



Potrero Yard Neighborhood Working Group Meeting Minutes

Wednesday, January 23, 2019, 6:30 p.m. to 8:30 p.m.
Potrero Yard (1800 Bryant Street)

Note - the meeting minutes capture the overall tone of the group's discussion and is not meant to be an exact transcription.

Attendees

Present:

Alexander Hirji
Erick Arguello
J.R. Eppler
Mary Haywood
Roberto Hernández
Ryan MacPhee
Scott Feeny

Not Present:

Alexandra Harker
Kamilah Taylor
Magda Frietas
Thor Kaslofsky

SFMTA Staff:

Bradley Dunn
Ethan Veneklasen
Licina Iberri

Rafe Rabalais

Other Attendees:

Dan Adams (Mayor's Office of Housing & Community Development)
Julian Mark (Mission Local)
Peter Lauterborn (Consultant)

Purpose of the meeting

- Convene Potrero Yard Working Group to provide new project information and updates
- Collect feedback for the upcoming public workshops
 - Public workshops to discuss housing are planned for February 21st and 23rd (additional series of workshops will be planned for March)
- Discuss project design
- Discuss affordable housing processes, especially in the Mission

Project Design Timeline and Process

- Licinia described some of the aspects of the development process. The SFMTA has design criteria for the transit component and have estimated costs for those designs (\$300 to \$400 million), depending on whether one includes soft costs and other factors.
 - Ryan asked what the soft costs would be, to which Licinia clarified, non-physical costs.
- Licinia continued to describe the environmental review process, including that the existing building is an identified cultural resource, therefore requiring an Environmental Impact Review (EIR), which can take 20 to 24 months to process. Following that, the SFMTA needs to start construction in 2023, because SFMTA needs buses ready in 2027, the facility needs to be done by 2026. To advance the process, SFMTA needs a description that outlines the maximum build, for which the agency will scope an environmental review.
- Licinia described the financing challenges for the project. First, she described how SFMTA currently does not recover enough from Muni fares to cover for operating costs. A bond is one financing approach that the SFMTA may pursue, which requires voter approval. This would require debt being taken against future city revenue. For planning purposes, the SFMTA is



making an assumption that the public would support a bond for this project in 2022. A bond measure could bring in a significant portion of funds.

- J.R. asked the size of the total bond, and Licinia said the amount wasn't set. Peter and Bradley answered that recent bonds have come in around at least \$250 million, and often much higher.
- Alexander asked why Potrero was selected to come before Presidio, to which Licinia replied that the decision was made because Potrero handles 60' trolley buses, which are the bulk of the new buses coming into Muni's fleet.

Project design and Constraints

- Rafe began a segment covering project design and constraints, stating that the yard could do more to become a community asset beyond its current status as an employment site. Therefore, the SFMTA is considering what other options could be a good mix for the 4.4-acre site. These include:
 - Housing,
 - Affordable housing
 - Retail
 - Community spaces.
- The SFMTA is leaning towards housing as a conceptual additional land use, but other uses have been considered. For such a project, the number of units and the levels of affordability are two huge issues to figure out. Because housing will make the project more complicated, if the final build is cost neutral, whether that is zero units or all affordable units, then the agency must determine whether the housing is worth the additional risk and complexity involved.
- The SFMTA has determined, over the past several months, the basics of the bus facility component. The agency's next question was "does this work financially?" With the current assumptions, SFMTA asked whether this is a project that will help offset the costs and work financially. The answer to this question appears to be "yes" and could generate revenue within seven figures.
- These assumptions included 25 percent affordable housing, which is the Mission's District's minimum. These assumptions assumed 800 to 900 housing units being accommodated on the site.
 - Ryan asked whether there are specifics about heights, to which Rafe responded that the team modeled 150-feet as the tallest point and tapered down from there. In addition, he commented that the Mayor's Office of Housing and Community Development (MOHCD) is not able to offer any subsidies.

How does affordable housing funding work? (Mayor's Office of Housing and Community Development, MOHCD)

- Dan Adams from MOHCD introduced himself stating that he has a background in affordable housing going back over 20 years.
- Dan provided an overview of the housing programs MOHCD is involved in, including:
 - Primary lender for housing
 - Assists with setting policy on housing
 - Does not directly own housing



- Does not directly develop housing
- Dan continued to describe that there are three major areas of MOHCD's work:
 - New housing production
 - The Activation and Preservation Program
 - Inclusionary housing, which requires that development contribute to housing development, as it relies on market rate development for either onsite inclusion of affordable units or paying a fee to support housing units being constructed offsite. The program is managed primarily through the Planning Department, though MOHCD help set policy.
- Describing the agency's funding picture, Dan stated that MOHCD has a budget of \$240 million per year, covering all areas of the department's work. This includes \$60 million from inclusionary fees and \$52 million in federal grants. In addition, the Housing Trust Fund is a set aside, MOHCD's one certain allocation of money, and it will grow to \$50 million dollars annually. Finally, the is the General Obligation Bond (Prop A from 2015) provides \$300 million, which is fully allocated.
- Regarding expenditures, Dan stated that 54 percent of the budget goes into multifamily grants and loans.
 - J.R. asked about the other impact fees, to which Dan replied that the other fees have very specific uses, which he did not have with him.
- In describing how decisions are made, Dan stated first that MOHCD transacts in the same space as market-rate developers. In addition, some of MOHCD's work is opportunistic, if there is a site and political support, the agency jumps on it. Meanwhile, some funding streams are geographically constrained while others targeted to specific communities. Finally, Dan added that MOHCD responds to priorities set by the Mayor and the Board of Supervisors – "everyone wants affordable housing in their district, which is not always true around the region."
- Dan began to elaborate on challenges with building affordable housing in the current climate. First, construction is costing more than ever. Second, the labor shortage and increases to material prices are significant, both of which are slowing both the city's building projects, as well as market rate developments. Finally, Dan added that entitled projects are not proceeding with construction as expected, which means anticipated funding isn't coming through.
 - Ryan asked how long the issue of entitled projects not moving forward has been going on, to which Dan replied for two years.
 - Mary asked why this was, and Dan said there are a wide range of reasons, from the economy to political issues.
 - Roberto mentioned that some fully funded projects are not moving forward and that a site becomes more profitable once it has its entitlement.
 - Rafe added that Potrero Yard project has the dynamic of needing to build on a specific timeline because of the incoming buses.
- Dan continued to describe that the Housing Authority is in crisis with recent shortfalls, MOHCD's office is stepping in to support.
 - Roberto asked when reforms will come to the Housing Authority, to which Dan stated reform will come this year.
- Proposition C (2018), Dan added is very exciting as a funding sources, but the litigation is tying it up



- Roberto asked about the status of Prop C litigation, to which Dan responded that there are two other ballot measures using the same taxing that are also pending court decisions. Meanwhile, the City is collecting the taxes but can't spend the revenue until the litigation ends.
 - Roberto stated that he recalled that many of the recent bond measures have not passed, and that Mayor has put out a proposal for a \$300 million affordable housing bond that would need two-thirds vote of the electorate.
- Dan went over pipeline of housing in the Mission.
 - J.R. asked about affordable housing projects on the Potrero Hill side of the project area; Dan mentioned only HOPE SF came to mind.
- Working Group questions:
 - Roberto asked about the Mayor's goal of 5,000 units per year and what MOHCD's role in supporting this goal.
 - Dan replied that this is a continuation of former Mayor Ed Lee's policy and that the city is on track for the 10,000 units preserved or created by next year.
 - Dan clarified that the 5,000 per year is overall, including market rate housing. The goal for 30 percent affordable housing in any project set by Proposition K continues to be the department's goal.
 - Erick asked how much market rate is being built, to which Dan replied that the City is close to these goals. Scott, however, said San Francisco is not as close to these goals. Bradley said that staff shall send the information around to the Working Group.

Planning Workshop Series #2: Land Use, Affordability, and Transportation

- Bradley started this section by stating that both the staff and Working Group wanted to keep the "world café" format as it fostered good conversation.
 - Ryan stated that the rotation of participants in the "world café" was confusing, to which Bradley responded that rotations would no longer occur in the next series and participants and staff would both be stationary.
- Bradley began describing the idea for a comment card designed to also include information presented in the workshop, both to get feedback and to articulate to attendees where the project is headed. He presented an example from Portola Green.
 - Mary asked for translated comment cards. Licia committed to Spanish and that Chinese and Filipino would be developed upon request.
 - Erick asked about how the SFMTA would obtain feedback from the agency's workers. Bradley stated that was a separate process, plus Kamilah from the working group wasn't able to come tonight. Peter added that the union reps came to the past workshop series.
- Bradley asked for feedback on the development process diagram presented to the Working Group.
 - Scott expressed that it was difficult to follow and the develop process line was difficult to follow. Licia clarified that once the SFMTA enters into a formal agreement with a developer, then they have the ball, and the SFMTA is obligated to the developer and that the developer will run the design phases.



- Ryan expressed that a simpler diagram was fine, but J.R. wanted more details, on behalf of his stakeholders, by understanding what happens when. Bradley committed to streamlining the development process diagram but also keeping a high level of detail.
- Mary asked why entitlement is planned for 2021, to which Roberto answered that the planning department votes on the proposal, which gets an entitlement, then they can apply for a permit from San Francisco Public Works - Department of Building Inspection. Also, potential opposition can slow down the process. Licinia added that as a city department, the SFMTA will be stopping at multiple commissions, including SF Planning, including Historic Preservation, Recreation and Parks Department and others. This also includes the Board of Supervisors.
- Bradley moved ahead in the agenda to “Activity #2 – Affordability,” since that was a priority topic for the group to cover. stating that the SFMTA’s charter doesn’t let it pay for affordable housing directly out of its budget. Bradley stated that the agency wants to understand the priorities of the communities the working group members represent (including stakeholders) for affordable housing.
- Bradley asked the working group which issues were most important to go over regarding affordability:
 - Type of housing units (e.g. Small Studios vs. 3 bedrooms)?
 - Number of housing units vs. overall percentage of affordable housing?
 - Erick felt this would be a meaningful conversation. Bradley asked Erick to elaborate and asked if he attended a meeting and these topics comprised of the conversation, whether he’d be happy? Erick said yes, but that Area Median Income (AMI) should be explained so that the public can make a better decision. Erick asked if AMI would be presented as city-wide or localized in the Mission, to which Bradley confirmed the rates were from city-wide data.
 - Ryan added that the SFMTA should show the tradeoff of the size of the unit vs. the number of units.
 - Scott said that the most useful stat would be the number of people that could be living in the development over the number of units.
 - J.R. added that there is a structure for the amount of family-friendly housing, as an eastern neighborhood plan-area project and that workshop participants be able to rank their preferences.
 - Roberto and Erick added that the Mission plan has family-friendly housing standards as well.
 - Erick added that knowing more about what types of units have been built to date to provide context, as well as the number of rent control units lost.
- Bradley returned to “Activity #1: Workshop Goals,” introducing the section by stating that the project team has developed three very conceptual designs that were “literally hand-drawn.” He added that the major discussions would be about the following tradeoffs:
 - More height, more shadow, more units
 - More bulk, more housing units
 - Neighborhood character, unit count, unit mix
- Bradley asked for feedback on the tradeoff’s conversation:



- Mary stated that it was difficult to discuss shadows without data.
- Scott shared that some people expressed support for a development taller than 150', and the SFMTA needs a way to express that.
- Erick wanted renderings that are more accurate to get a better sense of the proposed height.
- Roberto suggested bringing in university students to make sample designs so that people are talking about something real. He added that the #1 issue in the Mission is affordable housing because it needs 2,400 affordable units built to help the 10,000 people lost to eviction. Bradley responded by saying that the SFMTA can't set housing policy, but the agency needs a bus yard and it is an urgent priority due to earthquake safety and transit efficiency concerns. Erick stated that the SFMTA should express that if the community wants something specific, they can advocate for that.
- J.R shared that he believed a public project should do a lot more affordable housing than a private land project and that the SFMTA will need to start talking directly to the community groups, as they are the ones who will be looking at the EIR.
- Roberto asked when will the SFMTA Board weigh in on the project. Rafe answered that the board would vote on the request for proposals' release, and then the final development entity, be that a lease term or whatever it turns into. Licinia added that the SFMTA board will also continue to weigh in on expenditures.
- Roberto spoke about opportunities for both housing and transportation funding from the Federal Government. Given San Francisco's relationship with Speaker Pelosi, he added that the community should be shown that there is a chance to advocate for 100 percent affordable housing.
- Peter confirmed that the feedback about the opportunity for advocacy was heard and will be reported to the policy makers.
 - Erick asked about an opportunity to have a committee to focus on these issues, to which Licinia and Bradley shared that the working group still has open seats and this group can play the role, but a formal dedicated sub group might be challenging.
 - Roberto urged staff to use language that encourages people to get involved and advocate, stating "our language is going to either turn people on to mobilize or turn people off."

Transcribed poster notes

Mission Neighborhood Goal: 2,400 Affordable Units

- This is an opportunity to build affordable housing
 - We should be asking how we get more units
- Question of constructability of yard & units in 3 years
- Use students to help with design
- Talk to developers about feasibility
- Presentation is critical
 - If housing units become available and community advocates, change can happen
 - Reach out to federal stakeholders to steer money to this project
 - Want subsidy to be part of the picture
- Agree with call for more affordability
- Port projects are 30%-40%



- Take show on road to community groups → organize around EIR & design
- EIR certification should be on process to clarify that CEQA/design end same but start differently
- Too much experience with developers proposing projects that don't meet community needs
 - # of recent control units have been lost
 - Need shadow information
 - Don't provide a hard ceiling on height; do not presume a maximum height
 - Make sure that renderings are accurate and provide context with other buildings
 - Engaging community to brainstorm affordability

Workshop Design

- How many studios = a 3BR unit, for example
- Talk about # of people as well as # of units
- Put in context of MAP 2020 x Eastern Neighborhood #'s
- Rank housing preference
- Put in context of recent projects in the area- total # of units, & breakdown of units by bedroom

Questions/Info Requests

- Can we see #'s on housing production?

Workshop Design

- Rotation was confusing
- Process diagram is not clear
- Want to understand developer/city relationship specifically for CEQA/design deviations
- Affordability questions are useful
- Graphs explaining A.M.I.