

File No. 210365

Committee Item No. 1

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: July 15, 2021

Board of Supervisors Meeting:

Date: _____

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER

- MOHCD Presentation – May 6, 2021
- McCormack Barron Salazar Presentation – June 6, 2021
- Referral FYI – April 14, 2021
- _____
- _____

Prepared by: John Carroll

Date: July 9, 2021

Prepared by: John Carroll

Date: _____

Prepared by: John Carroll

Date: _____

Plaza East Slides

GAO Committee

May 6, 2021



Mayor's Office of Housing and Community Development
City and County of San Francisco

Plaza East

MOHCD's historical relationship with Plaza East

- Plaza East is not a MOHCD-funded project
- MOHCD does not monitor financial performance or affordability
- Plaza East was included in the MOHCD-coordinated RAD portfolio application to HUD in 2013, which included all San Francisco Housing Authority public housing and HOPE VI sites (with the exception of 70 units)
- MOHCD walked the site in 2017 as part of our continuing support of repositioning of SFHA portfolio
- MOHCD learned of need for repairs at Plaza East from SFHA in December 2020
- MOHCD funds were made available for the project when MOHCD's rehabilitation loan to Hayes Valley North, a HOPE VI project, was reduced by \$2M in early January 2021

Plaza East



Plaza East \$2,698,000 Emergency Repairs Loan

Citywide Affordable Housing Loan Committee approved on April 16, 2021

Loan to be repaid by MBS from the proceeds of the Plaza East revitalization program at construction closing

Loan Terms:

Financial Description of Proposed Loan	
Loan Amount:	\$2,698,000
Loan Term:	3 years, with an extension up to 5 years if Borrower can demonstrate meaningful progress towards revitalization project construction closing as determined by the MOHCD Director
Loan Maturity Date:	2024, or 2026 if needed and Borrower can demonstrate meaningful progress towards revitalization project construction closing as determined by the MOHCD Director
Loan Repayment Type:	Deferred until maturity date, on which principal and accrued interest are due in full
Loan Interest Rate:	3% simple

Plaza East



Loan Conditions

- MBS to facilitate services contract with MOHCD for the disbursement of \$198,000 in funding for resident services.
- MBS to work with MOHCD to increase the pace of the emergency repair work and decrease the overall duration of the emergency repair project.
- MOHCD to approve the final Scope of Work in each unit (or each external area of the property) before the work commences.
- MBS to submit before- and after- photographs of each unit (or each external area of the property) along with each Draw Request in order to receive reimbursement for that scope of work.
- Sponsor must submit a monthly report for the duration of the emergency repairs project to MOHCD.

Plaza East



Property Management

Management of the property is expected to transition to John Stewart Company (JSCo) on June 1.

Plaza East will be the last of San Francisco's properties managed by McCormack Baron Management Co. (MBM) to make this transition.

Other projects that have transitioned from MBM to John Stewart management over the past three years include:

- Alice Griffith (HOPE SF)
- Bernal Dwellings (HOPE VI)
- Hayes Valley North and South (HOPE VI)

Plaza East



MOHCD's Role During Construction

For all MOHCD-funded projects, our assigned Construction Representative will:

- Approve monthly construction pay applications (AIA form) including
 - Conditional lien release forms
 - Conformance with certified payroll and hiring requirements
 - Conformance with documented completion of work including labor and materials accounting
 - Review and authorize approval of ALL change orders
 - Monitor construction retention from each draw (typically 10% per draw). Approve any early release or reduction of retention.
 - Monitor the Hard Cost Contingency Balance
- MOHCD to monitor COVID-19 Construction Protocols as developed with DPH
- Attending OAC calls at least twice per month and monthly all hands Pay App meetings.
- Coordinate resolution of construction period issues with field inspection
- Ensure all Notices of Violation (NOVs) have been addressed before construction retention funds are released
- Monitor close out process: delivery of any as builts and warranties; ensure staff are trained on building systems, unconditional lien releases , Certificate of Occupancy or Notice of Final Completion

Plaza East Apartments

SAN FRANCISCO, CA





McCORMACK BARON SALAZAR

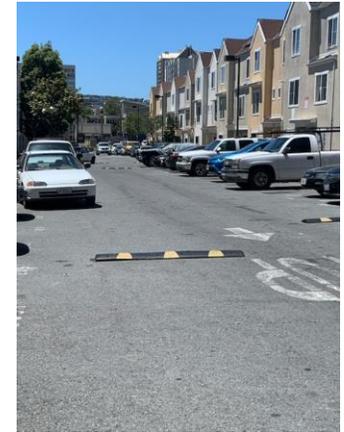
PLAZA EAST - OVERVIEW

- Last 100% Public Housing Site in San Francisco to not receive increased subsidies through HOPEsf or RAD
- Property owned by a Partnership of SFHA and MBS
- SFHA is Managing GP and MBS is Administrative GP
- 193 Family Apartments
- MBM is Property Manager – Transition to John Stewart Co on 6/1/21



EXISTING CONDITIONS & FINANCING

- Congress & HUD historically underfund operating subsidies
- Increasing resident concerns of deferred maintenance
- Property runs at deficit each year
 - Rents are fixed and subsidies are insufficient
- All reserves have been spent down to address maintenance issues
- Work orders are reactive
- COVID-19 means higher operating costs
 - Increase of \$511K from 2020 to 2021



IMPACT ON PEOPLE

- Average resident income 24% AMI
 - Average income: **\$41,760** for family of four
- Immediate financial support needed to address building and resident needs, including:
 - Security
 - Workforce
 - Education
 - Other Resident Services



SOLUTIONS – IMMEDIATE REPAIR WORK

2020

- 100% Unit walk through to inform Emergency Scope of Work
- December 2020: Applied to MOHCD for Emergency Repair Funds

2021

- Meeting with DBI to clear past notices of violation
- April 2021: Secured Emergency Repair Funding of **\$2.7M**
 - \$2.5M for repair work and \$198K for services
- May 2021: Repair work began
- June 2021: John Stewart Company to take over property management
- Ongoing resident dialogue before, during and after repair work complete

SOLUTIONS – REIMAGINING PLAZA EAST

Residents

- Summer 2020, discussions with residents to reimagine Plaza East
- What is working, what is missing from the community
- 1:1 replacement housing guaranteed
- Safety – Larch Way
- Infrastructure problems
- Social services on-site – both subsidies and physical space

Housing

- 1:1 replacement housing guaranteed
- Increase the number of affordable housing units on-site
- New amenities
- Thriving community integrated into the larger neighborhood

Enhanced Financing

- Increase annual subsidies
- Explore programs with varying levels of subsidy
- Reflect HUD goals for mixed-income communities

SOLUTIONS – HUD PROGRAMS

- Goal: Higher Subsidy levels
- May 2020: Concept Call with HUD to discuss Section 18 Program
- November 2020: SFHA Commission Approval to submit Section 18 Application
- January 2021: Submit Section 18 Application to HUD
- March 2021: HUD discontinued review of Section 18 Application
- April 2021: Correspondence with HUD to transition from Section 18 Program to potentially RAD Blend
 - SFHA Commission approved Section 18 Application withdrawal
 - SFHA and MBS exploring possibility of entering into RAD blend - new program that accomplishes similar goals to Section 18, including increased subsidies flowing to Plaza East
 - Consistent with the RAD Program SF has extensive familiarity with
 - Absolute right to return for all tenants – no rescreening

TENANT COUNCIL LEADERSHIP

- The role of a tenant council is to improve the quality of life and resident satisfaction and participate in initiatives to enable residents to create a positive living environment for families.
- Residents have the right to organize and select a tenant council to represent their interests.
- There must be a neutral, independent third-party entity to oversee the election process.
- All voting members of the resident community must be given sufficient notice (at least 30 days) for nomination and election.
- Any member of a public housing household whose name is on the lease of a unit and meets the requirements of the by-laws is eligible to be a member.
- There are typically 5 seats: President, Vice President, Treasurer, Secretary, and Sergeant-at-Arms

TENANT COUNCIL & RESIDENT MEETINGS

Below are dates that MBS met with tenant council and residents on site conditions, revitalization proposals, schedule of repair work:

Meetings with Resident Council

- August 27,2020
- September 3, 2020
- September 10,2020
- September 17,2020
- September 23,2020
- April 16, 2021
- April 27, 2021

Resident Meetings

- August 19, 2020
- August 26, 2020
- September 9,2020
- November 13, 2020
- April 28, 2021

TENANT COUNCIL LEADERSHIP

We have had numerous meetings with President Martha Hollins and Tenant Council Leadership on existing conditions, and parallel track for long term improvements

- Ms. Martha Hollins, President of Tenant Council
- Tray Walker, Sergeant of Arms
- Rene Narcisse, Treasurer
- Chris McCoy

TIMELINE

November 2020

- Fineline 20% walk through of units in preparation for Loan Committee
- Housing Authority Commission Approval to submit Section 18 Application

December 2020

- Submit application to Loan Committee for \$2.5MM based on Fineline 20% walk

January 2021

- Submit Section 18 Application to HUD

February 2021

- Fineline 100% unit walk through to support revised unit scope

March 2021:

- Section 18 Application Discontinued

April 2021 – Present:

- Early Discussions on RAD Blend
- Loan Committee Approval for \$2.5MM for emergency repairs & \$198K for social services
- Community Meeting kick-off to inform residents of repair funds, property management transition, social services

NEXT STEPS

May 2021

- Resident meetings on repair work in units
- Repair work began this month
- Social Services has begun
- Resident Meetings on ideas/input for revitalized Plaza East

June 2021

- John Stewart Company to take over Property Management
- Continued discussions with HUD on best financing path forward to increase resources to the property

July 2021 Onwards

- Ongoing management meetings with residents
- Updates on repair work
- Resident input on the future of Plaza East

From: [Cedric Jackson](#)
To: [Carroll, John \(BOS\)](#)
Subject: FRH recommendation for outstanding work in our housing development
Date: Thursday, May 6, 2021 3:21:01 PM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Hi my name is Doctor Cedric Jackson And I would like to comment on the plaza east propose plans for the property. I commend the supervisor, the contractors and other city agencies for their time and effort to address the egregious environmental and health \wellness conditions that this population has endured for decades. The investigation of complaints of substandard living conditions are very important to address not only the brick and mortar issues, but also the flesh and bone issues that can't be addressed without a comprehensive strategy to address the whole person which has been accomplished in other HUD developments by FRH.

[Sent from Yahoo Mail on Android](#)

BOARD of SUPERVISORS



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MEMORANDUM

TO: Patrick O'Riordan, Director, Department of Building Inspection
Eric D. Shaw, Director, Mayor's Office of Housing and Community Development
Tonia Lediju, Acting Executive Director, San Francisco Housing Authority
Anne Pearson, Office of the City Attorney

FROM: John Carroll, Assistant Clerk, Government Audit and Oversight Committee, Board of Supervisors

DATE: April 14, 2021

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Government Audit and Oversight Committee has received the following hearing request, introduced by Supervisor Preston on April 6, 2021:

File No. 210365

Hearing on the investigation of complaints of substandard living conditions at Plaza East and discussions of proposed plans for the property; and requesting the Department of Building Inspection, Mayor's Office of Housing and Community Development, Housing Authority, and Office of the City Attorney to report.

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Office of Chair Preston
Patty Lee, Department of Building Inspection
John Murray, Department of Building Inspection
Eugene Flannery, Mayor's Office of Housing and Community Development
Amy Chan, Mayor's Office of Housing and Community Development
Cindy Gamez, San Francisco Housing Authority
Nancy Rodriguez, San Francisco Housing Authority
Linda Martin-Mason, San Francisco Housing Authority

Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor inquiries"
- 5. City Attorney Request.
- 6. Call File No. from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Supervisor Preston

Subject:

Hearing to Investigate Complaints of Substandard Living Conditions at Plaza East and Proposed Plans for the Property

The text is listed:

Hearing to Investigate Complaints of Substandard Living Conditions at Plaza East and Proposed Plans for the Property. (DBI, MOHCD, Housing Authority and City Attorney)

Signature of Sponsoring Supervisor:

For Clerk's Use Only