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# San Francisco, trade unions at odds over modular construction — even for homeless projects

**J.K. Dineen**

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Modular housing boxes arrive in San Francisco from Vallejo.

Photo: Paul Kuroda / Special to The Chronicle

The 143-unit modular supportive housing project under construction on Bryant Street in San Francisco has drawn praise for the speed at which it is being built and its low construction cost.

on the concrete foundation at 833 Bryant St. Once completed it will be the city's first 100% affordable modular project, an assembly-line-built project that will cost \$385,000 per unit. That compares with about \$525,000 a unit for a conventional "stick-built" development.

It will also be completed about 40% faster than a typical affordable development, according to the developers, a joint venture between Mercy Housing, Tipping Point and the San Francisco Housing Accelerator Fund.

But the project — dubbed "Tahanan," a Tagalog word meaning "home" — has become the latest flash point in the fight between the city's building trade unions and some affordable housing proponents over the extent to which San Francisco will embrace factory-built housing in an effort to save money and speed up production.

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### More by J.K. Dineen

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San Francisco building trades leaders argue that modular construction lowers construction standards and pushes down wages. In September, in a letter to Mayor London Breed, Larry Mazzola Jr., San Francisco Building & Construction Trades Council board president, called the 833 Bryant St. complex "unacceptable" and a "direct insult" to union members.

"We are against modular housing, unless it is built in San Francisco with union workers and craft-specific employees," he stated in the letter.

units on Treasure Island, 248 units at 1064 Mission St. and 141 units in Mission Bay. Work has started on the Treasure Island and Mission Street projects, and Mission Bay will break ground next year.

Tim Paulson, secretary-treasurer of the trades council, said that the unions agreed not to protest three homeless supportive housing projects and that the city “betrayed” the agreement by going forward with the fourth project at 833 Bryant.

“That wasn’t part of the deal,” he said.



Construction workers wait for the arrival of modular boxes to stack in San Francisco.

Photo: Paul Kuroda / Special to The Chronicle

The Bryant Street development is unique because it is being financed privately by Tipping Point, which received a \$65 million gift from Charles and Helen Schwab. That gift will feed a “revolving fund” to finance future modular homeless projects, said Daniel Lurie, CEO of Tipping Point, a nonprofit that works to fight poverty in the Bay Area.

more than 8,000 homeless, and 2,380 of those people have been staying at “shelter-in-place” hotels during the pandemic but will need permanent housing when that program expires.

“There is no argument with the results we have been proving,” Lurie said. “We have to keep lowering the cost curve. We have to do it faster. We don’t have time for people saying ‘no, no, no.’”

But beyond the four projects under way — three funded by the city — it could be a while before San Francisco gets more modular housing. The city plans to start work on 1,345 affordable units over the next two years in 12 different projects, but none of them will be modular, said Erin Carson, who heads up construction for the mayor’s Office of Housing and Community Development.

Carson said all of the developments are far enough into the design process that it would be costly and time-consuming to convert to modular. She said she is increasingly bullish on modular construction and that it works best for supportive housing, where the studios are “small and straightforward,” so the factory can “duplicate the same thing over and over.”





A construction worker prepares a modular box to be stacked for a housing building in San Francisco.

Photo: Paul Kuroda / Special to The Chronicle

“It’s been super helpful to have 833 Bryant Street ahead of us so we can learn from them,” she said. “Once the dust settles and we have enough data about where we saved money, it will be time to look around and see what sites make sense.”

The city’s cautious approach to factory-built housing stands in contrast to Breed’s 2018 announcement that she was committed to locating a modular factory in the city, which would spend \$100 million on projects to help get it going. At that time the city commissioned a \$300,000 study of the plan, with the backing of the building trades.

So far the idea has not progressed any further. The study was completed two years ago but was never released publicly. Paulson said the study was “lightweight” and unhelpful. Breed spokesman Jeff Cretan said “the model studied was not feasible from a cost perspective.”

Thus, for the foreseeable future, any modular projects in the city will likely come from Mare Island.

Factory OS co-founder Larry Pace said San Francisco has been the least receptive Bay Area county to factory-built housing. Beyond the four affordable projects, there are no other orders from San Francisco buildings. So far the factory, which recently expanded into a second building, has churned out 1,500 units of housing. It has another 4,000 to 5,000 units under contract.

“Oakland is embracing us with open arms. So is L.A., the South Bay. They need the savings,” he said. “We have absolutely demonstrated that there is a tremendous savings, and I can’t imagine why there won’t be pressure in San Francisco to do more projects, rather than spending taxpayer money to produce the same or less.”

Factory OS has 513 employees — 460 are members of the carpenters union. About 70% of these workers are people of color, and the factory recruits heavily from jobs programs for people who have been incarcerated or in recovery, said Jay Bradshaw, executive director of the Carpenters 46 Northern California Counties Conference Board.



A crane's hook is used for lifting modular boxes to construct housing across the street from the San Francisco Hall of Justice.

Photo: Paul Kuroda / Special to The Chronicle

“We are big on giving people a second chance, a first chance,” he said. “It’s a real diverse group. Some folks have no experience in construction at all. We recruited folks who were baristas and food servers, retail. A bunch of people working various minimum wage jobs.”

Factory OS workers, who are members of the East Bay carpenters union, make between \$50,000 and \$60,000, significantly less than the average of \$108,000 union carpenters earn in San Francisco. And much of what the factory workers do — installing windows, painting, hanging drywall — would typically be done on-site by a variety of trades in a project using traditional methods. That means less work for plumbers, electricians, drywall lathers, glaziers and other trades.

“They are getting paid less than what carpenters get paid on construction sites and they are doing other people’s work,” Paulson said of the Factory OS workers. “So there is a lot of anger about that.”



is close to some of the Bay Area's most affordable housing in Vallejo, Fairfield and Vacaville.

Bradshaw called Solano County “a fantastic place to recruit working-class folks.”



Modular housing boxes, built in Vallejo, arrived in San Francisco wrapped in plastic.

Photo: Paul Kuroda / Special to The Chronicle

“Solano County has a large group of working-class folks and not a lot of good jobs,” he said.

Meanwhile, the conflict over expanding modular building in San Francisco seems likely to continue.

Lurie said his group is looking to acquire another site to replicate the model.

“I have lived in San Francisco most of my life and have learned that if you don’t get pushback, you are probably not doing anything worthwhile,” Lurie said. “If anyone wants



Paulson said the trades are still hoping a modular factory can be built in San Francisco.

“To lower the wages of workers as a way to cut costs is absolutely unacceptable and obscene, considering the cost of housing and real estate in San Francisco,” he said. “To say that it’s OK because it’s supportive housing and affordable housing and to use that as an excuse to cut workers’ wages? Over my dead body. We will fight them every inch of the way on that.”

*J.K. Dineen is a San Francisco Chronicle staff writer. Email: [jdineen@sfchronicle.com](mailto:jdineen@sfchronicle.com)*

*Twitter: [@sfjkdineen](https://twitter.com/sfjkdineen)*