

From the San Francisco Business Times

:<http://www.bizjournals.com/sanfrancisco/stories/2009/08/03/story3.html>

SUBSCRIBER CONTENT: Aug 2, 2009, 9:00pm PDT Updated: Jul 30, 2009, 10:14am PDT

Stimulus push for Mission Bay

City chases \$72 million for new neighborhood

Ron Leuty

Mission Bay is targeting \$72 million in federal stimulus funds for infrastructure projects that backers say will build out a critical link between the Transbay Terminal and Hunters Point as well as help San Francisco's life sciences enclave bridge a funding gap.

Shovel-ready projects for building hundreds of yards of roads, sidewalks and sewer pipe, including a key highway off-ramp, could open more Mission Bay parcels to development. That new development, supporters say, would unleash new waves of Mission Bay-specific tax-increment financing that typically funds infrastructure improvements but has slowed with the economic downturn.

Three Mission Bay projects from the San Francisco Redevelopment Agency are among 85 regional priorities highlighted by the Bay Area Council Economic Institute:

One application seeks \$24.7 million in stimulus funds for \$31 million in projects, including the Interstate 280 off-ramp onto Mariposa Street, which sweeps behind the University of California, San Francisco, hospital site and into the southern edge of Mission Bay. Other projects are the extension of Owens and Fourth streets through the hospital site and a network of streets that connect to 16th and Mariposa.

Another application requests \$24.6 million to improve Terry Francois Boulevard, Illinois and Third streets and other roads around the FibroGen Inc. headquarters on Illinois. That work also would total \$31 million and clear the way for two undeveloped sites designed for cleantech and medical office projects.

A third application for \$23.8 million, through the state Water Resources Control Board and in coordination with the Association of Bay Area Governments, is for "urban greening" initiatives. The projects, which total about \$34 million when local matches are included, are designed to replace paved parcels with open space, pervious pavement or retention systems and rely heavily on separate storm and sanitary sewer pipes and pump stations.

UCSF also has applied for stimulus funds for the site where it plans to build its \$1.69 billion women's, children's and cancer hospital.

The former railyard and warehouse district is largely on its way to being built out as San Francisco's life sciences hub, but large swaths remain undeveloped. Backers say stimulus money would push infrastructure projects ahead, allowing new development and, as a result, new tax-increment funds that could be dedicated to affordable housing.

"The fact that (Mission Bay is) half-done doesn't mean we stop in our efforts," said Michael Cohen, the city's economic development chief. "There's enough critical mass, but we need to make sure the infrastructure is in place."

What's more, city officials see Mission Bay as essential to developing a corridor from the Transbay Terminal to Hunters Point, where city officials have proposed a 2 million-square-foot cleantech campus. For developers in both of those districts to demand top-of-market commercial lease rates, for example, Mission Bay must be built out.

"It's a classic supply-and-demand issue," Cohen said.

Stimulus funds would flow from the federal government to the redevelopment agency.

Farallon Capital Management, the San Francisco hedge fund that bought Catellus' interest in Mission Bay in 2004, oversees infrastructure work through its Mission Bay Development Group.

By being shovel-ready, job-intensive, urban-infill projects well served by different types of transportation, the Mission Bay applications could have an advantage over other stimulus projects nationally.

Regardless, projects are continuing. For one, Mission Bay Development Group is moving a 66-inch sewer line — essentially the local match in one stimulus application — that runs under the west side of the UCSF hospital site.

UCSF's application for stimulus funds highlights a potential \$200 million shortfall in state funding for the project. Plus, said Cindy Lima, executive director of the Mission Bay hospitals project, UCSF has collected about \$220 million toward a \$600 million fundraising goal.

"Every bit helps," Lima said.

rleuty@bizjournals.com / (415) 288-4939