

BALBOA RESERVOIR PROJECT: FALSE ADVERTISING BAIT & SWITCH

Achieving Buy-In:
“Affordable Housing”
Affordable “In Perpetuity”



50% AFFORDABLE!!

The sales pitch:
550 market-rate
units will subsidize
550 affordable
units.

THE **GAP** THE PROBLEM:

The U.S. has a shortage of more than **7.2 MILLION** rental homes affordable and available to extremely low income renter households.



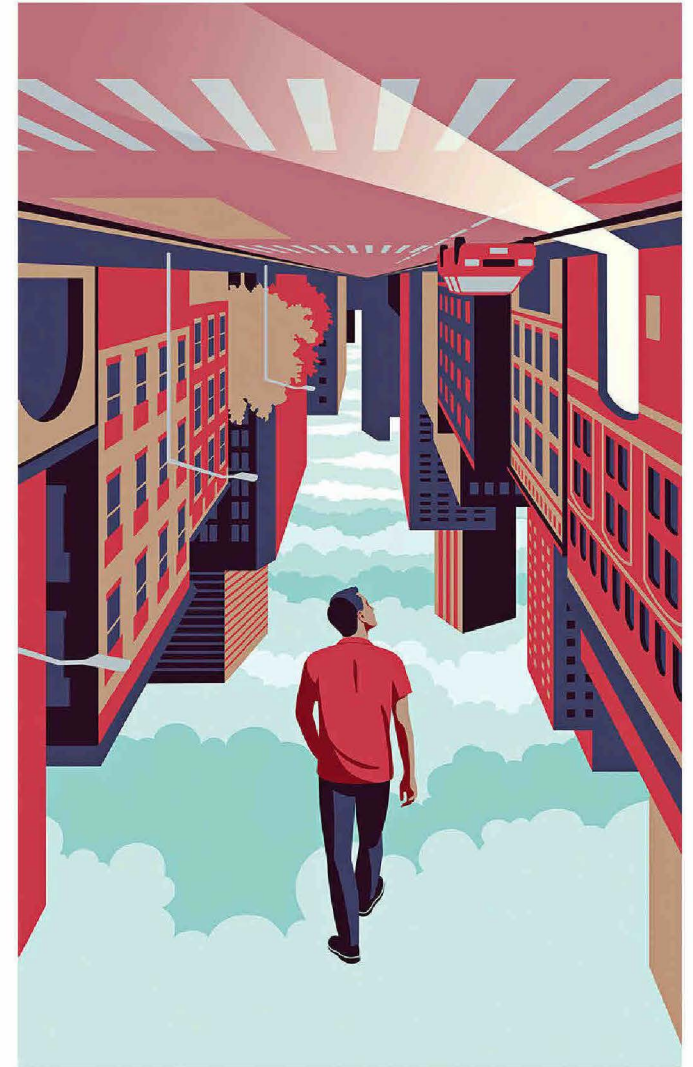
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REALITY IS TURNED ON ITS HEAD

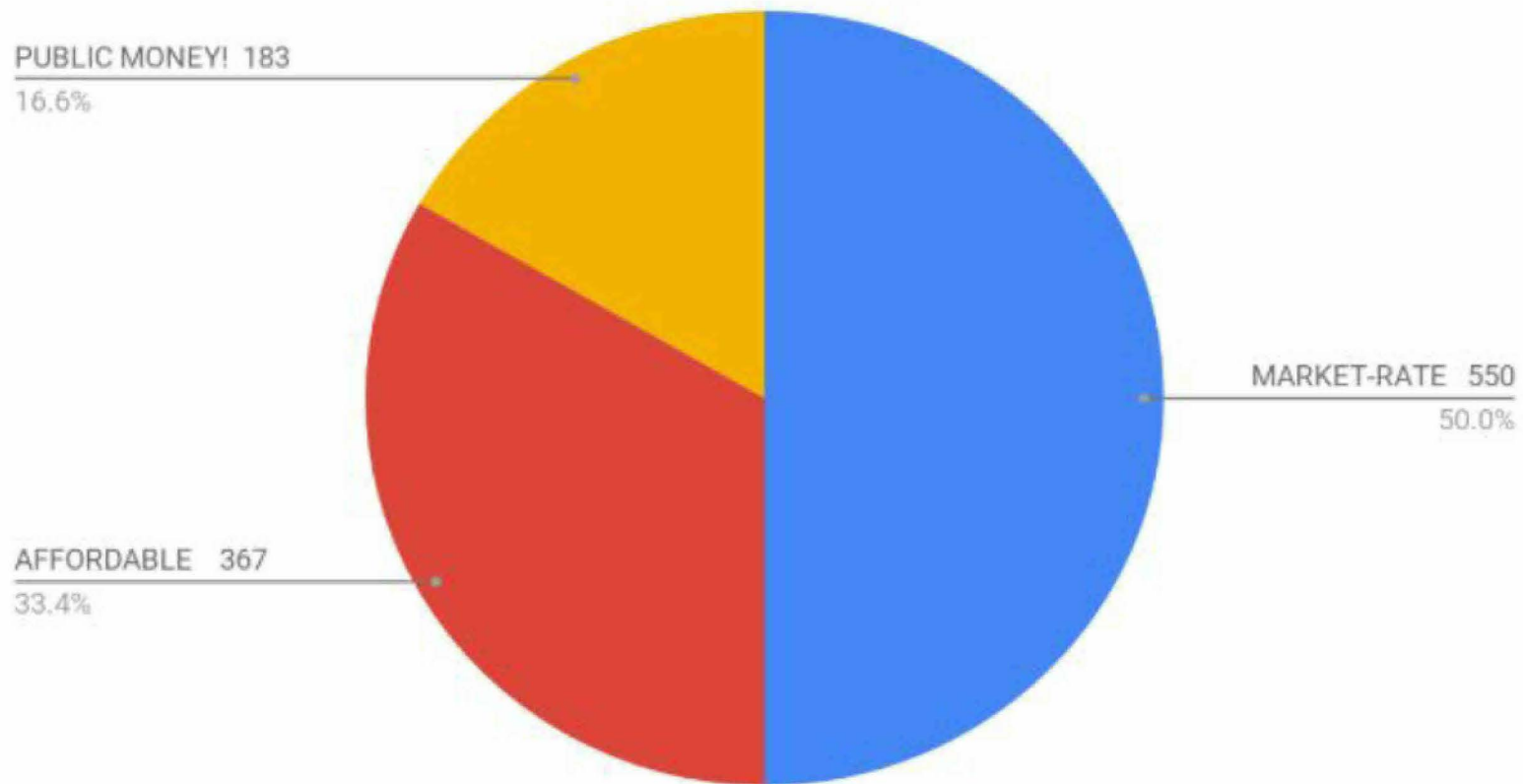
The reality is that public land (probably to be sold for cheap!) will be subsidizing 550 market-rate units.

“Affordable housing” is a marketing ploy to facilitate privatization.

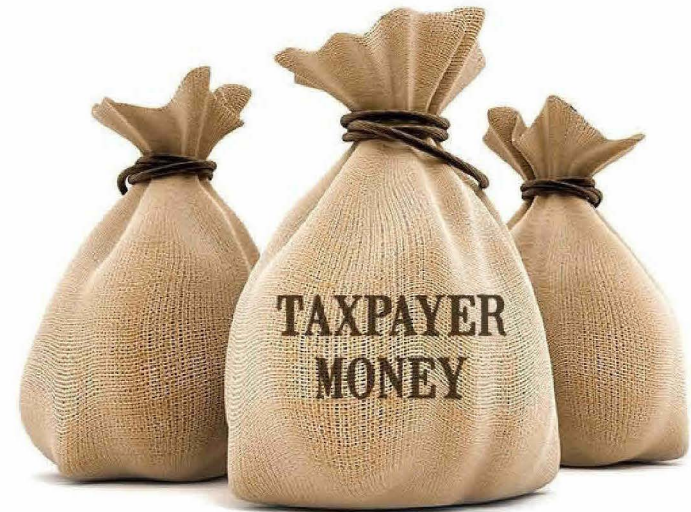


THE REALITY

Residential Units



OTHER PEOPLE'S (OUR!) MONEY



From the Development Agreement:

“Project’s ability to achieve an overall affordability level of 50% is predicated on **Developer’s receipt of City’s Affordable Funding Share.**”

AFFORDABLE “IN PERPETUITY”

The LIE from
Principles & Parameters:

Principle #1:

Build new housing for people
at a range of income levels.



Parameters: a. Make at least 50% of total housing units **permanently affordable in perpetuity** to low (up to 55% of Area Median Income (AMI)), moderate (up to 120% of AMI), and middle-income (up to 150% AMI) households, provided that this can be achieved while also ensuring project feasibility and providing the economic return to SFPUC ratepayers that is required by law...

1. Make at least 33% of total housing units **permanently affordable in perpetuity** to low or moderate-income households, consistent with Proposition K (2014).

Development Agreement: Affordable for 57 years

57 \neq ∞

The TRUTH from Development Agreement:

“Affordability Restrictions. (a) Each Affordable Parcel will be subject to a recorded regulatory agreement approved by MOHCD to **maintain affordability levels for the life of the Project or fifty-seven (57) years, whichever is longer, ...**”

WHY A HOUSING SHORTAGE?

Is it because of:

- Excessive bureaucracy and regulations?
- NIMBY resistance?
- Insufficient supply relative to demand?



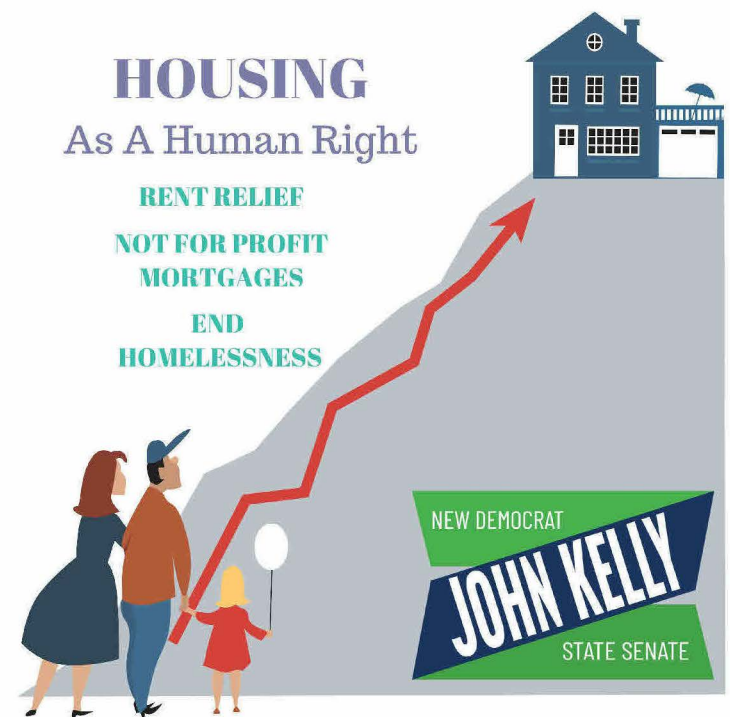
MAIN REASON FOR HOUSING SHORTAGE

Housing has a:

- USE VALUE for people as shelter;
- VALUE AS A COMMODITY for trading

HOUSING CONSTRUCTION IS CAPITAL INTENSIVE

- Investment goes to where there is high Rate-of-Return on Investment
 - There is little or no profit in affordable housing



NOT SIMPLY SUPPLY & DEMAND

YIMBY'S SAY: JUST BUILD MORE HOUSING!

This is simple-minded trickle-down economics.

What's important is what they call “financial feasibility.”

Affordable housing is not financially feasible. Affordable housing will not attract investment, simply because it is not profitable enough.

The “Build! Build! Build!” Argument:

Increase the supply of luxury housing. Affordable housing will trickle down.

Have you noticed
affordable housing
trickling down in
the Mission?

Or SOMA?

Building more
luxury housing

just creates more
luxury housing!

And drives up
prices in
surrounding
neighborhoods.



PRIVATIZATION: “PUBLIC-PRIVATE PARTNERSHIP”

The Reservoir Project is an example of trickle-down economics.

Advantage accrues to the 1%, while crumbs (affordable units) fall to a mere handful of the multitudes of common people in need of basic shelter.

No matter how much profitable market-rate housing is built, the crumbs will be unable to satisfy the housing needs of the populace.

CRUMBS ARE NOT ENOUGH!

