

**BALBOA RESERVOIR COMMUNITY ADVISORY COMMITTEE
CITY & COUNTY OF SAN FRANCISCO**

AMENDED MEETING MINUTES

**City College of San Francisco
Multi-Use Building, Room 140
55 Phelan Avenue, San Francisco, CA 94112
Monday, March 14, 2016**

6:15 PM

Regular Meeting

Please note that a supplemental audio recording of this meeting is included on the Planning website via the following link: www.sf-planning.org/brcac

Documents received during this meeting are in a document titled balboareservoir_CAC_Public_Documents_Received_and_Emails-031416 available via the following link: www.sf-planning.org/brcac

Committee Members Present:

Howard Chung, Brigitte Davila, Kate Favetti, Christine Godinez, Rebecca Lee, Robert Muehlbauer, Lisa Spinali, Jon Winston, Maria Picar

Committee Members Absent:

Maria Picar

Staff Present:

Jeremy Shaw, Planning Department; Emily Lesk, Mike Martin, Phillip Wong, Office of Economic and Workforce Development; Martin Gran, San Francisco Public Utilities Commission; Mara Blitzer, Kevin Kitchingham, Mayor's Office of Housing and Community Development; Supervisor Norman Yee, Office of D7 Supervisor Norman Yee

1. Call to Order and Roll Call.

- a. Roll Call
- b. Spinali.
 - i. Explanation of Agenda: Urban Design and Housing

2. Opening of Meeting.

- a. Amendments to 2/8/16 Minutes.
 - i. CAC Comment.
 - 1. Kate Favetti.
 - 1. Public Comment. Laura “Frey” not “Frye”.
 - ii. No public comment.
 - iii. Motion to approve 2/8/16 minutes with amendments: Muelbauer, Second: Winston
 - 1. Ayes: Chung, Favetti, Godinez, Lee, Muehlbauer, Spinali, Winston
 - 2. Noes: [none]

3. Urban Design Parameters: Version 3.

- a. CAC Comment
 - i. Muehlbauer.
 - 1. Transit is still not mentioned in Urban Design parameters.
 - 2. Linkages to transit nodes.
 - 3. Put language in to the extent of harmonizes relationship between existing streets, open spaces, and public transit nodes.
 - 4. It needs to be reflected that this is an urban node with high connectivity to transit.
 - ii. Favetti.
 - 1. Appreciate the addition and recognition of Westwood Park’s residential design guidelines and neighborhood character.
 - 2. Much of the movement has gone toward recognizing the public comments of many people from Westwood Park and the neighborhood in general.
 - 3. Appreciate that we’ll be using wind appropriate trees.
 - iii. Winston.
 - 1. Nothing negative to say.
 - 2. Like the changes to 2.b. on scaled heights and varied massing.
 - 3. I want to make sure that all the taller buildings stay in the corner so they don’t cast shadows, with lower buildings near Westwood Park buffered by a park.
 - iv. Spinali.
 - 1. 2.d. Add “and other adjacent neighborhoods.” The recommendation was to add "and other adjacent neighborhoods." not delete Westwood Park. Westwood Park requests that the Urban Design parameters issued on 3/25/16 be amended to identify the adjacent neighbors, specifically, Westwood Park, CCSF, Sunnyside, OMI and other adjacent properties. (Revision from 4/13/16 Meeting, by Kate Favetti)
 - v. Davila.

1. Explanation of changes discussed.
 1. Spinali. Language surrounding creating a transportation hub, and 2.d. to add “other adjacent neighborhoods”
- vi. Levels of Consensus [**Levels of Consensus Graphic attached**]
 1. Favetti – 4
 2. Muelhbauer – 4
 3. Godinez – 4
 4. Davila – 4
 5. Chung – 4
 6. Winston – 4
 7. Lee – 4
 8. Spinali – 4
 9. Consensus reached on Urban Design Parameters
- b. Public Comment.
 - i. Anita Theoharis. Westwood Park Association.
 1. Distributing a letter from Kate Favetti to provide us with Westwood Park Association survey results thus far as well as copies of the survey. (*see balboareservoir_CAC_Public_Documents_Received_and_Emails-031416 at www.sf-planning.org/brcac*)
 2. From 685 homeowners, received 305 survey responses; 45% response.
 3. Ensure neighborhood input is given great weight in the RFP process.
 4. 90% or more of responding residents support the Westwood Park position.
 5. Regarding number of units we support the 2009 Balboa Park Station Area Plan that found for a maximum of 500 units while indicating that number already strains the site.
 6. Height limit: 28’ for areas closest to Westwood Park and Plymouth Avenue and 40’ for the rest of the site.
 7. Anything over 33% and up to the 50% affordable housing desired by the City should be solely allocated to middle-income between 120% to 150% AMI.
 8. 50% of units should be ownership units.
 9. Supporting Balboa Park Station Area Plan maximum units for 500 units
 - ii. Laura Frey. Westwood Park.
 1. 2.c. 65’ should only be on the very far eastern side of the site.
 - iii. Madeleine Mueller. Faculty, CCSF.
 1. Question. First sentence regarding the scale of nearby neighborhoods. Do we have list of what neighborhoods that we’re talking about?
 2. I would like to see this list if it exists.
 - iv. Laura Clark.
 1. 2.f. Hesitant when we put something in focused on views. Views from above as in airplanes or from those that live on higher floors of a building?

2. Focusing on views creates a right to a view, which is not something previously recognized.
3. Should focus on the needs of the overall community not those that want to preserve their beautiful views.

4. Housing Parameter.

- a. Housing Presentation by Kevin Kitchingham of Mayor's Office of Housing and Community Development (MOHCD) [**Presentation available online at www.sf-planning.org/brcac**]
 - i. Questions during presentation.
 1. Davila. If you can create additional affordable housing elsewhere, why not create the affordable housing here and the market-rate elsewhere?
 1. Kevin Kitchingham. Only because of the scale of this site is this cross-subsidy option is available. We can't build on mid-market and use cross-subsidy, we don't have sites big enough to do that.
 2. Linda Judge. In the 100% affordable model, MOHCD would have to put in \$253 million of subsidy, whereas with this mixed-income scenario, the City doesn't have to put in any money.
 3. Audience member. Who is the "we" you keep using? And who funds them?
 1. Kevin Kitchingham. The "we" is MOHCD, and funding comes from impact fees from developers, the Housing Trust Fund, and the \$310 million citywide bond.
 4. Davila. In order to make this viable, where the City doesn't have to put in any money, you'd have to make half the units market-rate?
 1. Kevin Kitchingham. In this hypothetical scenario, yes. The devil is in the details when you put out the RFP to the developer and you see the proposals come in. The housing mix will shift to facilitate the rate of return the PUC requires from their charter balanced with the affordability. This is hypothetical.
 5. Davila. Would there be a difference if it was a long-term lease?
 1. Kevin Kitchingham. The payments of a long-term lease would be valued as a fair market value transaction so it is essentially the same amount of money just based on the time value of money or net present value of money.
 6. Audience member. Who owns the land after the transaction takes place?
 1. Kevin Kitchingham. Still looking to see if the PUC is interested in a long-term lease or whether MOHCD would take title to sell the land. Also determine if the owners of the market-rate parcels will want ownership of their land. A 99 year lease is

commensurate with ownership, but this has not been decided yet.

7. Audience member. Does the Board of Supervisors have to approve this transaction?
 1. Kevin Kitchingham. Any purchase and sale agreement I've worked on requires this approval. Board of Supervisors has an interest in seeing affordable housing on this site.
8. Audience member. Isn't it true there are other ways of providing affordable housing that don't require immediate sale?
 1. Kevin Kitchingham. No.
- b. CAC Comment and Clarifying Questions.
 - i. Chung.
 1. If we insisted on 100% affordable housing for this project there would be no funding from MOHCD because you're all tapped out until 2025?
 1. Mara Blitzer, Director of Housing Development, MOHCD. We don't have any money until 2025 – Kevin only mentioned 1/3 of our funding sources. After 2025 we start to see funding open up; although we don't get much money each year and would not be able to immediately provide funding of \$250 million – it would take several years.
 2. So if we wanted to make this 100% affordable we'd have to wait until 2025 or thereafter when funds become available?
 1. Mara Blitzer. That is correct.
 2. Davila. Adding on to that, or make different choices. If there's money available and you're deciding on where to allocate them this is what I'm confused about. Why is it about making these priorities?
 1. Mara Blitzer. It's more complicated. Is it a matter of we have the money and we can just change our priorities and put Balboa Reservoir first? In concept that's the case, but for practical real purposes, no it's already allocated to other projects. We have publicly allocated \$500 million over 15 years to public housing rehabilitation.
 2. Davila. Unless there's another ballot initiative.
 - ii. Godinez.
 1. As someone who is new to all this housing lingo is there any funding that one can get that doesn't come through your office for affordable housing?
 1. Mara Blitzer. In practical terms, no. There are very limited resources from the federal government and they are divesting so funding only going into maintenance. State of California paying for housing with bonds and more recently cap and trade. Mostly the other sources of funding are what we are

working with. Several sources of funding are capped per unit of housing to make sure they are spend evenly throughout the state. We're in a place of last resort. It would be unheard of to build large multi-family affordable housing without the support of MOHCD.

2. Mike Martin. Reminder of the new state law that allows incremental property tax revenues to be used towards affordable housing. This is a new source of funding and it has never been used in the City. That is something different from the revenues streams we're discussing here and would not crowd out other projects competing for limited MOHCD resources. This tax increment comes into play only if there is market-rate development at the site to pay taxes that will be put back into the site.
3. Mara Blitzer. Someone has to pay for the costs of housing and MOHCD is usually in the mix.

iii. Muehlbauer.

1. What is the AMI of the surrounding neighborhoods?
 1. Jeremy Shaw. Area Median Income (AMI) Map on-screen and attached here. Census data from 2014, averaged 5-years prior to that. Don't take it too much to heart, but gives an idea of AMI for the surrounding neighborhoods.
2. This cross-subsidy approach we're discussing, has it been done in San Francisco before through MOHCD or any other entity.
 1. Mara Blitzer. Yes, it has been done with HOPE SF sites at Sunnydale and Potrero. They both take advantage of proceeds from the sale of market-rate housing to pay for the affordable housing.
 2. Muehlbauer. But not so much that it's a zero-sum game. It's an aggressive new approach?
 3. Mara Blitzer. Is this approach with no MOHCD subsidy in the transaction as a result of market-rate cross-subsidy, does it exist in San Francisco. It doesn't exist in this exact way, but we see it in Transbay and in our Inclusionary Ordinance. Mission Rock might be a good example and 5M. The concept of having high-value land and using market-rate development to subsidize more than the minimum required amount of affordable housing we're doing all over the City.
 4. Muehlbauer. All the number crunching shows this will work?
 5. Mara Blitzer. Yes, keeping in mind all of the caveats.
3. Regarding the sale or lease of PUC land, in the process of one public entity disposing of a surplus site, are they required by law to offer it to another public entity first?

1. Mara Blitzer. Land is owned by PUC, and their charter, by law, requires that they have to sell at a fair market value which is different than other public entities.
2. Mike Martin. Under the City Charter, the PUC is an enterprise department and the surplus property ordinance does not apply to them. There is a state surplus property statute that may apply here depending on how the transaction takes place. If an offer was to be made it would be made to MOHCD and potential non-profit developers it works with, and would still be under fair market value requirements and the same financial dynamics discussed would apply. A sale for 100% affordable housing would be unlikely in that scenario. But we will comply with all of those laws before we get to the final approvals.
4. If there is a public purpose given that it is one public entity to another does that create a public purpose and are we meeting the public purpose by market-rate housing on this site?
 1. Mike Martin. The PUC's assets are held in trust for their ratepayers. So even if they were not planning on building housing, the money would go into their public utility mission which is their public purpose. It's not the ultimate use that defines whether or not they can do a transaction. That is part of why we're trying to explore on their behalf how best to structure this transaction to get that benefit for their ratepayers. They do not have to sell it to a public entity, they can sell or lease to a private entity. They have to make certain findings that the land is surplus to their utility needs and the dollars that come in go to those utility needs.
5. Those actions have been taken.
 1. Mike Martin. No. It's not until we have a transaction to present that the findings of surplus would happen. After negotiations and presentation to the commission.
 2. Spinali. We had someone from the PUC come to tell us that they have no desire to use the site for PUC purposes.
 3. Mike Martin. Correct.
 4. Kate Favetti. Have they already had public meetings on this? I haven't seen it on the calendar at all.
 5. Mike Martin. They have not.
 6. Kate Favetti. Planning for the RFP going out and the PUC hearings on this how would that happen?
 7. Mike Martin. The RFP creates not an agreement to purchase the property but to negotiate exclusively for use of the property and the PUC may put in requirements like managing storm water or other things the PUC wants to see before

recommending to the commission that this is surplus and to pursue the transaction; it does not happen now. On a technical level, we have been told by our colleagues at the PUC that this reservoir is not required for their utility purposes. The reservoir does not create water it's a place to store water. We have spent \$1.5 billion hardening a system that does not require this site to be successful in a disaster; part of PUC's disaster planning. This is what led them to say they would likely be comfortable declaring the land surplus.

iv. Favetti.

1. Are we being reasonable with the AMI and affordability goals?
2. Could my husband and I have qualified for affordable housing? We would have qualified for the 120% AMI. My husband and I were in entry-level clerical positions when we moved into the neighborhood 40 years ago. (Revision from 4/13/16 meeting)
3. Conducted a salary survey. Distributing salary table. *(included as an attachment to this document)*
4. Supports the 120% to 150% AMI for a variety of jobs and families.

v. Winston.

1. We haven't talked about amenities or transit and the fees that come from a developer under the various different scenarios.
2. How would transit and sewage fees be handled?
 1. Emily Lesk. These are charged on a per square foot basis, both the neighborhood impact fees and transit impact fees. The amount of impact fees that are collected to pay for these neighborhood public benefits associated with the project would be a function of how much development there is.
3. In a scenario without the market-rate housing how would you collect that money?
 1. Emily Lesk. Affordable housing would also be subject to impact fees.

vi. Rebecca Lee.

1. Are projects with market-rate units eligible for the Affordable Housing and Sustainable Communities Program (AHSC) for allocating revenue?
 1. Mara Blitzer. For AHSC, a cap and trade process that is a competitive process to receive either money that can be spent on housing or transportation. Income is not the main category, you can get more money with deeper affordability, but you can get it with market-rate developments tied to transportation plans and transportation improvements. To get more money, you need to provide levels of affordability far below 55% AMI, closer to 25% or 30% to get the points in the competitive process.

vii. Winston.

1. Are we able to make more money for transit and amenities through the plan we're looking at as opposed to other plans?
 1. Emily Lesk. The new Transportation Sustainability Fee (TSF) that has just been implemented is only charged to market-rate units, affordable units are exempt. A higher proportion of affordable units in a project results in fewer dollars for transportation impacts for that project.
 1. Spinali. That creates an interesting dynamic, given what we're trying to accomplish with the site and the infrastructure that we want to see put in place, if we don't have the market-rate units will there be an impact on what we can do?
 2. Mike Martin. Any proposal will have to bring a certain set of transportation improvements, access, parking for residents and other uses. CEQA mitigations; environmental review might require transportation improvements to mitigate impacts. Just to approve a project, there is that group of things, which are separate and unrelated to impact fees. Then, if you have a project that requires TSF, they will pay additional dollars on top of those pieces of the project to the City to be used for a number of projects called for in the expansion of the impact fee which now applies to both residential and commercial properties. Ultimately this it so improve the transit network.
 3. Spinali. Does TSF go into general pot or earmarked for this neighborhood?
 4. Mike Martin. As a matter of law it's a general pot, however, on transactions of this kind, we can enter into a development agreement which under state law can allow you to reallocate those dollars, subject to negotiation and subject to MTA saying those are useful projects towards our overall goal they can be redeployed in the neighborhood. I wouldn't say all of them but this can certainly be negotiated. For example, the 5M project where some dollars went to sidewalk and pedestrian improvements in the immediate area of the development. We feel like the kind of Transportation Demand Management strategy that we're talking about next time can help us magnify that for us and make our focus more effective.

viii. Spinali.

1. Everyone at this table is interested in maximizing the housing stock for moderate- and low-income people. This is the group feeling the crunch.
2. How do we pay for it given limited funds?
3. Robin Hood strategy with market-rate cross-subsidy.
4. Put stronger language for the developer to maximize the 50%+ affordability because that's where the struggle is.
5. The last bond was \$310 million. This project at maximum affordability would require \$250 million, we have to find the source to be able to do that.
6. Do we need to know the approach we're going to go now regarding affordability to begin the project or will we continue to plan the project to raise the \$250 million?
 1. Mara Blitzer. We need to know now.
7. Tax on the market-rate units, does that money go into a fund that will be available for other projects or does it go back into the site?
 1. Mike Martin. Existing law allows for tax increment to be used on infrastructure. Enabling law at the state level says tax increment may also be used for affordability improvements. In terms of improving affordability on given sites in a district, an Infrastructure Financing District (IFD) could encompass more than one property but because this site is so large we think all the dollars would go back into this site; again, this is negotiated. There are a certain number of dollars that need to go back to the general fund to pay for City services. There's going to be some balance point, but we want to maximize the dollars that we reinvest that improve that affordability profile; get as many affordable units as we can but also provide for on-going management of City services for the site.
8. Follow-up question to see if we can maximize that number so we can get above the 50%. Because of this new revenue stream can we allocate a majority of that money back to affordable units?
 1. Mike Martin. That's how we expect to get from 33% to 50%. Every bit you go higher than 50% you lower the amount of property tax you collect. It's a balancing act.
9. Important to note that the 17% is already banking on this tax increment.
 1. Mike Martin. Before we get to that source, we want to use the RFP competitive process to try to get the private market to beat 33%. That's part of why we push for the crossroads because if we pursued 100% affordability than we wouldn't issue an RFP; we would be building a project based on MOHCD's timeline over a long period of time. With an RFP we

can see the viability of this approach, move into negotiations and maximize the affordability of the site.

ix. Davila.

1. Every faculty member at San Francisco State University (SFSU), on the pink sheet (see *balboareservoir_CAC_Public_Documents_Received_and_Emails-031416 at www.sf-planning.org/brcac*), would qualify for affordable housing.
2. Would there have to be 250 units or at least half the units because we don't know how many units there will be. Would we still have to raise \$253 million, or would it change by the number of units?
 1. Emily Lesk. The more affordable units the more subsidy is required, there is a direct relationship of subsidy to the number of units.
3. How luxurious will the market-rate units have to be to generate that money? If it's 250 units and they sell \$1-\$2 million units, 3 bedrooms, "Trump-style".
 1. Emily Lesk. We would expect the market-rate units to be similar to the market-rate units that are getting built and are selling or leasing up along Ocean Avenue and the local area. That is what the market will likely bear and deliver. So to see exactly how many affordable units and at what exact AMI level those market-rate units will subsidize that's really where the RFP process comes in as a first step of a competitive process wherein developers seek to maximize affordability then iterate and negotiate to figure out that precise balance.

x. Chung.

1. We're not going to have two different classes of property quality, market versus not market. They have to be similar?
 1. Emily Lesk. That is tied to the urban design guidelines. Typically for a project of this size those types of really high-level urban design guidelines would feed into a really specific set of design controls. And the same design controls in terms of how buildings would look and feel, quality of architecture, materials, make sure they are well-designed with light, air and open space. Even beyond the minimums required by City code, there would be a site-wide set of design standards that would need to be approved by the Planning Commission and the Board of Supervisors (BOS) along with the project and would apply equally to affordable buildings and market-rate buildings.
 2. Jeremy Shaw. My initial presentation on urban design had a lot of photos of buildings that people said were pretty and many of them were affordable buildings so the standard doesn't change based on the income of the household.

c. Clarifying Questions.

i. Chris Hanson. Excelsior.

1. Seeking to understand why in the context of the CAC, are all the presentations coming from the Mayor's office?
2. Other experts who can answer questions that we're not getting answers to.
3. For example on other sources of funding, I'm sure there are other people that you guys can talk to.
4. Why is the Mayor's office presenting PODER and CCHO's information?
5. Why are we watching the same thing again just from a different angle?
6. How does a group presenting on affordable housing not know about AB2135, which states that public agency should negotiate in good faith with certain entities a desire to use or purchase surplus land? It doesn't say it should just go to the Mayor's office.
7. This is a citizen's group.

ii. Madeleine Mueller.

1. One slide was a listing of projects, were any rehabilitation or were they all new projects?
 1. Mara Blitzer. Yes some are rehabilitation, and some are new construction.
2. Mixes rehab with new?
 1. Mara Blitzer. Perhaps
3. Do you have a number of units in San Francisco available under this whole exercise under a rehab approach as opposed to the new property approach?
 1. Mara Blitzer. Not aware of a number out there. We can look into it. We are working toward the citywide goal of 30,000, but we haven't parsed that finally. We are opportunistic.

iii. Yonathan Randolph. Ingleside.

1. The \$750,000 quoted, can you break down to fixed cost and variable cost?
2. From your background can you identify specific factors that affect costs per unit, e.g. urban design parameters and how they interact with cost per unit?
 1. Mara Blitzer. \$750,000 that's the whole development cost: land cost, infrastructure costs, and construction costs to meet zoning parameters and design guidelines. Typically we're building in areas with relatively rigorous zoning and design guidelines. We're not building blank boxes out of context with the neighborhood, but that comes at an additional cost; higher cost to design quality factored in the \$750,000.
 2. We assume ground floor commercial and other sources of capital to cover part of the cost of tenant improvements.
3. Anything that we can do to bring down the cost?

1. Mara Blitzer. Is there anything proposed that is driving up the costs for construction of these units? At this stage it's really hard to know. It's a fair cost. We are assuming no existing infrastructure, remediation might be needed, certain amenities we'll need like open space. No magic bullet to reduce cost.
2. Emily Lesk. The cost to put in infrastructure here, but MOHCD could find a site with existing infrastructure subsidy would go towards units; easier if units could just plug into a site with existing infrastructure.
- iv. Laura Frey. Westwood Park.
 1. I read that affordability of units cannot be preserved, that after some time the units will revert to private market-rate cost. That we cannot keep units affordable in perpetuity.
 1. Mara Blitzer. We look at 75-99 year affordability at minimum. One of the ways that we maintain affordability over the very long term 99+ years is for the City to retain ownership, and we have examples of how we've done that. We might expect that the City would retain ownership of the affordable parcels and enter into ground leases with the developers for the affordable units. We have mechanisms to prevent what you're asking.
- v. Laura Clark. Noe Valley.
 1. Thank you for the thorough explanations.
- vi. Charlie Sciammas. Excelsior.
 1. There has to be an alternative to not privatizing this site.
 2. Believe that the City can transfer the land to another city agency at fair market value and develop long-term strategies and solutions to maximize community benefit instead of minimizing the public investment and public benefit now.
 1. Mara Blitzer. Is the question to have the SFPUC change their charter?
 3. SFPUC has the power to transfer the land a fair market value to another City agency.
 1. Mara Blitzer. We don't know how much that would cost, but we're saying that would be \$100,000 per unit for land.
 2. Mike Martin. We don't have an appraisal of the land value. By going out for an RFP, receiving a proposal and entering negotiations we will be able to determine the value of the land by the time of the transaction. This is an additive approach to the overall portfolio that has been described tonight. The money that is programmed by MOHCD through 2025 is building a lot of units and by taking a mixed-income we can bring new affordability that is not in that pipeline. There will always be an affordable housing need in San Francisco, so if we get new dollars and we go back to the list of things competing

for these priorities and say which one wins. Our approach allows us to bring in new dollars through cross-subsidization and tax increment to create 250 affordable units and also 250 market-rate units, which are also needed. The idea is to not crowd out existing sources and by pursuing this approach we can better serve the overall goal of housing affordability in San Francisco.

vii. Audience member.

1. What is the value of the land?

1. Mike Martin. We do not know the value to the land. There is a value to the land but it depends on what you use it for. Francisco Reservoir was appraised at its highest and best use – residential housing – and that amount was paid to SFPUC for the land. Someone has to pay SFPUC for the fair market value of the land at its highest and best use.

viii. Ken. Westwood Park.

1. Do you need an RFP to find out the value?

1. Mike Martin. No. I'm suggesting that there are ways of finding that out. One way is through a competitive process with willing buyers, which would be how much someone is willing to pay, another is through appraisal companies that will appraise a property as they do for single-family homes for loans.

2. And that is predicated on the change of use from its current public use?

1. Mike Martin. The appraisal would be done that the highest and best use, the thing that would create the most value for the property.

3. You're saying the site does not have infrastructure, how can you generate a number to suggest the subsidy would be \$253 million? When you throw up these numbers, if you don't know the cost of the infrastructure, it could end up being a larger subsidy amount.

1. Mara Blitzer. We do make estimates based on similar projects. We can look at similar properties with similar conditions and make estimates. Same with the cost of construction.

4. This is 5-7 years out, is there an added number for inflation and increases in cost of construction.

1. Mara Blitzer. We typically use today's dollars and figure that other numbers will track over 5-10 years. We project up our older projects that we are using for estimating on other sites and apply appropriate inflation factors.

5. When mentioned that the market-rate and affordable units will look the same, does that mean the market-rate unit is the same as the affordable unit?

1. Mara Blitzer. It varies. The buildings will be the same; the materials may differ.
- ix. Linda Judge. Westwood Park. Westwood Park Board Member and Chair of Balboa Reservoir Subcommittee.
 1. Thank you for the comprehensive overview.
 2. If we passed another \$310 million bond, it would go towards these competing unfunded projects. Is that the right way to look at it?
 3. Roughly what we're looking at \$375 million of unfunded needs that would require another bond.
 1. Mara Blitzer. Fair if you're looking at it as an absolute bare minimum. We don't just need one 10-unit building or other, we need multiples of everything. I would start the base number much higher than that.
 4. Of the things listed up there, what goes toward the 30,000 unit goal?
 1. Mara Blitzer. I don't know it off the top of my head.
 2. Mike Martin. The affordable portion of the 30,000 unit goal through the bond and other funding sources is currently programmed and funded to achieve that by 2020. The 30,000 is total units, half is middle-income and below, 1/3 is low- to moderate-income, and those below market rate units are funded through 2020.
- x. Lily. CUHJ.
 1. Thank you for detailed answers.
 2. San Francisco has very high income inequality.
 3. We are on par with Rwanda with our income inequality.
 4. This is why CUHJ is pushing for more housing affordability.
 5. People who really need affordable housing are not being represented.
 6. I want to see if it's possible to look at deeper affordability and to be able to push higher beyond a goal of 50%.
- d. Public Comment.
 - i. Tim Colen. SFHAC. District 7 resident.
 1. Commend City on presentation backed by real world information.
 2. This is a picture of challenges the CAC is facing.
 3. Urge Robert to consider 5M and Mission Rock as examples of projects that leveraged land value to maximize the benefits to the City; 40% came from exacting a lot of benefits that take place in a negotiation.
 4. I hear concerns that it's too big, it's too tall, there will be a lack of parking; 10 parking spaces results is about the cost of one affordable unit, which do you value more (parking space at \$50,000 to \$80,000 per space)
 5. Reducing height from 85' to 65' is an enormous opportunity cost to get to the goals that are important surrounding housing affordability.
 6. Mission Rock is looking at 1500 units of housing and 1 million sq. ft. of office, equaling about 88 units per acre (17 acre site); what's being

proposed is about 30 units per acre which doesn't quite meet the challenge we're facing.

ii. Mike

1. When I was on the Civil Grand Jury, I co-authored the state of our affordable housing program.
2. You've heard from leaders of the neighborhood a real desire for middle-income housing.
3. Looking at regional housing needs assessment from ABAG and similar groups there's a real need for middle income housing.
4. You have to do inclusionary in order to do this. Combination of market-rate and affordable, otherwise the affordable doesn't get paid for; especially in a situation like this.
5. There are certain service organizations that don't like inclusionary housing because they can't benefit from it.

iii. Anita Theoharis. Westwood Park Association.

1. You have our letter. #4 of our survey recommends anything over 33% of affordable housing baseline should be solely allocated to middle-income and moderate-income (120-150% AMI).
2. You need to think about keeping a good quality of life for people that already live here and an excellent quality of life for those that live in the new development.
3. 305 property owners responded to our surveys.
4. Encourage CAC members to read the surveys.

iv. Linda Judge. Westwood Park.

1. This site is a part of the Balboa Park Station Area Plan, passed and codified in 2009 and took 10 years; it was a transparent, collaborative and comprehensive process.
2. This site is part of the larger Balboa Park Station Area Plan. That scenario encompassed a 65% increase in population density with full build-out of the area plan, which included a certain number of units for the Balboa site.
3. The height particular was part of the plan, and the zoning and heights were changed at that time to their current use.
4. A small slice is 65' and the remainder is 40'

v. Laura Frey. Westwood Park.

1. Something happens with the life of the building, after so many years and the building goes away does that change something that hurts affordability?
2. 500 max units in the Balboa Park Station Area Plan.
3. I think the city is trying to make up for past mistakes.
4. City is lax about making sure developers build on-site affordable units.
5. Force people to do an in-lieu payment rather than build units.
6. Pressure is on Balboa and they shouldn't try to make up for it on this site.

7. No changes to height limit by future legislation. Whatever is in the RFP is the limit.
- vi. Francine Lofrano. Westwood Park.
 1. Agree with Linda and Laura regarding the Area Plan comments.
 2. 500 units at that time was the worst case scenario.
 3. Principle 1.e. agree with mix of rental and ownership
 4. Ownership provides a vested interest.
 5. Permanence and community building when you can own your home.
 6. At least 50% ownership on the site.
- vii. Madeleine Mueller.
 1. You're meeting in a room that was the result of a land transfer from SFPUC in 1991.
 2. We exchanged a small lot. We would not be here but for an exchange between public entities.
 3. Million Dollar Shack documentary regarding land/property speculation.
 4. Article, on many units of public housing that are boarded up and empty that are causing/exacerbating the crisis. (*see balboareservoir_CAC_Public_Documents_Received_and_Emails-031416 at www.sf-planning.org/brcac*)
- viii. Yonathan Randolph. Ingleside.
 1. Regarding Linda Judge's comment regarding Balboa Park Station Area Plan EIR that assumed a number of units. This shouldn't be the last word.
 2. If more than 500 units are proposed there will be another EIR and we'll find out if there are environmental impacts. We can also review in the future if the limit is increased.
 3. The housing parameters, I like the language for the most part.
 4. Put in reference to how much we need to build to alleviate the housing crisis and to build a number of units proportional to the responsibility to reduce the shortage we have.
 5. Ask the chief economist or the LAO how many units we need to build.
 6. Put a number there instead of maximize.
- ix. Christine Hanson.
 1. Thank you for volunteering your time.
 2. I hoped to have answers to my questions by the CAC.
 3. Why are we only relying on the Mayor's office for answers to our questions?
 4. There are additional experts that we can benefit from hearing from.
 5. Concerned there is information we're not getting.
- x. Corey Smith. SFHAC. D5 Resident.
 1. Handed out comparison of Mission Rock and 5M.
 2. CA LAO report; housing becomes less expensive as it ages.

3. A unit in San Francisco that was available for ~15% of residents in 1985 is now available for 45% in 2011.
 4. Balance how you're staying true and fair to the people that are already here, while having an eye ahead to what the future residents will look like.
 5. Think about the families that will be here in the future.
 6. Multiple references to survey put out by neighborhood associations; data is self-selecting. 146,000 San Franciscans voted yes on Prop D.
- xi. Laura Clark.
1. We can prove renters can be good citizens as well.
 2. Appreciate language about maximizing the number of affordable units for low- and middle-income.
 3. That goal is fundamentally incompatible with the height cut that you have made.
 4. With a focus on reducing bulk and focus on beautification the most hideous house is still more beautiful than homelessness and displacement and multiple families being crammed in SROs. Keep that in mind when you're cutting heights.
 5. Opportunity to have a wonderful, dense urban environment.
- xii. Jennifer Heggie. Sunnyside.
1. 1.e. I cannot support selling this public land. The City is expecting a major earthquake and flooding due to global warming and space will be tighter in the future. Do not sell this land at higher elevation such as this site. The City will need the flexibility in the future.
 2. 1.a. In the Balboa are we have two 100% affordable developments. We have two new market-rate developments. New housing in this area should accommodate low- to moderate- and middle-income ranges.
 3. Sorry the City cannot find more funds.
 4. Prefer the option of low-, moderate- and middle-income development but if that doesn't work mixed-income.
- xiii. Charlie Sciammas. Excelsior.
1. 1.a. Thank you for willingness to set the bar high for affordable housing options. This could include 100% affordable housing for a wide range of incomes, open space, parking and transit, infrastructure, and community based design.
 2. We see people unable to live here.
 3. We see a glut of new luxury homes for a small percentage people.
 4. San Francisco housing is inaccessible if not already living in rent-controlled housing or already own.
 5. This site should be equitably developed and bring stability to the existing community.
 6. The City says go with the option that saves the city the most money; what that means is for little investment we end up with little community benefit, i.e. few affordable units.

7. We should ensure that the site stays in the public realm and produces the maximum public benefit.
 8. For 1.a. it is within your power to set the bar high for future development. Why fast-track this if it means producing a glut of luxury housing.
 9. I would like to see 100% affordable housing to a wide range of incomes from very low to moderate that meets the needs of everyday San Franciscans.
- xiv. Eve O'Brien. Westwood Park.
1. Second time at a meeting.
 2. 30 years ago there were three different ballots to keep this property for City College (CCSF).
 3. I attended CCSF and I was a single parent.
 4. I had to drive from Westwood Park to CCSF to keep our schedules going. I did not want to drive but I had to.
 5. How can a group of people ignore the voting results?
 6. Why was it not put back on the ballot to be voted on once again?
 7. Don't take our voting rights away.
- xv. Mike Aarons. Westwood Park.
1. San Francisco native.
 2. Riordan high school.
 3. Lived all over the City.
 4. I appreciate what's being done by the CAC.
 5. Community is a big word.
 6. I was told this was a designated historical district with limitations on height. I live on Monterey.
 7. There are many who live in the backyard of this site.
 8. Take a close look at the surveys.
 9. Take into account the perspective of the existing community and the need for housing.
 10. You cannot solve this problem with one place.
- e. CAC Comment.
- i. Davila.
 1. We're at a historical moment facing San Francisco similar to the post-1906 earthquake re: housing crisis.
 2. My own kids cannot live here.
 3. I don't want to rush this. I don't want to make a decision. I am listening to everyone.
 4. I know that I would qualify as a SFSU professor.
 5. I think we should slow down a little bit after hearing everything today.
 - ii. Muehlbauer.
 1. If we take as a given that a new residential neighborhood is highest and best use the quality of the design and quality of the built

environment becomes paramount; how are we going to mitigate traffic and circulation issues?

2. I'll be looking to how this all fits together.
 3. Cross-subsidy is a clever approach. I hear if we don't do it we cannot develop the site, we need the market-rate units to build housing without public subsidy. Risky to assume market-rate buyers will buy a unit with amenities like 0.5 parking space per unit.
 4. Outside of those cautions, I'm comfortable with the housing parameters at put forward.
 5. Reiterate there are other qualifications of what we're trying to put forward.
- iii. Winston.
1. I think it's really important to consider the City as a whole; housing needs and land availability as a whole.
 2. As one of the two at-large I have a duty to think that way.
 3. Difficult for me to come around, but I think that this model is the best way to go.
 4. To go with 100% and to devote the funds to this one project would pit it against other projects in the City.
 5. As long as we look at it as an additive formula I am okay with this.
 6. Look at the future after the RFP, look carefully at the developer and negotiate assiduously to maximize affordability.
 7. I hope it's more than 50%
- iv. Lee.
1. I took the comments to heart. I think everyone spoke honestly and frankly.
 2. Perspectives are oftentimes at odds?
 3. The housing parameters. Can I live with them? Yes.
 4. We should always try to do better.
 5. Several raised the issue of how do we ensure the affordability in perpetuity of on-site affordable?
 6. Lease or continued involvement of City.
 7. We're all here because of an overarching public interest driving this conversation.
 8. There should be a role continued by the City to make sure that the outcome is sustained.
 9. Frustrated that this has not been formally declared surplus.
 10. They came and said it, but it would be nice to have a more formal action on the PUC's part.
- v. Spinali.
1. This is a parameter, think of it as a base not ceiling.
 2. Curious to see what people what are going to respond with.

3. This “Tupperware container” doesn’t preclude 100% affordable; if people come to the table with this and are able to do this, then it can be done.
 4. Wrestled hard to make sure we get to the best place.
 5. To Davila, this will have a huge impact on what happens in this neighborhood. I feel strongly that we can look back at it 20 years down the road that we can be proud of the process and pushed the envelope.
 6. Use this process to be creative.
 7. Stock won’t age poorly and it will be beautiful that it maximizes the number of people that are living there. That it gives first time homeownership opportunities.
 8. We really build a community that is representative of all the neighborhoods.
 9. Create a hub that we can all be proud of.
- f. Consensus.
- i. Chung – 4
 - ii. Davila – 1
 - iii. Godinez – 3
 - iv. Muelbauer – 4
 - v. Favetti – 4
 - vi. Spinali – 4
 - vii. Winston – 3
 - viii. Lee – 3
 - ix. Consensus reached on Housing Parameters

5. Close of Meeting.

- a. Spinali.
 - i. Explore conversation with other groups.
 - ii. Next month April 13 will be a focus on transportation and will not be the only meeting on transportation.

6. Adjournment.