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Builder aims for privately funded affordable units

By J.K. Dineen



The Affordability Project proposed housing at 5250 Third Street.

The Affordability Project

Builder Joey Toboni was swimming in the bay a few years ago when he looked back at Aquatic Park and took in the scene.

Among the walkers and joggers he noticed a class field trip led by a few teachers. There was a home health care aide pushing an elderly woman in a wheelchair and a crew of National Park Service workers doing landscape work. He thought about the wide range of jobs that it takes to make a city function — and the wide gap between what those jobs pay and what it costs to live in the city.

“It dawned on me that none of these folks had a path to stay in San

Francisco,” he said. While that revelation was hardly groundbreaking in one of the world’s most expensive cities, for Toboni it became the seed of an idea he couldn’t shake.

“In that moment I realized there was nothing preventing me from being audacious and trying to tackle that problem,” he said. “I went home that night and started writing a business plan.”

What Toboni, 37, settled on was an idea maybe as challenging as it was simple: to build workforce housing for the middle class without accepting the sort of public subsidies — tax credits and affordable housing bonds — that finance

most of the city’s affordable housing. In bypassing the red tape required for public subsidized housing, he figured he could be nimble and streamlined.

Toboni came up with a name — the Affordability Project — and scoured the city for a site on which to launch the concept. He enlisted fellow city native Tim Szarnicki — they played basketball at St. Ignatius College Preparatory — who had spent seven years in various leadership roles at Immaculate Conception Academy, a low-income Catholic school in the Mission District.

On Thursday the Planning Commission voted 6-1 to support the Affordability Project’s debut offering: a

100-unit rental project at 5250 Third St. in the Bayview District.

On paper the project looks like a typical HOME-SF project — a density bonus program where developers get an extra two floors of heights in exchange for making 30% affordable to a range of low- and middle-income families. What makes the project unusual, however, is that the developer is also committed to restricting an additional 40% of the units to families earning between 80% and 140% of area median income, or \$110,000 to \$194,000 for a family of four. So the entire project will have 70% deed-restricted units.

The project received some opposition from building trades organizations that have clashed with the Toboni Group, a housing builder founded by Joey Toboni's father. Toboni, who focuses on building single-family homes in his for-profit business, said that the Affordability Project is entirely separate from other family businesses. He said that he can't commit to making the 5250 Third St. project an all-union job but that he hopes future developments will be.

In a city where an affordable unit can cost \$750,000 to build, Toboni is hoping to build for less than \$350,000 a unit. The cost savings come in part from the land as the Affordability Project was able to buy the parcel for \$3 million, or \$30,000 a door, about a 90% discount from what other land has sold for in San Francisco.

In addition, the group will save time and money by privately financing the development through philanthropy, which Toboni says will be far more efficient than going to the time-consuming and competitive process of competing for tax credits and affordable housing bonds.

"The point of this organization is to get workforce folks into housing now," said Toboni. "We believe a private organization can be much more efficient than the government is."

The project will be a benefit to Bayview businesses, according to Earl Shaddix, executive director of the Economic Development on Third, who lives in a below-market-rate unit at 4800 Third St. In the past 10 years only 20 units have been added along the heart of the Bayview's commercial district, he said.

While the neighborhood's business district is doing better — vacancy rate has dropped from 30% to 10% in the past few years — additional foot



Lee Suzuki / The Chronicle

Joey Toboni (left) and Tim Szarnicki on a lot on Third Street where they hope to develop middle-income housing.

traffic is needed to make sure the small businesses survive. New businesses opening recently include Feline Finesse Dance Co., Gratta Wines and U3Fit fitness gym — with several more expected to open in the coming months.

"There is a tremendous desire for more foot traffic and more lights on the corridor at nighttime," Shaddix said. "We desperately need that, and the way we do it is through increased density. We know housing will mean more people on the corridor."

Toboni said the plan is to build 2,000 workforce housing units in the next 10 years.

"Tim and I both realize that goal is extremely ambitious," he said. "But if you don't set a high goal, there is nothing to reach for."

Affordability Project has raised much of the money and has a commitment from a bank to provide a construction loan, although the group must raise another \$6 million before breaking ground. The hope is to be under construction next spring.

Toboni said it's too early to say what the exact income eligibility will be of the additional 40 affordable units, but that the rents would be set to ensure that essential workers like teachers and police officers qualify. Any profits from the project will be reinvested into the next affordable development.

Former Supervisor Katy Tang, who drafted San Francisco's HOME-SF density bonus legislation, is on the board of the Affordability Project.

As a veteran of the city's development battles, Tang said she realizes that building housing in San Francisco requires patience, money and political finesse. While the Affordability Project has a tough road, it's worth trying, Tang said.

"If we don't try it, it absolutely won't work," she said. "The largest group of families leaving the city are middle-income families."

Tang said she has talked to many Bayview businesses.

"What they keep asking is how can we get more people to visit the small businesses on Third Street? There is not currently a level of foot traffic to sustain local business."

Toboni said he continues to be motivated by that realization that he had while floating in the bay — that the families he grew up alongside in the Richmond District have no place in the current city.

"My best friend's parents growing up were an iron worker and a teacher," he said. "There is a zero percent chance that people working those professions could afford the Richmond today."

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