

JAPANTOWN TASK FORCE
Ad Hoc Japan Center Malls Technical Committee

Minutes

Monday, September 13, 2021

5:30 PM - via ZOOM Meeting

Committee Members Present: Lori Yamauchi, Daryl Higashi, Sandy Mori, Joyce Oishi, Beau Simon, Glynis Nakahara, Grace Horikiri & Richard Jue

Others Present: Benh Nakajo, Jeremy Chan & Tomo Hirai

Staff Present: Steve Nakajo, Brandon Quan, Lauren Nosaka, Susie Kagami, Brandon Quan, Max Nihei

Call to Order

I. Approval of August 9, 2021 Minutes (as amended)

A. Grace asked that it be noted that the Cultural District is working with the JCBD on a business services directory. Richard Jue asked after the meeting that his attendance at the August 9th meeting be recorded in the minutes. It was moved by Grace and seconded by Beau to approve the amended minutes.

II. Kenta Takamori resignation from committee

A. Due to time constraints, Kenta will step down from this committee. However he is still on the board of JTF and co-chair of Land Use & Transportation Committee
B. We thank Kenta for his service to this committee and we are looking to fill this position in the future.

III. Report from Meetings with Paul Osaki and Mayor's Office of Economic & Workforce Development (Anne Taupier/Ted Conrad) - Lori to provide

A. Lori met with Paul Osaki, chair of the Covenants Committee, to discuss the relationship between the Covenants Committee and the Ad-Hoc Malls Technical Committee.

1. Paul indicated that 3D has agreed to develop a new Covenants agreement, which the Planning department would sign and the community would be included as a party.
He spoke about forming another group that would spin-off from the Covenants Committee to develop the next set of covenants agreements. It is unclear if that group would produce components that would be part of any future development agreement with 3D.
2. Paul suggested that the Ad Hoc Committee focus on a community driven vision of future development of the malls, along with components of development agreements with the property owners, such as a community benefits package. The Ad Hoc committee would also work on a strategy for implementing the vision for the malls.
3. Paul also suggested that the Ad-Hoc committee work on a mall's tenant acquisition or selection plan, which is different from enforcing the covenants.

- a) Daniel Byron indicated to Paul that 3D does not have a tenant philosophy for the malls other than what's in the covenants.
- b) The CHHESS document includes a mall tenant acquisition or occupancy plan in the scope of a strategic plan which the Ad-Hoc Committee would develop. (see IV. I. below)
4. At the last Ad-Hoc committee meeting, Santino DeRose from Maven Properties noted that the way to attract international Japanese brands to the mall is to fill it with tenants who would bring in customers that would patronize the Japanese brands.
- B. Sandy Mori and Lori met with Anne Taupier and Ted Conrad from MOEWD who had been identified by the director of planning, Rich Hillis, as key City staff that would work with the Japantown community on any future development plans for the malls.
 1. Anne is the Director of Development for OEWD; Ted is a project manager with OEWD. Both are keenly focused on getting more affordable housing in major projects.

If a major development were to occur on the Mall's blocks, Anne and Ted would be the lead in working on and negotiating with the property owners on development agreements.

They would also work closely with the Planning staff on any changes to zoning that might be needed to enable the approvals.
 2. Anne mentioned two individuals on OEWD that the Ad Hoc committee and Japantown Task Force should continue work with, Diana Ponce de Leon, Director of Neighborhood Business and Lauren Arvanitidis, Director of Business Development. These two could help with near-term issues, particularly the leasing strategies and connect owners with potential tenants.
 3. Anne offered to work with the Japantown community to negotiate community benefits with the owners on any future development projects, including preferences for Japanese Americans and Japanese nationals to occupy new housing in Japantown.
 - a) She stressed the importance of the Japantown community being united in its community benefits asks.
 - b) The community needs to work with the OCII, Office of Community Investment & Infrastructure, who is the successor to the Redevelopment Agency. OCII is doing an inventory of businesses and Certificate of Preference holders in San Francisco. When the time comes to include COP holders in future housing development, OCII can help to find COP holders access new housing.
 - c) Daryl asked about Anne's response to preferences for JAs and Japanese nationals in new housing, and noted that there may be a misunderstanding about how community preferences are applied to new housing in San Francisco. Community preferences are given to those who reside or work within a certain radius of a new housing project, rather than to certain ethnic groups. He recommended that the Planning department be asked about how community preferences work.
 - d) Sandy mentioned that there is a difference between community or neighborhood preferences and the Certificates of Preference; the latter were issued by the Redevelopment Agency to those who were displaced from their

homes. Many COP holders have passed away. OCII has very bad records of COP holders, and needs to gather more factual information about them and their descendants. Glynis noted that OCII hired a consultant to research COP holders. Joyce asked if there was a general call, asking COP holders to step forward to OCII, rather than simply rely on OCII records.

IV. Review Japantown Better Neighborhoods Plan (BNP) (2009) Chapter 8, Japan Center Malls

Review and discuss proposed scope of Strategic Plan for Japan Center Malls, per draft CHSS.

- A. What was the Better Neighborhoods Plan (BNP)?
 - 1. It was a plan for Japantown that was built on previous plans to address the anticipated development of Japan Center Malls, Kabuki Theater and two hotels.
 - 2. Response to Geary Corridor Bus Rapid Transit project
 - 3. Response to sunsetting of Redevelopment Agency's Project Area A-2 at the end of 2008.
- B. Who was involved? What happened to it?
 - 1. Participants included: SF Planning Department & consultant team (including JTF), Japantown Steering Committee with 25 representatives from the community, and Japantown Preservation Working Group.
 - 2. Community rejected the plan, and the Planning Commission didn't endorse it so it was never adopted as part of San Francisco's General Plan.
- C. There was a section dedicated to the Japantown Center Malls, it included a brief history of the Japan Center Malls blocks.
- D. That section contained community requirements for the Malls.
 - 1. Continue to function as retail "anchor" for Japantown
 - 2. New development should embrace the neighborhood through physical design.
 - 3. Improve design and function of Peace Plaza.
 - 4. Retain local businesses.
 - 5. Retain appropriate off-street parking.
 - 6. Include affordable housing in new residential development.
- E. Development challenges included: multiple ownership, the Japan Center Garage, the City being property owners and partners, retail center, phasing of construction and development economics.
- F. A financial feasibility study was conducted and they concluded that:
 - 1. No new development financially feasible for next 3-5 years (2010-2013)
 - 2. Significant reconstruction of retail alone would be unlikely due to the garage having to be rebuilt
 - 3. Development scenarios which maximize residential and limit retail are most feasible
 - 4. No feasible development unless City participates in partial financing of garage rebuild
 - 5. Residential parking is not a major factor in feasibility.
- G. Recommendations/Strategies
 - 1. Complete interior upgrades and minor exterior improvements in the short-term.
 - 2. Complete rebuild in the longer term.

3. Ensure that Japanese-oriented retail is the centerpiece of new development, including 35K sq. ft. of high-traffic/restaurant retail along Post St. & flanking Peace Plaza, and 50K sq. ft. along Geary & internal walkways.
 4. Allow for residential development within sufficient height & density to ensure financial feasibility. Three scenarios were evaluated, all of which included a 55' base height along Post St. and 75'-85' base height along Geary.
 - a) High-rise scenario with 250' tower at Geary & Webster;
 - b) Mid-rise scenario with 150' tower at Geary & Webster;
 - c) Low-rise scenario with no tower
 5. City actively participate in development, including funding garage rebuild
 6. Provide parking for housing at 0.75 space per unit
 7. Retain existing retail businesses through construction impact management & rent subsidies for qualified businesses
 8. Retail to be outward facing
 9. Integrate & enhance Peace Plaza redesign
 10. Integrate Japanese influenced design aesthetic in Redesign
 11. Work with developer to encourage provision of affordable housing (minimum 15% of units at below market rents)
 12. Create fair & balanced public benefits package including:
 - a) Retention of existing businesses
 - b) Redesign of Peace Plaza & improvements to Buchanan Mall
 - c) Retention of affordable housing
 - d) Improvements to Post Street
 - e) New Webster St. linear park
 13. Properties excluded from feasibility study included: Kinokuniya Building, Mar Living Trust, MCD Kabuki Center, Hotel Kabuki and Kyo & Ae Hee Lee property.
- H. Committee discussion of the Japan Center Malls section of Better Neighborhoods Plan
1. Glynis stated that in the final draft of the BNP, City Planning proposed building heights that were higher than what the community had said were acceptable. This broke trust between the community and the city planners. Joyce suggested that in the future, the community should ask for a more comprehensive benefits package, including more affordable housing. Perhaps, the community may tolerate taller building heights, provided that there is open dialogue with the community.
 2. Sandy stated that although the plan was rejected, parts of the plan are still relevant today and should be looked at.
 3. Daryl stated that the economic conditions in SF have changed dramatically since 2009.
 - a) There is a higher demand for apartments.
 - b) The financing tools for both market-rate and affordable housing have expanded. There are many real estate practices and tax benefits that developers use to increase success in developing apartments.
 - c) Developers are willing to partner with community groups to build new housing with as much as 40% as permanent affordable housing; 15% affordable housing is automatic and embedded as best practices. Also, affordable

- housing could include workforce housing, which is affordable to households making annual incomes of \$80K to \$120K.
- d) Glynis noted that the City has created huge incentives to produce affordable housing, through streamlined permitting.
4. Sandy noted that the retail environment is very different today. Daryl felt that shopping centers are white elephants and developer financing for shopping centers is challenging.
 5. Beau felt that the BNP has many proposals that would be embraced today. He mentioned that although retail is not increasing and declining in today's markets, there are still some shopping environments that are successful, such as the Stanford shopping center.
 He stressed that the Japan Center Malls are not ordinary shopping centers. They are focused on a particular neighborhood clientele, culture and aesthetic. The retail in the Malls has unique opportunities to attract and appeal to customers in ways that retail chains in the US do not have. Therefore, preservation of the Malls can be done in a way that is independent of retail chains, such as the Gap.
 6. Glynis asked about housing density on Geary; Sandy noted that City policy promotes housing development along transit corridors, such as Geary. She felt that construction phasing to prevent displacement of businesses should be considered a baseline requirement, rather than a community benefit. She feels that a linear park on Webster is infeasible.
 7. Daryl mentioned that other national organizations, such as the Local Initiatives Support Corporation (led by Cindy Wu, formerly with CCDC) and the Ford Foundation could work with Japantown to brainstorm with JTF on future development, and possibly help to fund such development. He felt that Japantown has a compelling case for developing the Malls with affordable housing to present to potential funders.
 8. Lori asked that the committee review the BNP excerpt on the Malls and identify parts that are still relevant, to inform a Strategic Plan for the Malls.
- I. Review proposed scope of Strategic Plan for Japan Center Malls, per draft CHHESS
1. Lori reviewed the scope, including:
 - a) Provide relief for existing tenants who have been impacted by the pandemic and may be impacted by future disasters
 - b) Guide Tenant Selection and Occupancy Plans for the Malls to prioritize existing tenants and local businesses, culturally-relevant businesses, and space for community use.
 - c) Build in protections and mitigations, to prevent displacement of small businesses that serve as cultural anchors for Japantown,
 - d) Provide long-term benefits to the community
 - e) Ensure that future development is consistent with the Japantown Design Guidelines, and is sustainable and resilient in its design & configuration.
 2. Lori recommended that Japantown work with Diana Ponce De Leon and Laurel Arvanitidis from MOEWD on tenant selection.
 Grace noted that JCBD is working with Laurel on a directory of businesses, which are 50% Japanese and 50% non-Japanese owned. She expressed interest in working on a tenant selection plan.

3. Lori also noted that Japantown would work with Anne Taupier & Ted Conrad from MOEWD to build long-term community benefits into development agreements, and ensure that future development is consistent with Japantown design guidelines.
4. Sandy mentioned that a unified front within the community is the best way to go. Although people may have different opinions, the community must not be fractured when working with the City. Anne Taupier mentioned this twice to Sandy.

V. Announcements

VI. General Public Comments

Next Meeting - Next Ad Hoc committee meeting will be held on **October 11, 2021** via zoom.

Adjourned at 6:33 pm.