



June 13, 2016

Ref: Balboa Reservoir Mixed-Use Development Proposal

Dear Lisa Spinali and Members of the Balboa Reservoir Community Advisory Committee (CAC),

I'm writing on behalf of the 300 member organizations and individuals of the San Francisco Housing Action Coalition (SFHAC), a 17-year-old nonprofit that advocates for housing solutions at all levels of affordability.

The City is enduring an unprecedented housing affordability and displacement crisis whose primary cause is a lack of new housing that would relieve the enormous pressure being put on the City's growing population on an inadequate housing stock. In light of this, the long fallow Balboa Reservoir site presents an terrific opportunity that comes along very rarely. This opportunity must not be squandered.

The SFHAC has been tracking the Balboa Reservoir project for over a year and is keenly interested in this regionally important proposal moving forward. It is our belief that a well-designed project would become an enormous asset to the evolving Balboa Park Plan Area, one that promotes a desirable, livable neighborhood. It would also help improve the City's social, cultural and economic diversity, a vital priority.

The following are SFHAC's suggestions on the project's key parameters.

Height Limits

The Balboa Reservoir site is located adjacent to an important regional transit node and is a logical place to build lots of transit-oriented housing. We should therefore not be timid about heights at this location. With good project design, sculpting and setbacks along main thoroughfares, it's possible to build graceful, inviting housing that enhances the neighborhood's sense of place. We believe that at this location taller heights can be consistent with excellent open spaces, community-serving ground floor uses and activation of the sidewalks and pedestrian realm.

Reducing heights limits from 85' to 65' as was indicated by the CAC earlier, is counterproductive to maximizing housing affordability. Unless there's a public subsidy available (which does not appear to be the case here), the funding necessary to support affordable housing comes from increasing the overall amount of market-rate housing. We would note that, in areas that already allow for Type V construction, the City's building code will soon change to allow five stories of wood frame over two stories of concrete podium, which would build 75-foot buildings. A building of 65 feet height would not even reach what the code would allow.



Density

Reducing the project's heights also reduces its density. There are proposals from some groups that only want 500 units built on this 17-acre site, or about 29 units per acre. This is unacceptable and much more in keeping with suburban land use patterns. We noted in our recent blog (*Don't Let Balboa Reservoir Be A Missed Opportunity* <http://www.sfhac.org/dont-let-balboa-reservoir-missed-opportunity/>) that several other large City projects (including Parkmerced, Schlage Lock, Mission Rock and Pier 70) have adopted densities of 75 to 85 units per acre that include elevated levels of affordability. The SFHAC believes that building 1,200 to 1,500 homes here is of vital regional interest given the access to transit.

Affordability

The SFHAC supports the *maximum amount* of subsidized housing at the Balboa Reservoir site. In order to achieve this, it is necessary to build the maximum amount of *unsubsidized* housing possible. Building a suburban-style project with only 500 units makes it impossible to achieve the high levels of affordability that many are demanding.

The Mayor's Office of Housing and other City agencies have been clear the City does *not* have the resources to subsidize permanently affordable housing at Balboa Reservoir unless they are taken from existing housing commitments made elsewhere.

In addition, about two weeks ago, Governor Jerry Brown made an important announcement that signals a potentially profound change to the state's housing policies. Its first point is that the state must begin allowing housing that incorporates increased heights and densities as a tool to achieve higher affordability. Its second point is that he does not favor using scarce state funding to subsidize affordable housing. If the City cannot fund the subsidized housing demanded, it's becoming even less likely that the state will.

Finally, it doesn't make sense to demand higher-than-mandated levels of subsidized housing without offering compensating financial incentives such as increased height and density or perhaps financial tools such as impact fee waivers. While the SFHAC would support a 100 percent affordable project at this site, as some have demanded, it's not clear to us where the funding for it would be obtained.

We suggest that any future development proposals for the site should offer various affordability scenarios for different income levels and explain how they could be achieved.

Parking

The SFHAC believes that the demand made by some groups for 1:1 car parking at a major transit node is not defensible and plainly against the principles of a transit-first City. Building parking is incredibly expensive. Our estimates are that building costs run about \$50,000 to \$100,000 per underground space. These simple metrics indicate that 10 parking spaces are about equivalent to the cost of an affordable home. Building high amounts of parking necessarily reduces funding to subsidize affordability, open space or community serving amenities.

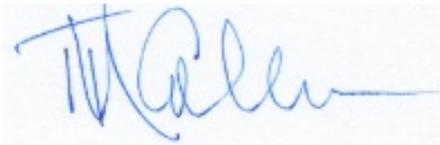
In cities around the world, urban planners are creating innovative tools to reduce reliance on private auto usage while ensuring the resident's mobility and reducing traffic congestion. These tools would be identified during the Transportation Demand Management studies that the City now requires on large developments as part of the environmental review. The SFHAC does not

believe that requiring a traffic analysis before issuing the request for qualifications (RFQ) or even the request for proposals (RFP) is necessary.

The SFHAC would strongly support using this incredibly valuable land in ways that help address the stark challenges that confront our City, region and state. These include solving our housing affordability and displacement crises, providing more housing for middle-income earners, and integrating it with better solutions for transportation.

The SFHAC looks forward to working with the CAC as it moves towards issuing a RFQ or RFP.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tim Colen", is displayed on a light blue background.

Tim Colen, Executive Director

CC: Emily Lesk, MOEWD
John Rahaim, Director of SF Planning
Supervisor Norman Yee, District 7
Supervisor John Avalos, District 11