

From: [Board of Supervisors, \(BOS\)](#)
To: [BOS-Supervisors](#)
Cc: [Jalipa, Brent \(BOS\)](#); [Calvillo, Angela \(BOS\)](#); [Laxamana, Junko \(BOS\)](#); [Mchugh, Eileen \(BOS\)](#); [Ng, Wilson \(BOS\)](#); [Somera, Alisa \(BOS\)](#)
Subject: FW: Letter re: 333 12th St. Acquisition
Date: Monday, April 25, 2022 11:23:37 AM
Attachments: [image003.png](#)
[Signed letter re 333 12th St .pdf](#)

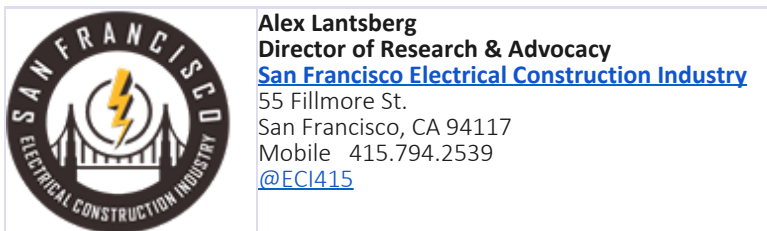
File No. 220344. Item 13 on board agenda for 042622.

From: Alex Lantsberg <alex@sfeci.org>
Sent: Friday, April 22, 2022 4:24 PM
To: Walton, Shamann (BOS) <shamann.walton@sfgov.org>
Cc: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: Letter re: 333 12th St. Acquisition

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Please see the attached letter re: the acquisition of 333 12th Street, set for the full Board of Supervisors meeting on April 26th.

Thank you





April 22, 2022

President Shamann Walton
San Francisco Board of Supervisors
1 Carlton Goodlett Way
San Francisco, CA 94102

RE: 333 12th Street

Honorable President Walton and Supervisors,

We are writing regarding the recent announcement by the Office of the Mayor of its intent to purchase the residential building at 333 12th Street for family supportive housing. Together we represent over 5,000 members across our three construction crafts. While the need to get people off the street overrides our concerns about the proposed purchase, we nevertheless encourage the Board to conduct robust oversight of this and potential future transactions.

To summarize, the Mayor's office is using Prop C & Homekey funds to buy an economically failing building, developed by a supporter using out of area contractors not paying area standard wages and benefits. The purchase price, reported at \$145 million for 200 units or \$725,000/unit, is comparable to the construction costs of City-supported affordable housing investments but there are significant differences between these projects.

First unlike this building, all City funded affordable housing projects are built by workers earning prevailing wages and benefits, local contractors, and certified apprentices. This project did not meet this standard. Although the General Contractor was the locally prominent Carpenters Union signatory Charles Pankow Builders, permit records indicate that the electrical, solar, plumbing, and HVAC work was performed by out of area contractors from Sacramento and as far as Florida that don't pay area standards or participate in certified apprenticeship programs. Permit records do not provide us with enough information to determine other major contractors

Second, buildings built with public funding are traditionally constructed with materials and to standards to ensure they stand the test of time however this project was built to the standards of a developer whose ownership time horizon is far shorter than the 55 years expected for city project. Furthermore, permit records suggest that at least one contractor was replaced on the job and work needed to be redone to pass inspection. Furthermore, Under such circumstances the City may see higher operations and maintenance costs, as well as unforeseen problems from wear and tear.

Lastly, we encourage you to look deeper into the pricing. According to the Assessor's record, the project is assessed at \$115 million; \$90 million for the structure and \$25 million for the

improved land; the developer refinanced the project for \$104 million in February 2021. While we are unable to fully determine the cost of the original land purchase, the land assessment increased by \$15 million between 2018 and 2019, before any construction commenced.


Your oversight can answer important questions about this project such as:

- What did this project cost to construct? What was the total project cost?
- How many local contractors, workers, and apprentices were on this project?
- How much of the overall construction expenditure stayed in San Francisco and the Bay Area?
- How many workers earned area standard wages or were covered by a collective bargaining agreement?
- What was the developer's original ownership time horizon?
- What is the building's operating income and how does it compare to pro-formas at the time of construction?
- How do the building components and systems compare to those used in City funded projects?

While the Board of Supervisors has the power to reject this purchase, we do not believe it should take that step. Rather, we encourage you to investigate these important questions and develop public policy to ensure that housing expenditures are cost-effective, support the associated public policies carried by our affordable housing investments, and do not unduly bail out profit-seeking political patrons.

Thank you for your consideration.

Sincerely,



John Doherty
IBEW Local 6



Larry Mazolla, Jr.
UA Local 38



Rick Werner
SMART Local 104