021 and requested feedback. The Transportation Committee supported the grant application as recommended by staff, but requested that the ultimate configuration of bicycle improvements along Halleck Street be reflected on the plans such that design of those can be incorporated as funds are available. With that addition, which is reflected on Exhibit A, the Transportation Committee unanimously voted to recommend this item to the City Council.

CONCLUSION

Staff is requesting the City Council’s feedback on the potential to partner with RCD to submit a funding request to the AHSC program. The AHSC represents an opportunity to support two priority projects in the City: over \$10,000,000 to support the 3600 San Pablo Avenue Affordable Housing Project and \$3,800,000 to fund a portion of the 40th Street and San Pablo Avenue Bus Hub Project.

PREPARED BY: Chadrick Smalley, Economic Development and Housing Manager

**APPROVED AND FORWARDED TO THE
CITY COUNCIL OF THE CITY OF EMERYVILLE:**



Christine Daniel, City Manager

ATTACHMENT:

- Exhibit A – 40th Street AHSC Concept Plan