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Shovels hit the dirt at Castro housing sites

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The Castro, finally, is set for a building boom.

Close to 1,000 units of new housing and thousands of square feet for retail spaces should be built in the coming two to three years.

Construction is already under way, or about to break ground, at six different sites near the heart of San Francisco's LGBT district. Combined, the developments will add 367 apartments, a mix of rentals or condos for sale

Another five parcels along upper Market Street between Octavia Boulevard and Castro Street are at various stages in the Planning Department's permitting process. Should they break ground, the developments would add close to 600 more units to the gayborhood.

"We are going to see a construction boom in the upper Market area over the next two to four years. People are going to be blown away," said Peter Cohen, co-chair of the Duboce Triangle Neighborhood Association's land use committee. "We haven't seen that kind of a construction boom in the Castro in more than 10 or 12 years."

Residents have mixed feelings about the new developments.

Katherine D'Amato, who lives with her partner of six years on Waller Street near Laguna, is concerned about more congestion and noise that the additional housing will bring. At the same time, she is excited about seeing units designated for LGBT seniors at the 55 Laguna site.

"This community has a lot of people and is vibrant, but it is also calm," said D'Amato, a social worker. "When you add 400 or more people that will change, so I am mixed."

Curtis Moran, a gay man who lives on Hermann Street, joked he has been eagerly waiting for years to see the crane move at one site near his apartment.

"I definitely am considering buying into one of the new buildings," said Moran, a screenwriter. "The only

disappointing thing is it is so many years out. But if you can plan ahead, it is something to look forward to."

It has been six years since a *Bay Area Reporter* article first detailed how the city's gayborhood could see a dozen new mixed-use housing developments transform the streetscape along upper Market Street. Several factors led to the delay in seeing shovels actually hit the dirt.

Following the *B.A.R.*'s story then-District 8 Supervisor Bevan Dufty called on the Planning Department to hold a design charette with neighborhood residents to devise guidelines for what they would like to see built. While the charette and a rezoning of most of the area took place, the developments were held back from being approved by the city's Planning Commission.

When the projects did win the necessary sign offs the housing market collapsed amid the recession. It has only been in recent months that banks are again loaning money for new construction.

With the financial spigots open and permits in hand, local builders and national housing developers are breaking ground on lots that have been underutilized or sat vacant for years, and in some cases, decades.

Soon the lot at 2299 Market Street will no longer be derisively referred to as the Hole-in-the-Ground. An arsonist burned down the church that once stood there 31 years ago, and the property had remained an open pit since.

But in January developer Angus McCarthy started work on an 18-unit, 50-foot building. Barring any delays, he hopes to have the mix of one and two bedroom units on the market in February.

"It is great to see it finally start. I've never worked on a job site where we found the community so happy to see this project happen," said McCarthy, president of the city's Building Inspection Commission.

He said the fallout in the economy stymied many of the projects slated for the upper Market Street corridor.

"Locally, things didn't really come to life until late last year. Until then the banks were not lending to the construction industry and were not taking a look at smaller infill projects like this," said McCarthy. "They still require a tremendous amount from developers but they loosened up the ability to fund these projects."

McCarthy opted to pay an in-lieu fee to the city instead of designating several units as below market rate at the new building, which will sit prominently at the corner of 16th, Noe, and Market streets. He said he would not know until next year how much the units would be priced to sell.

"The inventory is extremely low. These are badly needed housing right now," said McCarthy. "People are coming back to the market to buy their homes again."

As for the 5,000 square feet set aside for ground floor retail spaces, McCarthy would only say he expects to have an anchor tenant in place before construction wraps up.

"Right now we are getting interest in that arena and going over different options there," he said.

The Duboce Triangle Neighborhood Association reported in its latest newsletter that Bank of the West is seeking permission to open a 3,300 square foot branch at the site. It said the application would be heard at

the Planning Commission's June 14 meeting.

It is thought that many of the new retail spaces will go to national chains, as the rents are expected to be too steep for local merchants to afford. The prospect is raising the issue of whether stronger controls on formula retail are needed.

"I am hopeful the new commercial spaces create more energy and vitality. I also definitely think the neighborhood should be speaking up for what they want to see," said Dufty, now Mayor Ed Lee's homelessness czar. "Now is the time for people to think about opening up a new business or to be encouraging the business types they like in other neighborhoods to come here."



LGBT Community Center Executive Director Rebecca Rolfe is pleased that work should start soon on a housing project next door to the center.

(Photo: Rick Gerharter)

New neighbor for LGBT center

Susan Smart, the managing director for West Coast development at MacFarlane Partners, said she has already begun discussions with the LGBT Community Center about potential retailers for the new 113-unit development going up at 1844 Market Street, next to the center.

"We want something that contributes to the vibe of the neighborhood. We don't have anybody lined up yet," said Smart, adding that the company is sponsoring the LGBT center's Pride party in June. "We want to find ways to collaborate with them to bring a little bit more energy to that block. It is a fun opportunity for them and for us."

The center's executive director, Rebecca Rolfe, said she is glad to see activity again at the Castro's other barren pit of a construction site.



Architect's rendering of the project at 1844 Market Street, next to the LGBT Community Center. (Photo: Courtesy MacFarlane Partners)

"While, certainly, having an active construction site next door is a challenge, we are happy to have something be built," said Rolfe as a giant dump truck loaded with dirt drove past her office window. "And to have a functioning building with neighbors rather than an empty lot with the kinds of graffiti and garbage that has generated."

The project adjacent to the LGBT center was approved back in 2007 and work on the site had started several years ago. But the initial developer was forced to sell the project, then that buyer offloaded the \$55 million project to MacFarlane in late May.

The planned residential building will consist of 113 rental apartments (99 market-rate and 14 affordable units), 5,500 square feet of street-level retail, and an underground garage with 81 parking spaces. The project is planned to open in November 2013.

The one-, two-, and three-bedroom apartments and ground-floor retail will face onto both Market and Waller streets and an interior courtyard. There won't be any pool, as some had hoped, and plans for a hot tub have been axed.

A fifth-floor terrace will offer recreation space with views of downtown.

"We really like this location. We think exciting things are obviously going on along Market Street," said Smart, adding that her company is exploring buying other sites in the immediate area. "It is at the nexus of Hayes Valley, the Mission and the Castro. We will draw from those three neighborhoods a base of potential residents."

One of the prime selling points will be how easy it is for residents to walk to all three of those neighborhoods, said Smart. It is "transit friendly," with the F-line stopping practically in front of the building, which was another reason MacFarlane liked the location.



Construction crews were at work last week at the site of new apartments at 200 Dolores Street near 15th. (Photo: Jane Philomen Cleland)

Market Street changes

Up the street demolition work has begun at the old S&C Ford showroom and garage at 2001 Market Street at Dolores. The large building is nearly gone as workers prepare to build an 85-unit, 85-foot building whose anchor commercial tenant will be Whole Foods.

Nearby work is already under way at 200 Dolores Street at 15th on a new 10-unit building going up on the corner lot where an arsonist burned down another church. The parsonage, which survived the conflagration, is being turned into three two-bedroom units.

Construction should start soon at two other sites. Demolition permits were pulled in March for 2200 Market Street at Sanchez. A new 22-unit, 55-foot-high building is planned for the corner lot where the now-closed Leticia's restaurant stands.

Down the street at the site of a former gas station at 1998 Market Street at Buchanan a groundbreaking for the 115-unit, 85-foot building should occur by the middle of June. Approved back in 2008, the development languished due to a lack of financing.

"Finally banks are back in business after a three-year hiatus," said developer Brian Spiers. "It is just a great area. We should build housing along our most busy thoroughfare."

Rather than have 17 below market units on the site, Spiers sought city approval last December to construct 23 units of affordable housing at the corner lot he owns at Market and Franklin streets. Both projects will start construction at the same time, and Spiers hopes to have them completed within 18 months.

He does not yet know how much the mix of one and two bedrooms will sell for. He suspects the below market units at the smaller project will be priced between \$210,000 and \$220,000.

Nor has he settled on the kind of retailers he would like to see rent both projects' commercial spaces. But

a new restaurant is planned to go into a corner lease at the 1998 Market site.

"I am very excited to be able to finally build the 1998 project," said Spiers. "I think it is a tremendous design by the architects and will be a great addition to the upper Market area."

Even more housing is being proposed at two other gas station sites in the Castro. Forrest City has been meeting with Castro groups about its plans to build an 80-unit, 65-foot high building at the 76 Station at Market and 15th streets not far from Spier's project.

A new 24-unit, 65-foot tall building is planned for the Arco station at the corner of Castro and Market streets. A proposal for the site at 376 Castro Street presented to Castro groups several years ago was widely derided, and even the city's Planning Department told the architect at the time that his design was ill-suited for such a prominent, and internationally known, intersection.

The new redesigned proposal would include office space for the Castro/Upper Market Community Benefit District and a small community room. It is expected to go before the Planning Commission sometime in June.

In late July the developers of 350-units in multiple buildings at the former UC Extension site a block off Market Street on Laguna hope to secure approval for their plans. At a recent town hall meeting, Tovey class=st> Giezentanner with Wood Partners said the company hopes to begin construction at the site in late November or early December.

The build out for the market rate housing, with at least 32 below market units, is estimated to last 30 months. An additional 110 units of affordable housing for LGBT seniors is slated for the site, and all of the 440 total units will be rentals.

Construction on the two buildings of senior housing will not start, however, until the nonprofit Openhouse can secure funding for the estimated \$60 million development. It is hoped the project will break ground by 2014.

By that time additional housing could be built at five other lots along the upper Market Street corridor. There is a plan to add 16 units in an addition to the building housing Gold's Gym.

The owner of the former S&C Ford commercial sales building at 35 Dolores Street near Market won approval to build housing at the site. But restrictions on the number of parking spaces appear to have put the project on hold.

The vacant former Blockbuster store at 160 Church Street is on the market and the lot could be redeveloped into a mixed-use building. Sullivan's Funeral Home, which comprises six lots totaling 23,100 square feet at 2254 Market Street, is listed for sale with an asking price of \$10 million.

The vacant corner lot at 2198 Market Street across from the Chase Bank is also for sale reportedly with an asking price of up to \$5 million.

Cohen with DTNA has closely followed all of the planned housing projects for years. He believes the hours he and others have spent scrutinizing designs and negotiating for community benefits from developers has resulted in much better projects.

"When this stuff starts going up and people start grasping the huge change in population the Castro will see, I hope people think there are a lot of good outcomes," said Cohen, who works at the **Council of Community Housing Organizations.** "I have a good feeling all that heavy lifting and sweat equity was worth it."

His one criticism is not seeing more of the developments include below market rate units on site.

"There is no affordable housing happening in the Castro. Land is too expensive," he said. "Our form of affordable housing is through those BMRs on site. If we don to get those, we get nothing."

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