



SOUTH OF MARKET PROJECT AREA COMMITTEE

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Advisory body to the San Francisco Redevelopment Agency

HOUSING SUBCOMMITTEE

Monday April 7, 2008

6:00 PM

Presiding Chair (6:03 PM)

Raymon Smith

Chairs Report (6:03 PM)

Mr. Smith announced that we must review the conduct of our meetings in accordance with the bylaws and Robert's Rules of Order. A quorum of three is a violation and we should look to revising our bylaws. **Mr. Smith** stated that he has been reviewing various things in our neighborhood with regard to the SFRA's decision to follow the Eastern Neighborhood Plan and we should look into this.

Determination of Quorum (6:04 PM)

Present: Raymon Smith, John Melone/SAN, Antoinetta Stadlman (6:09 PM), Charles Range/SOM Health Center, Henry Karnilowicz (7:12 PM) and Ingrid Aquino

Absent: Dipak Patel and Mark Swenson

Staff: Marcia Ban and Karen Nolan

Agency: Erin Carson, Lucia Tallchief Mele and Vanessa Dandridge

Guests: Maureen Burns

Approval of minutes (6:05 PM)

Mr. Smith stated that he disagrees with the minutes from March. He stated that he did not tell **Mr. Grisso** that if he did not like it he could leave. **Ms. Ban** stated that **Mr. Smith** should speak to **Mr. Grisso**, as **Mr. Grisso** requested the change to the minutes. After a brief discussion it was agreed to table the approval of the March minutes until May.

Agenda order (6:08 PM)

1,2,3,4,5,6,7,8,9,10,11,12,13,14

Motion: "To approve the Housing Subcommittee as is."

Vote:

Yes: 5

No: 0

Abstain: 0

Motion Passes

Announcement of Next Housing Subcommittee Meeting

Mr. Smith announced that the next Housing Subcommittee would meet on Monday May 5th, 2008 at 6:00 PM.

Mr. Smith referred to the next Housing Subcommittee and stated that he expects to have many people in attendance and asked **Ms. Ban** how much notice is required for a larger meeting space. **Ms. Ban** stated that she would need at least a two week notice and wanted to know how

many people **Mr. Smith** expected to attend. **Mr. Smith** stated that he expects 40-50 people. **Ms. Ban** explained that the meeting room next door is reserved once per month for free to hold the PAC meeting and if another venue is required we would have to pay the Recreation and Parks Department for the use of their auditorium. **Mr. Smith** stated that he recalls \$500 in our budget for outreach. **Mr. Range** stated that the line item is not specific to the Housing Subcommittee and any use of funds would have to be approved by the full PAC.

Agenda Item 6. Cost Estimates for Westbrook Plaza by Agency Staff (6:12 PM)

Ms. Dandridge announced that the Westbrook Plaza project was to go to the Commission last month and she provided everyone a handout of the cost estimates for the project. She stated that these are the cost estimates that the Housing Subcommittee requested last month. The total development costs are \$32 million of which \$12,952,232 was requested to make the projected development feasible. **Ms. Dandridge** stated that she would be happy to provide additional information if members request it. The funding was approved by the Redevelopment Commission on April 1st.

Mr. Range stated that **Mr. Smith** was kind enough to attend the Commission meeting and speak on behalf of the project and Mr. Range appreciates this. **Mr. Smith** stated that when he attended the Commission meeting he was quite shocked to learn that when the mental health center originally wanted to build at the new site there was a stipulation to add housing.

Ms. Dandridge explained that the site was purchased at the height of the real estate market. The SFRA and the Health Center felt that to maximize the use of the site they should include housing. Due to the poor soil conditions a report was done to determine if it would be more cost effective to build a health center only. By including the subterranean garage it is best to combine the health center with housing as the garage stabilized the soil. **Mr. Smith** stated that he appreciates the clarification.

Agenda Item 7. Update on the Completion of the Seneca Hotel Work by Agency Staff (6:17 PM)

Ms. Mele announced that the Seneca Hotel elevator passed the state inspection and is now up and running. **Ms. Stadlman** stated that the elevator broke down twice in the first 24 hours, but everything seems to be running smoothly now.

Agenda Item 8. 474 Natoma Update by Agency Staff (6:19 PM)

Ms. Mele announced that the plans for the 474 Natoma Street project are currently with the Planning Department for review of the architectural modifications that were made per the Planning Department request. She stated that staff is trying to get the project through the planning process as quickly as possible. There will now be two elevators in the Natoma Street building that is causing a loss of one unit, but with the new design they were able to regain that unit. There will be three town homes on Natoma Street and a sky terrace on the seventh floor. **Ms. Mele** stated that they are still trying to adhere to the construction start date of October 2009 and hope to begin the schematic design process in June of this year.

Ms. Stadlman wanted to know why the Planning Department is requiring two elevators. **Ms. Mele** stated that due to the height of the building the Planning Department is requiring two in case one breaks down.

Agenda Item 9. Hugo Hotel Update by Agency Staff (6:22 PM)

Mr. Grisso sent word that the Agency is still negotiating with the owners of the Hugo Hotel on the third appraisal and there is nothing new to report.

Agenda Item 10. Reallocation of Remaining \$1.2 million in SRO Funds by Raymon Smith (6:24 PM)

Mr. Smith referred to the SRO loan program and stated that he has been made aware that mail was returned from several SRO hotels that were contacted regarding the closing of the SRO loan program. He is concerned about what happened to those hotels with regard to contacting them and allowing for the opportunity to apply for loans to improve the hotels. **Mr. Karnilowicz** stated that he would agree that we should allow for the opportunity of all hotels to apply for the funds.

Mr. Range referred to the \$1.2 million that was not used for the program and wanted to know if the PAC did not vote to close the program and the Redevelopment Commission approved the closing of the program. **Mr. Smith** stated that the PAC did vote to close the program, but we were not aware that mail had been returned.

Mr. Range stated that the program began five years ago and at that time **Dr. Dave** was a member of the PAC as well as a member of the Hotel Owners Association. All of the owners knew of the SRO loan program. **Mr. Range** referred to the question of due notice and stated that he is not sure how you would reverse the process now. He stated that all hotel owners were notified and they complained of the loan amounts being too low. They also disagreed with the affordability requirements. **Mr. Range** stated that as far as he knows the owners were fully aware of the program because they came to the PAC with these complaints.

Mr. Smith stated that he understands **Mr. Range** and his train of thought, but not all hotel owners belong to the association and **Mr. Smith** would suggest that we contact all owners. **Ms. Stadlman** stated that she would want to know if we passed anything with regard to a deadline. She stated that she remembers attending the hotel owners meeting and there were 40-50 people in attendance. **Mr. Smith** stated that he would recommend contacting those owners with returned mail.

Mr. Karnilowicz stated that he belongs to the association and a lot of the owners do not belong. He stated that it would not be unusual for some owners not to have heard of the program because they do not attend the Hotel Owners Association meetings because they do not belong. **Mr. Melone** stated that he knows for a fact that the nonprofit owners cannot belong to the Hotel Owners Association. Some nonprofits have moved their offices and the mail could be out of date. **Mr. Smith** stated that we can discuss this back and forth, but contact should be made to all owners.

Mr. Range suggested that before we make contact with the owners we should check the status of the \$1.2 million in remaining funds. He reminded everyone that the Commission already acted on closing the program. If there is a deadline approved by the Commission, we cannot just go back and offer the program. We must first find out if there are funds remaining, what action the PAC took, what action the Commission took, etc. We should consult with **Mr. Grisso** and review if the Agency sent notice to all owners.

Mr. Smith stated that he would like to know what happened when the Agency sent the notice to the owners and received returned mail. We made our decision based on the facts that we had at the time. If this information is not accurate then we must research it.

Ms. Mele stated that both points are well taken and the Agency would want to know of any owners not notified. She stated that based on the Commission action the program will close out on June 30, 2008. She stated that there are approximately \$1 million in remaining funds, but we must consider the underwriting contract and the contract with Urban Solutions for any work that would continue past the June 30th deadline. **Mr. Range** stated that we must find out how to locate the owners and notify them.

Agenda Item 11. Housing Goals & Objectives for FY 2008-09 by Raymon Smith (6:43 PM)

Mr. Smith announced that he is almost complete with compiling data with regard to low and very low-income housing. **Supervisor Daly's** staff is providing him with information regarding funding available for low and very low-income housing. This subcommittee should have a meeting with the various city departments concerned with housing. **Mr. Smith** stated that he will report back to this subcommittee within 30-60 days.

Mr. Karnilowicz referred to the funds that **Supervisor Daly** negotiated from the new high rises downtown and stated that we should speak to his office with regard to using these funds for housing.

Agenda Item 12. Plaza Apartment Tenant Abuses by Erin Carson (6:45 PM)

Ms. Carson introduced herself and stated that she is the project manager for the Plaza Apartment project. She stated that she believes she was asked to attend tonight's meeting because of the article in the San Francisco Chronicle on March 9th regarding problems at the Plaza. **Ms. Carson** wanted to assure everyone that the article was not factual with regard to the drugs and deaths in the building.

Ms. Carson explained that there is a four pronged approach to managing the building and its residents. The owner, represented by **Ms. Carson** of the Redevelopment Agency, the property manager (John Stewart Co.), the San Francisco Department of Public Health and a case management service provider (Conard House). There have been two raids on units for drug dealing, but no convictions yet. If the Department of Public Health is given information of drug dealing they can inform the tenant that they are at risk of losing their housing subsidy.

Ms. Burns stated that she was in the building one time to visit a congregant from her church. The second floor reeked of crack so bad that she had to leave. She stated that it is not only the drug issue, but a pervasiveness of fear of retaliation by the clean and sober people in the building. At this time the people that are not following the rules have control of the building and this is not right.

Ms. Stadlman stated that there is no such thing as a drug free hotel. She stated that most private hotel owners don't care and the owners that do care find a way to get rid of the drug dealers and users. **Ms. Stadlman** stated that for the nonprofit hotel owners it is an institutional problem of not wanting to be the bad guy and the problems fester.

Ms. Aquino referred to the term "harm reduction model" and stated that there is no such thing. The drug problem harms everyone. She knows a gentleman who lives on the fourth floor of the Plaza Apartments. He is an amputee and rarely leaves his unit due to the horrendous things occurring in the building. **Ms. Aquino** stated that she knows the two people from the news article and they did not make up the stories of what happens in the building. The problem is that Conard House and the Mayor's Office would rather they act up inside the building than on the street. **Ms. Aquino** stated that she used to work for Conard House and they have a policy that if there is an act of violence, you lose your housing, but they do not follow it.

Mr. Smith stated that he lives at the Knox Hotel where there used to be serious problems. He met with the regional manager and new management was hired. They collect the rents and evict those causing problems. These evictions turned the building around because they let the residents know that if you violate the rules it will not be tolerated. **Mr. Smith** stated that management must set the stage and walk the walk. He stated that he met with the Mayor's Office of Homelessness and found that most residents were homeless for ten to twelve years. These residents would rather be back on the street doing drugs than paying rent. We point the

finger at the problem tenants, but we must look at management. The social workers must work with management and the tenants.

Ms. Carson stated that she hears everything members are saying and they are valid points, but this is a harm reduction facility, not a clean and sober one. You cannot buy or sell drugs on site, but we know it is happening. John Stewart Company has guidelines in place to evict for any violence and **Ms. Carson** has not seen Conard House back down in any eviction for violence. **Ms. Carson** is aware that this is not a good environment for those in recovery. When you combine those in recovery with those still using it is not a good mix, but this building was based on the premise of housing first. They offer detox, but cannot force people into sobriety.

Ms. Stadlman stated that when the will is there for management to get someone out, they can do it. She wondered if there wasn't some way to change the rules to enable problem tenants to be evicted. **Ms. Carson** stated that the will is there. Management will write tenants up for violations and the police raid units for drug sales. **Mr. Smith** wanted to know what mechanism is in place for tenants to come forward when there is a problem. **Ms. Carson** stated that tenants who do not want to go to management can talk to Conard House who will write the report and there are cameras all over the building to back up the reports. **Mr. Smith** stated that it would be encouraging to the environment of the building for the tenants to feel empowered to make changes.

Mr. Range stated that this is a downer and originally the PAC took a different stance on what this building should be and the Mayor's Office had a different view. That is not going to change. The community concern is that the problems in the building affect 6th Street and the good tenants will leave as soon as possible. **Mr. Range** stated that what is most embarrassing is that this is a government controlled institution and the government cannot control it. You are housing the most difficult and challenging population on a main street where we are trying to improve it with new businesses and building a community. The screening process for tenants is not working. **Mr. Range** announced that he considers the Plaza Apartments and institution on a main street of San Francisco.

Mr. Melone stated that John Stewart Company is notoriously lax on screening tenants and he wondered how much time is left on their contract for the Plaza. He stated that we must get to the source of the problem and that is the property management. **Mr. Smith** stated that it is time to invite the Mayor's Office of Housing to a meeting as they set the policy. **Ms. Carson** stated that the subcommittee should invite the Department of Public Health as well.

Agenda Item 13. Kean Hotel Loan Recommendation by Lucia Mele (7:14 PM)

Ms. Mele announced that she is here tonight to request the Housing subcommittee's recommendation to go to the Redevelopment Commission on April 15th for a \$100,000 loan to the Kean Hotel through the SRO Rehabilitation Loan Program. The Kean Hotel is an 80 unit SRO in which they plan to replace all of the flooring with linoleum or another type of hard flooring. This will help to eliminate bedbug problems and it is easier to keep clean. The Agency's loan committee approves this loan and **Ms. Mele** would like a recommendation from the Housing Subcommittee. **Mr. Range** made a motion and **Ms. Stadlman** seconded the motion.

Motion: *"The Housing Subcommittee recommends approval of the \$100,000 SRO Rehabilitation Loan to the Kean Hotel."*

Vote: **Yes: 5** **No: 0** **Abstain: 0** **Motion Passes**

Ms. Mele stated that this would be on the Redevelopment Commission consent agenda on April 15th prior to the PAC meeting of April 21st. **Mr. Range** stated that he does not think the PAC would have a problem with this item. He wondered if the Executive Committee could call a special meeting for this item before the Commission meets. **Mr. Melone** stated that a 72 hour

notice is required for a special meeting and this could be done in time. **Ms. Ban** pointed out that it is not necessary to hold a special meeting as the Executive Committee agenda would go out tomorrow and this item can be added to the regular agenda.

Agenda Item 14. Committee Member Announcements (7:22 PM)

Ms. Aquino announced that the HS & HS Subcommittee will meet tomorrow at noon and she would encourage everyone to attend. She stated that she attended a symposium in Oakland sponsored by the Oakland Mayor's Committee on Disability regarding land use.

Mr. Smith announced that he will attend the all day pedestrian safety summit being held tomorrow at City Hall. Experts from around the country will be in attendance and the Pedestrian Safety Advisory Council will meet afterwards at 6:00 PM.

Mr. Smith stated that he hopes that the PAC will meet in the near future to review our goals and objectives and involve the community that we serve.

Mr. Range announced that he would like to express his appreciation to **Mr. Smith** and **Ms. Stadlman** for appearing at the Redevelopment Commission for the Westbrook Plaza item.

Public Comment (7:27 PM)

Meeting Ends (7:28 PM)

**Raymon Smith
Chair**