

File No. 220740

Committee Item No. \_\_\_\_\_

Board Item No. 43

# COMMITTEE/BOARD OF SUPERVISORS

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Date: \_\_\_\_\_

Board of Supervisors Meeting

Date: June 28, 2022

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Prepared by: Lisa Lew

Date: June 24, 2022

Prepared by: \_\_\_\_\_

Date: \_\_\_\_\_

1 [Urging the San Francisco Housing Authority to Evaluate Options for Affordable Housing  
Units]

2  
3 **Resolution urging the San Francisco Housing Authority, in consultation with**  
4 **McCormack Baron Salazar (MBS) to evaluate, as an alternative to the plans currently**  
5 **being proposed by MBS, rehabilitation and redevelopment options that result in 100%**  
6 **of the units onsite as affordable housing, including but not limited to an alternative**  
7 **proposal that incorporates Faircloth-to-RAD conversion.**

8  
9 WHEREAS, Plaza East was built in 1956, with high-rise tower style apartments to  
10 provide affordable housing to families in the Western Addition, a predominantly black  
11 neighborhood; and

12 WHEREAS, At the time the housing was owned and managed by public entities; and

13 WHEREAS, McCormack Baron Salazar (MBS), a St. Louis-based developer, rebuilt  
14 Plaza East Apartments in 2001 due to a lack of sufficient federal funding to maintain the  
15 property, MBS rebuilt Plaza East in 2001 and agreed to maintain it in good condition; and

16 WHEREAS, The Plaza East Property is owned by a partnership of the San Francisco  
17 Housing Authority (SFHA) and MBS; and

18 WHEREAS, The SFHA owns the land that includes Plaza East Apartments; and

19 WHEREAS, The SFHA is the managing General Partner and MBS is Administrative  
20 General Partner; and

21 WHEREAS, When Plaza East was demolished and rebuilt by MBS in 2001, under  
22 HOPE VI, there was a 30% reduction in units, from 276 to 193, disproportionately impacting  
23 Black families; and

24 WHEREAS, Only 57% of former Plaza East residents moved back after the rebuild;  
25 and

1           WHEREAS, Many residents who opted to take Section 8 Vouchers (subsidies to live in  
2 private market rental housing) for ‘temporary’ relocation left San Francisco or could not be  
3 located once the renovations were complete; and

4           WHEREAS, Since the 2001 redevelopment, Plaza East has fallen into disrepair, SFHA  
5 and MBS have known about these extreme issues for years, and despite SFHA and MBS’s  
6 knowledge, residents have continued to face substandard conditions in their units; and

7           WHEREAS, In 2018, MBS asked and received a \$100,000 grant from the Housing  
8 Authority for repairs with no repayment obligations; and

9           WHEREAS, On November 18, 2020, Mayor London N. Breed submitted a letter of  
10 support to Ms. Jane Hornstein of the U.S. Department of Housing and Urban Development,  
11 Special Applications Center to express support for the Inventory Removal Application  
12 submitted by the San Francisco Housing Authority for the Plaza East public housing  
13 development pursuant to Section 18 of the Housing Act of 1937; and

14           WHEREAS, On November 19, 2020, the Housing Authority’s Board of Commissioners  
15 authorized the Housing Authority’s Acting Executive Director to submit an inventory removal  
16 application to HUD for Plaza East allowing the agency to take the first step in the demolition  
17 process by signing off on McCormack Baron Salazar’s plan to tear down and rebuild the site,  
18 after a mere 20 years since the prior demolition; and

19           WHEREAS, On January 9, 2021, the SFHA submitted a demolition application to the  
20 U.S. Department of Housing and Urban Development (HUD) for review; and

21           WHEREAS, The demolition would have been the second time in just twenty years that  
22 HUD would have given approval to McCormack Baron Salazar to tear down and rebuild Plaza  
23 East; and

24           WHEREAS, If HUD had approved of the demolition of Plaza East in 2021, it would  
25 have been the first HOPE VI site in the nation to be torn down; and

1           WHEREAS, The U.S. Department of Housing and Urban Development on March 30,  
2 2021, denied MBS’s application to raze and rebuild Plaza East Apartments, a 20-year-old  
3 public housing complex in the Western Addition; and

4           WHEREAS, HUD requires that the cost of repairs exceeds over 57.14% of the cost to  
5 rebuild, and HUD found that MBS had not met that threshold and HUD determined that repair  
6 costs would be only 39.6% of total development cost; and

7           WHEREAS, HUD’s decision came three months after the San Francisco Housing  
8 Authority submitted a demolition application; and

9           WHEREAS, On April 6, 2021, after over 30 residents submitted a petition raising  
10 concerns regarding the habitability and the future of Plaza East, Supervisor Dean Preston  
11 called for a hearing on the investigation of complaints of substandard living conditions at  
12 Plaza East and discussions of proposed plans for the property, and requesting the  
13 Department of Building Inspection, Mayor’s Office of Housing and Community Development,  
14 Housing Authority, and Office of the City Attorney to report; and

15           WHEREAS, On April 16, 2021, the city approved a \$2.7 million Emergency Repair  
16 Funding loan to MBS for Plaza East, of which \$2.5M was for repair work and \$198K for  
17 resident engagement and services; and

18           WHEREAS, Emergency repairs were scheduled to be completed by May 2022; and

19           WHEREAS, On April 22, 2021, the San Francisco Housing Authority approved a  
20 Resolution to pull the HUD demolition application; and

21           WHEREAS, On May 6, 2021, Supervisor Preston held a hearing on the investigation of  
22 complaints of substandard living conditions at Plaza East and discussions of proposed plans  
23 for the property at the Government Audit and Oversight Committee of the San Francisco  
24 Board of Supervisors; and

25

1           WHEREAS, At the initial hearing, the Chief Development Officer at MBS asserted that  
2 “there are no current plans to demolish some or all of Plaza East” and that “no matter what we  
3 represent to the feds to unlock additional money, the future of Plaza East is in their [the  
4 residents’] hands;” and

5           WHEREAS, On June 1, 2021, facing extensive and ongoing complaints about  
6 conditions and management, The John Stewart Company replaced McCormack Baron  
7 Salazar as the property manager, and MBS stayed on as the developer; and

8           WHEREAS, In meetings with residents and the District 5 office in the year since the  
9 hearing, MBS has continued to promote a “mixed income” model, and claimed there is  
10 resident support for a “mixed income model,” without providing details to residents or the  
11 District 5 office of what that meant by “mixed income,” what income brackets were targeted,  
12 and whether the income mix would include market rate housing on this public housing site;  
13 and

14           WHEREAS, Despite dozens of requests for clarity regarding MBS’s intentions with  
15 regard to market rate housing, if any, on this site, MBS provided its first details regarding such  
16 plans in a PowerPoint presentation to residents at a meeting on February 22, 2022, and then  
17 upon inquiry from the District 5 office, confirmed for the first time on February 25, 2022, that  
18 the development plans would include hundreds of units of market rate housing at Plaza East,  
19 and that MBS would bring on a private developer for those units; and

20           WHEREAS, The District 5 Supervisor has for over a year requested that the Housing  
21 Authority and MBS consider, evaluate, and share an analysis of plans for Plaza East that do  
22 not rely on private market rate development at the site, including identifying existing programs  
23 to fund such plans and identifying any funding gaps or subsidy needs to make such  
24 alternatives pencil out; and

25

1           WHEREAS, After over a year plus of requests from the District 5 office for alternate  
2 development plans, including requests submitted prior to and at the May 6 and July 15, 2021.  
3 hearings at the Board of Supervisors, and requests in meetings over the last year, at no time  
4 has MBS or the SFHA provided such plans or an evaluation or estimate of the funding needs  
5 and sources to make such a project feasible; and

6           WHEREAS, On May 25, 2022, MBS held a meeting with residents to introduce them to  
7 the new private market rate developer, Strada, and to cover next steps in the development  
8 process with residents; and

9           WHEREAS, Plaza East was reduced from 276 to 193 units through the 2001  
10 demolition, and the District 5 office has specifically requested that any plan for Plaza East  
11 include not just the replacement of the 193 units of public housing, but the addition of a  
12 minimum of 83 deeply affordable units (tenants pay no more than 30% of their income in rent)  
13 to address the prior loss of units, a request to which SFHA’s director has indicated an  
14 agreement in principle if feasible, but MBS has failed to agree to; and

15           WHEREAS, There is an incredible need for affordable housing in the Western Addition  
16 neighborhood particularly for extremely low income families who would benefit from deeply  
17 subsidized affordable housing; and

18           WHEREAS, HUD’s Office of Recapitalization on April 12, 2021, announced their  
19 “Faircloth-to-RAD” program for public housing agencies to create affordable homes in order to  
20 address the lack of public housing units being developed; and

21           WHEREAS, The Faircloth-to-RAD program is designed to establish a long-term rental  
22 subsidy contract for new housing units that will enable public housing agencies and  
23 associated partners to finance the development of new properties; and

24           WHEREAS, According to HUD, in a Faircloth-to-RAD transaction, Public Housing  
25 Assessment System (PHAs) will develop public housing units using HUD’s public housing

1 mixed-finance program with pre-approval to convert the property to a long-term Section 8  
2 contract following acquisition or rehabilitation/construction; and

3 WHEREAS, With early-stage RAD conversion approvals, lenders and investors will  
4 have the revenue certainty through familiar Section 8 contracts to underwrite these projects;  
5 and

6 WHEREAS, According to HUD, SFHA has the authority to build up to 2,471 new units  
7 with this conversion method; and

8 WHEREAS, Despite the newly announced Faircloth to RAD process, SFHA and MBS  
9 have not commenced discussions with HUD to evaluate possible application to Plaza East,  
10 despite the request of the District 5 Office to explore this potential funding opportunity, and  
11 have dismissed suggestions from the District 5 Office and residents that this avenue be  
12 explored as a vehicle to fund public housing onsite without relying on private market rate  
13 development; now, therefore, be it

14 RESOLVED, The Board of Supervisors urges that any redevelopment plan for Plaza  
15 East center the residents of Plaza East and that any such plan be developed in a transparent  
16 way with the leadership and meaningful involvement of residents, and include an absolute  
17 right of return for residents; and, be it

18 FURTHER RESOLVED, The Board of Supervisors urges the San Francisco Housing  
19 Authority, in consultation with McCormack Baron Salazar (MBS), the Mayor's Office of  
20 Housing and Community Development, the Planning Department, the Office of Economic and  
21 Workforce Development, and the United States Department of Housing and Urban  
22 Development (HUD), to evaluate, as an alternative to the plans currently being proposed by  
23 MBS, rehabilitation and redevelopment options that result in 100% of the units onsite as  
24 affordable housing, including but not limited to an alternative proposal that incorporates  
25 Faircloth-to-RAD conversion; and, be it

1           FURTHER RESOLVED, The Board of Supervisors urges that any redevelopment  
2 proposal that increases the number of units at Plaza East should include replacement of not  
3 just the 193 units currently at Plaza East, but also, at a minimum, the 83 units that were  
4 removed and not replaced resulting in the displacement of many Black residents from the  
5 neighborhood in the last redevelopment, bringing the total number of replaced public housing  
6 units from 193 to a minimum of 276, regardless of the number of other units, if any, built on  
7 this site; and, be it

8           FURTHER RESOLVED, That the Housing Authority provide a written report to the  
9 Board of Supervisors within 60 days on alternative development options in which all of the  
10 units are below market rate to target low-income and working class neighborhood residents,  
11 along with any funding, financing, or feasibility obstacles to such plans; and, be it

12           FURTHER RESOLVED, That the Clerk of the Board shall transmit a copy of this  
13 Resolution to the Housing Authority, Office of Economic Workforce Development and the  
14 Mayor’s Office of Housing and Community Development.

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# 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):

Subject:

The text is listed:

Signature of Sponsoring Supervisor: