

From: Poling, Jeanie (CPC) <jeanie.poling@sfgov.org>
Sent: Monday, June 15, 2020 11:02 AM
To: ECN, BalboaReservoirCompliance (ECN) <balboareservoircompliance.ecn@sfgov.org>
Subject: FW: EPS Feasibility Memo: Evidence of the myth of 'market-rate housing subsidizing affordable units'

From: Hong, Seung Yen (CPC) <seungyen.hong@sfgov.org>
Sent: Monday, June 15, 2020 11:01 AM
To: Exline, Susan (CPC) <susan.exline@sfgov.org>; Lutenski, Leigh (ECN) <leigh.lutenski@sfgov.org>; Wietgreffe, Wade (CPC) <wade.wietgreffe@sfgov.org>; Poling, Jeanie (CPC) <jeanie.poling@sfgov.org>
Subject: FW: EPS Feasibility Memo: Evidence of the myth of 'market-rate housing subsidizing affordable units'

From: CPC-Commissions Secretary <commissions.secretary@sfgov.org>
Sent: Monday, June 15, 2020 9:10 AM
Cc: Feliciano, Josephine (CPC) <josephine.feliciano@sfgov.org>; Hong, Seung Yen (CPC) <seungyen.hong@sfgov.org>
Subject: FW: EPS Feasibility Memo: Evidence of the myth of 'market-rate housing subsidizing affordable units'

Commission Affairs

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REDUCED CAPACITY DURING THE SHELTER IN PLACE ORDER -- The Planning Department is open for business. Most of our staff are working from home and we're [available by e-mail](#). Our [Public Portal](#), where you can file new applications, and our award-winning [Property Information Map](#) are available 24/7. Similarly, the [Board of Appeals](#) and [Board of Supervisors](#) are accepting appeals via e-mail despite office closures. To protect everyone's health, all of our in-person services at 1650 and 1660 Mission Street are suspended, and the Planning and Historic Preservation Commissions are cancelled until April 9, at the earliest. [Click here for more information.](#)

From: aj <ajahjah@att.net>
Sent: Friday, June 12, 2020 11:18 PM
To: Hood, Donna (PUC) <DHood@sfgov.org>; Major, Erica (BOS) <erica.major@sfgov.org>; Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>; Yee, Norman (BOS) <norman.yee@sfgov.org>; Low, Jen (BOS) <jen.low@sfgov.org>; Maybaum, Erica (BOS) <erica.maybaum@sfgov.org>; BRCAC (ECN) <brcac@sfgov.org>; CPC-Commissions Secretary <commissions.secretary@sfgov.org>
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Subject: EPS Feasibility Memo: Evidence of the myth of 'market-rate housing subsidizing affordable units'

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PUC, Land Use & Transportation Committee, BOS, BRCAC, Planning Commission:

Subject: EPS Feasibility Memo--Evidence of the myth/deception of market-rate housing subsidizing affordable units

Page 1250 of the 2256-page Planning Commission packet

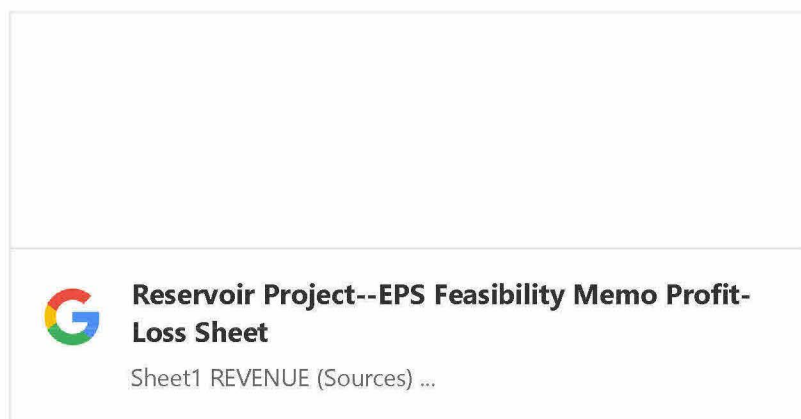
<https://commissions.sfplanning.org/cpcpackets/2018-007883GPAPCAMAPDVA.pdf> contains an EPS Feasibility Memo. Within the Memo is a "Table 1." Table 1 is essentially a profit-loss statement for the Reservoir Project.

Table 1 has two sections:

- **Uses** (equivalent to 'Expenditures' plus 'Profit' of a standard profit/loss statement),
- **Sources** (equivalent to 'Revenue' of a standard P/L statement)

Table 1 is not in a standard profit/loss statement format.

Here, for clarity and transparency, I present Table 1 in a standard profit/loss statement format. Additionally, I have returned the \$40 Million CA grants (from MHP and AHSC Programs) amount back to the Revenue section where it belongs...instead of the \$40M amount being hidden in a footnote: [Reservoir Project--EPS Feasibility Memo Profit-Loss Sheet](#)



The "Affordable Housing Program" (Exhibit D of the Development Agreement, on p. 1580 of 2256-page Planning Commission packet) specifies the City's Affordable Funding Share to be \$239K per unit. Thus for 187 City-subsidized units, RCP will receive \$44.693 Million (187 units X \$239K).

It is unclear if "Uses" in Table 1 includes the costs for the 187 "additional affordable" City-subsidized units.

Neither does Table 1 include the \$44.7 Million that Reservoir Community Partners is expecting to receive from the "City's Affordable Funding Share."

Despite the unclarity in Table 1, the "Affordable Housing Program" of the Development Agreement states:

Developer will cause at least 50% of the total number of dwelling units constructed on the Project Site to be Affordable Units. Developer will be responsible for the pre-development, planning, permitting, construction, and management of all

Affordable Units. The Parties agree that the Project's ability to achieve an overall affordability level of 50% is predicated on Developer's receipt of City's Affordable Funding Share.

THE MYTH/DECEPTION OF MARKET-RATE HOUSING SUBSIDIZING AFFORDABLE UNITS

The Reservoir Project has been promoted as 550 units subsidizing 550 affordable units. With the recent release of the Development Agreement, this can be shown to be a myth and to be deceptive advertising.

The EPS Feasibility Memo and Development Agreement provides evidence for fact that the affordable units will be subsidized by public monies. State and City funding is expected to total \$124.2 Million:

- \$79.5 M from State grants
 - \$39.5M from Statewide Park Program (SPP) and Infill Infrastructure Grant (IIG) Program,
 - \$40.0M from Multifamily Housing Program (MHP) and Affordable Housing & Sustainable Communities Program (AHSC);

- \$44.7 M from "City's Affordable Funding Share."

PROPORTION OF PUBLIC FUNDING FOR PROJECT: 55-69%

Because of the unclarity of whether Table 1 covers the 187 City-subsidized units or notm here are two calculations: 1) for Table 1 "Uses" figures that would cover all 550 units; 2) for Table 1 "Uses" figures that would cover only the Developer's 363 affordable units:

In both cases, public sources of funds total \$124.2 Million (\$39.5M + \$40M + \$44.7M)

The proportion of public monies for the Project depends on whether or not the Table 1 figures cover the 187 City-subsidized units:

1. If 187 City-subsidized units are covered: $\$124.2\text{M} / \$180.6\text{M cost} = \mathbf{69\%}$
2. If 187 City units are not covered: $\$124.2\text{M} / (\$180.6\text{M} + \$44.7\text{M}) = \mathbf{55\%}$

So in either case, well over half (55- 69%) of the funding of affordable units will be paid for with public monies ,while Avalon Bay will get **at least half** of the total number of units.

From this, it should be evident that, in reality, the public will be subsidizing the private developer by:

- Privatization of public land, which will be given up in perpetuity for a scandalous 98%-discounted price of \$11.2 Million;
- Instead of the marketing sweet-talk of affordability "in perpetuity", affordability will only be assuredfor 57 years.

I urge all Supervisors to resist the temptations that the private developers dangle in front of you. Don't be a party to corruption and privatization of public lands at a giveaway price.

Sincerely,
Alvin Ja, District 7