

London N. Breed
MAYOR



Bivett Brackett
CHAIR

Alex Ludlum
VICE-CHAIR

Thor Kaslofsky
EXECUTIVE DIRECTOR

Tamsen Drew
Dr. Carolyn Ransom-Scott
COMMISSIONERS

**MINUTES OF A REGULAR MEETING OF THE
COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE
OF THE CITY AND COUNTY OF SAN FRANCISCO HELD ON THE
2ND DAY OF MAY 2023**

The members of the Commission on Community Investment and Infrastructure of the City and County of San Francisco met in a regular meeting in person at 1:00 p.m. on the 2nd day of May 2023.

REMOTE ACCESS:

WATCH LIVE ON SFGOVTV: <https://sfgovtv.org/ccii>

PUBLIC COMMENT:

Members of the public may provide public comment in-person at the noticed location or remotely via teleconference (detailed instructions available at: <https://sfocii.org/remote-meeting-information>).

Members of the public may also submit their comments by email to:

commissionsecretary.ocii@sfgov.org; all comments received will be made a part of the official record.

INSTRUCTIONS FOR PUBLIC COMMENT:

DIAL: 1-415-655-0001 **ENTER ACCESS CODE:** 2598 682 4655 **PRESS #** **PRESS #**
again to enter the call. Press *3 to submit your request to speak.

REGULAR MEETING AGENDA

1. Recognition of a Quorum

Meeting was called to order at 1:00 p.m. by Chair Brackett. Roll call was taken.

Commissioner Drew - present
Commissioner Scott – present
Vice-Chair Ludlum - present
Chair Brackett - present

All Commissioners were present. Secretary Cruz noted that there was still one vacancy on the Commission.

Jim Morales, General Counsel and Deputy Director, sat in for Executive Director Kaslofsky, who was away.

2. Announcements

- a) The next regularly scheduled Commission meeting will be held **in person** on Tuesday, May 16, 2023 at 1:00 pm at City Hall in Room 416.

- b) Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting:
Please be advised that the ringing of and use of cell phone, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.
- c) Announcement of Time Allotment for Public Comments from participants dialing in:
Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Commission adopts a shorter period on any item. We recommend that members of the public who are attending the meeting in person fill out a "Speaker Card" and submit the completed card to the Commission Secretary. All dial-in participants from the public will be instructed to call a toll-free number and use their touch-tone phones to provide any public comment. Audio prompts will signal to dial-in participants when their audio input has been enabled for commenting.

PUBLIC COMMENT CALL-IN: 1-415-655-0001 ACCESS CODE: 2598 682 4655

Secretary Cruz read the updated instructions for the public to call in.

- 3. Report on actions taken at previous Closed Session meeting - None**
- 4. Matters of Unfinished Business - None**
- 5. Matters of New Business:**

CONSENT AGENDA

- a) Approval of Minutes of Regular Meeting of April 18, 2023
- b) Authorizing a Second Amendment to the Personal Services Contract with Forster & Kroeger Landscape Maintenance, Inc., a California corporation, to increase the contract contingency expenditure authority by \$20,000, for a total contingency expenditure authority of \$54,480 and an overall contract expenditure authority not to exceed \$571,104 to provide continued landscape maintenance services in Community Facilities District No. 1 (South Beach); Former Rincon Point-South Beach Redevelopment Project Area (Action) (Resolution No. 14-2023)

PUBLIC COMMENT - None

Commissioner Drew motioned to move Items 5(a) and 5(b) and Commissioner Scott seconded that motion.

Secretary Cruz called for a voice vote on Items 5(a) and 5(b).

Commissioner Drew - yes
Commissioner Scott - yes
Vice-Chair Ludlum - yes
Chair Brackett - yes

ADOPTION: IT WAS VOTED BY FOUR COMMISSIONERS THAT APPROVAL FOR THE MINUTES OF REGULAR MEETING OF APRIL 18, 2023, BE ADOPTED.

ADOPTION: IT WAS VOTED BY FOUR COMMISSIONERS THAT RESOLUTION NO. 14-2023, AUTHORIZING A SECOND AMENDMENT TO THE PERSONAL SERVICES CONTRACT WITH FORSTER & KROEGER LANDSCAPE MAINTENANCE, INC., A CALIFORNIA CORPORATION, TO INCREASE THE CONTRACT CONTINGENCY EXPENDITURE AUTHORITY BY \$20,000, FOR A TOTAL CONTINGENCY EXPENDITURE AUTHORITY OF \$54,480 AND AN OVERALL CONTRACT EXPENDITURE AUTHORITY NOT TO EXCEED \$571,104 TO PROVIDE CONTINUED LANDSCAPE MAINTENANCE SERVICES IN COMMUNITY FACILITIES DISTRICT NO. 1 (SOUTH BEACH); FORMER RINCON POINT-SOUTH BEACH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

REGULAR AGENDA

Agenda Item Nos. 5(c) and 5(d) related to Transbay Block 2 West were presented together but acted on separately

- c) Authorizing the commitment of permanent gap loan funds in an amount of \$46,260,000 to Transbay 2 Senior LP, a California limited partnership, for the development of 151 affordable senior rental housing units (including one manager's unit) at Transbay Block 2 West; providing notice that this action is within the scope of the Transbay Redevelopment Project approved under the Transbay Terminal/Caltrain Downtown Extension/Redevelopment Project Final Environmental Impact Statement/Environmental Impact Report ("Final EIS/EIR"), a Program EIR, and is adequately described therein for purposes of the California Environmental Quality Act ("CEQA"); and adopting environmental findings pursuant to CEQA; Transbay Redevelopment Project Area (Discussion and Action) (Resolution No. 15-2023)
- d) Authorizing a First Amendment to the predevelopment Loan Agreement with Transbay 2 Senior LP, a California limited partnership, to increase the loan amount by \$3,086,119, for a total aggregate loan amount of \$6,586,119 for the development of 151 affordable senior rental housing units (including one manager's unit) and commercial space at Transbay Block 2 West; providing notice that this action is within the scope of the Transbay Redevelopment Project approved under the Transbay Terminal/Caltrain Downtown Extension/Redevelopment Project Final Environmental Impact Statement/Environmental Impact Report ("Final EIS/EIR"), a Program EIR, and is adequately described therein for purposes of the California Environmental Quality Act ("CEQA"); and adopting environmental findings pursuant to CEQA; Transbay Redevelopment Project Area (Discussion and Action) (Resolution No. 16-2023)

Presenters: Jim Morales, General Counsel and Deputy Director; Kim Obstfeld, Senior Development Specialist, Housing Team; Kim Piechota, Director, Housing Development, Chinatown Community Development Center (CCDC); Abby Brown, Project Manager, Chinatown Community Development Center

PUBLIC COMMENT

Speaker: Oscar James, native resident Bayview Hunters Point (BVHP)

Mr. James requested that Certificate of Preference (COP) holders in the Treasure Island developments receive priority status for those units and also wanted to make sure that the project was wheelchair accessible for the handicapped.

Commissioner Drew commended staff on the presentation and for their efforts in moving this project forward.

Vice-Chair Ludlum referred to the total development costs estimated at \$132M and referred to the statement by Ms. Obstfeld that they would be doing some value engineering as construction developed. He inquired about whether that number would decrease.

Ms. Obstfeld responded that she would be surprised if the number decreased. She explained that the team had just completed 100% DD's, which were expected to be submitted for OCII review this week, so there would be another round of pricing from the General Contractor based on those 100% DD's. She reported that the intent would be to maintain the pricing that they had. Ms. Obstfeld added that they did have a fair amount of contingency built into those numbers for the design and bid process as the project made its way through permit approvals. She indicated that sometimes costs could be added to address requirements from other agencies, so it was possible that the number could decrease. However, much of that number would be held in contingency so the idea would be that they would scrape away at that contingency if bids came in and they maintained hard costs as they were currently. She added, however, that they had seen continued escalation on all their projects due to inflation and due to difficulties in securing materials in this environment.

Commissioner Scott referred to the marketing outreach and inquired about who would do that and how that would be done. She agreed with Mr. James that they ensure handicap access to the project as well as making sure that COP holders were notified about this opportunity. Ms. Scott inquired about how all of that would fit into the marketing effort.

Ms. Obstfeld responded that this project would follow standard OCII protocols including preferences for COP holders, who would have first priority for these units. She explained that most of these units, including those offered with the senior operating subsidy, would be offered through DAHLIA, so they would be following the typical application process. Ms. Obstfeld added that applicants meeting those income tiers who rose to the top of that lottery list with preferences or otherwise would also receive a subsidy for those units. So if they were qualifying at extremely low income levels, the subsidies would be provided to make the units affordable for them. However, those were still subject to typical OCII preferences and they would be following their early outreach plan and marketing protocols to ensure that outreach was done early and sufficient time was given to applicants to prepare applications. She deferred to the CCDC members for more information on the matter.

Ms. Piechota stated that they had gone through this a couple of years earlier for a Mission Bay (MB) project where outreach was done to COP holders and indicated that they had worked with the San Francisco Housing Development Corporation (SFHDC) on that. She added that prior to that they went through a similar process at the Mary Helen Rogers project in Hayes Valley and had worked closely with the City on that process as well.

Ms. Brown referred to the wheelchair access question. She reported that they were working with Mithun Architects who had much experience building senior housing, which is physically accessible in the City. They would have a portion of units which would be set aside as wheelchair accessible units as well as auditory communication units and the building itself would be wheelchair accessible as well as reviewed by the Mayor's Office of Disability.

Commissioner Scott inquired about the use of DAHLIA in the marketing process.

Ms. Obstfeld responded that the sponsors would be required under the amended and restated loan agreement to submit a marketing plan and an early outreach plan which would be subject to OCII review. They would be looking at ways to get the word out within the senior community with a postcard mailing campaign. She reported that the sponsors had already set up a website and been out in the community talking about the project coming. But the actual in-depth marketing plan would be required as a condition of the gap loan.

Commissioner Scott referred to earlier discussions about the marketing plan and to some of the approaches they had not done yet, like posting on the T-line, where public transit goes into Chinatown or putting it on the M-line, where COP holders might see it. She also suggested putting announcements on community TV that offer free tv announcements in an effort to just try something more and different. She thanked Ms. Obstfeld for her work on this project.

Chair Brackett referred to CCDC's comments about their earlier outreach efforts to other communities and inquired about those efforts and where they were happening.

Ms. Brown responded that they had made several presentations to the East Cut Community Benefit District (CBD), which was currently running interim use on the site and they would continue to work with them on this project. They had also made presentations to IDEAT, another neighborhood organization and had reached out to several more. As the project continued, they planned to reach out to other SOMA organizations and any other interested parties. Ms. Brown welcomed any suggestions from OCII.

Chair Brackett expressed concern that since MB and Transbay (TB) were fairly new communities, if they wanted to have a robust diversity of people applying for these slots, they would need to reach outside of that. She indicated that many of the community-based organizations (CBO's) worked with seniors throughout the San Francisco (SF) neighborhoods and she would like to see some robust offerings to more locations, such as Chinatown, Bayview, Visitation Valley and areas in D7 and D8, the Castro, the Fillmore. They had a large aging population in SF and would like to see how they are disseminating that information to those neighborhoods as well. Ms. Brackett indicated that they had made some progress with the COP program but had still not attained the results that they wanted. As a result, they were pushing for more community engagement from within the community, so interested parties knew the project would be coming available even before it was completed, and that the opportunity was there and they would know what to do to be a good applicant.

Ms. Brown responded that CCDC already had many senior units within their portfolio and doing enough outreach was critical to them also, so they shared that goal with OCII. She added that they had also presented to the TB Community Advisory Committee (CAC), which included affordable housing residents nearby and other interested residents.

Chair Brackett referred to the fact that this project would not have parking and that this was always an issue. She inquired about how they would deal with this because it might deter some seniors from being interested in this project. She inquired about how they would ensure that residents would have access to groceries and other amenities.

Ms. Brown responded that along with the Mercy project they were looking for car rental partnerships or car sharing opportunities. She stated that this was a very transit-rich area and they intended to make sure that residents had access to that transit as well as paratransit opportunities.

Commissioner Scott motioned to move Item 5(c) and Vice-Chair Ludlum seconded that motion.

Secretary Cruz called for a voice vote on Item 5(c).

Commissioner Drew - yes
Commissioner Scott - yes
Vice-Chair Ludlum - yes
Chair Brackett – yes

ADOPTION: IT WAS VOTED BY FOUR COMMISSIONERS THAT RESOLUTION No. 15-2023, AUTHORIZING THE COMMITMENT OF PERMANENT GAP LOAN FUNDS IN AN AMOUNT OF \$46,260,000 TO TRANSBAY 2 SENIOR LP, A CALIFORNIA LIMITED PARTNERSHIP, FOR THE DEVELOPMENT OF 151 AFFORDABLE SENIOR RENTAL HOUSING UNITS (INCLUDING ONE MANAGER’S UNIT) AT TRANSBAY BLOCK 2 WEST; PROVIDING NOTICE THAT THIS ACTION IS WITHIN THE SCOPE OF THE TRANSBAY REDEVELOPMENT PROJECT APPROVED UNDER THE TRANSBAY TERMINAL/CALTRAIN DOWNTOWN EXTENSION/REDEVELOPMENT PROJECT FINAL ENVIRONMENTAL IMPACT STATEMENT/ENVIRONMENTAL IMPACT REPORT (“FINAL EIS/EIR”), A PROGRAM EIR, AND IS ADEQUATELY DESCRIBED THEREIN FOR PURPOSES OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (“CEQA”); AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO CEQA; TRANSBAY REDEVELOPMENT PROJECT AREA, BE ADOPTED.

Vice-Chair Ludlum motioned to move Item 5(d) and Commissioner Scott seconded that motion.

Secretary Cruz called for a voice vote on Item 5(d).

Commissioner Drew - yes
Commissioner Scott - yes
Vice-Chair Ludlum - yes
Chair Brackett – yes

ADOPTION: IT WAS VOTED BY FOUR COMMISSIONERS THAT RESOLUTION No. 16-2023, AUTHORIZING A FIRST AMENDMENT TO THE PREDEVELOPMENT LOAN AGREEMENT WITH TRANSBAY 2 SENIOR LP, A CALIFORNIA LIMITED PARTNERSHIP, TO INCREASE THE LOAN AMOUNT BY \$3,086,119, FOR A TOTAL AGGREGATE LOAN AMOUNT OF \$6,586,119 FOR THE DEVELOPMENT OF 151 AFFORDABLE SENIOR RENTAL HOUSING UNITS (INCLUDING ONE MANAGER’S UNIT) AND COMMERCIAL SPACE AT TRANSBAY BLOCK 2 WEST; PROVIDING NOTICE THAT THIS ACTION IS WITHIN THE SCOPE OF THE TRANSBAY REDEVELOPMENT PROJECT APPROVED UNDER THE TRANSBAY TERMINAL/CALTRAIN DOWNTOWN EXTENSION/REDEVELOPMENT PROJECT FINAL ENVIRONMENTAL IMPACT STATEMENT/ENVIRONMENTAL IMPACT REPORT (“FINAL EIS/EIR”), A PROGRAM EIR, AND IS ADEQUATELY DESCRIBED THEREIN FOR PURPOSES OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (“CEQA”); AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO CEQA; TRANSBAY REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- e) Authorizing, at a public hearing under Section 33431 of the Health and Safety Code, an Option Agreement with F4 Transbay Partners LLC, a Delaware limited liability company, for the option to purchase Block 4 of Zone One of the Transbay Redevelopment Project Area and adjacent future Tehama Street Right of Way; providing notice that this action is within the scope of the Transbay Redevelopment Project approved under the Transbay Terminal/Caltrain Downtown Extension/Redevelopment Project Final Environmental Impact Statement/Environmental Impact Report (“FEIS/EIR”), a Program EIR, and is adequately described therein for purposes of the California Environmental Quality Act (“CEQA”); and adopting environmental findings pursuant to CEQA; Transbay Redevelopment Project Area (Discussion and Action) (Resolution No. 17-2023)

Presenters: Jim Morales, General Counsel and Deputy Director; Kim Obstfeld, Senior Development Specialist; Dan Esdorn, Hines

PUBLIC COMMENT

Speaker: Ace Washington, City activist

Mr. Washington stated that this was his first time before the new Commissioners. He recalled the issues surrounding redevelopment and expressed concerns about the Western Addition. He inquired about whether the original COP master list still existed.

Vice-Chair Ludlum supported this option agreement. He was pleased with this arrangement because it acknowledged the general economic conditions and the change in what was feasible from when this project was originally contemplated and also left the door open to continue advancing on the work already completed. He was aware that many parties had spent a lot of time working to craft this agreement.

Commissioner Scott referred to the matter of expanding 324 mixed income tower rentals for affordable housing. She reported that what she had found in meetings was that applicants were either making too little or too much money and inquired about where the clear help was to eliminate false hope. Ms. Scott expressed concern that making more money did not help here.

Ms. Obstfeld acknowledged that this had been an issue. She explained that with this project specifically they really wanted to serve households at a very wide range of income levels with tiers at 10%, so that applicants would not land somewhere in the middle, which happened when an applicant made too much for 50% (AMI), but still could not afford 60% (AMI). She reported that basically they were presenting a 100% affordable housing project, financed typical to their regular affordable projects with tax credits, with a mix of incomes from 30% up to 80% AMI and 100% MOHCD AMI. In the tower they would accommodate applicants with more moderate incomes with units tiered at 100%, 110% and 120% AMI. Ms. Obstfeld stated that the hope was that this complex would serve applicants all across the board and hopefully there would be a unit that would fit their needs financially.

Commissioner Drew directed her questions to the developer. She inquired about what the current market conditions were that they were facing and inquired about what they were hoping to see in the next year or more which would help move this project forward.

Mr. Esdorn responded that markets were in an interesting place right now. He reported that much of the trends they had identified last year which had impacted the development market in SF had continued in a negative direction, including construction costs, escalation linked to inflation and lack of availability of materials. He added there was also an increase in financing costs tied to interest rates and pullback in availability of financing, mostly from banks. Mr. Esdorn remarked that the general economic challenge that SF was facing impacted people's ability to pay rents and generally was affecting growth projections. Mr. Esdorn pointed out that Hines had the benefit of being a large organization with datapoint inputs from local as well as national and global regions that offered insight into how those trends might evolve in the future. He reported that they had set up a good collaborative structure under this option agreement, whereby they were staying in contact with staff to be able to trade that information and were being open in both directions to feedback as far as what they could do to deliver these housing units as soon as possible, which was their goal.

Commissioner Drew confirmed that this project was facing a list of difficulties and not just one item.

Mr. Esdorn responded that many things had to come together in order to get a project like this going. He related that Hine had been in SF for 40 years and had seen times like this happen before and weathered them and added that very often negative times turn around. He stated that this had been the goal in buying time with this 18-month option and that they believed they would see recovery come to SF once again.

Chair Brackett referred to previous discussions regarding the partnership with Morgan Stanley and inquired about the status on that partnership.

Mr. Esdorn clarified that their investment partner was Goldman Sachs, who they had been very close to for 7 years and added that they discussed this project with them weekly. He indicated that Goldman Sachs was just as hopeful as Hines was that this would work out and ensured OCII that they were still in it.

Commissioner Scott motioned to move Item 5(e) and Vice-Chair Ludlum seconded that motion.

Secretary Cruz called for a voice vote on Item 5(e).

Commissioner Drew - yes

Commissioner Scott - yes

Vice-Chair Ludlum - yes

Chair Brackett – yes

ADOPTION: IT WAS VOTED BY FOUR COMMISSIONERS THAT RESOLUTION No. 17-2023, AUTHORIZING, AT A PUBLIC HEARING UNDER SECTION 33431 OF THE HEALTH AND SAFETY CODE, AN OPTION AGREEMENT WITH F4 TRANSBAY PARTNERS LLC, A DELAWARE LIMITED LIABILITY COMPANY, FOR THE OPTION TO PURCHASE BLOCK 4 OF ZONE ONE OF THE TRANSBAY REDEVELOPMENT PROJECT AREA AND ADJACENT FUTURE TEHAMA STREET RIGHT OF WAY; PROVIDING NOTICE THAT THIS ACTION IS WITHIN THE SCOPE OF THE TRANSBAY REDEVELOPMENT PROJECT APPROVED UNDER THE TRANSBAY TERMINAL/CALTRAIN DOWNTOWN EXTENSION/REDEVELOPMENT PROJECT FINAL ENVIRONMENTAL IMPACT STATEMENT/ENVIRONMENTAL IMPACT REPORT ("FEIS/EIR"), A PROGRAM EIR, AND IS ADEQUATELY DESCRIBED THEREIN FOR PURPOSES

OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (“CEQA”); AND ADOPTING ENVIRONMENTAL FINDINGS PURSUANT TO CEQA; TRANSBAY REDEVELOPMENT PROJECT AREA, BE ADOPTED.

6. Public Comment on Non-Agenda Items

Speakers: Ace Washington, City activist; Oscar James, native resident BVHP

Mr. Washington spoke about the garage parking at the Heritage Center in the Western Addition. He stated that the garage was owned by OCII and that he was still employed by the garage management company, IMPARK. However, five years later things had changed and he inquired about the status of the garage. Mr. Washington indicated that the garage could be run by the community and inquired about whether it would be possible for this to happen.

Mr. James expressed concern about sea level rise. He reminded Commissioners that Treasure Island was built on landfill and inquired about whether they were going to build a seawall around the project there like they were doing at other locations on SF Bay.

7. Report of the Chair

Chair Brackett stated that at the next meeting they would be sharing information regarding project areas and highlighting community members.

8. Report of the Executive Director

Mr. Morales gave an update on Executive Director Kaslofsky, who was currently at the California Senate hearing on replacement housing before the Senate Housing Committee. The Committee was chaired by Sen. Scott Wiener (District 11), the author of the replacement housing legislation, which the City and OCII had sponsored and, if passed, would provide additional tax increment authority for affordable housing. Mr. Morales reported that a positive vote was expected by the Committee and then the bill would go to the floor. Commissioners would be apprised of all updates.

9. Commissioners Questions and Matters

Commissioner Scott stated that she had been working more closely with OCII staff and was hoping that more staff could be provided for Sonia McDaniels (COP Program Director, MOHCD). She expressed concern that COP applicants still needed more time to help them get the proper information to get into the housing being offered to them. She inquired about whether they could work up a plan to get more information to the applicants so they did not give up hope.

Vice-Chair Ludlum seconded Commissioner Scott’s suggestion. He referred to discussions during the previous meeting where they learned that 85% of applicants to a certain project did not move forward and also that they had been applying for units that they had no interest in. Mr. Ludlum expressed concern that this was the behavior of applicants who had no confidence in the process. He believed that creating better educational programs for COP holders would solve many of the issues facing these projects.

Chair Brackett agreed with Commissioners and their ideas and responded that this was an issue for MOHCD because they administered the COP program. She stated that this would be taken up with Executive Director Kaslofsky when he returned. Ms. Brackett recalled that about two years ago they had discussed the idea of Commissioners taking up different subject matters to bring to the community but because of the pandemic, that idea never came to fruition.

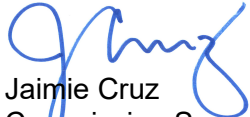
10. Closed Session - None

11. Adjournment

Commissioner Scott motioned to adjourn and Commissioner Drew seconded that motion.

Chair Brackett adjourned the meeting at 2:09 p.m.

Respectfully submitted,



Jaimie Cruz
Commission Secretary