

## **SOUTH OF MARKET PROJECT AREA COMMITTEE**

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### **HOUSING COMMITTEE MEETING**

May 3, 1999, 5:30 PM

Members Present: Antoinetta Stadlman, Armando Bolanos and Jim Berk,

Members Absent: Jeff Roth, Ed Jocson, Joseph Robertson, Amelita Pascual and Dr. Mahendra Dave,

Guests: Chris Durazo, Anthony Palmroth (member), Craig Adelman, Teresa Vergel, Joseph Chance, Chris Reyes and Lori Matsukuma

SOMPAC Staff: Jerry Clark

Agency Staff: Bill Carney, Patrick Zak and Aaron Krasnow

#### **Agenda Item 1. Asian Neighborhood Design**

**Ada Chan** discussed her concern that the Redevelopment Agency will be stepping up efforts to outreach to certificate holders from other Agency projects in the city and that the outreach efforts in the South of Market may be held up to give preference to those certificate holders. The next preference would go to the welfare-to-work certificates, and then to the South of Market residents. According to the Agency, this is the order of outreach that Asian Neighborhood Design should follow in its Minna/Russ project. **Bill Carney** stated that the project would move forward.

There was a Bank of America challenge to teach students the viability of building affordable housing. This challenge resulted in a mock appraisal and feasibility study for doing a certain type of project, family housing, on the Hotel Hart site at 6<sup>th</sup> and Mission. This challenge taken on by Cal Berkeley students included a feasibility study, a breakdown of costs and expenses, and a final analysis that stated that a project like this would be feasible on 6<sup>th</sup> and Mission, except for the fact that according to the research team, the community wouldn't go along with such a project. When contacted (team) by **Ada Chan**, no one could come up with any persons or any organization that had been against such a project.

#### **Agenda Item 2. Emerald (1045 Mission Street) (5:58 PM)**

The FHA Bond was closed. Moving forward with groundbreaking and dedication by June.

#### **Agenda Item 3. 474 Natoma Street Project (5:59 PM)**

Homeownership feasibility report due. More at next Housing meeting. Jim **Berk** stated that there should be at least one unit set aside for a bonafied artist, not a craftsman. **Patrick Zak** stated that the Agency was looking into a condo type of building construction projects-not live/work. **Mr. Carney** said architecture is feasible. He stated that there will be a recommendation for the next housing meeting concerning the 474 Natoma project.

**Chris Reyes** from Asian Inc. inquired about the Project Area Committee's position on the ownership idea for the RFP? Will there be support services? Will there be a childcare contingent? What input comes from Agency staff? Bill Carney stated that more will be known by the next housing meeting to answer these questions.

**Agenda Item 4. Description of Housing Committee in PAC Informational flier and webpage (6:12 PM)**

**Jerry Clark** stated that the webpages are finished and the brochure is on the literature table for inspection. The members may input any new information and committee descriptions at any time.

**Armando Bolanos** left at 6:16 PM

**Agenda Item 5. Live/Work, Mixed-Use and the Planning Department (6:16 PM)**

**Jim Berk** handed out a map and description of the new Planning Department Master Plan for construction zones in the South of Market. He explained the areas that will be set aside for commercial and residential mixed-use construction zones. **Mr. Berk** also stated that the darkened area on the map was for industrial areas, and that a housing plan could be put through but it would have to be a conditional use.

**Jerry Clark** stated that it is obvious that the Agency has a plan to fill future housing units in the South of Market with certificate holders and that families will be left out of the housing being built. **Ada Chan** stated that vacancies in SOMA affordable housing are being filled with certificate holders. If the Agency continues to insist on building in the South of Market and leaving out South of Market families then the land being used for housing could be better used for other construction goals and objectives set forth by the residents over the last ten years. We are not a holding place for certificate holders; you build housing units in the South of Market and the housing units should go to the South of Market families. Let's take a wait and see attitude until we see how the Agency works with the Minna/Russ. That the residents are asked about their needs, devote hard work and years of planning, and it all goes to others is not proper. This certificate program is the Agency's way of trying to make up for past mistakes, but should not be used with our housing.

**Agenda Item 6. SRO Hotel Management Spreadsheet (6:38 PM)**

**Teresa Vergel**, for GP/TODCO said SRO Spreadsheet will be ready for next Housing meeting.

**Agenda Item 7. Housing Strategies (6:57 PM)**

Draft of SRO rehab guidelines handed out. There will be a loan of \$5,000.00 per unit, up to \$200,000.00 per building (being re-evaluated) to help bring buildings up to living standards. The money will be used to fix wiring, plumbing and infrastructure. 10% can be used for non-code upgrades such as painting, carpet, etc. and anything after \$70,000.00, when ADA applies, can be used for minor ADA rehabilitation of up to 20% of the loan, such as handrails in the showers, etc. In exchange, the landlords will put a cap on rent increases for one year for each \$750.00 in loans. This loan is for apartments renting for no higher than \$507.00. This program is over when the owner sells that building or takes the capped units and puts them on the market for market rate. If the owner rolls over the loan and continues to cap his apartment rents, the money could be treated as a grant, somewhat like the façade and 6<sup>th</sup> Street Improvement loans.

Patrick Zak stated that this program would not allow displacement or loss of units. There will be some inconvenience to tenants when unit is being worked on. **Mr. Zak** also mentioned a

Management and Livability Standards to which **Ms. Stadlman**, Chair of the Housing Committee stated that the Management and Livability Standards were dead and we should have another name for what the PAC could do with them. The name "Tenants Rights" was suggested by **Ada Chan**.

**Jim Berk** stated that the City Attorney's office is currently persuing 6 hotels on 6<sup>th</sup> Street for code violations. They are:

1. Hillsdale (settled, with conditions)
2. Raymond (settlement being negotiated)
3. Henry (litigation)
4. Alder (litigation)
5. Seneca (a non-profit, city housing, Inc. will take over day to day operations)
6. Baldwin (a tenant has pet mice loose)

**Agenda Item 8. Delta Hotel (7:11 PM)**

Construction to begin in about two years. The work now is to put on a temporary roof and board in the windows and doors to keep squatters out.

**Agenda Item 9. 5-Year Plan (7:12 PM)**

Nothing new on plan.

**Agenda Item 10. SRO Replacement NOFA Recommendation (7:12 PM)**

**Jim Berk** stated that one of the finalists for the SRO NAFA, GP/TODCO, was no longer eligible for funding from the NOFA and the TNDC/CNC is the only offer left with a pan to build the remaining SRO replacement units.

**Patrick Zak** stated that GP/TODCO was not eliminated from the NOFA but in fact had been given an extra 90 days to establish control over the site included in their application. So the Agency is going forward with the TNDC/CNC. Estimated request for their site, to be concluded by June, is \$4.9 million from the NOFA and another \$13.5 million from the Mayor's Office of Housing. They will try and apply for the 4% loan program. This is the first estimate of costs for the project and could be changed later as things are made clearer. Overall costs for now are estimated at \$18.4 million dollars.

**Bill Carney** stated that it is a reasonable acquisition with good numbers and in the long term, there will be no problem operating within the cost parameters. **Mr. Berk** asked why there could be SRO rooms with community rest rooms, instead of individual restrooms, built to give more units and less rent? **Mr. Zak** exclaimed that financing is only readily available for studios, not SROs.

**Meeting Ended (7:31 PM)**

Submitted by:  
Jerry Clark  
Assistant Administrator