

**PORT OF SAN FRANCISCO
NORTHEAST WATERFRONT ADVISORY GROUP**

FINAL Minutes – March 4, 2015 Meeting

NEWAG Members in Attendance:

Cathy Merrill
Arthur Chang
Jane Connors
Stewart Morton
Carol Parlette
Jon Golinger
Bob Harrer (for Diana Taylor)

NEWAG Members Not in Attendance:

Alec Bash
Michael Franklin
Wai Ching Kwan
Flicka McGurrin
Michael Gougherty
Marina Secchitano
Joe Wyman

Audience in Attendance:

Scott Landsittel, Jamestown/Waterfront Plaza
Tom Harris, Jamestown/Waterfront Plaza
Lee Radner, FOGG
Geri Koeppel, Barbary Coast News
Angela Hobson, Pacific Waterfront Partners
Bill Hannan, GGTA
June Osterberg, BCNA
Diane Kretschmer, 101 Lombard
Dave Burnett, GGW
Lee Robbins, FOGG
Alice Rogers, South Beach/Rincon Neighborhood Assoc
Kanishka Burns, Board of Supervisors
Walid Mando, Forma
Faith Kirkpatrick, MOHCD
Jim Cunningham, BCNA
Teresa Yanga, MOHCD
Bill Bankovitch
Jay Wallace, Kenwood Investments/
Teatro Zinzanni

Port Staff in Attendance:

Ricky Tijani
Tani Elliott
Byron Rhett
Diane Oshima
Jay Edwards

1. Call to Order

2. Administrative

- a. Introduction to Ricky Tijani, Port staff assigned to NEWAG coordination.
- b. Approval of October and November minutes. Carol Parlette moves to approve; Bob Harrer seconds.

3. Updates

a. Seawall Lot 322-1 – Affordable Housing RFP Working Group

Ricky Tijani provided a brief background on SWL 322-1, including the location (Broadway and Front Streets), size (about 37,823 sq. ft.) and current use (surface parking lot). He also provided an overview of the legislative actions mandating that the site be developed with affordable housing sponsored by MOHCD and that in exchange, MOHCD will provide the Port with Job-Housing Linkage fee credits. He indicated that NEWAG was informed of the legislative process dating back to 1997 and as recently as 2013 for the Board of Supervisors adoption of an ordinance for the Port to enter into a MOU with MOHCD for the affordable housing and the Port to receive Job Housing Linkage Program credits. Port staff made a presentation about the proposed MOU to NEWAG.

Ricky further indicated that the Port Commission approved MOU in March 2014 with MOHCD required MOHCD to seek community input on some of the proposed RFP criteria. He indicated that since the approval of the MOU that MOHCD has held a number working sessions with the Working Group to solicit input on the RFP goals/objectives. He concluded his update by introducing MOHCD staff to provide update on the Working Group progress to date.

Comments from NEWAG:

Stewart Morton: It seems as though we've been told the program for the site from the beginning and I don't feel our input is being taken into consideration. Many of us want more housing for middle income households.

Teresa Yanga, Mayor's Office of Housing & Community Development

Teresa provided an overview of the project to date including a summary of the Working Group's progress. To respond to concerns about design and improving the pedestrian experience along Broadway, MOHCD is now working to hire a consultant team to provide a community charrette process, to develop design criteria to include in the RFP. Regarding next steps, the working group has asked that the RFP not go to the Port Commission until the design charrette takes place.

Full Presentation:

<http://www.sfport.com/modules/showdocument.aspx?documentid=9757>

Comments from NEWAG:

Arthur: Remind us of the purpose of the project. I recall something about helping to fund commercial space at Pier 70.

Port: The Port has limited resources and Pier 70 has a huge infrastructure cost. Funds from SWL 322-1 can help offset that cost.

Arthur: What is the income that would qualify for this affordable housing?

MOHCD: 60% AMI and below. For example, a family of four earning ~\$58,000.

Jon: Can you explain the state bill that allows this?

MOHCD: The state bill allows housing offered at below market rate. This could be housing that is affordable to low- and moderate-income households

where moderate income households are defined as earning 100% of AMI, which is approx. \$104,000 per year for a family of four.

Jon: Bob, will you provide more from the Working Group's perspective?

Bob: The series of meetings with the Working Group has been positive, although it could have happened sooner. Deferring the RFP until the charrette occurs is a positive outcome and Supervisor Christensen is in support of this. The issue of resident income has been brought up at every Working Group meeting and the response we have heard is that this project will be affordable housing to low income residents because of financial reasons and the lack of federal funding. But, this will be the third such development in two blocks and we are trying to encourage income diversity. The city is losing its middle class and housing availability is part of this. We believe the neighborhood would benefit from more income diversity.

Jon: MOHCD and the Port have done a good job working with us through the Working Group process, but I don't think there's been enough creativity. Olson Lee, head of MOHCD, recently came and spoke to us and said bluntly that they don't have a program to fund middle income housing. It was helpful to hear this, but I think we can think more creatively about it. This is a very visible site, it's public land and there has been a lot of attention on the waterfront, why not try here? For now, City Hall's position is that there is no program for moderate income housing currently and until we have a program, they are not willing to try a model project—I disagree with that position. I do think this project should keep moving, but I'm glad to see we're not rushing it through. It's important to define the design elements.

Carol: I agree with what others have said, but the charrette will be about design issues. It won't address the affordability issue.

Cathy: Has there been a scope set for the charrettes? Will there be an opportunity to revisit the income targets?

MOHCD: The charrette details are not set yet, but the intent is to stay focused on design. We have looked at middle income housing, but we don't have a way to finance it for a project of this size unless MOHCD includes market rate units to help cross-subsidize the middle income units. There are tax credits available for low income housing, but not middle income housing. There is an opportunity to create middle income housing in large residential projects, where the development program and site is large enough to provide a cross-subsidy from market rate units to support middle income housing production. However, given the state legislation, market rate housing is not allowed on this site.

Cathy: Isn't the Mayor looking at other financing for middle income housing?

MOHCD: There is a task force and a possible pilot project site at Balboa Reservoir. That site is large, potentially 1,000 units, and there is the ability to cross subsidize with market rate housing.

Arthur: Will there be prequalified developers? And what percent of the site will be market rate housing?

MOHCD: The RFP (Request for Proposals) process will be used to solicit developers. The Working Group is providing input on the RFP. There will be no market rate housing on the site, it is not allowed by the state legislation.

Bob: We shouldn't overlook all the moving parts. There is a plan to put a housing bond on the ballot this fall. That bond could provide funding. I understand there are rules we have to follow, but when people want to do something, they can find a way to do it. I don't understand why we can't find a way to finance middle income housing. We heard low income 4 years ago from Port staff that briefed us, but I haven't seen any thinking outside the box to incorporate moderate income housing.

Audience Comments:

Walid Mondo, Forma: It is puzzling to me that the city would decide to design this project without an economic analysis—the first step should be creative financial analysis. The idea that the State won't allow it doesn't make sense—maybe something else can go on this site and money from this site can finance housing somewhere where middle income housing would be more appropriate.

Port: In the legislation, Port can only do affordable housing on this site.

MOHCD: Also the land must be on a land lease for 75 years and then it reverts back to the State. Feasibility would be challenging for a market rate developer.

Walid: You say it's not economically feasible, but there has been no economic study done yet.

MOHCD: We have provided financing scenarios showing the cost and financing sources for low and middle income housing. The only way middle income housing could work on the site is through a cross subsidy with market rate housing.

Cathy: Thank you for the discussion. The building industry has been doing a lot of work in this area too. Market rate construction is almost at its limit today. Now the market rate developers are wrestling with this issue.

Lee Robbins: From the Working Group meetings, I understand that the finance issue is difficult. I thought that part of the reason for this project is to supply affordable housing for Pier 70, but the regulations for meeting affordable housing requirements say offsite affordable housing must be within 1 mile of the project—this site is 3 miles away from Pier 70—I'm puzzled by this relationship. Also, when you talk about legislation, it was passed to allow public trust uses but that's not what's being proposed here.

Port: The site is not being used to produce affordable housing for Pier 70. Any money raised from this site goes to the Harbor Fund. Then this money can be used for Pier 70 or any other project.

Jon: The Port is explaining the operations money. But it seems that Lee is asking about the Jobs-Housing Linkage Fee. Development of commercial space requires some development of affordable housing. Pier 70 will include development of new commercial space, so the project is required to pay into the Jobs-Housing Linkage Fee. SWL 322-1 offsets that need for Pier 70.

Stewart: I feel like this project got snuck in on us. I remember asking Jonathan about this and it was a done deal before our comments were heard.

Carol: Since it is legal to have moderate income housing on that lot, NEWAG should take a stance that that is what we want.

Jon: I support that.

Cathy: Where is the Working Group in its process?

Jon: We are mostly done, except for the design issues.

Cathy: What are the underlying land uses before the legislation? Could we revert to that?

Port: The Waterfront Land Use Plan allows for a lot of uses including non-trust uses on some sites. Housing and office are non-trust uses, which are allowed on this site based on the surrounding context/neighborhood land uses. The Land Use Plan outlines a process where if the site becomes a non-trust use, the Port must work with State Lands to lift the trust, which is what we've done.

Jon: The Asian Neighborhood Design Plan (community-sponsored land use study) proposed hotel and retail for this site given our understanding that the Port needs to make revenue and this would be an appropriate place to do something like that. That being said, I do like the idea of housing for this site, because the need is there, but I would like to see a diverse mix of housing.

Cathy: What is your MOU timeframe?

Port: 3 years with the opportunity to extend at benchmarks. If an extension is needed that is not within the purview of the Executive Director, we need to go to the Port Commission.

Bob: It seems that as long as the two parties to the MOU are in agreement, anything is possible, so an extension would be possible.

Carol: I think NEWAG should take an official position requesting the Mayor's office to consider including moderate income housing.

MOHCD: From NEWAG's advisory role, we will take your position under consideration.

Jon: Let's clarify that we want to *include* moderate income housing but it doesn't necessarily have to be *only* moderate income housing. Should we vote on this?

Port: The advisory groups do not typically vote, but the way this could move forward is through an official record of your stance in the meeting minutes.

Cathy: The NEWAG serves as a voice and resource to staff. In the past, we have put recommendations like this in writing.

Jon: Let's do that right now.

Carol: I recommend that NEWAG takes the position that moderate income housing be included in the SWL 322-1 in addition to low income housing as authorized by State Lands.

Port: The charrette will focus on design issues including parking. The financial feasibility of the whole project will be determined when an architect comes on board with more detailed design covering the parking.

Jon: Does anyone disagree with the stance put forward by Carol?

Cathy: Clearly we have a majority in agreement. I'd like to take into consideration the Working Group's conclusion and see if NEWAG wants to adopt it.

Jon: That is what you've heard that tonight. Would anyone else from the Working Group like to add anything? We are not opposing the project, but we are advocating for more thinking outside the box.

Bob: No one is saying we're opposed to housing on this site or opposed to affordable housing.

Cathy: If there is no objection, we'll record the stance in the minutes. Is everyone in agreement with moving forward the recommendation without a vote?

Agreement to advise the Port as follows: NEWAG takes the position that moderate income housing should be included in the Seawall Lot 322-1 project in addition to low income housing as authorized by State Lands.

b. Seawall Lot 351 Update

Diane Oshima, Assistant Director Waterfront Planning

On February 11, the Superior Court issued a decision as affects the 8 Washington project of which Seawall Lot 351 Port property is a part of that site. Most of the EIR was found sufficient with the exception of the traffic analysis. On the basis of the insufficient traffic analysis, the EIR was found insufficient for supporting the project and approvals must be vacated. The effect of an invalidated EIR is that the project cannot go forward. Staff has no further direction at this time, we are providing this as an update to the NEWAG.

Carol: Is it back to square one?

Port: The EIR has deficiencies. So the decision of where to go from here is being evaluated.

Lee Radner, FOGG: The specifics of the ruling are that the traffic study was done on a Wed afternoon in 2007 for 3 hours. Second, I would ask the Port, I know the developer has an Exclusive Negotiating Agreement with Port and it has about another year. I can't believe there is not an escape clause to end this after 10 years. It's been very difficult for the community, the Port and the City. I'd like to see a project like the AND study proposed that would benefit everybody. This project started like a horse with a broken leg. Now it has 4 broken legs, it's time to put it to rest.

Cathy: City Planning is the author of the document, are they the ones being found not in compliance?

Diane: City Planning's environmental planning unit authors the EIRs. They would be in charge of making any modifications. The City Attorney's office represents the city for this, so they are evaluating the court ruling.

Bill: There is another legal issue going on. In September, the trust swap was found insufficient. Can you provide an update on that?

Port: I don't have an update. We can take the questions and report back.

Lee: I would like to try to answer that – the courts found that the request for exchange of land did not meet CEQA and they threw it out of court. That's it.

4. New Business

Stewart Morton: There was a meeting between the Port and BCDC about the parking lot at the Pier 27 Cruise Terminal – can you provide an update?

Diane: Yes, there was a permit amendment to the BCDC permit that allows the Ground Transportation Area to be used for public visitor parking when the parking is not being used to support cruise ship calls or special events. That permit amendment also includes rehabilitation of the Beltline Building which will include restrooms.

Stewart: Also, I understand Pier 31 bids are out?

Diane: Bids are not out yet, the Port is working on roof and structural improvements consistent with the historic structure.

Bob Harrer: Regarding Pier 29, Jonathan Stern had introduced the idea of a group to participate in ideas for Pier 29. BCNA has supplied 2 names and I want to make sure this doesn't get lost in the transition.

Port: Noted.

Jon: I'd like to request a full update for the amendment to the Pier 27 BCDC permit. I looked over it and it seems to include a lot—provisions for events in the parking area, public access along the waterfront is supposed to be open all the time except when ships are there, and the restrooms. Can we make this an agenda item for the next NEWAG? Also, would like to get an update on WLUP review, since a lot of us made comments.

Diane: On April 14, Port staff will be making a recommendation proposal to the Port Commission for moving forward. We encourage NEWAG to attend that meeting and staff will report back to NEWAG at the next meeting.

Jon: Would like to raise a few items so they don't get lost in the staff transition.
1) From the notes from last time, I would like to invite the Civil Grand Jury to present to NEWAG. They issued a report about how the Port works and had some interesting recommendations. It would be helpful for us to hear especially as it relates to the Northeast Waterfront. 2) Jonathan Stern had in motion adding new members to NEWAG. Golden Gate Tenants Assoc, a few business groups, and refresh those who no longer attend.

Cathy: Yes, this effort is still being pursued.

5. Announcements

a. Introduction to new property management at Waterfront Plaza Tom Harris and Scott Landsittel, Jamestown Properties

Jamestown Properties is a 32 year old asset management company focused on adaptive reuse and sustainability. Other San Francisco assets include Ghirardelli Square, 799 Market Street. Other US assets include Innovation & Design Building in Boston, Industry City in Brooklyn – these projects have similarities with the Port.

Waterfront Plaza is the name of the two buildings at 1700 Montgomery

and 1500 Francisco. Tenants include Giant Creative, Comcast sales office, and the GSA.

Jon: Do you have plans for improvements?

Jamestown: No, not now. Our main goal with our new properties is to stabilize the assets and this one is almost 97% leased right now. Our near-term objective is TLC—upgrades to elevator systems, mechanical systems, modest lobby and landscape improvements.

b. San Francisco Symphony Concert at Pier 27 Cruise Terminal Plaza

In 1992, SF Symphony came to the Port at the Ferry Building. They will now return to the Port at the Cruise Terminal Plaza on July 12th, 2015. Event will be from 12pm – 2pm. They will set up a temporary stage, which will be dismantled by 7pm. Free and open to the public.

The next meeting of the NEWAG will be Wednesday, May 6.

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