

## **He's been blamed for killing housing, but credited with keeping SoMa affordable. Meet S.F.'s most influential housing advocate**

*By Santiago Mejia : sfchronicle - excerpt*

In 2018, San Francisco political campaign manager Jen Snyder was in the early stages of running a ballot measure to provide free legal aid to tenants facing eviction when she got a phone call “out of the blue” from someone she had never met before: veteran South of Market nonprofit housing boss John Elberling.

Elberling, the president of the South of Market low-income housing owner TODCO, said he supported the measure. They discussed strategy, potential direct mail pieces and what it would take to win.

“Afterwards he wrote us a check for \$20,000,” she said. “He didn’t want anything in return for it.”

While the infusion of cash was a boon to a shoe-string campaign going up against a well-funded landlord lobby, it was the sort of spending that has led critics to argue that Elberling continues to play politics — and wield tremendous power — with millions of dollars generated through the refinancing of buildings originally constructed with taxpayer money.

TODCO, the organization Elberling leads, owns eight low-income apartment buildings in the South of Market neighborhood. In the 1980s and ’90s, the nonprofit was a real estate developer, putting up senior housing and residential hotels both on Sixth Street and near Yerba Buena Gardens. In the early 2000s, however, TODCO stopped building and began focusing on advocating for South of Market’s poorest and most vulnerable residents.

Since 2016, TODCO’s advocacy subsidiary, the Yerba Buena Neighborhood Consortium, has spent more than \$1.35 million to finance ballot measures. In creating a piggy bank for pet ballot measures, TODCO is taking advantage of a law that allows owners of federally-funded affordable housing buildings with Section 8 subsidies to “re-syndicate” their debt every 20 years, recapitalizing their portfolios by selling tax credits and tax-exempt bonds. During that process, a market study analyzes current market-rate rents in the neighborhood and what it “costs” an owner to keep a building affordable. If rents skyrocket, as they have in SoMa, it can create a windfall for the property owner. In the case of TODCO it amounts to “several million dollars” a year, according to Elberling.

While nonprofits can’t give money to individual candidates, TODCO’s newfound wealth has helped shift the city’s political landscape by giving progressive campaigns enough money to compete against more moderate housing-related initiatives, which tend to have the support of trade unions, business groups and large real estate developers.

Since 2016, Elberling’s group spent more than \$300,000 a year on a measure tying how much office space could be approved to the city’s affordable housing production. It put \$161,000 into a proposition aimed at preserving space for the arts and blue collar jobs. It pumped about \$110,000 into a measure doubling the transfer tax on real estate transactions over \$10 million and another \$180,000 into an affordable housing proposition.

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“Right now John is the primary source of both ideas and funding resources for progressive housing ballot measures,” said political consultant Jim Stearns, who has run campaigns for dozens of left-leaning politicians and ballot measures.

While the 75-year-old Elberling — or “Elbos,” as his friends call him — has been a soldier in the city’s development skirmishes for 40 years, his power to shape what does and does not get built in the South of Market has grown in recent years as he has spent freely on propositions, polling, lobbying and lawsuits...

That power came into sharp relief on Oct. 27 when the Board of Supervisors voted 8-3 to indefinitely delay a proposed 494-unit apartment complex at 469 Stevenson St., a 28,000-square-foot surface parking lot, used by a nearby Nordstrom, that is lined with homeless encampments.

The vote caught the attention not only of his critics in the vocal YIMBY movement, but also state officials like Gustavo Velasquez, Gov. Gavin Newsom’s housing and community development director, who said his agency is looking into whether the vote violated state law. Mayor London Breed called the decision a “perfect example” of “how San Francisco got into the housing crisis.”

“We can’t keep rejecting new housing and then wondering why rents keep rising,” she said.

Elberling said he was as shocked as anyone that his appeal won. He was certain Supervisor Matt Haney — who represents SoMa and supported the project — had the votes to beat it back. “I have never won an appeal before, OK?” Elberling said. “Never.” Typically, Elberling sues after defeat, then works out a deal.

In appealing the development, Elberling argued that allowing nearly 500 units of “gentry housing” would make Sixth Street “snazzier and slicker” and eventually drive up rents.

“I welcome the fact that we are having a civic debate about what is more important: market gentry housing, or protecting a low-income neighborhood like Sixth Street,” said Elberling.

Supervisor Matt Haney, who supported the Stevenson Street development, argues that the low-income housing in the neighborhood is protected by rent control or owned by affordable housing companies, and those who live around Sixth and Market have suffered as shops and restaurants have shuttered and drug dealing and encampments have proliferated. He said the alleys on both sides of the Nordstrom lot have been the scene of constant complaints, with recent beatings and stabbings. A driver recently mowed down a row of tents, sending several people to the hospital.

Preserving a valet parking lot in the name of stopping some abstract fear of gentrification is not helping anyone, he said.

“The narrative that you are somehow protecting the community by keeping things the way they are is flawed,” Haney said. “I’m not sure who they are speaking for.”

Elberling says he has no doubt who his organization represents: the low-income residents in South of Market, which includes residents of TODCO’s eight complexes with 956 units, including three residential hotels on Sixth Street and five senior buildings near Yerba Buena Gardens

But whether TODCO's residents benefit from the group's political advocacy is up for debate.

Sam Moss, executive director of the affordable housing developer Mission Housing, argues that TODCO should spend its money on properties and resident services. Mission Housing, like TODCO, refinanced its portfolio a few years ago, and has invested the money into refurbishing units, bringing in neighborhood-serving retail, and expanding services like computer labs, job training and day care, Moss said.

The amount of money available for affordable housing services is "very limited compared to the needs of the residents," Moss said. "Elberling is choosing to use those funds for politics rather than invest them back into the buildings. While that is his right, it's unfortunate."

Moss said the "decisions that John Elberling and TODCO make have cast our entire industry in a bad light."

Department of Building Inspection records show 37 complaints at one TODCO building, the Knox Hotel, and 76 at another, the Bayanihan House, including mold, mildew, leaking walls and windows, roaches, mice and bedbug infestations. All of the violations found by city inspectors were quickly corrected, according to public records.

Elberling has also come under fire for choosing to live rent-free in a 400-square-foot resident manager's unit in a TODCO building on Folsom Street, despite the fact that his salary — about \$200,000 a year — is four times the income he would need to qualify for the building. Affordable housing laws allow a live-in building manager who is exempt from income requirements.

While Elberling doesn't actually manage the building — the John Stewart Co. has a management contract for the property — he makes no apologies for living in the free apartment. He said the unit he lives in was empty before he moved in 1986. He shares the studio with cats named Queen Shorty, Princess Squeaky and Hunk of Burning Love.

"I've lived in that building for 25 years. People talk to me about what is on their mind," he said. "Whatever doesn't work right in the building for them doesn't work right for me, whether it's the elevator or the boiler."

He says his experience in the building has informed his political investments. "I worry about getting mugged just like my neighbors. I worry about getting run down at the intersection just like my neighbors," he said.

Housing Action Coalition Executive Director Todd David scoffed at the explanation.

"For someone who claims to be an advocate for individuals who need affordable housing, it is curious that he would occupy a unit in a deed-restricted building which he obviously doesn't qualify for," said David. "One could question the ethics."

Elberling was born and raised in Oakland where his family owned a commercial laundry business. He attended Catholic schools before going to boarding school in San Jose and to Boston College, where he dropped out after a year. He worked as a roadie for a rock band before returning to San Francisco in 1970, settling in the Inner Sunset and becoming part owner of a North Beach ice cream parlor.

Around that time he got involved with neighborhood politics, working on a 1972 fight to keep Muni fares at 25 cents. By the late '70s he had joined forces with prominent slow-growth preservationists like Sue Hester and Calvin Welch. In 1978 he took over TODCO, which at the time was starting construction on the first of its senior housing buildings.

Former Mayor Art Agnos met Elberling in the late 1970s. “You don’t mess with him,” said Agnos. “He has committed his career to helping people who have nothing and making the South of Market more affordable. That wouldn’t have happened without him.”

While TODCO is technically a neighborhood-based affordable housing group, it stopped building in the early 2000s. Elberling said he stopped pursuing development opportunities after clashing with former Mayor Willie Brown over several ballot measures and a political dustup led to TODCO losing out on a project.

“After that I thought, ‘Well, if we want to be housing developers, then we can’t be advocates,’ he said. “It’s one or the other.”

But while Elberling prides himself on fighting City Hall and being a thorn in the side of market-rate developers, he is also a deal maker who understands real estate finance and socializes with prominent market-rate builders. In the past few years he has been involved in successful negotiations over projects ranging from 5M — the Fifth and Mission project being built by Brookfield Properties and Hearst, The Chronicle’s parent company — to an agreement over the redevelopment of the Monster In The Mission site at 16th and Mission streets.

“If you are willing to sit down and negotiate with him you can get a deal done,” said Eric Tao of L37, which has built about 1,000 units in the South of Market. “He knows that the community gets nothing if nothing gets built.”

Tao credits the TODCO boss with giving him a crash course in land use when he was starting out as a developer. “He was like a weird wizard who knew all the technical stuff, all the context, all the politics, all the building codes and all the laws,” he said. “I realized pretty quickly if I wanted to build in SoMa I was going to have to go through John.”

But these days Elberling no longer runs TODCO’s day-to-day businesses and spends most of his time on advocacy. He has battled cancer, and arthritis makes it a chore to walk around his beloved SoMa. He is separated from his wife of 21 years, who lives in a house they owned together in Sonoma County. While Elberling is co-owner of the house, he says he never spent more than a few weekends a month there and that the home belongs solely to his estranged wife. He has bought a place in a Santa Rosa senior trailer park where he expects to live when he retires and loses his rent-free accommodations in SoMa.

Meanwhile Elberling says he has no plans to stop spending TODCO’s money to help advance the causes he has spent his life defending. In addition to the Stevenson Street fight, he is one of several parties suing UCSF to stop its Parnassus campus expansion.

In addition to the \$1.35 million spent on ballot measures, Elberling quietly funds a range of other nonprofits. In the past year he has committed \$100,000 to Oasis For Girls on Mission Street, \$350,000 to the new West Bay Community Youth Center on 7th Street, and another \$350,000 for a community of tiny homes Dignity Moves is building for homeless people at 33 Gough.

He also supports artists through a grant program. Michael Rios, a painter and muralist who did much of the artwork for the band Santana, has been given \$15,000 to restore a mural in the Mission and another \$30,000 to do a new one that will eventually be on a TODCO building at Fourth and Howard.

“He said, ‘You deserve to be paid, and not just chump change,’ ” said Rios. “I consider him an angel in my life.”

While Elberling’s critics portray him as a housing obstructionist and question whether he is using TODCO’s money to reward friends and thwart market-rate development, Elberling makes no apologies and says his critics are jealous. He said he will continue to bankroll progressive causes for as long he is able to continue working.

“They are unhappy because we do a million bucks and they don’t do anything,” he said. “F— ’em. And tell them we are thinking about doing more next year.”

J.K. Dineen is a San Francisco Chronicle staff writer. Email: [jdineen@sfchronicle.com](mailto:jdineen@sfchronicle.com) Twitter: @sfjkdineen