

October 24, 2024

Dear Supervisors,

Thank you to Supervisor Melgar and her team for leading this proposed ordinance to the planning code to authorize increases to the affordable price and income limits for certain below market rate (BMR) owned units.

My name is Simon Jansuk and this is my wife, Amy Jansuk. I work for the City and County of San Francisco. My wife works in home health treating children in all corners of San Francisco including the Tenderloin and Bayview. We wake up every morning and serve our community.

Because we have a fixed income, we chose to buy a Below Market Rate (BMR) condo through the Mayor's Office of Housing and Community Development (MOHCD) in 2018. Due to Amy's aging parents who needed our support, we decided to sell our condo in 2022 to move closer to them.

For 2 years, we have tried selling our unit for lower than what we paid for it. Why is it not selling?

As our realtor, Jennifer Rosdail will attest, it is because of the Affordable Resale Price. In lengthy discussions with over 50 potential buyers to our unit she has had to explain this term over and over.

In 2019, MOHCD decided to add an "affordable resale price" in addition to their "maximum resale price" when calculating sale prices of BMR units. The affordable resale price focuses on what a buyer of limited means can afford. The affordable resale price is advertised in bold in our listing on the BMR website. According to MOHCD paperwork "If you pay more than the Affordable Resale Price, you cannot be eligible for the BMR DALP program". The DALP is a loan from the City to help pay for the unit.

When we went to sell our condo we learned about the affordable resale price for the first time. We were truly blindsided to learn that we had UNKNOWINGLY given our life savings and paid \$95,000 OVER the affordable resale price. Now we are forced to sell our unit at a loss.

To make it harder on us, we learned from Maria Benjamin, director of MOHCD, that the affordable resale price has existed since the 1990s. Yet it was not public knowledge until 2019, the year after we purchased it.

We are selling our unit \$64,000 above the affordable resale price to recoup some of our equity. As a result, our pool of potential buyers is narrow and does not include anyone needing DALP.

The truth is- NO potential buyer wants to pay more than the Affordable Price. No one wants to buy our unit because they do not want to be in a situation where when they were ready to sell, they would have a restricted number of buyers themselves and have no chance of getting out.

On their website the MOHCD says their program supports racial and social equity by elevating low and middle income households. However, if we were to sell at the current affordable resale price of our unit we would have to have a short sale, be unable to pay our lenders and our credit would be ruined.

Since the City did not disclose to us the affordable resale price when we purchased it, it is their responsibility to make it right. For homeowners like us, who purchased their BMR units - UNKNOWINGLY, significantly ABOVE the affordable resale price, we need to be able to sell the unit to households that earn more money or have a higher average median income (AMI). This ordinance will allow us to sell to a household making up to 150% AMI which will recalculate the affordable resale price.

In February of last year, I took myself to the emergency room convinced I was having a heart attack- it felt like an elephant was sitting on my chest and sharp pain surged through my chest and radiated out to my arm. My breathing was shallow and strained. After numerous tests the doctors said it was not a heart attack but a panic attack.

I'd never had a panic attack before. Truthfully, I feel like I am being dragged down and that everything we have worked for is disintegrating. Our 9 and 12 year old daughters have seen the strain this experience has put on us and understand that we are losing our family's financial security.

We urge you to pass this ordinance that will raise the AMI allowed by households purchasing this unit and therefore increase the number of potential buyers. We cannot express our gratitude enough for the collaboration between Supervisor Melgar and her team, MOH and the City Attorney who have made this proposed ordinance a priority. Thank you.

Respectfully Yours,
Simon and Amy Jansuk

October 24, 2024

Dear Supervisors,

Thank you for hearing our struggle. Thank you to Maria Benjamin and Cissy Yin of the MOHCD, Jen Low, Supervisor Melgar and Jennifer Rosdail, our realtor, for the endless support you've given us over the years.

You are familiar with our family's story of our attempts to sell our Below Market Rate (BMR) condo for the past two years.

The truth of our story is:

We know we will lose equity. We know this is part of the risk we took when becoming a homeowner. And yes, it's hard to sell a home in these market conditions. However, please understand that this is **not** the issue here.

The issue is that the Mayor's Office of Housing and Community Development program (MOHCD) created this problem for us and they are here proposing a thoughtful and comprehensive solution in collaboration with Supervisor Melgar. MOHCD is proposing a remedy because they acknowledge a mistake, that our BMR unit was sold at almost 100K higher than its affordable resale price.

The MOHCD did not disclose to us that there were 2 prices - the affordable resale price and maximum sale price - until after we purchased the BMR unit. MOHCD changed the rules on us, midstream. They were aware of this term "affordable resale price" since the 1990s and were conscious of seeing a pattern take effect by 2015 where households were buying BMR units well above an affordable cost.

By 2019 they made public the affordable resale price so that BMR units would remain affordable. Unfortunately it was too late for us since we purchased our condo in 2018- when they had not yet made public the "affordable resale price".

Now, in bold letters on the City's website to sell our unit is our affordable resale price listed as \$386K. We purchased our unit for \$481K (including closing costs and realtor costs). That is 95K over the affordable resale price. The MOHCD would never let a buyer buy at this price today as the unit is no longer affordable to anyone in this program. Hence, 2 years of trying to sell our unit to no one that qualifies.

In hopes it would help us sell our BMR, the MOHCD has given us a one time exception to sell to a person exceeding the maximum qualifying income. This is allowable per the inclusionary housing manual. Since our qualifying unit is 100% AMI, they have allowed a person of 120% AMI to buy it from us though this is only temporary and that buyer would have to sell the unit at 100% AMI.

This proposed ordinance makes it permanent going forward so that no other buyer is trapped in our situation trying to sell a unit with such a small pool of buyers. This ordinance will help us. It will make permanent 110% AMI instead of 100% AMI, increasing the number of qualified buyers.

Please understand this ordinance only applies to a fraction (likely less than 1%) of the 1400 BMR units. Our situation is unique. Current and future BMR units will not be affected by this ordinance. BMR units will still be affordable as that is the driving force behind MOHCD's program.

The truth is, if this ordinance is not passed, it is not fair to us because we will be the ones in debt. We will suffer to keep the program affordable for others. It is important that we pass this so we don't carry the burden and become the victims.

Thank you Supervisors for caring enough about our unique and significant struggle and choosing to support this change in the planning code.

Respectfully Yours,

Simon and Amy Jansuk

From: [Charlie Sciammas](#)
To: [Peskin, Aaron \(BOS\)](#); [Preston, Dean \(BOS\)](#); [Melgar, Myrna \(BOS\)](#)
Cc: [Lovett, Li \(BOS\)](#); [Horrell, Nate \(BOS\)](#); [Low, Jen \(BOS\)](#); [Carroll, John \(BOS\)](#); [Joseph Smooke](#); [John Avalos](#)
Subject: RE: Authorize Increases to the Affordable Price and Income Limits for Certain Below Market Rate Owned Units (File # 240802)
Date: Thursday, October 24, 2024 5:21:45 PM
Attachments: [CCHO Letter, Authorize Increases to the Affordable Price and Income Limits for Certain Below Market Rate Owned Units.pdf](#)

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Dear Members of the Land Use Committee,

We are writing on behalf of the Council of Community Housing Organizations in regards to the Board's legislation to *Authorize Increases to the Affordable Price and Income Limits for Certain Below Market Rate Owned Units* (File # 240802).

Please see our attached letter.

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Charlie Sciammas, Policy Director (he/him)
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October 24, 2024

President, Board of Supervisors, Supervisor Aaron Peskin
Chair of the Land Use & Transportation Committee, Supervisor Melgar
Member of the Land Use & Transportation Committee, Supervisor Preston

Dear Members of the Land Use Committee,

We are writing on behalf of the Council of Community Housing Organizations in regards to the Board's legislation to *Authorize Increases to the Affordable Price and Income Limits for Certain Below Market Rate Owned Units* (File # 240802).

We appreciate the time and effort that Supervisor Melgar has dedicated towards addressing the particular needs of the BMR property owner at 270 Valencia Unit #1, which we understand to be negatively impacted by a change in how MOHCD calculates allowable resale value for BMR units. We agree with the goal of providing relief to this household and see BMR residents as important constituents alongside our broader citywide affordability and community development goals.

This legislation enables waiver(s) to upwardly adjust the AMI levels of an existing category of BMR units, such as 270 Valencia Street #1. We believe this opens the door to permanently reducing the stock of BMR units at deeper affordability. We believe that there is already a troubling lack of alignment between the AMI levels of the BMR program and where the greatest need for affordability lies. We have seen that the City has been setting AMI levels that well exceed the federal definitions of "low to moderate income" which, from a lender's perspective, HUD, or CalHFA program perspective would be capped at 120% unadjusted AMI. A look at the profile of applicants to the citywide lottery for BMR units shows that competition is fierce for units at lower AMIs while units serving higher AMI households are more likely to remain vacant, and have significantly better lottery odds due to an excess of inventory and smaller demand. We are concerned that this may undermine the City's ability to fulfill our obligations under Affirmatively Furthering Fair Housing goals as outlined in our Housing Element and as required by State law.

We are also concerned about the lack of clarity of the scope of units that might be impacted by this legislation. MOHCD has stated that it has not done an analysis of the universe of units that would qualify for an exception under this legislation. We heard initially that there are two known units that would qualify, and saw that MOHCD has reported that there could be up to 100, only to concede that there may only be one affected household.

We'd like to lay out the following policy options for the Land Use and Transportation Committee to consider. More than anything we want the City to find the best pathways to address the needs of this particular BMR household without permanently making their unit less affordable and creating a situation whereby the current residents in the BMR unit would be priced out from accessing their BMR unit in the first place.

- In this narrow circumstance, could the City compensate the BMR owner for the anticipated loss between the allowable resale price and the initial purchase price of their home?
- Could the City acquire the unit in a manner that makes the owners whole and resell it at a lower AMI and ensure that there is a one-to-one replacement of units at the particular AMIs being targeted by this legislation?
- Could the City consider unbundling the parking space from this particular unit in order to provide additional flexibility for the BMR resident to recover the difference between the allowable resale price and their initial purchase price?

If none of these options are possible, we recommend the City create ways to constrict the scope of this legislation as narrowly as possible to maintain the City's inventory of units at lower AMIs and prevent the erosion of an unknown number of BMR units at lower AMIs.

- Could the definition of who is eligible for the waiver be narrowed more tightly, for example to a small universe of BMR owners who purchased during a time period or under conditions that are adversely affected by MOHCD's new regulations?
- Could there be a total or annual on how many units could take advantage of this legislation?
- Could the reporting on implementation be presented to the Inclusionary Housing Technical Advisory Committee to consider in their analysis around setting AMI levels and to consider future amendments to this ordinance?
- Could the City reset the restricted sales price back to the original AMI for that unit upon the next resale providing it is viable? This would be assuming that the sales price might eventually increase to the new purchase price if the formula is based on various factors of AMI, interest rate, and/or HOA fees for that unit, and that a buyer with suitable savings can be found to meet the leverage requirements at that price. And when these conditions cannot be met, this would create the outcome that the unit would be transitioned to the higher price.

Lastly, we believe this legislation points to the need for a more comprehensive review of the BMR program and associated AMIs. We believe that an underlying problem is that this legislation would increase the inventory of units at higher AMIs at the same time that the price of BMR units at the higher AMIs is presently too high to be sustainable in the marketplace. We believe that this is emblematic of the fact that the AMI tiers are not aligned with a data-driven analysis of what the community needs are. **We highly recommend that this legislation be amended to commission an MOHCD study to analyze the AMI tiers among BMR lottery applicants, their socio economic conditions, and the overall demand among the target populations. The study should be administered in consultation with community housing organizations that serve BMR residents and make recommendations to appropriately design the AMI tiers.**

We look forward to working together with members of the Board as you consider this legislation and ways to ensure that it addresses our communities' concerns referenced above.

Sincerely



John Avalos
Executive Director



Charlie Sciammas
Policy Director