



SOUTH OF MARKET PROJECT AREA COMMITTEE

1035 FOLSOM STREET • SAN FRANCISCO, CA • 94103

415.487.2166 Fax 415. 487.2169 • website: <http://www.sompac.com>

Advisory body to the San Francisco Redevelopment Agency

HOUSING SUBCOMMITTEE

Monday October 1, 2007

6:00 PM

Presiding Chair (6:05 PM)

Raymon Smith

Chairs Report (6:05 PM)

Mr. Smith announced that he attended the AIA charrette for the alley streetscape improvements on September 29th. He stated that the neighbors held a meeting with regard to stemming the violence in the neighborhood.

Determination of Quorum (6:06 PM)

Present: Raymon Smith, John Melone/SAN, Ingrid Aquino, Dipak Patel, Charles Range/SOM Health Center and Henry Karnilowicz

Absent: Antoinetta Stadlman, John Markham and Mark Swenson

Staff: Marcia Ban and Karen Nolan

Agency: Mike Grisso, Lucia Tallchief Mele, Jeff White & Sally Oerth

Guests: Kim Nash/Bridge Housing, Andrew Harris/Rancho Parnassus and Jenny McNulty/Urban Solutions

Approval of minutes (6:07 PM)

Motion: *"To approve the September 2007 Housing Committee minutes as is."*

Vote: Yes: 4 No: 0 Abstain: 2 Motion Passes

Agenda order (6:08 PM)

1,2,3,4,5,6,7,8,9,10,11,12,13

Motion: *"To approve the Housing Committee agenda as is."*

Vote: Yes: 6 No: 0 Abstain: 0 Motion Passes

Announcement of Next Housing Committee Meeting

Mr. Smith announced that the next Housing Committee would meet on Monday November 5th, at 6:00 PM.

Agenda Item 6. Westbrook Plaza Update by Agency Staff (6:09 PM)

Mr. Grisso announced that construction of the Westbrook Plaza project would begin at the end of 2008. The Agency is currently working with the Health Center on the grant agreement and Mercy Housing is in the process of predevelopment work. The EIR is now complete.

Mr. Karnilowicz wanted to know the size of the project. **Ms. Oerth** stated that the project is a 49 unit family building with a combination of 1, 2 and 3-bedroom units.

Agenda Item 7. Seneca Hotel Update by Agency Staff (6:11 PM)

Mr. White announced that the elevator work at the Seneca Hotel is proceeding on schedule.

Mr. Smith wanted to know the estimated completion date. **Mr. White** stated that the elevator is scheduled to be complete in January of 2008.

Agenda Item 8. 474 Natoma Street Update by Agency Staff (6:12 PM)

Ms. Oerth announced that the 474 Natoma Street project is in the first steps of the predevelopment stage. She will discuss this project further during agenda item 12.

Agenda Item 9. Status Update on Sharon, Shree Ganeshai & Alder Hotel SRO Improvement by Agency Staff (6:13 PM)

Mr. White announced that there are similarities between the Sharon, the Shree Ganeshai and the Alder Hotels. Each property has received an SRO rehabilitation loan that has closed with the affordability restrictions recorded, but they are not completed and no funds have been disbursed. All three hotels are out of compliance with the scheduled performance and the Sharon has been extended once, but is still out of compliance with the extension. The Sharon was supposed to be completed by June of 2007 and according to the contractor and Urban Solutions they are 70% complete. They received a loan for \$25,250 for electrical upgrades. At this time there have been no details of the project given or invoices submitted by the subcontractor.

Referencing the Shree Ganeshai Hotel, **Mr. White** stated that this project is 20% complete. The project was scheduled for completion in February 2007 and is currently out of compliance. The Alder Hotel is 85% complete with a completion date of May 2007. This project is also out of compliance. **Mr. White** sent a 90-day notice to all hotels regarding the termination of the program. They have been notified that if the work is not complete in 90 days the loans will be terminated. **Mr. White** stated that the Agency wants to see the work completed.

Mr. Smith referred to the Alder and wanted to know what work was being done. **Mr. White** stated that they received a \$100,000 loan for electrical work. **Mr. Smith** wanted to know why it is taking so long to complete the work. **Mr. White** stated that the Agency and Urban Solutions are actively pursuing the contractor to get the work completed. **Mr. Karnilowicz** is the contractor on all three of these projects. **Mr. Smith** referred to the Shree Ganeshai and wanted to know what the hold up was on this project. **Mr. White** stated that he is not sure, but Urban Solutions has been working with the contractor and would be able to explain the hold up on these projects. **Mr. Smith** referred to the Sharon Hotel and wanted to know what percent of the project is complete. **Mr. White** stated that the Sharon is 70% complete and the contractor is out of compliance. He stated that Urban Solutions has been in constant contact with the contractor to move this project forward.

Mr. Melone stated that he is quite concerned about the Sharon Hotel as this was one of the first loans of the program and he could not understand what the hold up could be. **Mr. Karnilowicz** explained that eventually they would like to add another story to the Sharon Hotel. The building is virtually vacant at this time and they are just waiting to hear from the city with regard to the additional story. **Mr. Karnilowicz** stated that the subcontractor has been negligent in providing documentation and invoices to **Mr. Karnilowicz** in order for him to get them to the Agency. He stated that these loans are not done on a draw system. You are reimbursed at the end. **Mr. Smith** stated that the Agency is aware of this and they want to move this project forward to completion. **Mr. White** stated that the Agency has not received any invoices from the subcontractor and they could not release funds until they do. He pointed out that the Sharon

and Shree Ganeshai are both owned by **Mr. Patel** and **Mr. Karnilowicz** is the contractor on all three projects.

Mr. Range referred to the height increase that **Mr. Karnilowicz** spoke of and wanted to know if the Sharon was zoned for this new height. **Mr. Karnilowicz** stated that it is not, but they are hoping to get it approved through the new zoning that is currently taking place in the Eastern Neighborhoods and Western SOMA. **Mr. Range** reminded **Mr. Karnilowicz** that waiting for these zoning changes could take a very long time. **Mr. White** referred to the height increase that **Mr. Karnilowicz** is referring to and stated that the loan is in no way connected to the height increase. The loan completion is unrelated to the height increase. **Mr. White** stated that the Agency contracted with Urban Solutions to do outreach to get the owners involved and to follow-up with frequent contact to ensure these loans are completed and closed.

Ms. McNulty stated that Urban Solutions has been working closely with **Mr. Karnilowicz** to collect the necessary documentation for the Agency in order to close these loans. They have requested invoices from the subcontractor and are hopeful that they can get these invoices so that these loans can close in 90 days. **Mr. Smith** wanted to know if the Agency anticipates requesting an extension from this subcommittee. **Mr. Grisso** stated that the purpose of the program is to improve the hotels and the Agency is trying to be as flexible as possible. Keeping that in mind we are trying to get these loans closed in 90 days or they will have to be terminated.

Agenda Item 10. Raman Hotel by Raymon Smith (6:30 PM)

Mr. Smith referred to the Raman Hotel and announced that several tenants have expressed concerns regarding a lack of ADA accessibility, problems with the elevator, a lack of heat, etc. **Mr. Smith** will have a report on the problems from the SRO Collaborative soon.

He referred to **Mr. Patel** and requested information on what is being done about these problems. **Mr. Patel** explained that he is the owner of the Raman Hotel, but Tenderloin Housing Clinic holds the master lease and they are responsible for the day-to-day operations of the hotel. He stated that a new elevator was installed with some problems, but they have all been worked out in the past 90 days. With regard to the ADA issues, **Mr. Patel** stated that he met with DBI and everything was approved. Tenderloin Housing Clinic completed further improvements such as widening doorways and lowering light switches.

Mr. Smith referred to the bedbug problem and wanted to know what **Mr. Patel** is doing about this. **Mr. Patel** stated that he has no knowledge of bedbugs at the Raman. He stated that this would be an issue for THC to deal with as they have the master lease and are responsible for the operation of the hotel. Any concerns members or tenants have should be addressed with THC.

Agenda Item 11. Reallocation of Remaining \$1.2 Million in SRO Funds by Raymon Smith (6:34 PM)

Mr. Smith announced that he has researched community needs and he spoke to many community leaders with regard to the remaining \$1.2 million in the SRO loan program. Everyone agreed that these funds should be kept in the housing fund. **Mr. Grisso** stated that these are housing funds and must remain as housing funds. They could not be used for anything else.

Mr. Smith stated that he would like the subcommittee members input as we must decide what to do with these funds soon. **Mr. Melone** wanted to know the status of the Hugo Hotel. **Mr. Grisso** stated that the Agency is still negotiating with the owner, but these things take time. The Hugo is a priority for the Agency and the community. **Mr. Grisso** would have more of an update by November.

Mr. Karnilowicz wanted to know if we could use these funds to increase the loan amounts for the façade improvements. **Mr. Grisso** reminded everyone that the façade improvement funds were increased and even doubled for some properties, but those are economic funds and these are housing funds. **Mr. Smith** wanted to know if there is a situation where more funds are needed, could it be approved. **Mr. Grisso** stated that anything larger than \$100,000 must have Commission approval.

Mr. Patel wanted to know if other properties have been identified for purchase if the Hugo does not work out. **Mr. Grisso** stated that \$1.2 million is not a great deal of money to purchase property with, but if the Hugo does not work out the Agency does have other properties in mind where they have had preliminary discussions with the owners. He reminded everyone that we are not in a rush at this point because we must wait 90 days for the SRO loan program to close.

Agenda Item 12. Home Ownership Outreach Program for 474 Natoma Street by Agency Staff (6:40 PM)

Ms. Oerth announced that the 474 Natoma Street project would include 58 units of ownership housing through the limited equity homebuyers program. Bridge Housing has exclusive negotiation rights for this project.

Ms. Oerth explained that it would be at least four years until these units will be ready for occupancy so there is plenty of time for outreach programs. She stated that Agency certificate holders would have first priority and SOMA residents would have second. They have not begun a specific outreach program at this time as it is too early in the process. **Mr. Melone** stated that previously we discussed a program to assist people with clearing up credit problems so that when the time came, they would be in a position to purchase a home. **Ms. Oerth** stated that the Agency recognizes that credit counseling is an important step that would occur approximately one and a half years before the project is completed.

Ms. Nash explained that Bridge Housing offers the Homebricks Program with six months of outreach during the application process. Credit counseling services already exist in San Francisco and **Ms. Nash** would be happy to provide a list of those agencies to the PAC. She will be providing updates to the PAC as this project progresses. Bridge Housing is currently working on putting together the design team. Marketing usually begins one year before a project is ready and outreach begins six months before. **Mr. Smith** wanted to know what year Bridge Housing would begin the outreach. **Ms. Nash** stated that outreach would begin approximately two years from now.

Ms. Oerth referred to certificate holders and stated that because they have first priority, they would be notified first. The Agency keeps a list of certificate holders to contact and the Commission is looking at ways to improve the outreach and opportunities for certificate holders. **Mr. Smith** stated that we want advance notice so that people have time to clean up any credit problems and be ready when the units are available.

Mr. Range wanted to know if certificate holders are able to transfer the certificates to relatives. **Ms. Oerth** explained that the Agency amended the certificate of preference program so that children are eligible to use their parent's certificate if they lived in the home at the time the Agency purchased the property. **Ms. Oerth** agreed to research the eligibility further. There was a discussion regarding eligibility in the certificate of preference program.

Agenda Item 13. Committee Member Announcements (7:00 PM)

Ms. Aquino announced that the HS & HS Subcommittee would meet tomorrow at noon. She stated that SOMAfest had to be rescheduled due to rain and will now be held this Saturday, October 6th at VMD Park from 10:00 AM to 4:00 PM.

Public Comment (7:03 PM)

There was a general discussion regarding the condition of SRO hotels and the accountability of owners, managers and tenants in maintaining the hotels.

Meeting Ended (7:09 PM)

**Raymon Smith
Chair**