

## "THIS IS WHY HOUSING IS EXPENSIVE IN SAN FRANCISCO": A MISSION PROJECT WILL BE DELAYED FOR MONTHS AS THE CITY STUDIES A LAUNDROMAT



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A rendering of 2918-2924 Mission St., a 75-unit apartment project that San Francisco is reviewing.



By [Roland Li](#) – Reporter, San Francisco Business Times  
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For nearly five years, [Robert Tillman](#) has been trying to build apartments in San Francisco's most anti-market-rate housing district, the Mission. This week, his project was delayed again.

Tillman says that he has spent over \$950,000 on architects, lawyers and consultants for a [75-unit project](#) that would replace a laundromat that he owns at 2918-2924 Mission St. The Planning Commission approved the [project last year](#) in a contentious vote. Then, community activists from the Calle 24 Latino Cultural District appealed, seeking a full environmental review that would likely take another year or more.

It's a process that has played out similarly in the past two years. Three [other major housing projects](#) were appealed, but those appeals were all withdrawn after the developers agreed to additional terms like higher on-site affordable housing and money for community groups.

But Tillman has refused to negotiate to provide concessions, and opposition has continued. He says his project complies with all local and state laws, and city staff said the project complies with the local community plan. The project is just over a block from the 24th Street BART station. [Gould Evans](#) is the architect.

This week, the Board of Supervisors declined to vote on the appeal. Instead, Supervisor [Hillary Ronen](#) called for a four-to-five month study on whether the property is a historic resource. The laundromat opened in 1991, but Mission community nonprofits previously occupied the property. Tillman supports the study, even though it will delay the project.

"I think the Planning Department wants to make absolutely sure that everything is clean," said Tillman. "I completely support them in that...the only way to settle that issue definitively is to do the study."

However, he doesn't think the current building has any historic value because it was completely gutted for the laundromat. It's also the first time the historic aspect was brought up after four years of discussions, he said.

Tillman and other critics say the ease of delaying or even killing housing projects is exacerbating the region's housing shortage and raising costs.

Tillman said he'll have to pay \$8,500 for the city to conduct the historic study and he's already spent around \$50,000 to hire Reuben, Junius & Rose LLP, a land use law firm, to defend against the appeal. The project opponent, Calle 24, paid the city \$597 to file their appeal.



[Enlarge](#)

The laundromat that currently occupies the property.

"Of course the process could be a lot better," said Tillman. "This is why housing is expensive in San Francisco."

A study last year from law firm [Holland & Knight](#) found that housing, particularly urban infill projects, [were targeted by most environmental lawsuits](#), thereby "worsening California's housing crisis, increasing air pollution, increasing the global emissions of greenhouse gas." San Francisco is currently [defending against a lawsuit](#) against a housing project in Potrero Hill.

"It's very easy to slow or stop housing projects," said Michael Zischke, partner at [Cox, Castle & Nicholson](#), who is an expert in California land use. He agrees that environmental review standards have become a widespread tool for housing opponents and contributed to the housing shortage.

"The cost of building housing – one factor into that cost is how long it takes and how expensive it is to get through the process," he said. "The time and the uncertainty are probably the biggest problems."

Those appeals and lawsuits have contributed to San Francisco having the [second-highest construction costs in the world](#), according to UC Berkeley's Turner Center. Developers say those costs are partially passed onto tenants.

Critics of market-rate projects say the system is also broken, because the majority of new housing that's being built rents for upwards of \$3,000 an apartment. They want more subsidized low-income housing.

Erick Arguello, president of Calle 24, the project opponent, said he supports more affordable housing but not primarily market-rate projects like Tillman's. He wanted the city to buy Tillman's property for 100 percent affordable housing, but said there were disagreements over price.

Arguello didn't rule out the possibility of filing a lawsuit against Tillman's project if the city ultimately approves it. "Anything's possible," he said.

Tillman is using the [state's density bonus law](#) to increase the size of the project, one of the first times a San Francisco project has used it. Arguello is also against that. Eight of the units, or 11 percent overall, are affordable.

Tillman, who has worked as a tech executive, said he will probably sell the project if it's approved. He doesn't have the equity to build it.

Since he's owned the building for years, Tillman's able to absorb additional costs from the delays. But he said the city's [defense of his project](#) against the appeal is costing valuable staff time and likely delaying other developers' projects.

"They spent a gigantic amount of time in the month of January," said Tillman. "Those environmental planners who are doing that are the most scarce resource right now. They had to drop everything."

San Francisco's housing approvals process is unlikely to change because many guidelines are mostly dictated by state environmental law, said Zischke. Environmentalists, unions and many other groups [oppose any changes to the California Environmental Quality Act](#).

"Everything's completely broken," said Tillman. "You have a system that's utterly complex and can be gamed by anybody who wants to delay a project. It's set up to block things, not to facilitate things."

Tillman's project is scheduled to be heard again at the Board of Supervisors on June 19. "I have been working on this longer than it took the United States to win World War II," he said.