Shamann Walton, President
San Francisco Board of Supervisors
Dr Carlton B Goodlett Pl #244
San Francisco, CA 94102

October 14, 2021

Appeal of the Conditional Use Authorization for Demolition of Sound and Relatively Affordable Rent Controlled Housing at 249 Texas Issued by the Planning Commission on June 3rd, 2021

Table of Contents

Introduction

The proposed project at 249 Texas (east side on sloping street in Potrero Hill in an RH-2 zone) involves the Conditional Use Authorization (CUA) for demolition of two sound, relatively affordable and rent-controlled units to be replaced with a luxury single-family home of 4,864 square feet and a sham second unit. The existing building is a well-kept and partially remodeled two-unit building with separate entrances, which includes: (1) an upper unit with 2 bedrooms (1,722 square feet), and (2) a lower, ground floor second unit with three bedrooms (1,376 square feet) and a separate front entrance. The 100-year-old building has had 2 units and housed two families for over 50 years. There is indisputable evidence of renter history in both units. Throughout the development process, many neighbors, community leaders and coalitions vociferously opposed the project to no avail. The project was first before the Planning Commission on March 4, 2021, when misinformation from the Sponsor - falsely confirmed by the Planning Department despite being provided with contrary evidence before that hearing - was exposed by several neighbors who opposed the project (hereafter referred to as "Opposition"). That triggered a continuance, but the project was ultimately approved at a second hearing on June 3, 2021.

Six supervisors and 22% of neighbors within a 300 foot radius signed onto the appeal. Opposition includes more than 60 neighbors, the San Francisco Land Use Coalition, the SF Tenants Union, Save The Hill and neighborhood leaders Alison Heath, Rodney Minott and John DeCastro. Two Planning Commissioners (Theresa Imperial and Kathrin Moore) voted against

CUA approval, arguing that the Department's findings were "baffling" and against the *current* needs to spare rent controlled housing.

The Opposition requests that the Board of Supervisors overturn the CUA, uphold the unequivocal requirements of SB 330 and direct the Sponsor to explore lawful options to retain the existing two rent-controlled units with neighbor input on design that does not harm neighbors. Not one member of the Opposition is interested in extracting money from the Sponsors, and the one couple offered a deal – Sasha Gala & Matt Boden, have turned down repeated bribes to withdraw the appeal and keep the neighborhood from whistleblowing. Rather, the Opposition simply requests things to be done with integrity, in compliance with laws and policies, and with respect for the needs of the neighbors- including tenants. We want the Planning Department, which is a taxpayer funded city agency, to act with impartiality and not to favor the developers and architects with whom they have strong relationships. The Opposition is not represented by counsel and has advocated for themselves.

Brief Summary

1) **Replacement of two sound, relatively affordable and rent-controlled dwellings with a luxury large single-family home and a small sham unit in clear violation of the General Plan's Policy Objective 3 and Planning Code Section 317 and 303.** *(Page 3)*

2) **Invoking SB 330 to justify demolition but failure to actually comply with the state law's requirements for demolishing "protected" units (rent-controlled units) as documented in Planning Director Bulletin No. 7.** *(Page 5)*

3) **Forcing tenants out by declining to forego a small fraction of the monthly rent during the 2020 Rent Moratorium and Shelter-in-Place, neglecting to inform these tenants of their rights related to COVID related job loss, and being deceptive about it at both hearings. The current tenants have an agreement with the Sponsors executed in violation of Tenant Law.** *(Page 8)*

4) **Sponsor abused the process by submitting false plans under penalty of perjury and false testimony at the Planning Commission hearings – first by denying the existence of the second unit, and then later by misstating the number of bedrooms with code compliant ceilings, windows and closets (making them seem like storage areas).** *(Page 9)*

5) **Sponsors misrepresented the state of the current building and exaggerated the dollar amount required to bring the second unit up to code.** *(Page 14)*

6) **Planning aided the Project Sponsor in advancing these falsehoods in the interest of advancing the project and obtaining an approval from the Planning Commission.** *(Page 15)*

7) **No neighborhood collaboration on design despite severe impact to neighbors. Sponsors did not do outreach to neighbors except with offers of bribes to silence the neighborhood. Support for the Sponsor's build comes from outside the neighborhood and those unfamiliar with the case.** *(Page 18)*

Arguments

1. **<u>Replacement of two sound, relatively affordable and rent-controlled dwellings with a luxury single-family home and a sham unit in clear violation of the General Plan's Policy</u>**

    A. *This is the Wrong Time and Wrong Neighborhood to Demolish Sound, "Naturally" Affordable Rent Controlled Housing and Replace that Housing with a New Luxury Single Family Home.*

The Victorian two-unit building at 249 Texas St. has a slightly worn exterior but the interior is well-kept, and was partially remodeled in 2016. The Sponsor removed the ground floor second unit from plans (under penalty of perjury), and on public record misrepresented that fact to the Planning Commission at the first hearing. The truth is that it has two-units of "naturally affordable", middle and working class rent-controlled housing, and is surrounded by similar housing. The Rent Board considered the existing property and both units as rent-controlled housing and eventually Planning conceded.

<u>The lower ground-floor unit is 1,376 square feet and has three bedrooms, a separate mailbox and front entrance, and *has been rented multiple times in recent history*</u>, providing affordable housing to low-income San Franciscans. The new project will replace a family-sized, rent controlled three-bedroom unit and replace it with a market rate basement studio (with no bedrooms) that has a separate entrance behind the main house and fewer windows. The project Sponsor plans to utilize this basement studio solely for visiting family members or a music studio "for his record collection" according to their own statements made at the pre-application meeting in front of 6 separate neighbors. Recently, the Sponsors shifted their story to say that the second unit will house an elderly mother with dementia, but they never intend to rent it nor do they have to. Regardless of the intended use, this use still decreases housing stock in District 10 and does not address the reduction in current rent-controlled housing stock.

The proposed reduction in housing is clearly not within the criteria of Planning Code Section 317 (hereafter referred to as "Section 317") which demands that demolition of protected housing must increase the number of on-site dwelling units and increase the number of on-site bedrooms. The Sponsor's arguments and the Planning Department's summary discussing fulfillment of Section 317 requirements are written with inaccuracies and obscurity so as to avoid revealing failure to meet criteria. (for more details about failure to meet Section 317, see Appendix B). Further, several Commissioners expressed concern over the disparate sizes between the units

(luxury mansion over token studio) as the mandate is to have equitable spaces built in the RH-2 zone. To remove a second unit, legal or not, one must have a CUA under Section 317. A single-family home with a ground floor second unit that has been separately rented (such as in this case) is NOT exempt from applicable Ordinances whether it is an ADU or UDU. The cost to bring the second unit to code is $113,000 (according to an independent licensed contractor hired by the Opposition) which is reasonable, feasible and, arguably, profitable.

The decision to approve the project is an example of a Planning Commission completely out of touch with the regular citizens of the city. San Francisco is in the middle of the worst housing affordability crisis in its history and the Commission is still routinely permitting the destruction of affordable rent-controlled housing in order to build new, unaffordable luxury single family homes. For further analysis of the General Plan, see Appendix A.

The Sponsor has hired John Maniscalco, who is the lead architect of his own firm and the affiliated with Design Line Construction, and i**s responsible for 40% of demolitions in the past two years of two-unit vintage homes and replacing them with excessively large luxury modern single family homes with small and dark 'au pair' units.** While he has a strong relationship with the Planning Department (sits on the steering committee for Public Policy Advocacy Steering, etc), the Opposition feels that his building and his undue influence do not belong in our neighborhood, and the Planning Department and Commission must remain objective.

B. The Project Contradicts the Mayor's Directive and the General Plan and Does Not Meet Planning Code Section 317 Criteria for Demolition.

The project violates a super-majority of the mandatory criteria for demolition under Section 317 (see Appendix B for criteria). Overall, the project *does not* satisfy even a bare majority of the needed criteria for a demolition of existing rent-controlled housing, as **it meets only 4 out of 18 of the criteria** (for further analysis see Appendix B). Further, when the Priority Policies are reviewed, the Sections of the Demolition Application for preserving Sound Affordable Rent Controlled Housing *must take priority over the criteria for the replacement structure*. <u>The project does not satisfy the requirements of Section 317 and the demolition should have been denied on the basis of this alone.</u>

<u>The General Plan and the Priority Policies make it clear that the Dept. cannot "trade" the existing rent-controlled housing at 249 Texas St. for units of market rate housing.</u> It has long been common knowledge in the City…. we have thousands of "granny units", "in-laws" "illegal" or "unauthorized units." These units are an important source of affordable housing in every neighborhood in San Francisco. The Planning Department's analysis was deeply flawed as it recommends approval of the project because losing two rent controlled existing units is somehow off-set by gaining two new market rate units. To bolster this already clear policy objective, Mayor Ed Lee and Mayor Breed issued numerous Mayoral Executive Directives to accelerate housing production and *preserve existing housing stock*. The announcements from the Mayor's Office are aimed at helping retain the existing housing stock and to protect existing

tenants. The requested CUA should not have been granted in the face of this overwhelming policy mandate. The destruction of two units of existing rent-controlled housing and the permanent loss of the opportunity to create a luxury mansion for one family cannot possibly be "*necessary and desirable*" in the City of San Francisco at this time. (See Exhibit J showing the new home is almost the same size as the 4 unit rent-controlled apartment upslope).

Finally, per policy house is not 'affordable by design'. That is, smaller homes are more affordable because square footage is the largest determinant of market rate on a particular rental. A single luxury dwelling of 4,800 square feet inherently cannot be affordable by design. For a more detailed reference to the relevant requirement to the General Plan please see Appendix A.

2. **Project Approval Was Based On Misapplication of Senate Bill (SB) 330 And Director's Bulletin No. 7.**

The Planning Commission's decision to approve the project was based on numerous falsehoods and noncompliance with SB 330 that was perpetrated by the project sponsor - which Planning Department staff covered up. SB 330 (aka "Housing Crisis Act of 2019") codifies protections for housing and tenants intended to *increase affordability* of new *developments* and *retain existing affordable housing*, and thus includes strong protections for existing protected housing. **The project complies with neither the spirit or the letter of the law, *as described below.***

The Sponsor misused SB 330 to circumvent policy and procedures designed to retain relatively affordable rent-controlled housing and they did so with help from city officials.

SB330 is not applicable to the approved project and its application here is counter to the spirit of the law.

The intent of the law is to alleviate the housing crisis, not further it by providing loopholes for wealthy and influential families. The Sponsor's blatant disregard for the city's policies and the neighborhood was made clear in an exchange between Commissioner Moore and the Sponsor's attorney at the hearing on July 27, 2021.

Commissioner Moore:

...the basic question remains demolition of rent controlled units. And I'd like to ask Mr. Embledge what good does it do to build a new building with two rent controlled units when the owner moves in and with the older mother and the second unit, while enlarged, it is basically the studio unit. Large but pretty much in the dark. What type of benefit are we creating?

(Sponsor's) Attorney Embledge:

What will - the title to the project there will be a restriction recorded on the project that specifies that it is two rent controlled units. It will maintain the way it is today. There are separate entrances, but obviously the elevator will facilitate the 81 year old mother

Commissioner Moore:

Unfortunately, the need for rent control units is right now…

Not only does the Project not comply with the spirit of the law, the Project does not comply with the letter of the law.

The Project does not meet three essential Requirements of SB330:

(1) Per Planning's own Director Bulletin No. 7, SB 330 **requires a new "preliminary application" under Government Code section 65941.1 separate and distinct from a development application.** SB 330 requires proper paperwork and a formal application, which this project sponsor failed to produce as evidenced by the CUA packet that did not include a "separate and distinct" application in violation of this state law.

(2) **Protected units must be replaced at comparable size.** In the case of housing development projects that would demolish any existing rent-controlled units ("protected units"), SB 330 requires that the replacement units provide the same number of bedrooms. This is not the case as a house with three bedrooms would be traded for a backyard basement studio. The Planning Commission accepted the Sponsor's and Planning Departments' argument that they do not need to build a three-bedroom unit *which is in clear violation of the rule of law*. **Planning Bulletin No. 7 makes clear that there is no exception for unauthorized units to be treated differently, especially given the misrepresentation of the bedrooms present in the lower unit.**

Under SB 330, the replacement units are required to provide the same number of bedrooms. In the case of this project, more code-compliant bedrooms are being provided. The existing authorized unit contains two bedrooms and the unauthorized unit contains three rooms, which may have been used as bedrooms. These three rooms however, do not meet building code requirements for bedrooms as none of them have code compliant ceiling heights. The project includes one four-bedroom unit and one studio unit. Thus, the project is net increasing the number of code compliant bedrooms from two to four.

(3) **Protected units must be replaced at comparable affordability.** SB 330 requires the replacement units be deed-restricted if the existing units are subject to a rent-control ordinance AND the last household in occupancy either earned up to 80% of AMI or their income is not known. The directive is:

Where the household income of current or previous occupants is not known, the replacement units shall be provided as affordable to very-low (earning up to 50% AMI) and low-income households (earning between 50% and 80% of AMI) in an amount proportional to the

number of very low and low-income households present in the jurisdiction according to the most current data from the Comprehensive Housing Affordability Strategy (CHAS) database provided by the Department of Housing and Urban Development (HUD).

While the project sponsor produced evidence of tenants' 'household income' in the upper unit, they did not provide this data for the tenants in the lower unit (which is the real issue of the case). Nevertheless, Planning staff shrugged off this absence of required data as "difficult to obtain," instead of upholding the law that requires a deed restriction for such units to provide affordable housing for very-low and low-income households.

In conjunction with the Planning Department, the Sponsor used SB330 to circumvent policy and procedures designed to retain relatively affordable rent-controlled housing.

The Sponsor and the Planning Department worked together to creatively apply and interpret SB330 to support demolition of affordable rent-controlled housing. The Sponsor's attorney specifically thanked the Planning Department for this service at the hearing on June 3, 2021 - revealing a serious bias in favor of the Sponsor. Though the project does not follow the spirit or the letter of the SB330 law, the Commission accepted the Project Sponsor's and Planning Department staff's false claim that this was an SB 330 project, and justified their decision by designating the replacement units as *rent-controlled* dwellings.

From the Conditional Use Authorization Appeal submitted to the Board of Supervisors by the Planning Department (dated July 27, 2021):

Rent Stabilization and Arbitration Ordinance. As required by California SB 330, the Project shall be subject to the City's Rent Ordinance, Administrative Code Chapter 37, and the Project Sponsor shall record a restriction on the property records that both units shall be subject to the City's Rent Ordinance ***and shall comply with all applicable provisions of Chapter 37 and California SB 330****."*

Under SB 330, if existing units to be demolished are subject to the City's Rent Ordinance and the income of the last occupant is above 80% of AMI, as is the case here, the Project Sponsor must provide replacement units that are subject to the Rent Ordinance. Here, the Project Sponsor has provided information showing that the current occupants' incomes are above 80% of AMI. Accordingly, the Project Sponsor and the City agree that the units resulting from the Project shall be subject to the Rent Ordinance. A condition of approval has been included to reflect the rent-control status of the Project.

The Planning Department and Commission made a serious error by saying the deed restriction is only required for the top unit. It is the second unit which recently housed working class renters that also needs to be deed-restricted. When asked about this information from the Commissioners at the prior hearing, City Attorney Kate Conner, who authored the Director Bulletin No. 7, shrugged off her own requirement (income levels of tenants) as "tricky information."

"*In terms of the unauthorized unit, the project sponsor is still doing research to figure out what that income level is. It is tricky information to be able to obtain because we have to do a 5-year look back so right now there's condition of approval for this project that specifies it has to comply with the replacement provision of SB 330*."

This "tricky information" **that by law is necessary**, and was stated as too difficult for the Planning Department to obtain was, in reality, easily discoverable and provided by the Opposition to the Planning Department prior to the hearing, and is included in Exhibit A. While it is unclear why the Planning Department ignored this information, as this information is necessary for the lawful application of SB330, the Planning Department should have either (a) defaulted to restricting the deed so that the bottom unit is affordable, or (b) delayed/continued the case until they had this essential information.

3. Project Sponsor would not grant a small rent reduction request causing their Tenants to leave under duress during the 2020 Covid 19 Eviction Moratorium

A. Prior Tenants

After the Sponsors purchased the property, they rented the upper unit to new tenants Matthew Beach and Hannah Suvalko (here on work visas from New Zealand). The Commission was deceived at both hearings by the Sponsor ("they left the city to find a yard for their dog"), they left under duress caused by the Sponsor (see Exhibit B). It is abundantly clear from evidence supplied by the Sponsors in their brief that the tenants left because they could not pay the full rent because of a pandemic related salary decrease. The Owners were unsympathetic to their pandemic hardship and told them they would not reduce the rent and instead leveled a penalty fee, claiming that the tenants would be responsible for any difference in rent paid to the Sponsor's by new tenants if the unit was rented for a lower price.

The Tenants informed neighbors as they were leaving (one of them in tears – in distress) in October 2020, they could not afford their rent and the Sponsors "would not cut us a small break so we had to move on." Neighbors informed them that they actually did not have to leave their home for not being able to pay the full rent because they were protected by the Covid 19 Eviction Moratorium and that the Owners (landlords) had a duty to inform them of those rights. We reminded them that most people were getting rent reductions from the landlords because the rental market had dramatically decreased. We suggested they seek counseling from the Tenants Union but by that time it was too late – they had already been made to do in-person showings during shelter-in-place and had to pay a fee for breaking the lease of $1,200 to the Owners.

The Tenants Union has supported our case since the facts came forward at the March 4th hearing. The fact that the tenants sought counseling with the union, and that they live a few blocks away in the city, suggest they were mistreated by the Owners and did not leave on their own volition. Further, the Opposition's brief dated October 7, 2021, which paints the Sponsor's mistreatment as an act of generosity, makes the details abundantly clear – **they left because they were not informed of their rights and the Sponsors would not give them a rent reduction during the**

moratorium. What is perhaps most disturbing is that they did not realize that by law, they literally could have stayed without paying any rent, but they were merely trying to do the right thing and not harm the Owners, who complained to the Tenants about their "rent not even covering their own mortgage payments".

The Sponsor deceived the Planning Commission and the neighborhood leaders who inquired about the issue (See Exhibit C) regarding this issue, and the Planning Commission accepted their explanation at face value despite opposition presenting evidence regarding the true state of affairs. Tenant rights should be of paramount importance to the City of San Francisco. The Sponsor's abuse of those rights should be considered from an equity standpoint per City policies, and from a legal standpoint given the 2020 Covid-19 renters' protections that were in place at that time.

It is disturbing that a wealthy family who has another $3M home and is planning to build a multi-million dollar home would not lower their tenants' rent after they had salary loss during the pandemic. Evidence is presented in Exhibit C. An email of this fact to the assigned planner and other neighbors came forward, but ultimately, Planning disregarded this "a rent board issue – we don't deal with that" and allowed the Sponsor and their attorney to cover this up in their testimony.

B. Current tenants

The tenancy of the current tenants cannot be terminated without a Just Cause, meaning no tenant cannot sign away their rights under the Rent Ordinance just because the landlord included language stating that they have to be out after one year. Unless they have specifically entered into a buyout agreement, they have the right to stay until they receive the 60-Day Notice for OMI plus relocation payments. Otherwise, it is a wrongful eviction. This was verified by the Tenants Union.

4. Sponsor submitted false plans and false testimony at the Planning Commission hearings – first by denying the existence of the second unit and then later the number of bedrooms with code compliant ceilings – to expedite approval.

The project sponsors since the outset have misled and obfuscated in favor of this project. They first lied saying their house was a single family home and owner-occupied. During the initial CUA hearing, neighbors objected when the Sponsor denied the existence of a second unit, but still the planner and Sponsor continued to insist on the lie (even though they had clear prior knowledge of it from multiple sources, see Exhibit D). Then, only upon additional questioning by the Planning Commision (primarily Commissioner Imperial), they changed their story to state that the second unit at the site (which existed and was occupied for many decades) was "*abated upon purchase*" and that the "*Building Department records should show the abatement very clearly*." This abatement was not done. The Planning Department backed the Sponsor's claim that there was only one unit, stating that they relied on information provided by the Sponsor and a residential 3-R report. The Sponsor and Planning Department were forced to admit to a second unauthorized unit that had not been legally abated.

The Sponsor knew of the second unit since all interested pre-sale buyers entered the downstairs as well as upstairs using a separate set of keys. Furthermore, there was no access from the downstairs unit to the upstairs and vice versa. Second in their own advertisement placed to rent the unit they mention the existence of the lower unit (See Exhibit E). **Planning also knew of the second unit and denied its existence** as multiple neighbors provided evidence to the department before and during the hearing (See Exhibit D) that there existed a second unit, clearly evident to any passerby.

The existing housing has been maintained in a decent, safe, and sanitary condition (Planning Code Sec. 317 (g) (6) (O)); The upper unit is a well-maintained traditional Victorian with its original crown moldings, wainscotting and other vintage features. The fact that the sponsors continue to rent the existing upper unit and charge market rate prices for this unit contradicts their claim of dilapidation. (See Exhibit E). This is in stark contrast to the Sponsor's claims that the building is dilapidated and unsafe.

Former owner of 249 Texas, Ernesto Valencia, his family and prior tenants have come forward to describe the lower unit as safe and livable with 3 bedrooms that exceed ceiling height requirements and have windows with lots of natural light.

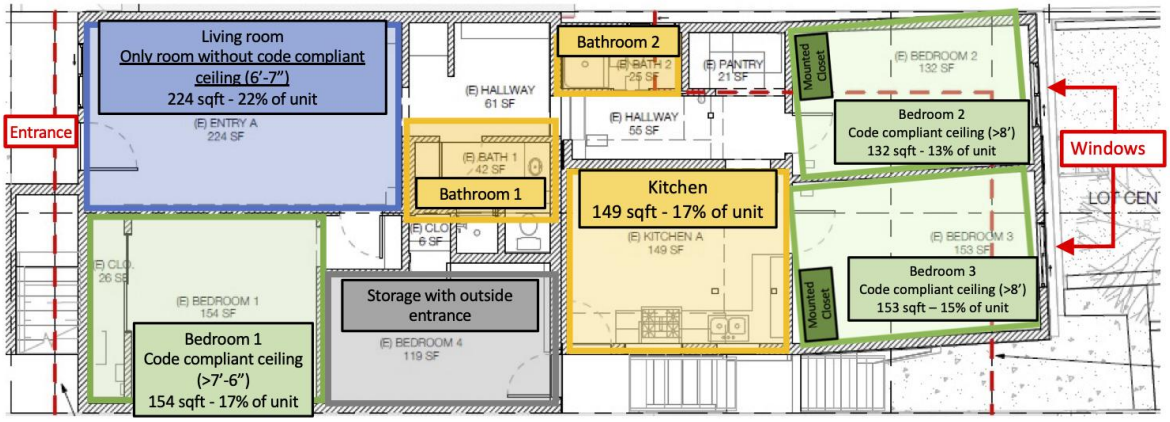
Lower Level Rooms

Lower Level Rooms

The former owner came forward to explain that the information about ceiling heights were intentionally misleading, exaggerated and written in a way to create confusion (by switching outdoor storage spaces with bedrooms, etc).

Below is a diagram for the bottom unit based on an appraisal produced by John Maniscalco Architecture for the project review meeting, with correct labels and mounted closets in bedrooms added.

Appraisal of Bottom Unit Produced by John Maniscalco Architecture for Project Review Meeting



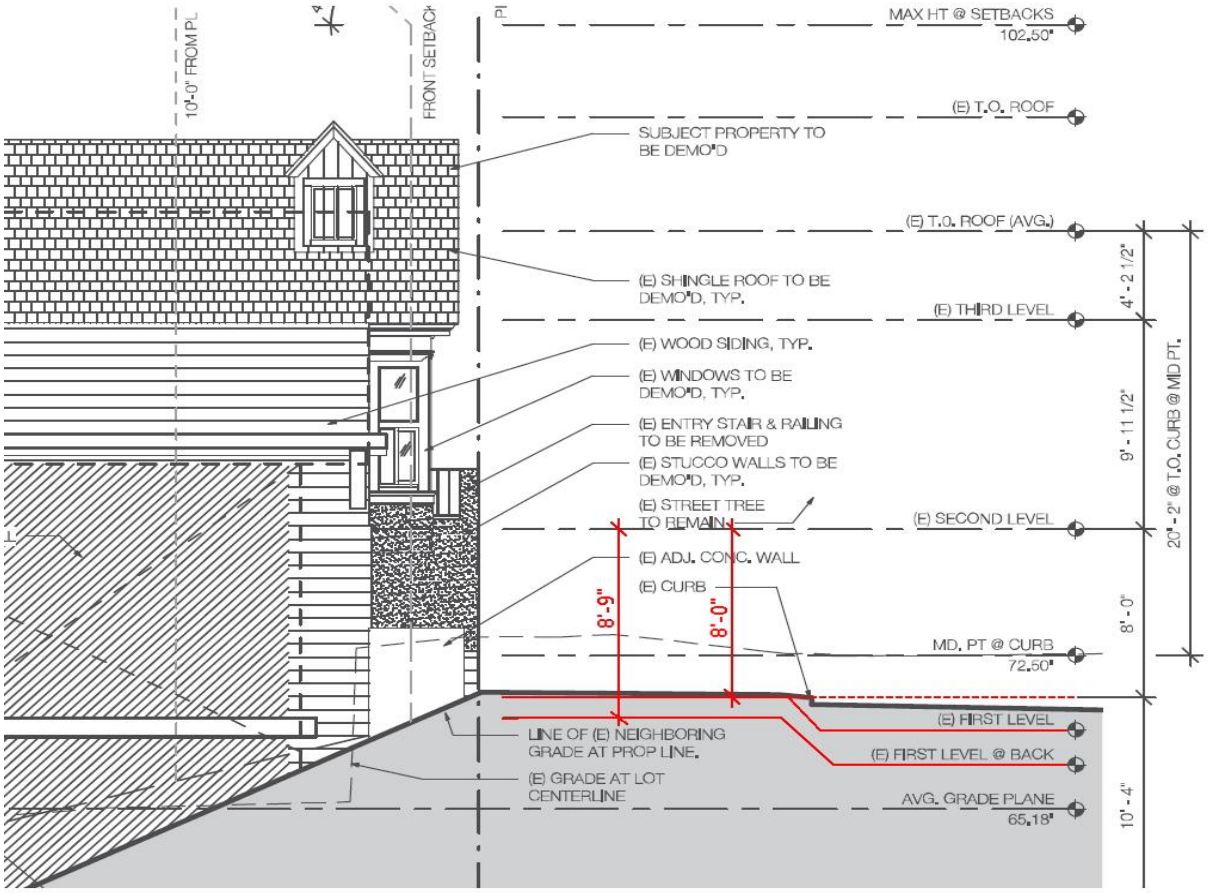
- Ground Floor Unit Total Square Footage: 1,016
- Square footage of three bedrooms with code compliant ceilings: 465 (46% of unit)
- Total square footage that does not have code compliant ceiling height: 224 (22% of unit)
- Labels provided by John Maniscalco Architecture (JMA) are included for reference.
- Closets mounted by prior owner in Bedrooms 2 & 3 were not depicted by JMA.

View of back windows in Bedrooms 2 & 3

<u>The facts of the interior are as follows and are exercepted from a letter written by Ernesto Valencia to the Board of Supervisors dated October 12, 2021.</u>

1. Other than the living room, which is a converted garage, each room has code-compliant ceilings that are at least 7'-6" tall. In fact, the entire back half of the home has a lower floor than the front half, so clearly, the ceilings of the bedrooms are code-compliant in the back.
2. The master bedroom is in the front of the home, whereas two additional bedrooms are in the back of the home.
3. All bedrooms are attached to the main living area, either to the kitchen, the living room or connecting hallways.
4. The unit includes two bathrooms, a full kitchen, and a pantry that includes washer and dryer hook-ups.
5. The unit is currently 1,300+ square feet.
6. Only storage spaces are not connected to the main home.
7. The unit was remodeled in 2016, with **<u>new</u>** floors, appliances, cabinetry, and more (See Exhibit F).

Below is a diagram of 249 Texas Street based on an appraisal produced by John Maniscalco Architecture (page A3.01) depicting the height at the front of the first level to be 8'0" and the back of the first level to be 8'9". *Considering the legal floor to ceiling height per the Planning Code is 7'-6", this begs the question how they could claim that the height of the entire first floor is not up to code. More importantly, the entire Planning Department and Planning Commission failed to see this discrepancy and instead fell for the lie put forth by the Project Sponsor.*

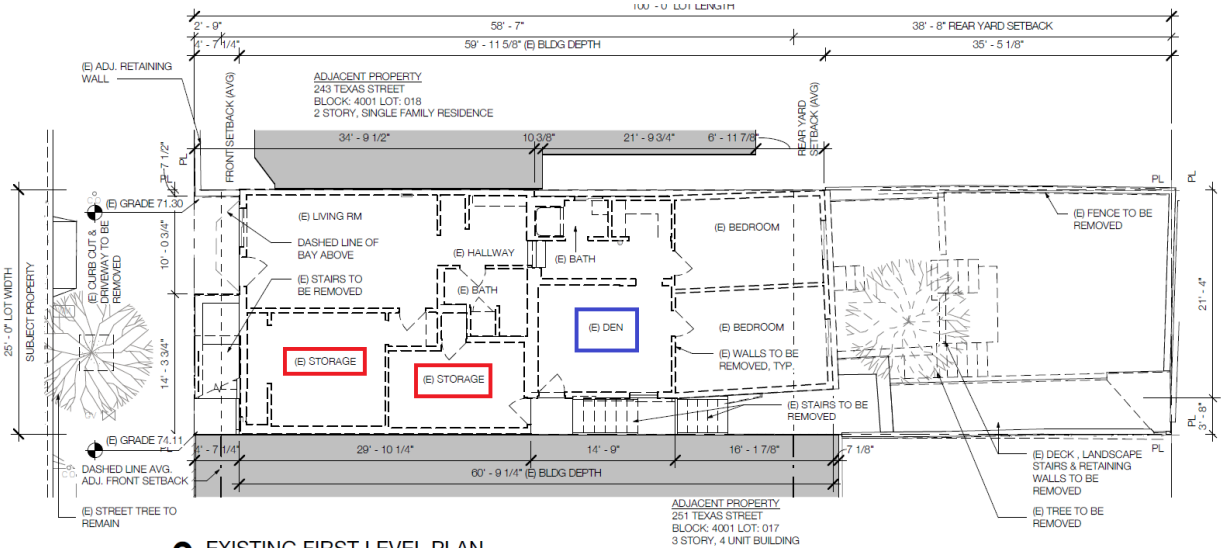


The Sponsors submitted three plans to the Planning Department, all of which are different and all of which mischaracterize the space. Every time the Sponsor got caught presenting an inaccurate depiction - they shifted the description of the space - despite the fact that *<u>these plans are submitted under penalty of perjury.</u>*

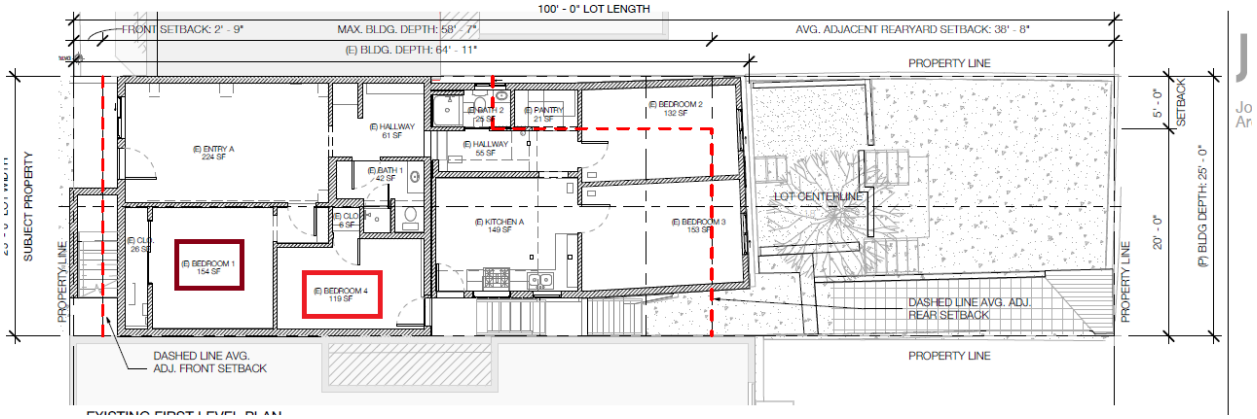
Below are the views of the bottom unit from the three plans submitted to the Planning Department by the Sponsor's architect.

First, the Sponsor submitted the Permit Application Plan: In this plan, they don't show a kitchen in the unit (blue rectangle). Presumably, they were trying to avoid acknowledging that

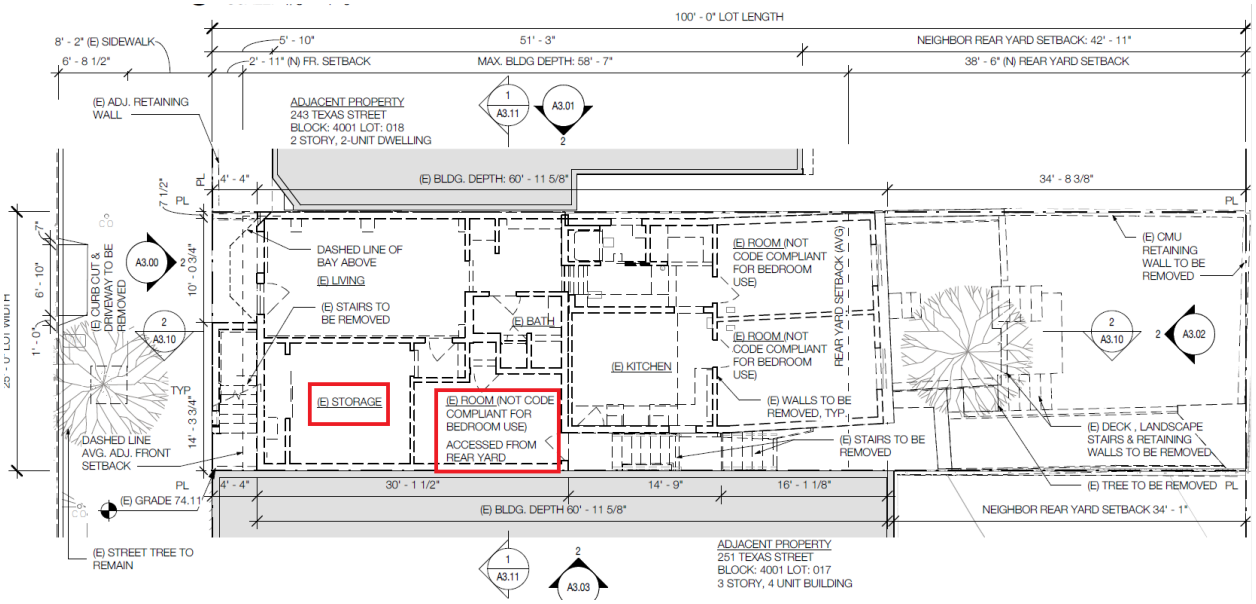
the unit was in fact a stand-alone unit, which they were forced to recognize at the first hearing. Additionally, they show two storage spaces (red rectangles), one of which served as the master bedroom (toward the front).



Second, the Sponsor developed a Project Review Plan: In this plan, they correctly show three of the four bedrooms, including the master bedroom (dark red rectangle). However, they incorrectly show a fourth bedroom, which is truly a storage space that can only be accessed from outside the unit (light red rectangle).



Third, the Sponsor submitted the Executive Summary Plan: In the final set of plans they relabel what they had correctly acknowledged was the master bedroom as storage. They continue to label the storage space as a bedroom. Presumably, they do this because the storage space can only be entered from the outside, and they wanted the Commission to believe that the unit included a bedroom that could only be accessed from outside the unit.



The Sponsor's mislabeling of the master bedroom as a storage unit is to suit their purposes, when it is clear that a 154 square foot room with a door into the living room would be used as a bedroom, and a room with an outside entrance would be used as storage. Why would the plans continue to change throughout the process if other than to support their changing claims about the unit? The architect had access to the unit the entire time.

5. **Sponsor falsified the extent of work and the dollar amount involved in legalizing the ground-floor unit to justify demolition**

The Sponsor was unable to justify the project as truly necessary or desirable for the neighborhood so they claimed that it would be financially unfeasible for them to legalize the second unit. To that end, the Sponsors claim that the cost to legalize the unauthorized unit has been estimated to be $416,000, which is far more than the average cost of legalization per unit in San Francisco of approximately $66,000. The Sponsor states that this is "due primarily to required seismic/foundation upgrades and excavation since the existing floor to ceiling heights at the ground floor (6'-9" for 50% of the space) are not compliant with the requirements of the building code."

The estimate is an exaggeration and misleading because it: (1) is based on a false description of the interior, and (2) conflates the costs of the upper luxury unit with the costs of the ground unit,(3) a breakdown of the costs reveal it is not possible, and (4) an alternate estimate from an objective contractor (with no stakes and no political ties to the Department) shows the costs are $113,000 - not $416,000.

1. The 6'-9" ceiling height pertains to only a small subset of the space. The previous owner claims 20% space was 6'-9" (a converted garage), whereas the Sponsors claim 50%. The

previous owner further states that the ceiling height for the remainder of the unit was well over the 7'-6" required by city planning code (See Exhibit G). Regardless, it is simply impossible for it to cost $416,000 to bring the unit up to code if that cost is based primarily upon excavating seven inches of ground for a limited portion (20% to 50%) of the unit, as stated by the Sponsor.

2. Design Line Construction (a company affiliated with the architect) **provided an estimate that bundles all the costs together in a way to create a mirage of infeasibility.** Any remodeling of a 100-year old building would naturally include the pouring of a new foundation, with which the minimal excavation necessary for the second unit could be completed at minimal cost. **When discussing the <u>removal</u> of the second unit, the costs for the second unit should not be conflated with costs for the whole building as a justification.**
3. The permit **to build the entire new home is listed in city records as $815,000 so the claim that $415,000 of that goes to digging out a few inches of ground is not believable under any scenario.** The Sponsors are building a 4,864 square foot, four-story home with numerous luxury features (e.g. an entire wall of picture windows on the third floor living and dining room, an elevator connecting all four floors), but claim half of that goes to bringing up the ground unit to compliance by excavating seven inches of ground for a limited portion.
4. **In stark contrast to the Sponsor's claim of $416,000, is a quote of $113,000 to complete the work provided by a licensed contractor hired by the Opposition** (see Exhibit H). To develop this appraisal, the contractor relied upon the plans submitted to the department by the project Architect, and can be considered accurate to the extent that the Architects plans accurately reflect the existing second unit. The licensed contractor estimated it would cost $113,000 to bring the second unit up to code, which means excavating the front room with low ceiling heights and sizing up the foundation, new electrical, plumbing, painting, etc. for the relevant area. Even if an underestimate, the cost to bring the second unit up to code is nowhere near the Sponsor's exaggerated claim of $416,000, and is clearly reasonable and financially feasible for the Sponsor, who paid $1.6M for the property and plans on building a home that will cost at least $815,000. *<u>The Opposition specifically hired a neutral contractor with no pre-existing relationship who works in the Bay Area, but is not based here in the City, with no ties or anything to gain or lose with his assessment.</u>*

In accepting the Sponsor's exaggerations, falsehoods and inaccuracies, the Department failed to provide a necessary check/balance on whether the project met the requirements of the Section 317. No one from the planning department or DBI went to the unit to perform an objective and independent assessment of what it would take to make the unit code compliant. Commissioner Imperial stated she was not convinced that the second unit was financially infeasible.

6. <u>Planning helped the Project Sponsor to advance falsehoods in the interest of expediting the project and obtaining approval from the Planning Commission</u>

For obvious reasons, the project applicants may be incentivized to evade laws as means to obtain approval for their projects, but what is alarming is that a tax-payer funded city agency such as the

Planning Department did not act with impartiality. Despite the serious flaws in this case from the beginning, the Department facilitated a quick and favorable processing of the application despite privately acknowledging (Director Hillis in a phone call with neighbors) the fraudulent actions of the Sponsors.

Section 317 requires the Planning Department to determine if a project will remove rent-controlled housing and to examine the permit history. The Department's original analysis ignored the second unit which has been continuously occupied for decades and is part of the permit history. At the first hearing, the staff planner stated that the rental history was NOT reviewed, and that the Dept "doesn't do rent control."

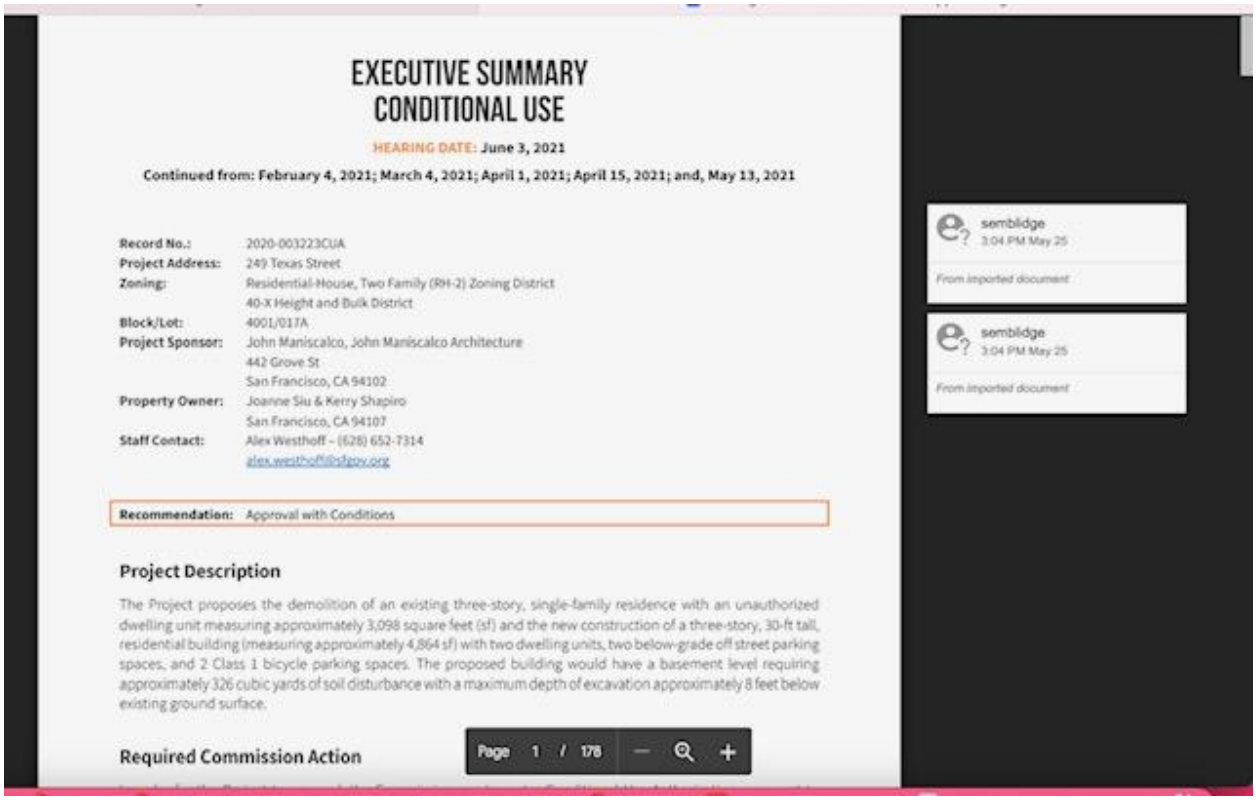
This project began with three falsehoods provided by the Sponsor in the brief submitted for the initial hearing on March 4, 2021 and perpetuated by the Department at that hearing despite neighbors presenting clear evidence to the contrary well prior to the hearing. The frauds exposed at this time were so egregious that the project should have started over with a new application, or done an investigation to hold the Sponsors accountable. Instead, the Planning Department aided the Sponsor in accepting falsehoods and inaccuracies in support of the claim that this project is "necessary and desirable", as well as misusing SB 330, in front of the Commission.

Director Rich Hillis and staff admitted that the Sponsors were deceptive and misinformed the Department and the Commission but in front of the Commission no such acknowledgement was made. On April 14th, Opposition and other activists and coalition leaders met privately with Director Hillis and his staff to address the fraud by the Sponsors and understand the motivation behind the assigned planner denied having knowledge of the UDU despite clearly knowing otherwise. To this day, no explanation has been given for why the Planner disregarded many instances of being provided this evidence (from both the Opposition and residents from other districts in the city) except "it was a mistake" which is not believable under the plethora of evidence to suggest otherwise. **Director Hillis apologized for the mistakes of his department and admitted that the Sponsors misrepresented the facts to his staff. Mr. Hillis promised that he would stay involved in the case, ensure there would be 'no more surprises' and that the Opposition would be up-to-date on the changing analysis of the case. This failed to occur, and in fact the opposite occurred:**

- The Opposition was surprised by the last minute invoking of SB 330 at the continued hearing
- Sponsor's attorney publicly thanked the city officials for leading him to SB 330 so they could move the project forward
- The prior deceptions were completely omitted from discussion with the Planning Commission
- The Department's only excuse for not including the Opposition as promised was "It's not our fault. We received all the necessary materials at the last minute from the Sponsor - the day before the case summary was due to the Commission."

- ➢ When the Opposition (who had never asked for a continuance despite dealing with multiple continuances initiated by the Sponsor) requested one, it was denied. Planner Mr. Richard Sucre stated, “It’s in everyone’s best interest to move this forward to the hearing.”
- ➢ When complaints were raised about neighbors not receiving notice, incorrect notice, etc, the Department was unresponsive (“it’s not our duty to update the dates for continuances”)
- ➢ After Director Hillis acknowledged the deception on the part of the Sponsor, Opposition asked the planner for an independent investigation into the interior of the two units but request was denied
- ➢ The assigned planner Mr. Westhoff said both him and his boss (Rich Sucre) were frustrated by the Sponsor’s lack of communication with the neighborhood (until being forced to by the Planning Department) but the Planning documents state the contrary

Opposition believes a potential ethics violation has occurred. The Planning Commission’s Executive Summary includes 3 separate comments made by Scott Emblidge, the Sponsor’s counsel. Thus, at the minimum, he commented on the document and had access to the document prior to publication. Perhaps he also drafted text that was included in the Executive Summary. <u>For the Planning Department, who are supposed to be making impartial findings, to collaborate with the Sponsor’s attorney on documents for the case appears to be a serious ethics violation.</u>



<u>The project sponsor and their counsel should not be writing pieces of the city's report. The city's report must reflect the city's "independent judgment."</u> Courts have held that responses to comments prepared by an attorney for a project applicant failed to reflect the “independent judgment” of the lead agency (in this case the Planning Department) due to the inherent bias of the applicant’s

attorney.[1] The courts have noted that allowing the applicant's attorney to prepare responses to comments makes the lead agency "clearly captive" to the applicant.[2] Obviously, having an applicant's attorney prepare part of the Planning Commission's executive summary reveals serious bias. For the reasons above, the Planning Department failed to exercise "independent judgment" in violation of the mandates. The City should therefore reopen the public comment period and respond to all comments itself using its independent judgment, and without retaining a consultant with an inherent conflict of interest.

[1] CEQA §21082.1(c); *People v. County of Kern* (1976) 62 Cal.App.3d 761, 775; *Gentry v. Murietta* (1995) 36 Cal.App.4th 1359, 1397-98.

[2] *City of Poway v. San Diego* (1984) 155 Cal.App.3d 1037, 1042; *see also, Friends of La Vina v. Los Angeles* (1991) 232 Cal.App.3d 1446, 1458 (Gates, dissenting), *reversed*, *Western States Petroleum Assoc. v. Superior Court* (1995) 9 Cal.4th 559, 570 ("When any person's future income is dependent solely upon his ability to achieve success for those who retain his services, no matter how capable or honorable may be his intentions, his conflicting interests are so patent that the statutory proscription forbidding public agencies from casting him in such a role would hardly seem necessary.")

The sponsor misrepresented the facts of the case and the application does not meet the Planning Code criteria or override policy objectives for demolition of a two unit, rent controlled building. Despite these facts, the Planning Department facilitated approval of this project by:

- ➢ Failing to apply the mandate of Section 317 designed to protect and legalize "unauthorized" units as naturally affordable housing;
- ➢ Permitting the existing application to proceed without the separate application for demolition of a rent-controlled unit as required by Section 317;
- ➢ Permitting the Sponsor to use as evidence to justify demolition of rent-controlled housing with exaggerations, falsehoods and inaccuracies;
- ➢ Helping the Sponsor to avoid scrutiny regarding Section 317 criteria by bundling claims with claims regarding SB330 at the final hearing on June 3, 2021.

Because the Dept. failed to note the presence of the second dwelling unit as evidenced in the permit history, its analysis and recommendation to the Commission at the first hearing were not code compliant. The Dept. then failed to correct this mistake by conducting this analysis as part of a separate application as required by Section 317, and instead proceeded with a second hearing whereby (false) claims regarding Section 317 were bundled with (false) claims regarding SB 330. In other words, the Sponsor in a last-minute effort to justify the demolition of the building (which never met criteria in the first place) invoked SB 330 but did not actually comply with three essential requirements of the law for the demolition of rent-controlled dwellings. The Commission approved the project despite this gross failure in complying with SB 330.

7. **The Sponsor disregarded the Department's policies to involve neighbors before plans were finalized. As a result, the Sponsor's plans are devoid of input and consideration of the neighbors.**

The single instance that the sponsors met with the neighbors was in 2019, at a required pre-application meeting for neighbors within 150 feet of the property. At that time the project

was in the preliminary stages and the design was very different from the finalized plans. There was no communication after that until over a year later in February 2021, when the Planning Department sent neighbors notification of a CUA meeting. By then the plans had been finalized, with no outreach or input from the neighbors. The sponsor completely disregarded the Planning Department's policies of reaching out to neighbors during the process so that their concerns and recommendations are incorporated into the final plans. The Sponsors only reached out to the neighbors after the Planning Staff forced them to do so after neighbors kept complaining about not having any communication from the Sponsor, and it was clear and obvious that they were doing so only in order to appease the wishes of the Planning staff. The Sponsor never showed any interest in revising their original plans to help alleviate the reasonable concerns of the neighbors. Neighbors within close proximity (but not 150 feet) of the property asked to join the pre-application but were told they could not attend but would be contacted after the pre-application meeting to be included. This never happened. Instead the final plans approved by the Planning Commission are completely devoid of neighbors' input and collaboration. These final plans are the result of the Sponsors' laser-focused, uncompromising, desire to destroy a multi-family unit victorian, replacing it with a modern, towering structure devoid of neighborhood character.

Conclusions

The Planning Department justified approving this project under both Section 317 and SB 330 as being a "necessary and desirable" addition to the neighborhood without actually adding the logic, rationale or evidence to support this claim. Their subjective characterization is based on the Sponsor's falsehoods, exaggerations and inaccuracies that support the claim that the project will add livable units to the neighborhood when it, in fact, reduces rent controlled housing. The second unit was recently remodeled with 3 code compliant bedrooms with proper ceiling heights windows and closets and cannot, by law, be traded with a small, dark basement studio with no rooms and less windows.

Section 303 (F) states that the Planning Commission may consider the possible revocation or modification of a CUA once it becomes clear that false or misleading information in the application process would have had a substantial effect upon the Commission's decision. The Commission should have directed the Sponsor to start over with a new application. We ask that the Supervisors do that now. The destruction of sound, affordable rent-controlled housing in a working and middle class neighborhood violates the most important policies of San Francisco's General Plan. The new building is a luxury single-family home, and the housing to be destroyed is the most valuable and at-risk type of housing, which furthers gentrification. The current housing affordability crisis creates an exceptional and extraordinary circumstance. The Department and Commission missed this controlling fact, and it is up to the Board of Supervisors to correct this error.

Sponsor's arguments are weak, do not address the non-compliance with law and instead focus on discrediting the neighbors. Not one member of the Opposition is interested in extracting money

from the Sponsors. Kathleen Block has advocated for her renters from the beginning and their loss of light and air in their building, and Sasha Gala & Matt Boden have turned down repeated settlement offers (see Exhibit I). Despite the offensive suggestion they do not care about the neighborhood, they are both avid volunteers in San Francisco and invested in the community (extensive volunteer history Casa SF, Arc, Glide) including previous history of volunteering from 2018-2019 to advance affordable housing at RCD in the East Bay. We ask that the Supervisors stay focused on the relevant issues which are non-compliance and abuse of state and local laws and the permanent destruction of affordable, rent-controlled housing. For a further analysis of the destruction of rent controlled housing and this architect's involvement with a pervasive pattern across San Francisco, please see Appendix C.

APPENDIX A

General Plan Objectives and Policies Violated by the Approved Project

General Plan, City of San Francisco

OBJECTIVE 2: RETAIN EXISTING HOUSING UNITS, AND PROMOTE SAFETY AND MAINTENANCE STANDARDS, WITHOUT JEOPARDIZING AFFORDABILITY

POLICY 2.1: Discourage the demolition of sound existing housing, unless the demolition results in a net increase in affordable housing.

OBJECTIVE 3: PROTECT THE AFFORDABILITY OF THE EXISTING HOUSING STOCK, ESPECIALLY RENTAL UNITS.

POLICY 3.1: Preserve rental units, especially rent controlled units, to meet the City's affordable housing needs.

POLICY 3.3: Maintain balance in affordability of existing housing stock by supporting affordable moderate ownership opportunities.

POLICY 3.4: Preserve "naturally affordable" housing types such as smaller and older ownership units.

OBJECTIVE 5: ENSURE THAT ALL RESIDENTS HAVE EQUAL ACCESS TO AVAILABLE UNITS.

POLICY 5.1: Ensure all residents of San Francisco have equal access to subsidized housing units.

The Proposed Project Violates The General Plan

San Francisco's highest Priority Policies are enumerated in the General Plan. The two units to be demolished here are considered to be "naturally affordable" as described in policy 3.4 of the General Plan's Housing Element as being smaller rent controlled dwelling units. The project is inconsistent with multiple General Plan objectives and priorities that:

(1) Promote retention of existing housing and discourage the demolition of sound existing housing (Objective 2, Policy 2.1),

(2) Promote protection of affordability of existing housing stock through maintenance of balance in affordability of existing housing stock and preservation of "naturally affordable" housing types (Objective 3, Policies 3.1, 3.3, 3.4), and

(3) Ensure that all residents have equal access to available units (Objective 5, Policity 5.1).

General Plan: Showplace Square/Potrero Hill Area

The Project is also inconsistent with General Plan objectives and priorities specific to Potrero Hill that promote retention and improvement of existing housing affordable to people of all incomes (Objective 2, Policies 2.2.1 & 2.2.2).

The City's top 'housing value' is to "Prioritize permanently affordable housing." Further, to the extent some General Plan policies may clash with others, (for example—the creation of new housing vs. retention of existing housing---such as here) the two policies that are to be given primacy are:

(1) That the City's supply of affordable housing be preserved and enhanced, and

(2) That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods.

OBJECTIVE 2.2: RETAIN AND IMPROVE EXISTING HOUSING AFFORDABLE TO PEOPLE OF ALL INCOMES.

The existing housing stock is the City's major source of relatively affordable housing. The Eastern Neighborhoods' older and rent-controlled housing has been a long-standing resource for the City's lower and middle income families. Priority should be given to the retention of existing units as a primary means to provide affordable housing. Demolition of sound existing housing should be limited, as residential demolitions and conversions can result in the loss of affordable housing. The General Plan discourages residential demolitions, except where they would result in replacement housing equal to or exceeding that which is to be demolished. Planning Code and Commission already maintain policies that generally require conditional use authorization or discretionary review wherever demolition is proposed. In the Eastern Neighborhoods, policies should continue requirements for review of demolition of multi-unit buildings. A permit to demolish a residence cannot be issued until the replacement structure is approved. When approving such a demolition permit and the subsequent replacement structure, the Commission should review levels of affordability and tenure type (e.g. rental or for-sale) of the units being lost, and seek replacement projects whose units replaced meet a parallel need within the City. The goal of any change in existing housing stock should be to ensure that the net addition of new housing to the area offsets the loss of affordable housing by requiring the replacement of existing housing units at equivalent prices.

POLICY 2.2.1: Adopt Citywide demolition policies that discourage demolition of sound housing, and encourage replacement of affordable units..

POLICY 2.2.2: Preserve viability of existing rental unit.

APPENDIX B

Planning Code Section 317 Criteria Unmet and Met by Approved Project

Existing Value and Soundness

1. Whether the Project Sponsor has demonstrated that the building is unsound or is not affordable or financially accessible housing. *The project sponsor has not submitted a soundness report and no claim is made that the building is unsound; because it was recently and continuously occupied by tenants it is presumed to be sound.* **DOES NOT Meet Criterion to Approve a Demolition.**

2. Whether the housing is found to be unsound at the 50 percent threshold. *The building is not unsound*. **DOES NOT Meet Criterion to Approve a Demolition.**

3. Whether the property is free of a history of serious, continuing code violations. *There is no history of code violations at the site.* **DOES NOT Meet Criterion to Approve a Demolition.**

4. Whether the housing has been maintained in a decent safe and sanitary condition. *Yes, the housing has been maintained.* **DOES NOT Meet Criterion to Approve a Demolition.**

5. Whether the property is a historical resource under CEQA. *The project was not found to be a historic resource.* **Meets Criterion**

6. Whether the removal of the resource will have a substantial adverse impact under CEQA. **--Not Applicable**

The Project satisfied only two of the six criteria under the above section to approve a demolition.

Rental Protection

1. Whether in the project converts rental housing to other forms of tenure or occupancy. *Yes, the Dept. failed to do the analysis required to retain an unauthorized unit and the new units will no longer be under Rent Control and may be sold as condos or rented at Market Rate.* **DOES NOT Meet Criterion to Approve a Demolition.**

2. Whether the project removes rental units subject to the rent stabilization and arbitration ordinance. *Yes, if the unauthorized unit is retained, the project removes at least the two units subject to rent control* **DOES NOT Meet Criterion to Approve a Demolition.**

3. Whether the project conserves existing housing to preserve cultural and economic neighborhood diversity. *The project removes 2 sound affordable rent-controlled units.* **DOES NOT Meet Criterion to Approve a Demolition.**

4. Whether the project conserves neighborhood character to preserve neighborhood cultural and economic diversity. *The project does not conserve neighborhood character and does not preserve neighborhood cultural and economic diversity by replacing the rent-controlled units with market rate housing.* **DOES NOT Meet Criterion to Approve a Demolition.**

5. Whether in the project protects the relative affordability of existing housing. *The project does not protect the relative affordability of existing housing and replaces the affordable rent-controlled units with market rate housing.* **DOES NOT Meet Criterion to Approve a Demolition.**

6. Whether the project increases the number permanently affordable units is governed by section 415. *Project does not provide and permanently affordable units.* **DOES NOT Meet Criterion to Approve a Demolition.**

The Project does not meet any of the above six criteria for approving a demolition and only satisfies 2 of the first 12 criteria.

<u>Replacement Structure</u>

1. Whether the project located in fill housing on appropriate sites in established neighborhoods. I*f a project requires the destruction of sound affordable rent-controlled housing, the site is NOT appropriate.* **DOES NOT Meet Criterion to Approve a Demolition.**

2. Whether the project creates quality, new family housing. *The Project creates large new unit housing—NOT AFFORDABLE.* **Meets Criterion**

3. Whether the project creates new supportive housing. *No supportive housing is created by the project.* **DOES NOT Meet Criterion to Approve a Demolition.**

4. Whether the project promotes construction of well-designed housing to enhance existing neighborhood character. *Although the neighbors do not believe the project fits in with the existing neighborhood character, we can concede this point for the sake of argument.* **Meets Criterion**

5. Whether the project increases the number of on-site dwelling units. *NO, the project creates only two new units.* **DOES NOT Meets Criterion**

6. Whether the project increases the number of on-site bedrooms. *Project creates two new units with the same number of bedrooms.* **DOES NOT Meet Criterion**

The Project meets only two of the above six criteria for approving a demolition and only satisfies 4 of 18 criteria

Amendment to Section 317 criteria for removal of Unauthorized Units

As of March 1, 2016, Section 317 was amended as follows: (6) **Removal of Unauthorized Units.** In addition to the criteria set forth in Subsections (g)(1) through (g)(4) above, the Planning Commission shall consider the criteria below in the review of applications for removal of Unauthorized Units:

(A.) Whether the Unauthorized Unit or Units are eligible for legalization under Section 207.3 of this Code;

(B.) Whether the costs to legalize the Unauthorized Unit or Units under the Planning, Building, and other applicable Codes is reasonable based on how such cost compares to the average cost of legalization per unit derived from the cost of projects on the Planning Department's Master List of Additional Dwelling Units Approved required by Section 207.3(k) of this Code;

(C.) Whether it is financially feasible to legalize the Unauthorized Unit or Units. Such determination will be based on the costs to legalize the Unauthorized Unit(s) under the Planning, Building, and other applicable Codes in comparison to the added value that legalizing said Units would provide to the subject property. The gain in the value of the subject property shall be based on the current value of the property with the Unauthorized Unit(s) compared to the value of the property if the Unauthorized Unit(s) is/are legalized. The calculation of the gain in value shall be conducted and approved by a California licensed property appraiser. Legalization would be deemed financially feasible if gain in the value of the subject property is equal to or greater than the cost to legalize the Unauthorized Unit.

(D.) If no City funds are available to assist the property owner with the cost of legalization, whether the cost would constitute a financial hardship.

APPENDIX C

Further analysis of Commission's approval setting precedent for continued removal of affordable housing in violation of City policies.

There is an overarching policy goal for preserving unauthorized units. The goal of the new controls is to impose a high scrutiny over removal of unauthorized units first and foremost to protect tenants from eviction, and second to preserve existing housing stock. Unauthorized units are subject to rent control and should be preserved unless there is some extraordinary reason to allow for the demolition. Compared to other rent-control units or other rental units, these units maintain a more affordable rent due to physical characteristics or long-term tenancy. Unauthorized units in single-family homes are perhaps the most important. A snapshot of the Department's alteration permits filed over the past 3 years includes over 180 permits filed for removal of illegal units of which at least 110 are located in single-family homes. Similar pattern is also present in permits to legalize Unauthorized Units: approximately 60% of the applications received are for Unauthorized Units located in single-family homes. Based on this data, it is safe to assume that single-family homes are the most common building types where Unauthorized Units exist. This is exactly the situation in the present case. *The Department cannot simultaneously promote a "new" policy to save and legalize unauthorized units and continue to routinely permit the demolition of such units. I*n the present case the Dept. did not even bother to go through the mandatory analysis before rushing to recommend approval of the permit to destroy this sound affordable housing. Not only was there not the high level of scrutiny, but there was a rush to approve, and the invocation of a state law used contrary to the spirit of saving housing. Displacement of tenants transforms the neighborhoods and weakens the social ties and resources that people shape during the years of living in one place. Preserving these units therefore is also a strategy for neighborhood stabilization at the time when displacement and gentrification are the highest concerns of San Franciscans.

Approving this project worsens the affordability and gentrification crisis we are in today. For example, in 2020, the Planning Department analyzed Supervisor Mandelman's proposed ordinance to close the loophole that allowed "demonstrably not affordable" houses to be demolished with only administrative approval by the Zoning Administration. Looking back over a 2-year period, the Department found 10 projects had fallen into this category. Of those 10 projects, four were designed by the Architect of the approved project at 249 Texas St., John Maniscalco Architecture. Most of John Maniscalco's designed homes are for the wealthy elite of San Francisco, are larger than 6,000 square feet, and include sham au-pair units that ensure the project meets criteria for demolition. His firm is disproportionately responsible for demolishing relatively affordable homes that might house working and middle-class San Franciscans, and their renters who might include very low to low-income middle class, such as those who lived in 249 Texas St. during the last decade.

Exhibit A.1 - Evidence of Prior Tenancy

California Residential Lease Agreement

THIS AGREEMENT (hereinafter referred to as the "California Lease Agreement") is made and entered into on February 4, 2017 by and between **Ernesto Valencia** (hereinafter referred to as "Landlord") and **Pete Lopez** (hereinafter referred to as "Tenant)." For and in consideration of the covenants and obligations contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. **PROPERTY.** Landlord owns certain real property located at 249 Texas Street, San Francisco, CA 94107 (hereinafter referred to as the "Property"). Landlord desires to lease one bedroom at 249 Texas Street, San Francisco to Tenant upon the terms and conditions contained herein. Tenant desires to lease one bedroom from Landlord on the terms and conditions as contained herein.

2. **TERM.** This California Lease Agreement shall commence on **February 4, 2017** and continue as a lease for a one-year term. The termination date shall be on January 31, 2018 at 11:59 PM. Upon termination date, Tenant shall be required to vacate the Premises unless one of the following circumstances occur:

   (i) Landlord and Tenant formally extend this California Lease Agreement in writing or create and execute a new, written, and signed California Lease Agreement; or

   (ii) Landlord willingly accepts new Rent from Tenant, which does not constitute past due Rent.

   In the event that Landlord accepts new rent from Tenant after the termination date, a month-to-month tenancy shall be created. If at any time either party desires to terminate the month-to-month tenancy, such party may do so by providing to the other party written notice of intention to terminate at least 30 days prior to the desired date of termination of the month-to-month tenancy.

   Notices to terminate may be given on any calendar day, irrespective of Commencement Date. Rent shall continue at the rate specified in this California Lease Agreement, or as allowed by law. All other terms and conditions as outlined in this California Lease Agreement shall remain in full force and effect. Time is of the essence for providing notice of termination (strict compliance with dates by which notice must be provided is required).

3. **RENT.** Tenant shall pay to Landlord the sum of $1100.00 per month as Rent for the Term of the Agreement. Due date for Rent payment shall be the 1st day of each calendar month and shall be considered advance payment for that month. Weekends and holidays do not delay or excuse Tenant's obligation to timely pay rent. Utilities are included within the cost of rent.

   A. Delinquent Rent. If not paid on the 1st, Rent shall be considered overdue and delinquent on the 5th day of each calendar month, per San Francisco, CA rent ordinance. If Tenant fails to timely pay any month's rent by the 5th day of each calendar month, Tenant will pay

Exhibit A.1 - Cont.

Landlord a late charge of $10.00 per day until rent is paid in full. Any waiver of late charges under this paragraph will not affect or diminish any other right or remedy Landlord may exercise for Tenant's failure to timely pay rent.

B. Prorated Rent. In the event that the Commencement Date is not the 1st of the calendar month, Rent payment remitted on the Commencement Date shall be prorated based on a 30-day period. In this case, the commencement of February 2017 will incure the cost of $916.67

C. Returned Checks. In the event that any payment by Tenant is returned for insufficient funds ("NSF") or if Tenant stops payment, Tenant will pay $75.00 to Landlord for each such check, plus late charges, as described above, until Landlord has **received** payment. Furthermore, should this occur, Landlord may require in writing that Tenant pay all future Rent payments by cash, money order, or cashier's check.

D. Rent Increases. There will be no rent increases through the Termination Date. If this lease is renewed automatically on a month to month basis, Landlord will increase the rent during the renewal period by providing written notice to Tenant that becomes effective the month following the 30th day after the notice is provided. Limits on rent increases will be covered by the rent control laws, as set by San Francisco Rent Board.

4. **SECURITY DEPOSIT**. $1100.00

5. **USE OF PREMISES**. The Premises shall be used and occupied Landlord and as a private single family dwelling, and no part of the Premises shall be used at any time during the term of this California Lease Agreement by Tenant for the purpose of carrying on any business, profession, or trade of any kind, or for any purpose other than as a private single family dwelling. Tenant shall not allow any other person, other than Tenant's immediate family or transient relatives and friends who are guests of Tenant, to use or occupy the Premises without first obtaining Landlord's written consent to such use. Tenant shall comply with any and all laws, ordinances, rules and orders of any and all governmental or quasi-governmental authorities affecting the cleanliness, use, occupancy and preservation of the Premises.

6. **CONDITION OF PREMISES**. Tenant stipulates, represents and warrants that Tenant has examined the Premises, and that they are at the time of this Lease in good order, repair, and in a safe, clean and tenantable condition.

7. **ASSIGNMENT AND SUB-LETTING**. Tenant shall not assign this California Lease Agreement, or sub-let or grant any license to use the Premises or any part thereof without the prior written consent of Landlord. A consent by Landlord to one such assignment, sub-letting or license shall not be deemed to be a consent to any subsequent assignment, sub-letting or license. An assignment, sub-letting or license without the prior written consent of Landlord

Exhibit A.1 - Cont.

or an assignment or sub-letting by operation of law shall be absolutely null and void and shall, at Landlord's option, terminate this California Lease Agreement.

8. **ALTERATIONS AND IMPROVEMENTS.** Tenant shall make no alterations to the buildings or improvements on the Premises.

9. **HAZARDOUS MATERIALS.** Tenant shall not keep on the Premises any item of a dangerous, flammable or explosive character that might unreasonably increase the danger of fire or explosion on the Premises or that might be considered hazardous or extra hazardous by any responsible insurance company.

10. **UTILITIES.** Tenant is not responsible for paying utilities. Tenant is expected to act responsibly and minimize waste when using electricity, gas and water.

11. **MAINTENANCE, REPAIR, AND RULES.** Tenant will keep the Premises and appurtenances in good and sanitary condition at all times.

12. **DAMAGE TO PREMISES.** In the event the Premises are destroyed or rendered wholly uninhabitable by fire, storm, earthquake, or other casualty not caused by the negligence of Tenant, this California Lease Agreement shall terminate from such time except for the purpose of enforcing rights that may have then accrued hereunder. The rental provided for herein shall then be accounted for by and between Landlord and Tenant up to the time of such injury or destruction of the Premises, Tenant paying rentals up to such date and Landlord refunding rentals collected beyond such date. Should a portion of the Premises thereby be rendered uninhabitable, the Landlord shall have the option of either repairing such injured or damaged portion or terminating this Lease. In the event that Landlord exercises its right to repair such uninhabitable portion, the rental shall abate in the proportion that the injured parts bears to the whole Premises, and such part so injured shall be restored by Landlord as speedily as practicable, after which the full rent shall recommence and the California Lease Agreement continue according to its terms.

13. **ACCESS BY LANDLORD.** Landlord shall have the right at all reasonable times, and by all reasonable means, with 24 hours notice, during the term of this California Lease Agreement and any renewal thereof to enter the room to inspect the condition, make repairs, show the property to prospective tenants, lenders, insurance agents or others, as deemed necessary, by Landlord.

14. **SUBORDINATION OF LEASE.** This California Lease Agreement and Tenant's interest hereunder are and shall be subordinate, junior and inferior to any and all mortgages, liens or encumbrances now or hereafter placed on the Premises by Landlord, all advances made under any such mortgages, liens or encumbrances (including, but not limited to, future advances), the interest payable on such mortgages, liens or encumbrances and any and all renewals, extensions or modifications of such mortgages, liens or encumbrances.

15. **TENANT'S HOLD OVER.** If Tenant remains in possession of the Premises with the consent of Landlord after the natural expiration of this California Lease

Exhibit A.1 - Cont.

Agreement, a new tenancy from month-to-month shall be created between Landlord and Tenant which shall be subject to all of the terms and conditions hereof except that rent shall then be due at a new amount which will be calculated as the current rent, plus any minor percentage increase as allowed by the San Francisco Rent Board, per month and except that such tenancy shall be terminable upon fifteen (15) days written notice served by either party.

16. **SURRENDER OF PREMISES**. Upon the expiration of the term hereof, Tenant shall surrender the Premises in as good a state and condition as they were at the commencement of this California Lease Agreement, reasonable use and wear and tear thereof and damages by the elements excepted.

17. **ANIMALS**. There will be no animals unless authorized by a separate written Pet Addendum to this Residential Lease Agreement. Tenant shall not permit any animal, including mammals, reptiles, birds, fish, rodents, or insects on the property, even temporarily, unless otherwise agreed by a separate written Pet Agreement. If tenant violates the pet restrictions of this Lease, Tenant will pay to Landlord a fee of $10.00 per day per animal for each day Tenant violates the animal restrictions as additional rent for any unauthorized animal. Landlord may remove or cause to be removed any unauthorized animal and deliver it to appropriate local authorities by providing at least 24-hour written notice to Tenant of Landlord's intention to remove the unauthorized animal. Landlord will not be liable for any harm, injury, death, or sickness to any unauthorized animal. Tenant is responsible and liable for any damage or required cleaning to the Property caused by any unauthorized animal and for all costs Landlord may incur in removing or causing any unauthorized animal to be removed.

18. **QUIET ENJOYMENT**. Tenant, upon payment of all of the sums referred to herein as being payable by Tenant and Tenant's performance of all Tenant's agreements contained herein and Tenant's observance of all rules and regulations, shall and may peacefully and quietly have, hold and enjoy said Premises for the term hereof.

19. **INDEMNIFICATION**. Landlord shall not be liable for any damage or injury of or to the Tenant, Tenant's family, guests, invitees, agents or employees or to any person entering the Premises or the building of which the Premises are a part or to goods or equipment, or in the structure or equipment of the structure of which the Premises are a part, and Tenant hereby agrees to indemnify, defend and hold Landlord harmless from any and all claims or assertions of every kind and nature.

20. **DEFAULT**. If Landlord breaches this Lease, Tenant may seek any relief provided by law. If Tenant fails to comply with any of the material provisions of this California Lease Agreement, other than the covenant to pay rent, or of any present rules and regulations or any that may be hereafter prescribed by Landlord, or materially fails to comply with any duties imposed on Tenant by statute, within seven (7) days after delivery of written notice by Landlord specifying the non-compliance and indicating the intention of Landlord to terminate the Lease by reason thereof, Landlord may terminate this California Lease Agreement. If Tenant fails to pay rent when due and the default continues for seven (7) days thereafter, Landlord may, at Landlord's option,

Exhibit A.1 - Cont.

declare the entire balance of rent payable hereunder to be immediately due and payable and may exercise any and all rights and remedies available to Landlord at law or in equity or may immediately terminate this California Lease Agreement.

21. **ABANDONMENT**. If at any time during the term of this California Lease Agreement Tenant abandons the Premises or any part thereof, Landlord may, at Landlord's option, obtain possession of the Premises in the manner provided by law, and without becoming liable to Tenant for damages or for any payment of any kind whatever. Landlord may, at Landlord's discretion, as agent for Tenant, relet the Premises, or any part thereof, for the whole or any part thereof, for the whole or any part of the then unexpired term, and may receive and collect all rent payable by virtue of such reletting, and, at Landlord's option, hold Tenant liable for any difference between the rent that would have been payable under this California Lease Agreement during the balance of the unexpired term, if this California Lease Agreement had continued in force, and the net rent for such period realized by Landlord by means of such reletting. If Landlord's right of reentry is exercised following abandonment of the Premises by Tenant, then Landlord shall consider any personal property belonging to Tenant and left on the Premises to also have been abandoned, in which case Landlord may dispose of all such personal property in any manner Landlord shall deem proper and Landlord is hereby relieved of all liability for doing so.

22. **ATTORNEYS' FEES**. Should it become necessary for Landlord to employ an attorney to enforce any of the conditions or covenants hereof, including the collection of rentals or gaining possession of the Premises, Tenant agrees to pay all expenses so incurred, including a reasonable attorneys' fee.

23. **RECORDING OF CALIFORNIA LEASE AGREEMENT**. Tenant shall not record this California Lease Agreement on the Public Records of any public office. In the event that Tenant shall record this California Lease Agreement, this California Lease Agreement shall, at Landlord's option, terminate immediately and Landlord shall be entitled to all rights and remedies that it has at law or in equity.

24. **GOVERNING LAW**. This California Lease Agreement shall be governed, construed and interpreted by, through and under the Laws of the State of California.

25. **SEVERABILITY**. If any provision of this California Lease Agreement or the application thereof shall, for any reason and to any extent, be invalid or unenforceable, neither the remainder of this California Lease Agreement nor the application of the provision to other persons, entities or circumstances shall be affected thereby, but instead shall be enforced to the maximum extent permitted by law.

26. **BINDING EFFECT**. The covenants, obligations and conditions herein contained shall be binding on and inure to the benefit of the heirs, legal representatives, and assigns of the parties hereto.

Exhibit A.1 - Cont.

27. **DESCRIPTIVE HEADINGS**. The descriptive headings used herein are for convenience of reference only and they are not intended to have any effect whatsoever in determining the rights or obligations of the Landlord or Tenant.

28. **CONSTRUCTION**. The pronouns used herein shall include, where appropriate, either gender or both, singular and plural.

29. **NON-WAIVER**. No delay, indulgence, waiver, non-enforcement, election or non-election by Landlord under this California Lease Agreement will be deemed to be a waiver of any other breach by Tenant, nor shall it affect Tenant's duties, obligations, and liabilities hereunder.

30. **MODIFICATION**. The parties hereby agree that this document contains the entire agreement between the parties and this California Lease Agreement shall not be modified, changed, altered or amended in any way except through a written amendment signed by all of the parties hereto.

31. **NOTICE**. Any notice required or permitted under this Lease or under state law shall be delivered to Tenant at the Property address, and to Landlord at the following address:

    249 Texas Street, San Francisco, CA 94107

32. **DATABASE DISCLOSURE.** NOTICE: The California Department of Justice, sheriff's departments, police departments serving jurisdictions of 200,000 or more, and many other local law enforcement authorities maintain for public access a database of the locations of persons required to register pursuant to paragraph (1) of subdivision (a) of Section 290.4 of the Penal Code. The data base is updated on a quarterly basis and a source of information about the presence of these individuals in any neighborhood. The Department of Justice also maintains a Sex Offender Identification Line through which inquiries about individuals may be made. This is a "900" telephone service. Callers must have specific information about individuals they are checking. Information regarding neighborhoods is not available through the "900" telephone service. Additional information about sex offenders may be displayed on the Internet at http://www.meganslaw.ca.gov.

As to Landlord on February 4, 2017.

LANDLORD signature: Ernesto Valencia (Ernesto Valencia)

Date: 2/4/2017

Exhibit A.1 - Cont.

As to Tenant on February 4, 2017.

TENANT signature: _____ (Pete Lopez)

Date: 2/06/17

Exhibit A.2 - Evidence of Prior Tenancy

California Residential Lease Agreement

THIS AGREEMENT (hereinafter referred to as the "California Lease Agreement") is made and entered into on June 1, 2016 by and between **Ernesto Valencia** (hereinafter referred to as "Landlord") and **and Jose Antonio Velasco** (hereinafter referred to as "Tenant)." For and in consideration of the covenants and obligations contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. **PROPERTY**. Landlord owns certain real property located at 249 Texas Street, San Francisco, CA 94107 (hereinafter referred to as the "Property"). Landlord desires to lease one bedroom at 249 Texas Street, San Francisco to Tenant upon the terms and conditions contained herein. Tenant desires to lease one bedroom from Landlord on the terms and conditions as contained herein.

2. **TERM**. This California Lease Agreement shall commence on **June 1, 2016** and continue as a lease for a one-year term. The termination date shall be on June 1, 2017 at 11:59 PM. Upon termination date, Tenant shall be required to vacate the Premises unless one of the following circumstances occur:

   (i) Landlord and Tenant formally extend this California Lease Agreement in writing or create and execute a new, written, and signed California Lease Agreement; or

   (ii) Landlord willingly accepts new Rent from Tenant, which does not constitute past due Rent.

   In the event that Landlord accepts new rent from Tenant after the termination date, a month-to-month tenancy shall be created. If at any time either party desires to terminate the month-to-month tenancy, such party may do so by providing to the other party written notice of intention to terminate at least 30 days prior to the desired date of termination of the month-to-month tenancy.

Notices to terminate may be given on any calendar day, irrespective of Commencement Date. Rent shall continue at the rate specified in this California Lease Agreement, or as allowed by law. All other terms and conditions as outlined in this California Lease Agreement shall remain in full force and effect. Time is of the essence for providing notice of termination (strict compliance with dates by which notice must be provided is required).

3. **RENT**. Tenant shall pay to Landlord the sum of $850.00 per month as Rent for the Term of the Agreement. Due date for Rent payment shall be the 1st day of each calendar month and shall be considered advance payment for that month. Weekends and holidays do not delay or excuse Tenant's obligation to timely pay rent. Utilities are included within the cost of rent.

   A. Delinquent Rent. If not paid on the 1st, Rent shall be considered overdue and delinquent on the 5th day of each calendar month, per San Francisco, CA rent ordinance. If Tenant fails to timely pay any month's rent by the 5th day of each calendar month, Tenant will pay

1

Exhibit A.2 - Cont.

Landlord a late charge of $10.00 per day until rent is paid in full. Any waiver of late charges under this paragraph will not affect or diminish any other right or remedy Landlord may exercise for Tenant's failure to timely pay rent.

B. Prorated Rent. In the event that the Commencement Date is not the 1st of the calendar month, Rent payment remitted on the Commencement Date shall be prorated based on a 30-day period.

C. Returned Checks. In the event that any payment by Tenant is returned for insufficient funds ("NSF") or if Tenant stops payment, Tenant will pay $75.00 to Landlord for each such check, plus late charges, as described above, until Landlord has **received** payment. Furthermore, should this occur, Landlord may require in writing that Tenant pay all future Rent payments by cash, money order, or cashier's check.

D. Rent Increases. There will be no rent increases through the Termination Date. If this lease is renewed automatically on a month to month basis, Landlord will increase the rent during the renewal period by providing written notice to Tenant that becomes effective the month following the 30th day after the notice is provided. Limits on rent increases will be covered by the rent control laws, as set by San Francisco Rent Board.

4. **SECURITY DEPOSIT**. Landlord has elected not to collect a security deposit.

5. **USE OF PREMISES**. The Premises shall be used and occupied Landlord and as a private single family dwelling, and no part of the Premises shall be used at any time during the term of this California Lease Agreement by Tenant for the purpose of carrying on any business, profession, or trade of any kind, or for any purpose other than as a private single family dwelling. Tenant shall not allow any other person, other than Tenant's immediate family or transient relatives and friends who are guests of Tenant, to use or occupy the Premises without first obtaining Landlord's written consent to such use. Tenant shall comply with any and all laws, ordinances, rules and orders of any and all governmental or quasi-governmental authorities affecting the cleanliness, use, occupancy and preservation of the Premises.

6. **CONDITION OF PREMISES**. Tenant stipulates, represents and warrants that Tenant has examined the Premises, and that they are at the time of this Lease in good order, repair, and in a safe, clean and tenantable condition.

7. **ASSIGNMENT AND SUB-LETTING**. Tenant shall not assign this California Lease Agreement, or sub-let or grant any license to use the Premises or any part thereof without the prior written consent of Landlord. A consent by Landlord to one such assignment, sub-letting or license shall not be deemed to be a consent to any subsequent assignment, sub-letting or license. An assignment, sub-letting or license without the prior written consent of Landlord

Exhibit A.2 - Cont.

or an assignment or sub-letting by operation of law shall be absolutely null and void and shall, at Landlord's option, terminate this California Lease Agreement.

8. **ALTERATIONS AND IMPROVEMENTS**. Tenant shall make no alterations to the buildings or improvements on the Premises.

9. **HAZARDOUS MATERIALS**. Tenant shall not keep on the Premises any item of a dangerous, flammable or explosive character that might unreasonably increase the danger of fire or explosion on the Premises or that might be considered hazardous or extra hazardous by any responsible insurance company.

10. **UTILITIES**. Tenant is not responsible for paying utilities. Tenant is expected to act responsibly and minimize waste when using electricity, gas and water.

11. **MAINTENANCE, REPAIR, AND RULES**. Tenant will keep the Premises and appurtenances in good and sanitary condition at all times.

12. **DAMAGE TO PREMISES**. In the event the Premises are destroyed or rendered wholly uninhabitable by fire, storm, earthquake, or other casualty not caused by the negligence of Tenant, this California Lease Agreement shall terminate from such time except for the purpose of enforcing rights that may have then accrued hereunder. The rental provided for herein shall then be accounted for by and between Landlord and Tenant up to the time of such injury or destruction of the Premises, Tenant paying rentals up to such date and Landlord refunding rentals collected beyond such date. Should a portion of the Premises thereby be rendered uninhabitable, the Landlord shall have the option of either repairing such injured or damaged portion or terminating this Lease. In the event that Landlord exercises its right to repair such uninhabitable portion, the rental shall abate in the proportion that the injured parts bears to the whole Premises, and such part so injured shall be restored by Landlord as speedily as practicable, after which the full rent shall recommence and the California Lease Agreement continue according to its terms.

13. **ACCESS BY LANDLORD**. Landlord shall have the right at all reasonable times, and by all reasonable means, with 24 hours notice, during the term of this California Lease Agreement and any renewal thereof to enter the room to inspect the condition, make repairs, show the property to prospective tenants, lenders, insurance agents or others, as deemed necessary, by Landlord.

14. **SUBORDINATION OF LEASE**. This California Lease Agreement and Tenant's interest hereunder are and shall be subordinate, junior and inferior to any and all mortgages, liens or encumbrances now or hereafter placed on the Premises by Landlord, all advances made under any such mortgages, liens or encumbrances (including, but not limited to, future advances), the interest payable on such mortgages, liens or encumbrances and any and all renewals, extensions or modifications of such mortgages, liens or encumbrances.

15. **TENANT'S HOLD OVER**. If Tenant remains in possession of the Premises with the consent of Landlord after the natural expiration of this California Lease

Exhibit A.2 - Cont.

Agreement, a new tenancy from month-to-month shall be created between Landlord and Tenant which shall be subject to all of the terms and conditions hereof except that rent shall then be due at a new amount which will be calculated as the current rent, plus any minor percentage increase as allowed by the San Francisco Rent Board, per month and except that such tenancy shall be terminable upon fifteen (15) days written notice served by either party.

16. **SURRENDER OF PREMISES**. Upon the expiration of the term hereof, Tenant shall surrender the Premises in as good a state and condition as they were at the commencement of this California Lease Agreement, reasonable use and wear and tear thereof and damages by the elements excepted.

17. **ANIMALS**. There will be no animals unless authorized by a separate written Pet Addendum to this Residential Lease Agreement. Tenant shall not permit any animal, including mammals, reptiles, birds, fish, rodents, or insects on the property, even temporarily, unless otherwise agreed by a separate written Pet Agreement. If tenant violates the pet restrictions of this Lease, Tenant will pay to Landlord a fee of $10.00 per day per animal for each day Tenant violates the animal restrictions as additional rent for any unauthorized animal. Landlord may remove or cause to be removed any unauthorized animal and deliver it to appropriate local authorities by providing at least 24-hour written notice to Tenant of Landlord's intention to remove the unauthorized animal. Landlord will not be liable for any harm, injury, death, or sickness to any unauthorized animal. Tenant is responsible and liable for any damage or required cleaning to the Property caused by any unauthorized animal and for all costs Landlord may incur in removing or causing any unauthorized animal to be removed.

18. **QUIET ENJOYMENT**. Tenant, upon payment of all of the sums referred to herein as being payable by Tenant and Tenant's performance of all Tenant's agreements contained herein and Tenant's observance of all rules and regulations, shall and may peacefully and quietly have, hold and enjoy said Premises for the term hereof.

19. **INDEMNIFICATION**. Landlord shall not be liable for any damage or injury of or to the Tenant, Tenant's family, guests, invitees, agents or employees or to any person entering the Premises or the building of which the Premises are a part or to goods or equipment, or in the structure or equipment of the structure of which the Premises are a part, and Tenant hereby agrees to indemnify, defend and hold Landlord harmless from any and all claims or assertions of every kind and nature.

20. **DEFAULT**. If Landlord breaches this Lease, Tenant may seek any relief provided by law. If Tenant fails to comply with any of the material provisions of this California Lease Agreement, other than the covenant to pay rent, or of any present rules and regulations or any that may be hereafter prescribed by Landlord, or materially fails to comply with any duties imposed on Tenant by statute, within seven (7) days after delivery of written notice by Landlord specifying the non-compliance and indicating the intention of Landlord to terminate the Lease by reason thereof, Landlord may terminate this California Lease Agreement. If Tenant fails to pay rent when due and the default continues for seven (7) days thereafter, Landlord may, at Landlord's option,

Exhibit A.2 - Cont.

declare the entire balance of rent payable hereunder to be immediately due and payable and may exercise any and all rights and remedies available to Landlord at law or in equity or may immediately terminate this California Lease Agreement.

21. **ABANDONMENT**. If at any time during the term of this California Lease Agreement Tenant abandons the Premises or any part thereof, Landlord may, at Landlord's option, obtain possession of the Premises in the manner provided by law, and without becoming liable to Tenant for damages or for any payment of any kind whatever. Landlord may, at Landlord's discretion, as agent for Tenant, relet the Premises, or any part thereof, for the whole or any part thereof, for the whole or any part of the then unexpired term, and may receive and collect all rent payable by virtue of such reletting, and, at Landlord's option, hold Tenant liable for any difference between the rent that would have been payable under this California Lease Agreement during the balance of the unexpired term, if this California Lease Agreement had continued in force, and the net rent for such period realized by Landlord by means of such reletting. If Landlord's right of reentry is exercised following abandonment of the Premises by Tenant, then Landlord shall consider any personal property belonging to Tenant and left on the Premises to also have been abandoned, in which case Landlord may dispose of all such personal property in any manner Landlord shall deem proper and Landlord is hereby relieved of all liability for doing so.

22. **ATTORNEYS' FEES**. Should it become necessary for Landlord to employ an attorney to enforce any of the conditions or covenants hereof, including the collection of rentals or gaining possession of the Premises, Tenant agrees to pay all expenses so incurred, including a reasonable attorneys' fee.

23. **RECORDING OF CALIFORNIA LEASE AGREEMENT**. Tenant shall not record this California Lease Agreement on the Public Records of any public office. In the event that Tenant shall record this California Lease Agreement, this California Lease Agreement shall, at Landlord's option, terminate immediately and Landlord shall be entitled to all rights and remedies that it has at law or in equity.

24. **GOVERNING LAW**. This California Lease Agreement shall be governed, construed and interpreted by, through and under the Laws of the State of California.

25. **SEVERABILITY**. If any provision of this California Lease Agreement or the application thereof shall, for any reason and to any extent, be invalid or unenforceable, neither the remainder of this California Lease Agreement nor the application of the provision to other persons, entities or circumstances shall be affected thereby, but instead shall be enforced to the maximum extent permitted by law.

26. **BINDING EFFECT**. The covenants, obligations and conditions herein contained shall be binding on and inure to the benefit of the heirs, legal representatives, and assigns of the parties hereto.

5

Exhibit A.2 - Cont.

27. **DESCRIPTIVE HEADINGS**. The descriptive headings used herein are for convenience of reference only and they are not intended to have any effect whatsoever in determining the rights or obligations of the Landlord or Tenant.

28. **CONSTRUCTION**. The pronouns used herein shall include, where appropriate, either gender or both, singular and plural.

29. **NON-WAIVER**. No delay, indulgence, waiver, non-enforcement, election or non-election by Landlord under this California Lease Agreement will be deemed to be a waiver of any other breach by Tenant, nor shall it affect Tenant's duties, obligations, and liabilities hereunder.

30. **MODIFICATION**. The parties hereby agree that this document contains the entire agreement between the parties and this California Lease Agreement shall not be modified, changed, altered or amended in any way except through a written amendment signed by all of the parties hereto.

31. **NOTICE**. Any notice required or permitted under this Lease or under state law shall be delivered to Tenant at the Property address, and to Landlord at the following address:

249 Texas Street, San Francisco, CA 94107

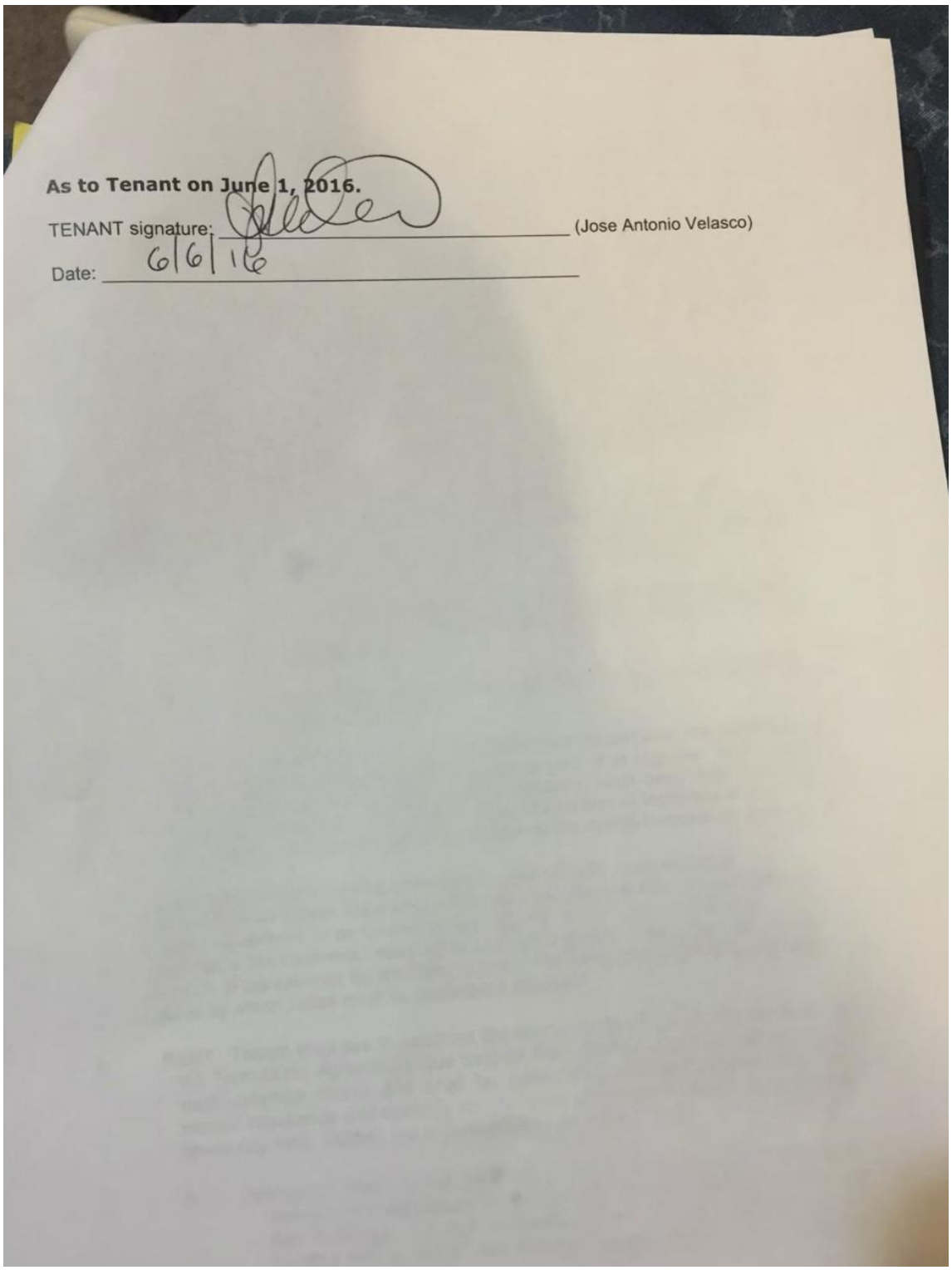
32. **DATABASE DISCLOSURE.** NOTICE: The California Department of Justice, sheriff's departments, police departments serving jurisdictions of 200,000 or more, and many other local law enforcement authorities maintain for public access a database of the locations of persons required to register pursuant to paragraph (1) of subdivision (a) of Section 290.4 of the Penal Code. The data base is updated on a quarterly basis and a source of information about the presence of these individuals in any neighborhood. The Department of Justice also maintains a Sex Offender Identification Line through which inquiries about individuals may be made. This is a "900" telephone service. Callers must have specific information about individuals they are checking. Information regarding neighborhoods is not available through the "900" telephone service. Additional information about sex offenders may be displayed on the Internet at http://www.meganslaw.ca.gov.

As to Landlord on June 1, 2016.

LANDLORD signature: Ernesto Valencia (Ernesto Valencia)

Date: 6/1/2016

Exhibit A.2 - Cont.



As to Tenant on June 1, 2016.

TENANT signature: _____ (Jose Antonio Velasco)

Date: 6/6/16

Exhibit B

Text exchange between Hannah Suvalko and Sasha Gala, owner of 243 Texas St. from October 17, 2020.

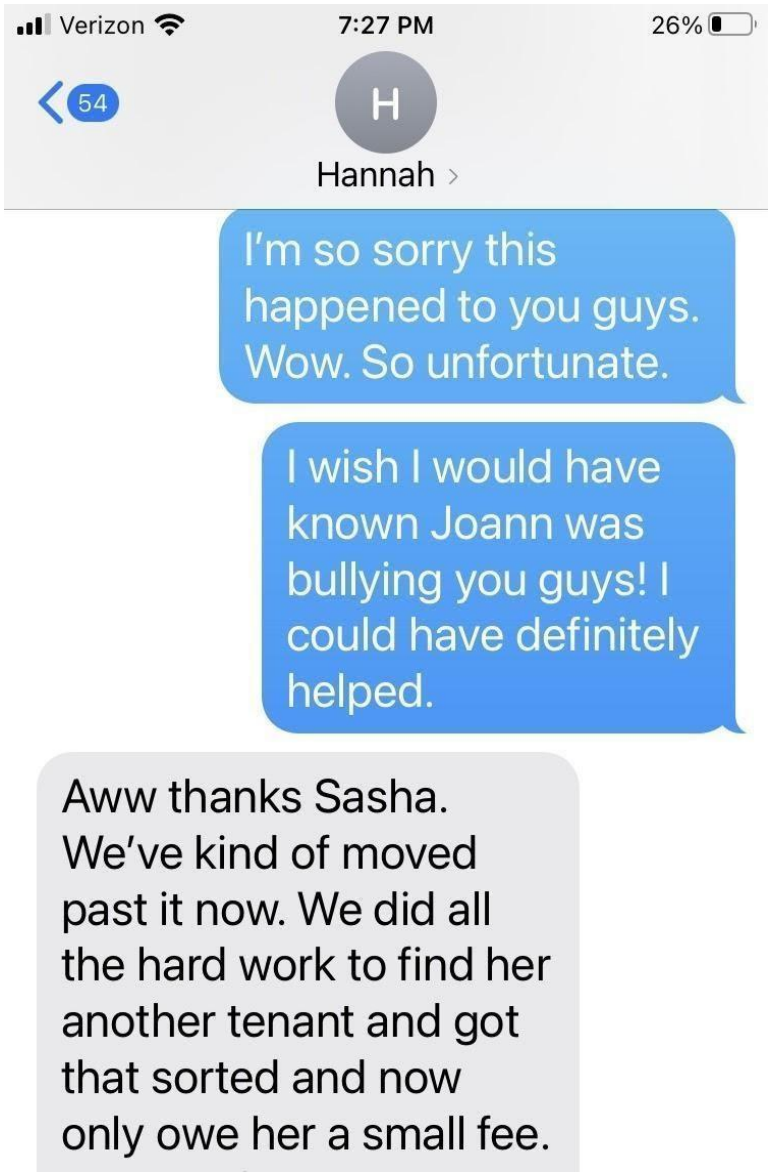


Exhibit C - Sponsor Misrepresentation of Tenant Departure

From: "Sucre, Richard (CPC)" <richard.sucre@sfgov.org>
Subject: RE: 249 Texas | Follow up
Date: March 5, 2021 at 2:28:27 PM PST
To: Alison Heath <alisonheath@sbcglobal.net>

Thanks Alison. This is helpful. We'll run the project thru a UDU (Unauthorized Dwelling Unit) Screening and make sure that we correct the record if a UDU is uncovered. We have specific guidelines for UDUs in conjunction with DBI. Here is the info, if you're curious:

https://sfplanning.org/resource/udu-screening-request-form-affidavit

https://sfdbi.org/UnitLegalization

If a UDU is present (per the City's definition), we'll be revising the project and looping in a UDU CUA into the project proposal.

Rich

Richard Sucré, Principal Planner
Southeast Team & Historic Preservation, Current Planning Division
San Francisco Planning Department
49 South Van Ness Avenue, Suite 1400, San Francisco, CA 94103
Direct: 628.652.7364 | www.sfplanning.org
San Francisco Property Information Map

Due to COVID-19, San Francisco Planning is not providing any in-person services, but we are operating remotely. Our staff are available by e-mail, and the Planning and Historic Preservation Commissions are convening remotely. The public is encouraged to participate. Find more information on our services here.

From: Alison Heath <alisonheath@sbcglobal.net>
Sent: Friday, March 05, 2021 1:22 PM
To: Sucre, Richard (CPC) <richard.sucre@sfgov.org>
Subject: Fwd: 249 Texas | Follow up

Exhibit C - Cont.

Hi Rich,

I just watched yesterday's hearing. The story about the former tenants was not the same that the owners shared with me. At the hearing the architect said that the owner offered the original a rent discount. That doesn't match what they told me, that the former tenants actually paid the difference in rent and did not leave SF. See the note below in italics. It's not reassuring to me that the story has changed.

I had noticed the same thing as the Commission, that there was no permit signed off on for the removal of the downstairs unit and think I had mentioned this to you at some point. Below is a picture of the building I took today. As you can clearly see, there is a front door, second mailbox and no garage. I also have heard that the building was sold with a tenant in the lower unit. It's possible that the former owner would be willing to go on the record with that information.

Alison Heath
alisonheath.com
alisonheath@sbcglobal.net

Exhibit C - Cont.

Begin forwarded message:

From: Joanne Siu <jsiusf@gmail.com>
Subject: Re: 249 Texas | Follow up
Date: February 10, 2021 at 2:17:35 PM PST
To: Alison Heath <alisonheath@sbcglobal.net>
Cc: Kerry Shapiro <ks4@jmbm.com>, John Maniscalco <john@m-architecture.com>

Hi Alison,

Thanks for reaching out to John regarding our proposed home at 249 Texas Street so that we could provide clarification and additional context. Kerry and I would welcome an opportunity to speak with you to share what the process has been for us in trying to get our home plans reviewed and approved. Do you have some time next week for us to talk?

Thanks, Joanne

On Feb 9, 2021, at 9:08 AM, John Maniscalco <john@m-architecture.com> wrote:

Hi Alison -

Thanks for the call on the behalf of the Potrero Boosters and the good discussion about the proposed Siu-Shapiro home at 249 Texas. I believe we clarified most discussion points in our call, but I wanted to follow up on to address the specific question of the tenancy at 249. I have cc'ed Joanne Siu and Kerry Shapiro on this email to answer any additional questions.

As mentioned, at the time of our initial application, the property was listed on our forms as owner-occupied, which was accurate to the Siu-Shapiro family's intention at that time. Confronting a severely prolonged permitting process, they later elected to rent the property (which was also reflected on forms submitted later in the process).

I believe the neighbor that contacted you had made casual accusations of some wrongful eviction of those tenants, so as discussed, I reached out to my clients to get more information. Joanne shared the following:

Exhibit C - Cont.

"Our initial renters had a lease from March 1, 2020-February 28, 2021. They informed us in September that they planned to leave the city and were exploring housing outside SF. They sent us photos of the home to list on Zillow and also helped us show the home since we were isolating the number of people in the home due to Covid.

Ultimately, we rented the house to another couple from November 1st, 2020 for less than the rent under the original lease to the initial tenants. The original tenants were released from their lease at their request, and they paid for the difference between their lease amount and the lower lease amount for the remainder of the term of the lease - this amounted to $300/month for 4 months or $1200 in total.

I understand they ultimately did not move out of SF, but we have not kept in touch with them."

Alison, I know you had mentioned that you are also a landlord, but if you have any additional questions about this, please do reach out to Joanne (again, cc'ed here). She can also answer any questions you might have about the abatement of the lower unit.

Regarding your other discussion points (for clarity):

Serpentine rock : The CEQA report has been amended to reflect protective measures, though our geotechnical engineer believes our excavation, which has a maximum depth of less than 8' in only two spots, will not encounter it.

Shoring: As discussed, any necessary shoring will be independently permitted and reviewed by DBI to the strictest limits of the code.

Existing Square Footage: As we discussed, the existing square footage listed on our drawings is an accurate representation of the actual built area inside the house, pulled directly from our third-party as-built drawings. This number often differs significantly from the Assessor's or realtor's records, so as a policy, we can only take the house as it exists today, measure it, and describe it as accurately in our drawings. This is the most honest and clear way to describe the mass and volume of the built home, regardless of permitting history, in our experience.

Exhibit C - Cont.

As discussed, I have reached out to all of the neighbors via email to ask for specificity around any concerns and offered to meet via video conference to answer any questions and clarify the conditions/plans to the greatest extent possible. I also mentioned that if, beyond that, a group meeting would be useful, we would be happy to have one.

Again, thanks for the call. I hope this helps answer your questions, but if there is anything else I can clarify, I would be happy to.

Thanks-
John

John Maniscalco Architecture | jmA
442 Grove Street San Francisco CA 94102

o:415.864.9900 x201
c:415.420.5712

M-Architecture.com

Exhibit D - Planning's Prior Awareness of UDU and Tenants

From: Sucre, Richard (CPC)
To: Westhoff, Alex (CPC)
Subject: RE: CUAHearing-311Notice - 249 Texas
Date: Monday, January 04, 2021 2:36:00 PM

Hey Alex,

I added my comments in track changes. My only questions is the existing building is noted as a single-family residence per the 3R Report on PIM. Is that not the case?

Take a look and verify. Otherwise, you can see my edits in track changes.

Rich

Richard Sucré, Principal Planner
Southeast Team & Historic Preservation, Current Planning Division
San Francisco Planning Department
49 South Van Ness Avenue, Suite 1400, San Francisco, CA 94103
Direct: 628.652.7364 | www.sfplanning.org
San Francisco Property Information Map

From: Sasha M. Gala <sashagala@yahoo.com>
To: Sucre Richard (CPC) <richard.sucre@sfgov.org>; Westhoff Alex (CPC) <alex.westhoff@sfgov.org>
Cc: Ernesto Valencia <ernesto.valencia@ucsf.edu>; Kathleen Block <krobertsblock@aol.com>
Sent: Wednesday, May 26, 2021, 04:33:47 PM PDT
Subject: evidence for 249 Texas St - lease agreements and pictures

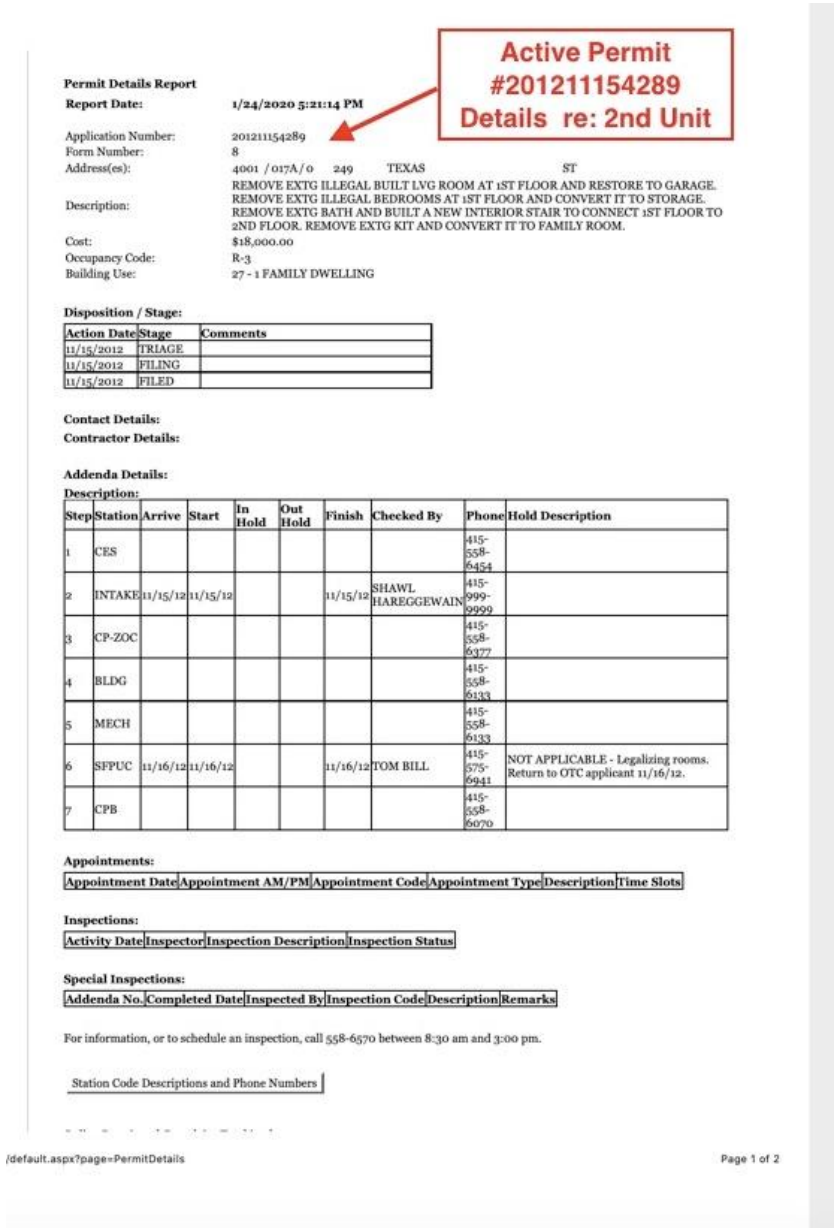
Hi Rich and Alex -

Since we still don't know the exact case that the Sponsor will make at the hearing next week, this may or may not be useful, but we would like it noted in the case report if possible.

Ernesto Valencia (prior owner, copied here) has forwarded me a couple of example of rental agreements for the second dwelling (bottom unit) that he provided rent controlled housing to tenants ....as well as some pictures he found showing the lower family unit is not dilapidated but actually remodeled and in good shape.

Thanks,
Sasha

Exhibit D - Cont.



Permit Details Report

Report Date: **1/24/2020 5:21:14 PM**

Application Number: 201211154289
Form Number: 8
Address(es): 4001 / 017A/ 0 249 TEXAS ST
Description: REMOVE EXTG ILLEGAL BUILT LVG ROOM AT 1ST FLOOR AND RESTORE TO GARAGE. REMOVE EXTG ILLEGAL BEDROOMS AT 1ST FLOOR AND CONVERT IT TO STORAGE. REMOVE EXTG BATH AND BUILT A NEW INTERIOR STAIR TO CONNECT 1ST FLOOR TO 2ND FLOOR. REMOVE EXTG KIT AND CONVERT IT TO FAMILY ROOM.
Cost: $18,000.00
Occupancy Code: R-3
Building Use: 27 - 1 FAMILY DWELLING

Disposition / Stage:

Action Date	Stage	Comments
11/15/2012	TRIAGE	
11/15/2012	FILING	
11/15/2012	FILED	

Contact Details:

Contractor Details:

Addenda Details:

Description:

Step	Station	Arrive	Start	In Hold	Out Hold	Finish	Checked By	Phone	Hold Description
1	CES							415-558-6454	
2	INTAKE	11/15/12	11/15/12			11/15/12	SHAWL HAREGGEWAIN	415-999-9999	
3	CP-ZOC							415-558-6377	
4	BLDG							415-558-6133	
5	MECH							415-558-6133	
6	SFPUC	11/16/12	11/16/12			11/16/12	TOM BILL	415-575-6941	NOT APPLICABLE - Legalizing rooms. Return to OTC applicant 11/16/12.
7	CPB							415-558-6070	

Appointments:

Appointment Date	Appointment AM/PM	Appointment Code	Appointment Type	Description	Time Slots

Inspections:

Activity Date	Inspector	Inspection Description	Inspection Status

Special Inspections:

Addenda No.	Completed Date	Inspected By	Inspection Code	Description	Remarks

For information, or to schedule an inspection, call 558-6570 between 8:30 am and 3:00 pm.

Station Code Descriptions and Phone Numbers

/default.aspx?page=PermitDetails Page 1 of 2

Exhibit D - Cont.

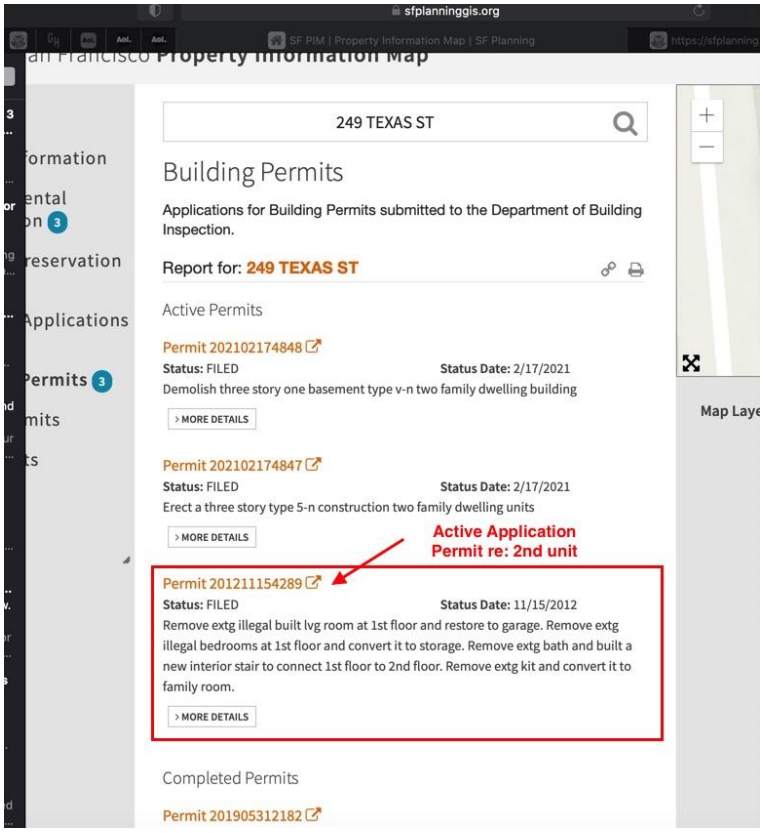
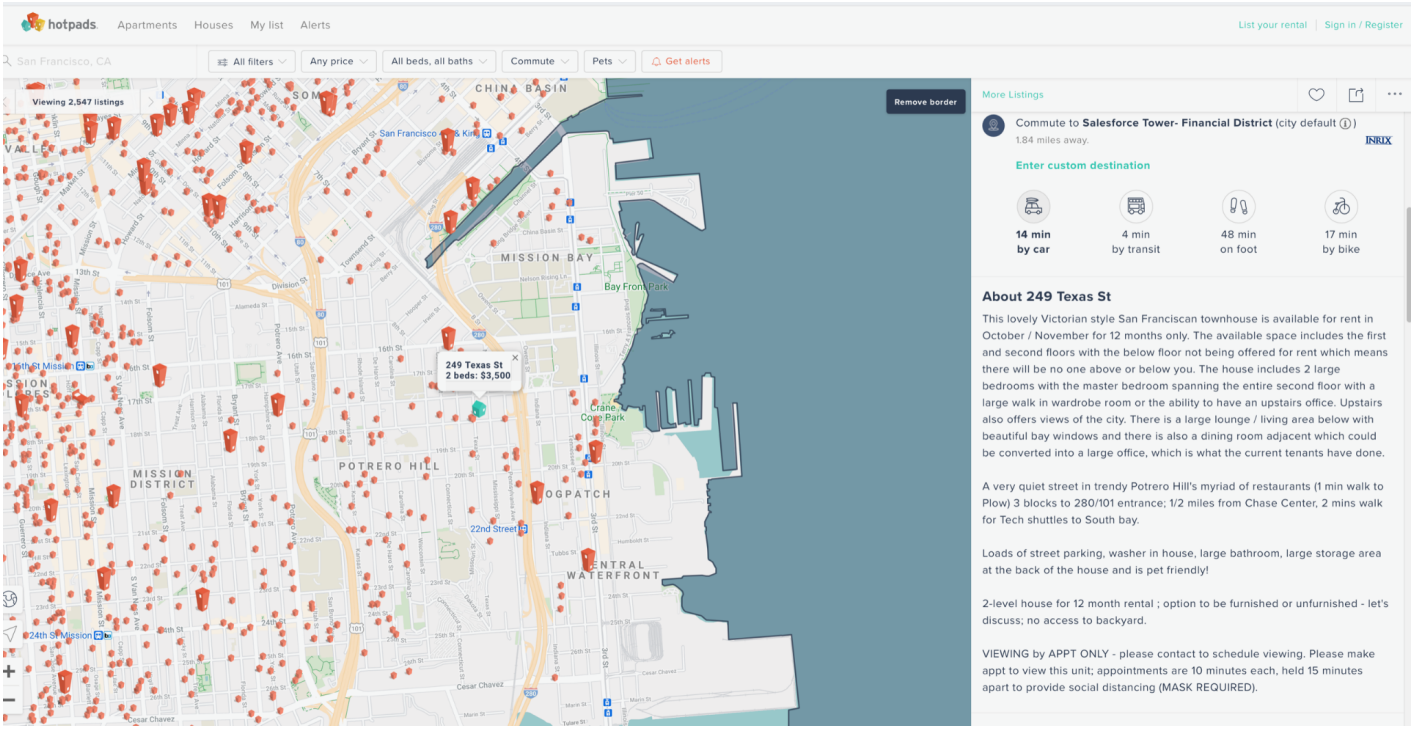


Exhibit E - Ad Placed by Sponsor revealing they knew of the second unit

From: Thomas Schuttish <schuttishtr@sbcglobal.net>
Subject: 249 Texas UDU
Date: March 4, 2021 at 10:35:18 PM PST
To: "richard.sucre@sfgov.org" <richard.sucre@sfgov.org>, alex.westhoff@sfgov.org
Cc: theresa.imperial@sfgov.org

Dear Mr. Sucre and Mr. Westhoff,
Good evening.
I included Commissioner Imperial in this email because of the concerns she expressed over the tenants in today's hearing and the UDU.
I am sure you would have found this on the internet between now and the next hearing in April, but I wanted to send it to you nevertheless.
This was the Hotpads Web Ad to rent 249 Texas for the year.
I am intrigued by UDUs because I thought if one existed in a project it had to be preserved….particularly if it was in decent shape…but I recently learned that regardless of the condition and the reality of it's existence, if the unit had never hit the market or if it had never been occupied by a separate party, then it didn't need to be preserved. That seems sort of crazy, but that is the rule. (403 28th Street which will have the CUA on 3/18 to legalize the illegal Demolition is an example of this)
Anyways.
This screenshot of the Hotpads Web Ad is interesting because of the wording in the second sentence.
It says: *"The available space includes the first and second floor with the below floor not being offered for rent which means there'll be no one above or below you"*, as a sales pitch.
To me this implies that it could be rented as a separate unit (but they are not going to as an "enticement") *and* that it had been rented (or occupied) previously. That seems like a reasonable assumption.
I am sure you have seen the Google Earth photos that show the front doors of 249 Texas Street….one on the street level and one up the front stairs.
Also by this street level front door if you look at all the Google Earth photos from 2008 onward there is a mailbox by the door as well as a light for the entrance…which suggests occupancy.
My main interest in this project and why I called in today was because of the roof deck.
Generally roof decks are problematic for the relative affordability of RH-2 projects like this and where the open space requirements can be met with the rear yard and/or with decks off living space…not on the tippy-top of the structure.
They are also a problem for adjacent neighbors' privacy and well-being. And frankly even when they are set back from the street, given we are a city of hills they are usually visible from the street and add mass to a structure….given all this, it doesn't seem as though roof decks like this one are "necessary or desirable".
But the UDU and most especially all the Texas Street neighbors' concerns raised today are also important, as well as the size of the proposed second unit and the other square footage below the proposed garage in the basement. (And the full 4 level elevator which didn't get discussed in the hearing).
Thanks for a very good presentation of this project today and take care and stay well and safe.
Sincerely,
Georgia Schuttish

Exhibit E - Cont.



About 249 Texas St

This lovely Victorian style San Franciscan townhouse is available for rent in October / November for 12 months only. The available space includes the first and second floors with the below floor not being offered for rent which means there will be no one above or below you. The house includes 2 large bedrooms with the master bedroom spanning the entire second floor with a large walk in wardrobe room or the ability to have an upstairs office. Upstairs also offers views of the city. There is a large lounge / living area below with beautiful bay windows and there is also a dining room adjacent which could be converted into a large office, which is what the current tenants have done.

A very quiet street in trendy Potrero Hill's myriad of restaurants (1 min walk to Plow) 3 blocks to 280/101 entrance; 1/2 miles from Chase Center, 2 mins walk for Tech shuttles to South bay.

Loads of street parking, washer in house, large bathroom, large storage area at the back of the house and is pet friendly!

2-level house for 12 month rental ; option to be furnished or unfurnished - let's discuss; no access to backyard.

VIEWING by APPT ONLY - please contact to schedule viewing. Please make appt to view this unit; appointments are 10 minutes each, held 15 minutes apart to provide social distancing (MASK REQUIRED).

Exhibit F - Photos of Remodeled Unit

Exhibit F - Cont.

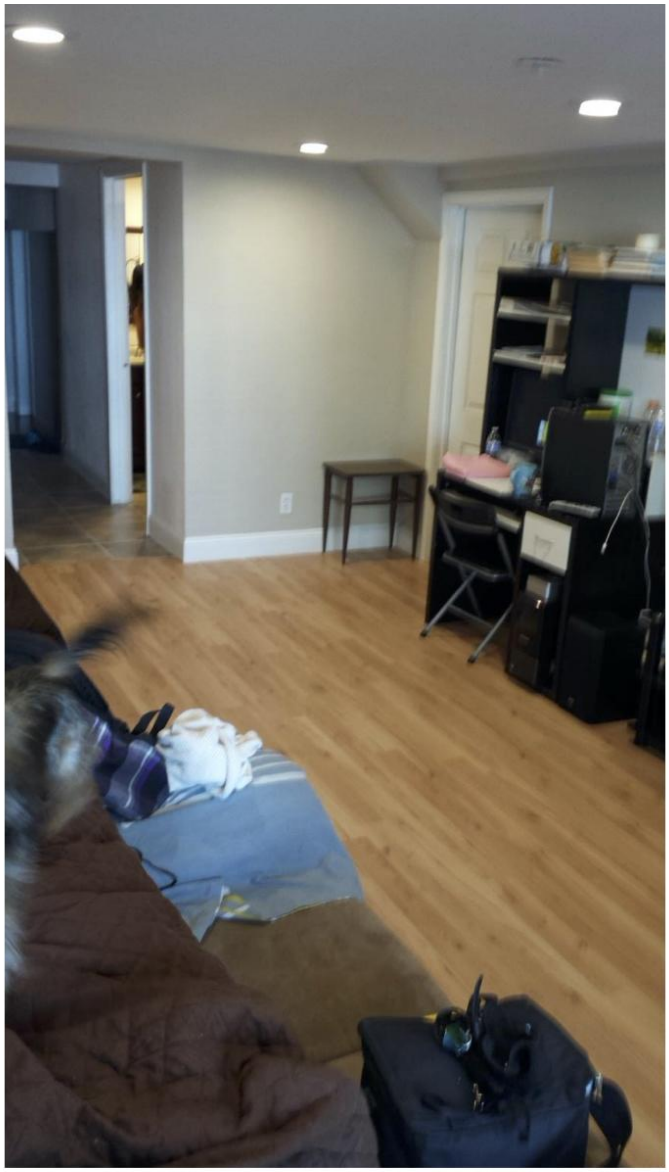


Exhibit F - Cont.

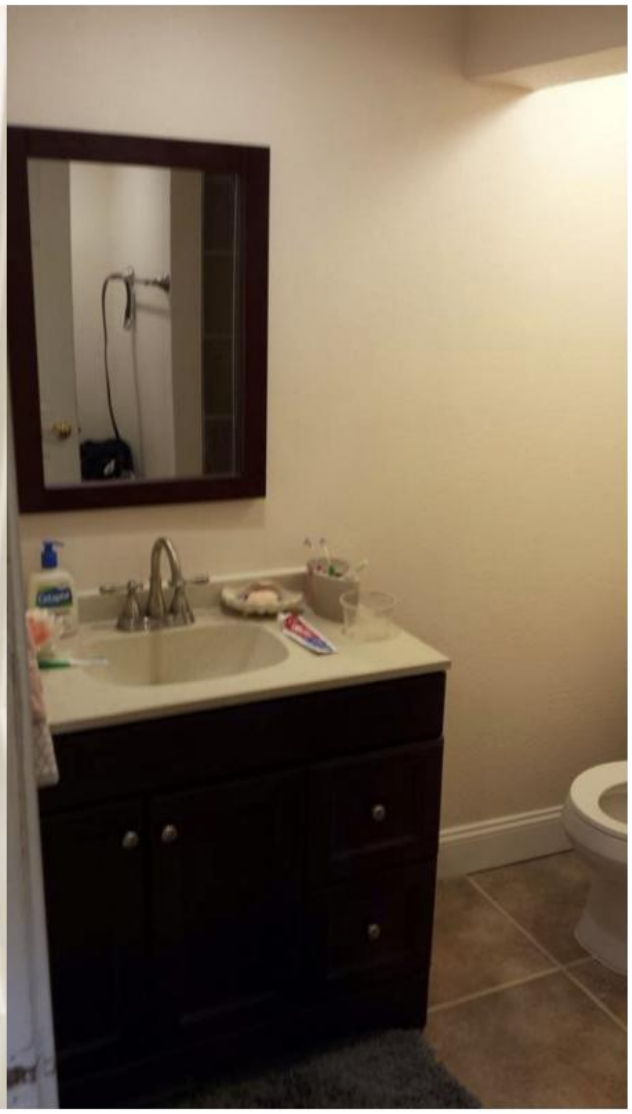
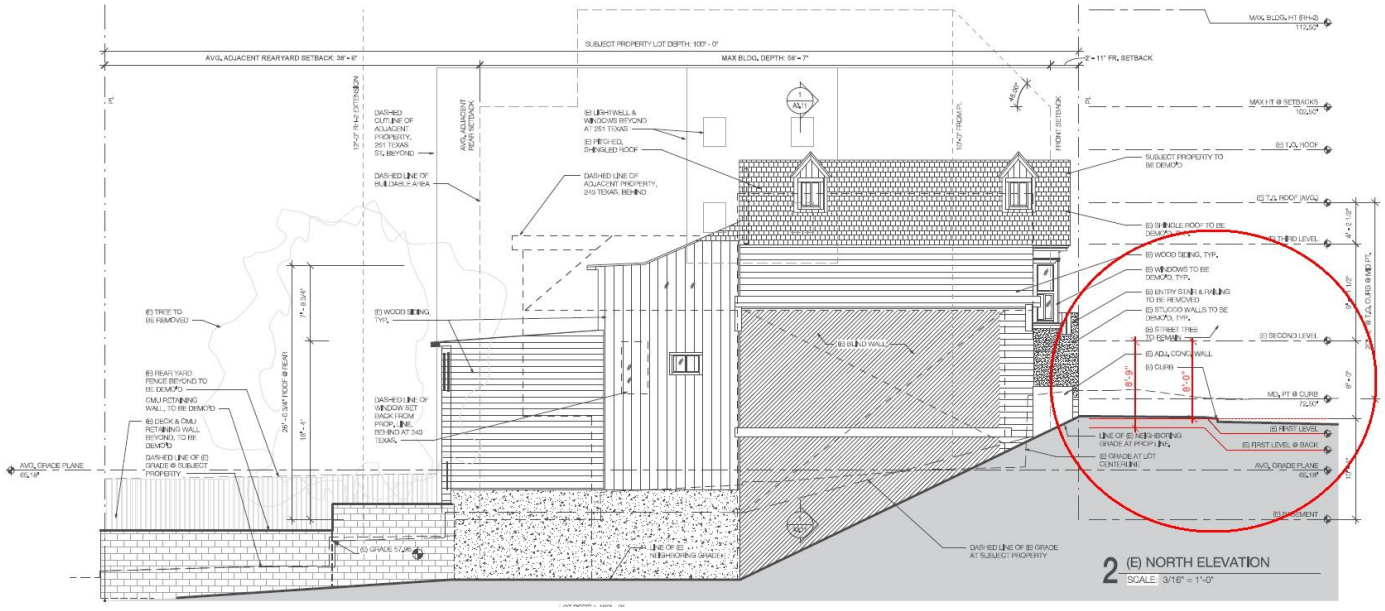


Exhibit F - Cont.

Exhibit F - Cont.

Exhibit G - Ceiling Height



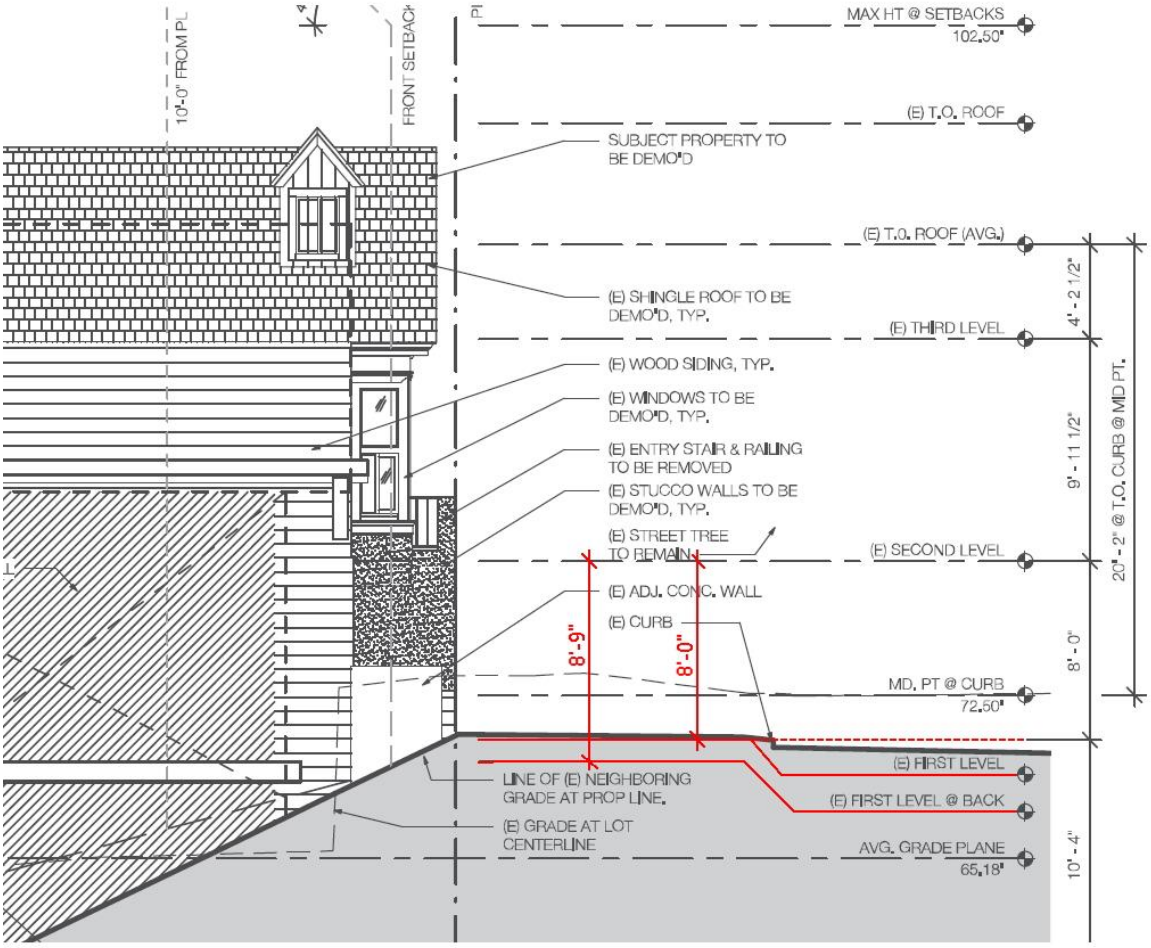


Exhibit H - Quote for Remediation of the Second Unit Obtained by Opposition

JAFCO CONSTRUCTION

650-726-7965

PO BOX 4, HALF MOON BAY, CA. 94019

October 13th, 2021

RE: Estimates on bringing 249 Texas unit #2 to code compliance

Dear Mrs. Gala,

Nice meeting you. As I mentioned, I am a Bay Area licensed contractor and my company has been in business for 26 years. Per your request, attached please find my estimate of the cost to remediate the ground-floor unit at 249 Texas Street, San Francisco.

The estimate for *approximately* $113,000.00 includes costs for labor and materials to bring the 2nd *ground floor* unit up to San Francisco building and planning codes. I had no access to the unit so I based the estimate on plans submitted to the Planning Department by the architect of record as well as the estimates provided online in the Executive Summary: Conditional Use for 249 Texas Street.

My estimate includes remediating the front part of the home where the ceilings heights are substandard. This area appears to have been possibly a garage converted to a living room which would need to be excavated to bring it up to code. My estimate does not include or conflate the costs for the top unit, nor the rooms in the back that have code compliant ceiling heights. The estimate includes the necessary electrical, plumbing, paint, etc.

Design Line Construction included in their estimate the cost of shoring-up the foundation for the building of the entire home, including both the ground-floor unit and the luxury unit above – Jafco's quote is limited to the above description.

Sincerely,

Jason Fruhwirth
JAFCO Construction
CAHIC# 730464

Exhibit H - Cont.

	JAFCO PRELIMINARY ESTIMATED BUDGET WORKSHEET	DATED: 10-06-21	
NAME		JAFCO CONSTRUCTION 650-726-7965P/F	
ADRS	249 TEXAS ST., SAN FRANCISCO, CA	PO BOX 4,HALF MOON BAY,CA.94019	
CNTCT		J.FRUHWIRTH@COMCAST.NET	
EMAIL		CAHIC# 730464	
	HEIGHT TO CONFORM WITH CODE/AS PER PLANS	*FRONT, LEFT, LOWER ROOM/FIRST FLOOR*	
CODE	ITEM	NOTES	BUDGET
L	SET-UP		$ 1,000
M	SET-UP		$ 300
L	SITE PROTECTION		$ 1,200
M	SITE PROTECTION		$ 600
L	DEMO WALLS, DIS-ATTACH SERVICES, RE-ATTACH SERVICES		$ 7,200
M	DEMO WALLS, DIS-ATTACH SERVICES, RE-ATTACH SERVICES		$ 300
SUB	EXCAVATE EXISTING FLOORING FOR EXCAVATION TO INCREASE ROOM HEIGHT		$ 2,500
SUB	DEBRIS FROM HAUL OFF		$ 2,000
SUB	TRACTORING/ EQUIPMENT FOR EXCAVATION		$ 1,500
SUB	FOUNDATION BUFFER AT EXPOSED EXISTING FOUNDATION AT DIG DOWN PERIMETER		$ 4,000
L,M	FRAMING AUGMENTATIONS	ALLOWANCE FOR	$ 10,000
SUB	FORM, POUR, FINISH FLOOR		$ 8,000
N	INCLUDES CONCRETE PUMPER		
SUB	RE-DO DRIVEWAY APRON WITH FALL TO NEW FLOOR HEIGHT FOR DOOR ACCESS		$ 4,000
SUB	INSULATE AT ROOM AREAS		$ 2,200
SUBE	ROUGH AND FINISH ELECTRICAL IN WORK AREA	ALLOWANCE FOR	$ 4,000
SUB	HEATING TO ROOM	ALLOWANCE FOR/NO MAT HEATING INCLUDED	$ 1,300
SUBD	DRYWALL WALLS AND LID OF ROOM, TEXTURE TO MATCH AS PER PLANS		$ 5,000
L,M	INTERIOR CASINGS, BASEBOARDS,TRIMS	ALLOWANCE FOR	$ 3,200
SUB	FLOORING		$ 4,400
SUB	PLUMBING AUGMENTATIONS/CONNECTIONS, DEMO AND RE-AFFIX/ALLOWANCE FOR		$ 4,000
SUB	NEW GARAGE DOOR AND INSTALL	ALLOWANCE FOR	$ 7,000
L	INSTALL FRONT SIDING,CLADDINGS,TRIM GARAGE DOOR		$ 2,000
M	INSTALL FRONT SIDING,CLADDINGS,TRIM GARAGE DOOR		$ 800
L	INSTALL NEW FRONT DOOR, TRIM OUR EXTERIOR		$ 1,400
M	INSTALL NEW FRONT DOOR, TRIM OUR EXTERIOR	INCLUDES COPPER DOOR PAN	$ 700
M	NEW FRONT DOOR	ALLOWANCE FOR	$ 2,500
SUBP	PAINT INTERIOR OF LOWER	ALLOWANCE FOR	$ 3,500

Exhibit H - Cont.

SUBP	PAINT EXTERIOR OF LOWER	ALLOWANCE FOR	$ 2,500
N	APPROX. 250 SQFT OF WORK AREA		
SVC	CLEAN-UP		$ 1,200
SVC	PROJECT MANAGEMENT/SITE ADMIN.	INCLUDING BLDG DPMNT VISITS, INSPECTIONS	$ 5,000
SVC	DEBRIS REMOVAL/DUMP FEES	GENERAL CONSTRUCTION DEBRIS	$ 2,500
SVC	PLANS, DRAWINGS, PERMIT, TITLE 24, OTHER		CUST
SVC	PARKING PERMITS, BUSINESS LICENSE	ALLOWANCE FOR	$ 500
SVC	SITE SERVICES, TEMPORARY POWER		$ 2,000
		SUBTOTAL:	$ 98,300
		15% P/O AND CONTINGENCY	$ 14,745
SUM		**TOTAL TARGET BUDGET:**	**$ 113,045**
N	NO CONCEALED DAMAGE OR STRUCTURAL INCLUDED	HARDWARE,SUPPORTS,SHEARWALL,WATER DAMAGE	
N	ALL APPLIED LABOR,MATERIALS CHARGES CUSTOMER FULL PAYMENT RESPONSIBILITY.		
N	GENERAL CONSTRUCTION LABOR BILLED AT $100.00 PER EMPLOYEE HOUR		
N	CONTRACT, LABOR BILLED AT $100.00 PER HOUR MINIMUM		
N	ALL SUBCONTRACTORS CHARGES PER HOUR SUBJECT TO BUDGET ESTIMATE		
N	ALL JOB SITE SUPERVISION AND MANAGEMENT BILLED AT $100.00 PER HOUR.		
N	ALL SUBCONTRACTORS CHARGES SUBJECT TO 15% PROFIT,OVERHEAD,LIABILITY AND MANAGEMENT		
N	OUTSTANDING CHARGES DUE WITHIN 5 BUSINESS DAYS OF PURCHASES AND LABOR APPLICATION.		
N	DATE		
N	JOB SITE LEFT IN BROOM CLEAN STATE		
N	NO STRUCTURAL AUGMENTATIONS,OR ADDITIONAL CONSTRUCTION INCLUDED		
N	THE LIKE INCLUDED		
N	NO BUSINESS LICENSE INCLUDED		
N	NO FIRE SPRINKLER WORK INCLUDED		
N	MATERIALS PRICES ARE SUBJECT TO CHANGE WITH PRICE AND SUPPLIER FLUXUATIONS		
N	PRICE DOES NOT INCLUDED ANY LACK OF, MISSING OR NEVER APPLIED SHEARWALL PLYWOOD SUB-BASE		

Exhibit I - Settlement Offers Refused

From: Matthew Boden <matthew.t.boden@gmail.com>
Subject: Re: Email from Joanne & Kerry re: 249 Texas
Date: July 24, 2021 at 12:56:48 PM PDT
To: Kathleen Block <krobertsblock@aol.com>
Cc: Joanne Siu <jsiusf@gmail.com>, Kerry Shapiro <ks4@jmbm.com>, Sasha Gala <sasha.bodala@gmail.com>

Joanne and Kerry,

We concur with Kathy.

We (Matt and Sasha) decline your offer to pay us to modify our own existing home (rather than you compromise and revise your plans on your yet-to-be-built home) to accommodate the concerns of us, our many neighbors, neighborhood associations, advocacy groups and unions. Your offer does not in any way address these concerns, which include your demolition of affordable housing, your abuse of the approval process, violation of notice requirements and tenant rights, the physical impact of the mansion, and the lies/deception you and your representatives have used to further your case. Our group outlined these concerns in the briefs we submitted at the last two hearings, which we suggest you read. The hearings are also recorded and available online to listen to. In the recent brief, we suggested changes you could make to your planned home to truly compromise, and by doing so, address at least a few of the concerns we have regarding the physical impact of your monster home. Had you acted at any time in good faith and with concern for the neighbors, you would have taken one or more of these steps to compromise. Even after your deception was exposed at the first hearing (March 4) which triggered a continuance, we still attempted to compromise with you (via Mr. Maniscalco) at the urging of Director Rich Hillis. This was met with your usual silence.

To clarify a misstatement in your email, we did not reject your previous offer of a cash payment solely due to timing and condition. The fact that you placed an undue burden on us by presenting this offer right before the hearing date is only one of several reasons we rejected the offer. We did thoroughly consider your offer as you know, but we ultimately rejected this offer because it did not address our concerns, its contingencies were unreasonable and we felt a responsibility to the neighborhood. To be clear, the nominal amount you offered would have allowed us two skylights and a few months' office or apartment rent (out of the two years of construction), but did not address the significant and permanent impact to our home. Nonetheless, the issues in this case have evolved past our own individual and property concerns.

Whatever time and expense you have put toward the building of your dream home pales in comparison to our own as well as Kathy's. While you have the means to own two large homes in SF and have paid lawyers and others to develop and argue your case, we have largely relied on ourselves to advocate for our needs, and to be included in a process that has excluded us from having any say in what happens to our lives and homes. We have had increasingly widespread community support because people are fed up with the egregious manner in which this whole situation has been handled. While

Exhibit I - Cont.

the appeal does pose uncertainty for all parties, there is much interest in the ethics and impact of this case and we feel a sense of duty to our community here.

Matt and Sasha

On Sat, Jul 24, 2021 at 11:24 AM Kathleen Block <krobertsblock@aol.com> wrote:

Dear Joanne and Kerry,

It is difficult to understand the intent behind this email you sent to me given that neither you or Kerry have reached out to me personally on even a single occasion in the last 20 months. Your email references to past cash offers was communication among you, Sasha, and Matt, and do not in any way apply to me.

Nevertheless, your offer does not address any of our concerns. Your failure to communicate, as well as your complete lack of empathy and consideration to my tenants and other families on our block, is one of the reasons why my only recourse was to appeal to the Board of Supervisors. We believe that we have a compelling case that we plan to present to the supervisors.

I have never been opposed to you building a home for your family. Perhaps, if you are willing to consider design changes that truly take into consideration the needs of the families that already live here, we can eventually go through arbitration or some process that is collaborative.

Sincerely,
Kathleen Block

Sent from my iPhone

On Jul 18, 2021, at 10:15 AM, Joanne Siu <jsiusf@gmail.com> wrote:

Kathleen and Sasha,

Kerry and I bought 249 Texas to build a home where our daughter could grow up, where we could grow old, and where we could care for my aging mother as her dementia advances. It is in the spirit of future and long-term neighbors that we are reaching out to you again.

In our email communications with Sasha and Matthew in February and early March, we agreed to a $30,000 payment to fund the addition of skylights and to help address concerns about the project as consideration for the withdrawal of opposition to our building design before the March Planning Commission hearing. While the amount was

Exhibit I - Cont.

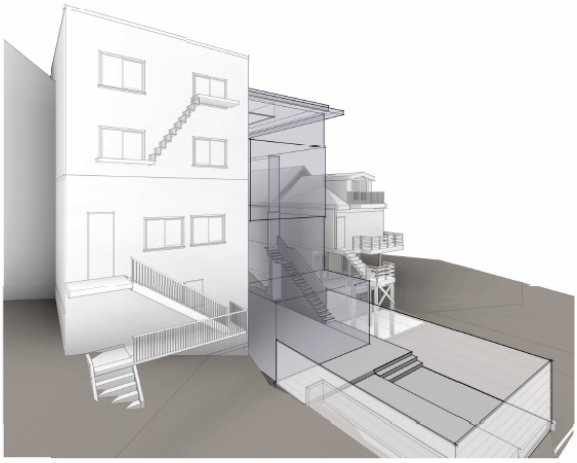
agreed to, the conditions were not; Sasha and Matt declined the offer at that time based on the timing and condition of payment.

We are now reaching out to you, the two appellants, to once again extend the same offer: a payment of $30,000 to be used for improvements to your own homes. We are making another good-faith effort to resolve this matter, as we believe it would be in our collective best interest to finalize this ourselves, rather than moving forward through an uncertain appeal process. Like you, we have exhausted significant time and resources on this approval process, and we would prefer to move forward in an amicable manner. We hope you would agree.

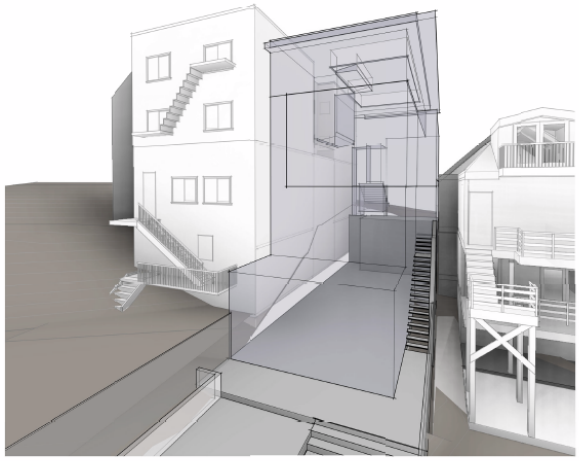
We look forward to hearing back from you.

Regards, Joanne & Kerry

Exhibit J - Monster Home for Small Family similar size to 4 unit rent-controlled building upslope



1 REAR PERSPECTIVE LOOKING N/W
SCALE:



2 REAR PERSPECTIVE LOOKING S/W
SCALE: