

From: [Thomas Schuttish](#)
To: [Major, Erica \(BOS\)](#)
Subject: Board File No. 211119 Letter for November 8, 2021 Land Use and Transportation Committee Hearing
Date: Sunday, November 7, 2021 3:18:43 PM
Attachments: [Letter to Land Use 1182021.pdf](#)

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Dear Ms. Major:

Attached is a letter to the Supervisors for the November 8th Committee hearing on Item No. 4, Housing Our Workers.

Yesterday morning (11/6) I sent five pdfs of photos as exhibits for this letter.

I am sorry I could not send everything together in one email, but my computer doesn't have the capacity to do that.

Thank you and take care.

Sincerely,

Georgia Schuttish

To: Members of the Land Use and Transportation Committee
From: Georgia Schuttish
Date: November 8, 2021 Hearing on Housing Our Workers
Re: **SPECULATION**

Dear Supervisors Melgar, Peskin, Preston and Mar:

In a separate email I sent to your staff and Ms. Major, there are five photos of a speculative project in Noe Valley that illustrates a piece of the problem the Land Use and Transportation Committee is grappling with at this hearing.

It may be a small piece, even an arcane piece of the problem of affordability and speculation and the commodification of housing, but it has a ripple affect, not only in Noe Valley but in other neighborhoods throughout the City.

This piece involves Planning Code Section 317 which has been the subject of legislative attempts to “fix”. However there is an easy “fix” already in the Planning Code that the Planning Commission can do. That “fix” is to adjust the Demolition Calculations per Planning Code Section 317 (b)(2)(D)

The Demo Calcs should have been adjusted at least once, if not twice since they were approved in 2008.

In fact in March 2009, Planning Staff said at a public hearing that they would return in a “*couple of months*” to make adjustments to “...*the thresholds for alteration projects that are Tantamount to Demolitions.*” (This hearing can be viewed on SFGOVTV, Item No. 9 on March 26, 2009).

These “*thresholds*” that Planning Staff wanted to adjust back in 2009 are the Demolition Calculations in Section 317 (b)(2)(B) and Section 317 (b)(2)(C) that are intended to allow alterations and prevent demolitions of sound housing.

But unfortunately this adjustment of the Demo Calcs never happened.

The intent of Section 317 Demolition Calculations was to allow for simple alterations or reasonable remodels of homes in the RH neighborhoods. This Code Section was created to respond to an abuse of the system that had been going on for years, where small permits could turn into full blown demolitions.

It was a quantitative way to measure the work to be done on an existing house and preserve sound housing, because existing sound housing is considered more affordable per the General Plan and by many if not most housing experts.

However what has happened over the past ten years is that the unadjusted Demo Calcs have been a loophole that allowed speculators to fundamentally demolish and flip housing without proper scrutiny by Planning Staff, the Planning Commission, the Board of Supervisors and the Public.

In Noe Valley alone since 2014 there have been *at least* 39 speculative projects that should have been reviewed as demolitions for a total increase of over \$150 million for all of the 39 projects, with an average sales increase of \$3.9 million for each of the “flipped” projects. This is a problem.

In 2015 at the urging of former Planning Commissioner Dennis Richards, five other completed Noe Valley projects were re-reviewed. Apparently Staff found that at least 40% of the projects in the sample were really demolitions.

But even still the Demo Calcs were not adjusted.

The five photos in the separate email sent to Ms. Major show a project that common sense may say is a demolition, but it is a City approved alteration.

Here are some of the details of this project:

1. In 2012 this house in **Photo #1** was purchased by an LLC for **\$1.26 million**.
2. Soon after this 2012 sale a Permit Application was filed. **Photo #4** shows the rendering which was attached to the approved CatEx uploaded to the SFPIIM. However, there are no Demo Calcs published on the SFPIIM for this project. What the SFPIIM does say in describing the project is the following: *“Remodel of residence to include horizontal rear addition and vertical addition. Add contemporary facade to building.”*
3. **Photos #2 and #3** are from 2013 and 2014 showing the construction. These photos are from Google Earth. Photo #2 is particularly stark and telling.
4. **Photo #5** shows the project upon completion in 2015 when it was flipped and sold for **\$4.85 million**. The project just sold again in October 2021 for **\$6.1 million**.
5. The house in **Photo #1** was originally a modest home prior to the 2012 sale. Mid 20th Century houses like this were “starter homes” even in Noe Valley and worthy of preservation per the policies in the Housing Element. The 2012 asking price of this house was \$200,000 lower than the ultimate 2012 sales price paid by the LLC...the start of the speculation and the commodification of this house.

The Demo Calcs had been in the Code for over three years in 2012 at the time of the spec sale of this house. The Demo Calcs were intended to allow for reasonable remodels, to prevent demolitions, yet they had never been adjusted by the Planning Commission even after Staff's March 26, 2009 testimony.

Meanwhile houses like the house in the photos became speculative projects and part of the explosion in housing costs in Noe Valley and what Planning Staff has now described in their recent report on the proposed Large Residence Ordinance as *"...an epicenter for the de-facto demolition of modestly sized homes and expansion/construction of significantly larger homes...."* .

And it should be added they are also: *significantly more expensive homes that are speculative projects that further commodify housing.*

While I live and have observed this problem in Noe Valley, I have seen scattered examples around the City of projects in other neighborhoods, in the Mission, Laurel Village, the Sunset and even Pacific Heights, that appear to have taken advantage of the fact the Demo Calcs *have never been adjusted.*

As said at the beginning of this letter, this is a small, arcane piece of the housing problem, but one that ripples out within Noe Valley and across the City. And one that should be "fixed" by adjusting the Demo Calcs as was intended when the Section 317 legislation was approved by the City.

The intent to preserve sound housing is written in the Findings which is Section 317 (a) and in Section 317(b)(2)(D) itself. It is something that can be done to try and "fix" the problem of speculation and of the commodification of housing.

Here is the language of Planning Code Section 317 (b)(2)(D):

"The Planning Commission may reduce the above numerical elements of the criteria in Subsection (b)(2)(B) and (b)(2)(C), by up to 20% of their values should it deem that adjustment is necessary to implement the intent of this Section 317 to conserve existing sound housing and preserve affordable housing."

If the Planning Commission cannot see their way to effectuate this change they are empowered to effectuate, which should have been done at least once, if not twice since 2009, perhaps the Committee will "fix" the Demo Calcs by reviving the tabled File that was duplicated from Board File No. 200142 last year?

Thank you for holding this hearing and looking at the issue of speculation. And thank you to CCHO for their detailed, compelling and very thorough report on housing for San Franciscans, the workers who *really* make the City work.

From: [Thomas Schuttish](#)
To: [Major, Erica \(BOS\)](#)
Subject: Board File No. 211119 Photo Exhibit for Speculative Project in Noe Valley for Housing Our Workers Hearing 11/8/2021
Date: Tuesday, November 9, 2021 12:57:07 PM
Attachments: [Screen Shot 2021-11-05 at 10.21.20 PM.png](#)

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Photo #5 Project Completed in 2015
July 2012 Sales price = \$1.26 million
July 2015 Sales price = \$ 4.85 million
October 2021 Sales price = \$ 6.1 million

From: [Thomas Schuttish](#)
To: [Major Erica \(BOG\)](#)
Subject: Board File No. 21119 Exhibit Photos for Speculative Project in Noe Valley for Housing Our Workers Hearing 11/8/2021
Date: Tuesday, November 9, 2021 12:52:07 PM
Attachments: [Screen Shot 2021-11-05 at 7:01:45 PM.png](#)

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Photo #4 Rendering from CatEx in SFPIM of project proposal in 2012.
No published Demolition Calculations on SFPIM.

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To: [Major, Erica \(BOS\)](#)
Subject: Board File No. 21119 Exhibit Photos for Speculative Project in Noe Valley for Housing Our Workers Hearing 11/8/2021
Date: Tuesday, November 9, 2021 12:50:14 PM
Attachments: [Screen Shot 2021-11-04 at 5.02.16 PM.png](#)

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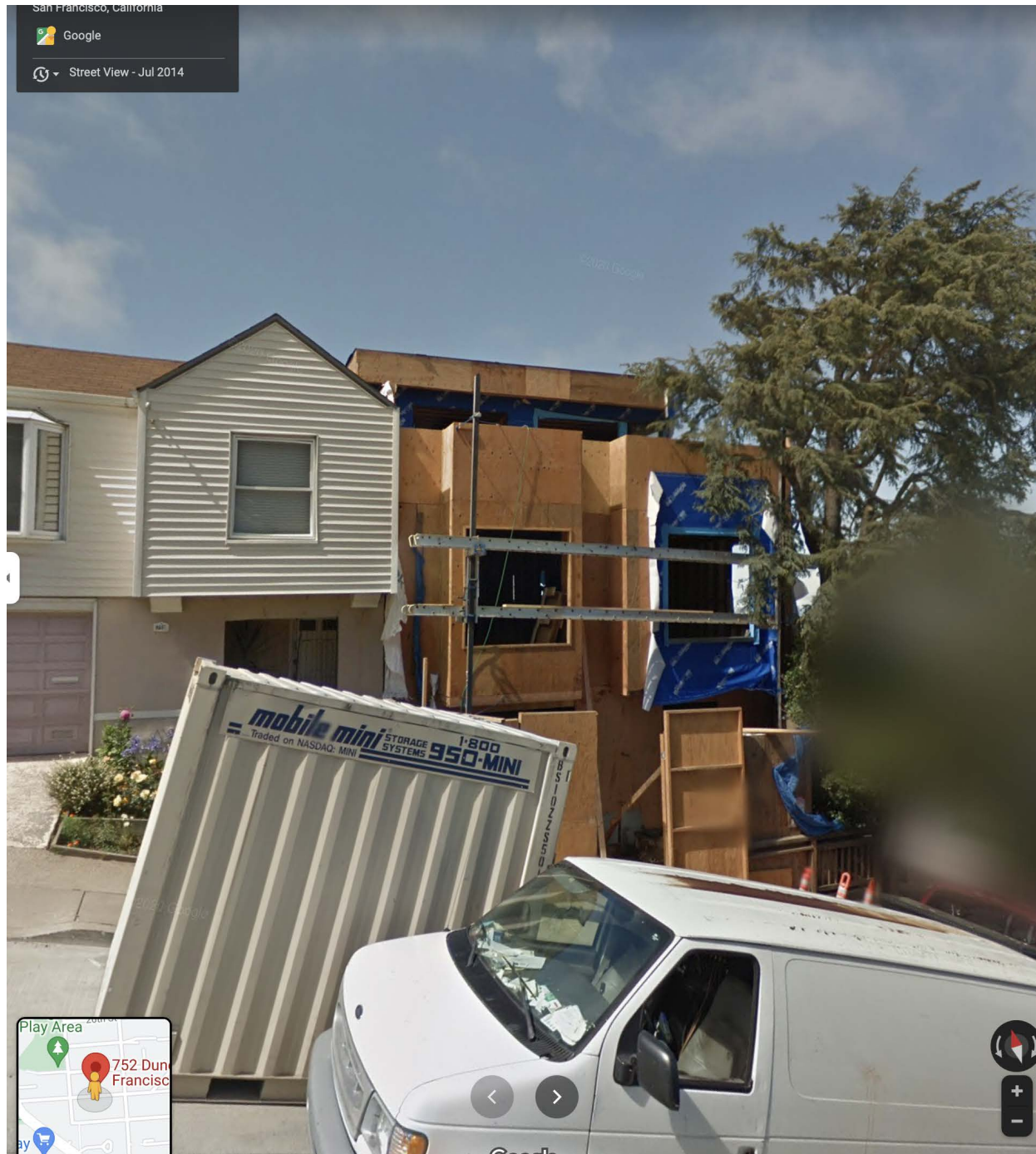


Photo #3 During Alteration work 2014

From: [Thomas Schuttish](#)
To: [Major, Erica \(BOS\)](#)
Subject: Board File No. 21119 Exhibit Photos for Speculative Project in Noe Valley for Housing Our Workers Hearing 11/8/2021
Date: Tuesday, November 9, 2021 12:48:50 PM
Attachments: [Screen Shot 2021-11-05 at 7:31:23 PM.png](#)

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Photo #2 After Alteration permit issued 2013

From: [Thomas Schuttish](#)
To: [Major, Erica \(BOS\)](#)
Subject: Board File No. 211119 Exhibit Photos for Speculative Project in Noe Valley for Housing Our Workers Hearing 11/8/2021
Date: Tuesday, November 9, 2021 12:46:50 PM
Attachments: [Original House Prior to Alteration permit.png](#)

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Photo#1 Original House prior to 2012 sale and Alteration permit.