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July 10, 2019

Rules Committee, San Francisco Board of Supervisors

The Honorable Hillary Ronen, Chairperson

The Honorable Shamann Walton, Supervisor, District 10

The Honorable Gordon Mar, District 4

1 Dr. Carlton B. Goodlett Place

San Francisco, CA 94102

Re: **July 11 Agenda Items #1 and #2: Affordable Housing and Teacher Housing Projects in Districts Zoned “Public (P)”**

Dear Chairperson Ronen and Rules Committee Members,

There are a number of reasons why both of the Initiative Ordinances proposed by Mayor Breed’s and separately by four members of the Board of Supervisors — to re-zone all public parcels (except parks) — should either be removed from the ballot or, at minimum, amended.

First, as I testified to you earlier today regarding Mayor Breed’s proposed Charter change, Supervisor Peskin and Supervisor Mandelman are absolutely correct that what is slowing down building affordable housing isn’t [nominal delays] with citizen input — or even re-zoning — it’s the lack of funding.

In addition, Supervisor Mandelman said it’s important to allow residents to weigh in on proposed changes to their own neighborhoods, and members of the public should have the ability to shape projects through (existing) processes. That applies to Public parcels in various neighborhoods, too: Neighbors should be allowed to comment on converting Public parcels in their neighborhoods on a case-by-case, project-by-project basis.

Re-zoning all Public parcels citywide is akin to State Senator Scott Wiener’s efforts to change local controls over housing development throughout California via SB-50 and his other companion legislation, which this Board has formally opposed on the record.

Death of 100% Affordable Housing Projects

Importantly, City Controller Ben Rosenfield’s draft voter guide statement on Breed’s Charter change notes that only six 100% affordable housing projects have gone through the discretionary review process in the past year-and-a-half and wound up paying fees, and the City anticipates nine or fewer such projects annually should voters pass Breed’s Charter change.

Both of the dueling re-zoning ballot measures fail to acknowledge that the legislation will likely affect just a handful of projects, suggesting that re-zoning the entire City in one fell swoop is over-reach or overkill for addressing zoning on a project-by-project, neighborhood-by-neighborhood basis.

Of 930 Public Parcels, 9 Should Be Retained for Hospital Uses

In June 2018, the Planning Department provided a list of 930 parcels currently zoned as “Public (P)” by various Assessor “Use Types.” Nine parcels — just 0.98% of the 930 — have “Use Types” as hospitals for our two public hospitals at SFGH and Laguna Honda Hospital, that we may need (and should reserve) for medical facilities, rather than housing, in the future.

Obviously, there’s no room on SFGH’s campus to add housing projects, and LHH’s property should be retained as a “rainy-day” site for expanding medical facilities, additional skilled nursing facility beds, and assisted living facilities, particularly as the City’s population grows and ages during the next decades. SFGH may one day also need land at LHH to expand SFGH’s acute services.

Over 1,479 San Franciscans have been dumped into out-of-county facilities from LHH, SFGH, and private hospitals between July 2006 and October 2018 because of a severe shortage of skilled nursing facilities (SNF), sub-acute care, and assisted living facilities in San Francisco. Clearly, we need to preserve LHH’s campus.

If the dueling re-zoning measures are not removed from November’s ballot, at minimum an amendment needs to be added as a carve-out to exempt those nine parcels similar to the carve-out exempting recreation and parks parcels, in part because LHH’s campus also has recreational hiking trails funded in part from Supervisor Yee’s D-7 participatory budgeting funds.

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Mayor Breed’s Fake Pretext to Re-Zone All Public Parcels

To justify re-zoning all public parcels to allow building housing, Breed latched on to a dubiously delayed project for teachers.

Breed’s call to re-zone all public parcels is based on a pretext that is clearly false. Mayor Breed has baldly asserted that the Francis Scott Key teacher housing project has not yet broken ground due *solely* to delays in re-zoning that parcel, a pretext this is pure nonsense. Breed failed to mention that project is still in its design phase. Even third graders know you can’t break ground on a project that hasn’t finished being designed.

Indeed, at least two of the housing projects funded in part by the *\$310 million Affordable Housing Bond* in 2015 are still being *designed*; MOHCD indicated on June 21, 2019 that the Francis Scott Key teacher housing project is still in design (explaining why ground hasn’t broken on the project), and on July 8 Kate Hartley at MOHCD reported that the Potrero Infrastructure Phase II public housing units are also still in the design phase.

How can it be that now almost four years after passage of the bond in November 2015 two or more of those projects are still being designed?

Mr. Rosenfield also noted in his draft statement for the November voter guide that Breed’s re-zoning Ordinance *might* see cost savings, but only if re-zoning the Public parcels shortens the entire process.

Rosenfield’s separate draft voter guide statement on the public parcels re-zoning Ordinance sponsored by four members of the Board of Supervisors says:

“The City’s affordable housing projects could see cost savings due to shorter development and construction timelines and lower inflation on project costs.”

The key issue in both of Rosenfield’s voter guide statements on re-zoning is that it won’t shorten the process, because the zoning issue in Step 4-A will *not* shorten the timeline in Step 4-B shown in the timeline below.

Both Breed and the *San Francisco Chronicle* continue to whine that the delay of breaking ground on the teacher housing project at the Francis Scott Key site is *solely* because developers had to apply to re-zone the parcel. That’s total nonsense, as the timeline below shows:

Timeline for 43rd & Irving Francis Scott Key Site for Teacher Housing

- November 2015 Voters pass the \$310 million *Affordable Housing Bond*.
- September 2017 Mayor’s Office of Housing and Community Development (MOHCD) began reporting to CGOBOC (the Citizen’s General Obligation Bond Oversight Committee) in September 2017 that an 82-unit teacher housing project at 43rd & Irving (the Francis Scott Key Annex site) would be funded, in part, from the November 2015 bond. There has been no explanation as to why it took MOHCD two years after passage of the Bond before it identified the site for this teacher housing project.
- October 3, 2017 MOHCD issued a *Request for Development Proposals* for an educator rental housing project.
- April 2018 Seven months later, at the recommendation of a selection panel, MOHCD awarded development rights for the project to MidPen Housing.
- 2018 MOHCD encumbered \$3 million in predevelopment funding to MidPen at some point in 2018.
Of the \$3 million encumbered, only \$304,931 has been disbursed as of March 31, 2019; it’s not known when the remaining \$2.7 million will be disbursed or what may be causing the disbursement delay.
- November 19, 2018 MidPen took seven months after being awarded the project in April before it submitted to the Planning Department a *Preliminary Project Assessment* (PPA) application proposing 134 dwelling units for the teacher housing project in November. (The additional 52 units are for low-income teacher households.) It took nearly 14 months between October 3, 2017 and November 19, 2018 to advance from requesting development proposals to seeing a PPA application submitted to Planning.

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- Mid-March 2019 MidPen took another four months before it submitted additional applications for the project to Planning, including an *Environmental* application (ENV), a *Project Profile* (PRJ), a *Zoning Map Amendment* (MAP), and a *Planning Code Amendment* (PCA).
- May 1, 2019 A month-and-a-half later, MidPen submitted a *General Plan Amendment* (GPA) to Planning for the project to create a *Special Use District* for the property.
- Creating a *Special Use District* all but guarantees that the Planning Commission would be able to approve placing housing on the property by re-zoning it on a parcel-by-parcel, or project-by-project, basis through the Board of Supervisors approving the *Special Use District* without having to re-zone all public land across the entire City in one fell swoop at the ballot box.
- June 21, 2019 MOHCD finally admitted the teacher housing project is still in its “design phase.” Even third graders know you can’t break ground and begin building a project that is still being designed.
- July 5, 2019 “*No project-specific hearings or re-zoning hearings have taken place, nor have any been scheduled*” by either the Planning Commission or the Board of Supervisors on the Francis Scott Key applications.

In reality, MidPen’s re-zoning application for the project has been before the Planning Department for under 60 days since May 2019, not the two-years Breed wildly claims as a pretext to rationalize re-zoning of public lands citywide.

It has now been three years and eight months since voters approved the \$310 million *Affordable Housing Bond* in November 2015 and ground hasn’t been broken because the project is still being designed. It has nothing to do with whether or not the Francis Scott site is zoned as “Public.” Breed should know this, or somebody should tell her she has her facts and rationale completely wrong.

The Board of Supervisors can already easily re-zone parcels by creating *Special Use Districts*, and should be able to do so on Public (P) parcels by creating Special Use Districts on a case-by-case basis to allow building housing on those parcels.

Rather than these two dueling ballot measures, the Board of Supervisors should work on developing legislation to allow projects to apply earlier in the process to obtain Special Use District status where zoning may be an issue.

Respectfully submitted,

Patrick Monette-Shaw

Columnist

Westside Observer Newspaper

cc: The Honorable Norman Yee, Board President
The Honorable Sandra Lee Fewer, Supervisor, District 1
The Honorable Catherine Stefani, Supervisor, District 2
The Honorable Aaron Peskin, Supervisor, District 3
The Honorable Vallie Brown, Supervisor, District 5
The Honorable Matt Haney, Supervisor, District 6
The Honorable Rafael Mandelman, Supervisor, District 8
The Honorable Ahsha Safai, Supervisor, District 11
Angela Calvillo, Clerk of the Board
Lee Hepner, Legislative Aide to Supervisor Peskin
Sunny Angulo, Legislative Aide to Supervisor Peskin
Calvin Yan, Legislative Aide to Supervisor Peskin
Tim Ho, Legislative Aide to Supervisor Safai
Angelina Yu, Legislative Aide to Supervisor Fewer
Daisy Quan, Legislative Aide to Supervisor Mar
Percy Burch, Legislative Aide to Supervisor Walton
Jen Low, Legislative Aide to Norman Yee
Erica Maybaum, Legislative Aide to Norman Yee
Ivy Lee, Legislative Aide to Norman Yee
Victor Young, Rules Committee Clerk