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New direction in housing for S.F.'s homeless

By J.K. Dineen

San Francisco officials are going forward with a plan to use off-site modular construction to build supportive housing for the homeless, a move that could save time and money, but has long been regarded as politically untenable because of opposition from the building trade unions.

The Mayor's Office of Housing and Community Development, known as MOHCD, is set to issue a request for proposals for a developer capable of building a 250-unit housing complex using modular construction on a parking lot owned by the federal government at Seventh and Mission streets. Building the modules in an off-site factory will cut costs by 20 percent and speed up production by 30 to 40 percent, the city estimates.

The project marks the first time San Fran-

FROM THE COVER

S.F. takes new tack to house the homeless: going modular

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cisco's powerful building trades, which have long had an iron grip on multifamily development in the city, have agreed not to oppose modular construction for projects aimed at housing formerly homeless people.

MOHCD acting Director Kate Hartley said that her staff met with building trades representatives and relayed to them the "urgency of getting housing built faster for the homeless."

"They understand that housing the homeless in San Francisco is vitally important," Hartley said. "Our goal is to build units as fast as possible, so we can get people off the streets as fast as possible."

The parcel at 1068 Mission St., behind the federal courthouse that houses the U.S. Court of Appeals for the Ninth Circuit, could accommodate 250 studios in two separate buildings, one of which would house formerly homeless seniors. The federal government has agreed to donate the land to the city for \$1, with the caveat that the project be built within three years of the property transfer.

"In San Francisco that is fast," Hartley said. "With conventional construction we would never make that deadline."

Using conventional construction methods, a project of that size would take 18 months to entitle and permit and another 18 to 20 months to construct. With off-site modular the city thinks it can get construction time down to a year.

And the Mission Street development could be only the beginning. Hartley said the city is also planning to use off-site modular for two other projects: a 131-unit development for formerly homeless veterans on Treasure Island and a 120-unit affordable housing development in Mission Bay.

The modular initiative is a win for Mayor Ed Lee, who has long wanted to use modular technology and has even talked of building a modular factory in the city.

"Homelessness and housing are complex issues, and we cannot be confined to brick-

and-mortar answers," Lee said. "We need to think out of the box."

But while builders of affordable housing have used modular in Los Angeles and San Jose, only two projects in San Francisco — both market rate — have used it: 23 units at 38 Harriet St. and 136 units at 5880 Third St.

The shift in strategy comes at a time when developer Rick Holliday is building out a 250,000-square-foot modular production facility, called Factory OS, on Mare Island in Vallejo. The factory, in a historic shipbuilding facility, will have upward of 200 employees. So far Holliday and his partners, who include Cannon Constructors CEO Larry Pace, have more than 1,200 units in the pipeline, including for three projects in West Oakland, one in Emeryville, one in El Cerrito and one in Mountain View.

"We are trying to take all the lessons from the companies that worked and those that haven't so we have a factory that will not only succeed but radically change the way housing is built," Holliday said.

Unions have opposed off-site construction because it takes much of the work that the trades have done on the job site — framing, piping, wiring, flooring and painting — and moves it to a factory. While the modular factories often use union carpenters, many of the other trade unions are left out.

Michael Theriault, secretary-treasurer of the San Francisco Building Trades Council, said that his organization understands the urgency of the homeless crisis and that the Mission Street project is unique because of the federal deadline.

"We understand the logic as it has been presented to us," Theriault said. "We don't particularly like it, but we are not going to raise a ruckus about it."

Jeff Kositsky, director of the city's Department of Homelessness and Supportive Housing, said there are about 1,300 units of supportive homeless housing in the development pipeline.

"The cheaper and faster we can build out the pipeline the more likely we can move at the



Liz Hafalia / The Chronicle 2015

A 136-unit, market-rate modular housing project on Third Street in the Bayview, under construction in 2015, was completed in 2016. A smaller such project is on Harriet Street in SoMa.

BEYOND HOMELESSNESS

► **Online:** An earlier look at supportive housing programs that have been pushed as part of the solution to the homeless problem: <http://projects.sfchronicle.com/sf-homeless/supportive-housing/>

pace we need to," he said. "This is a great opportunity to get more bang for our buck."

Gail Gilman, CEO of Community Housing Partnership, which is building the modular project in Mission Bay, is also a member of the city Building Inspection Commission. She said that for now the modular housing would be used only for projects to house the homeless, not other affordable projects, which are far more numerous. She estimates that modular will save her company and its partner, Bridge

Housing, between five and nine months of construction time and \$60,000 per unit at Mission Bay.

"Test driving modular for supportive makes a lot of sense," she said. "There is an additional urgency to bringing these units online."

Theriault said he would like to see union electricians, plumbers and other trades incorporated into the modular factory and that there is a concern that once modular construction is used for supportive homeless housing, market rate

developers will get in line.

"I think all the trades are worried about the camel nose under the tent," he said.

In addition, Theriault said that he has started to talk to members of the Board of Supervisors about introducing new building codes that would specifically regulate the construction of modular housing units.

"We think at some point we will need some more transparency around the applicability of local building codes, so the buyer and tenants and hotel guests know what they are getting," he said.

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