

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



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Members of the Citizens General Obligation Bond Oversight Committee:

We received emailed questions on January 24, 2017 from Committee member Larry Bush and we would like to provide those questions and our responses to the entire Committee.

**Q:** Do you have the HUD scores on housing quality for the SFHA developments to be redeveloped under HOPE VI? Can you provide those scores for each development for each of the past three scoring periods?

**A:** We would like to clarify that there are no General Obligation Affordable Housing Bond funds dedicated to any HOPE IV developments. We are using Bond funds to support portions of two HOPE SF developments, Sunnydale and Potrero. HOPE SF, while inspired by HOPE IV, is a City, not a federal, initiative.

We do not currently have REAC housing quality scores for Sunnydale or Potrero, but those scores are available from the Housing Authority. We did, however, receive within the last month Section 18 demolition/disposition approval from HUD for all of Sunnydale & Potrero. This approval indicates that HUD has confirmed that the cost to rehabilitate the existing buildings exceeds a reasonable standard relative to the cost of constructing new buildings. HUD does not issue Section 18 approvals for any buildings unless they are deemed to be fully obsolete.

**Q:** What percentage of the newly developed units will be studios? one-bedroom? two-bedroom? Three bedroom? Four or more bedrooms? How does this match up against the recent reports on density of families with children by sections of the city? Do you have a needs assessment on family-sized housing? Is there a legal definition of family-sized housing for SF planning and permitting?

**A:** See below summary table for the Bond-funded developments. Note that except for Parcels X and Q, the unit counts are projections. The last column shows what percentage of the overall unit count is 2 or 3 bedrooms, which are unit sizes which would accommodate

families. Note also that for 500 Turk, which is in the Tenderloin, our development team reports that their clients are preferring to rent smaller units, at more people per bedroom than in years past, in order to save money.

Project	0	1BR	2BR	3BR	Total Units	Pct 2-3BR
500 Turk	29	65	28		122	23%
1990 Folsom	23	42	68	10	143	55%
4840 Mission	7	50	46	11	114	50%
Parcel X	2	10	51	9	72	83%
Parcel Q	3	19	20	13	55	60%

The San Francisco Planning Department issued a study this month entitled “Housing for Families With Children” (<http://sf-planning.org/article/housing-families-children>). This excerpt is from page 25, emphasis added in bold:

*Research indicates that crowded environments can negatively affect children’s social adjustment. Several findings from studies found a sharp increase in children’s misbehaviors when they live in homes with more than 2.3 residents per room. Family units require a minimum of two bedrooms to provide enough privacy and space for each family member. **Given San Francisco’s trend towards smaller families, the two bedroom unit is considered adequate for most families, but as discussed above, the need for some three-bedroom units will continue.***

We regularly consider how to maximize family housing in our developments, and we are always compliant with neighborhood-level zoning regarding family housing, for example, Eastern Neighborhoods requires a minimum of 40% of all new units be at least 2-bedroom.

Q: The images in the report don’t provide sufficient detail on open space, recreation areas, and parks within the footprint of these complexes. Can you please outline that?

**In the complete site plan for the entire Sunnydale development, there are 3.6 acres of new open space, 5 acres of courtyards and common open space, a new Neighborhood Community Recreational and Services Center, and community-serving services and retail space.**

**Potrero has 3.5 acres of public open space, including neighborhood parks, community gardens, promenades, and better access to the Potrero Rec Center, as well as a new 30,000 square foot community center with spaces for childcare, recreation, and social service activities. Potrero’s plan also includes community-serving retail.**

We don’t yet have details regarding open space for the projects identified in the Low-Income Housing NOFA, however we will ensure that the projects are code-compliant with respect to open space requirements.

Q: For the downpayment assistance programs, do you anticipate any use of FHA for mortgage insurance and underwriting? If not, why not? If so, what impact do you expect from President Trump's executive order cancelling the scheduled reduction in premiums, resulting in costs being higher than was included in housing planning in general?

**A: For buyers purchasing a Below Market Rate (BMR) unit, those without 20% down use private mortgage insurance, not FHA Mortgage Insurance (MI). The BMR program is not compatible with FHA first mortgages because our units must be re-sold at a below market rate price and FHA MI requires that in the case of foreclosure, the unit must be sold at the market price.**

**For those purchasing a market-rate (non-BMR) unit, our buyers participating in the Downpayment Assistance Loan Program (DALP) do not need a FHA mortgage because we are providing them with substantial down payment assistance. Usually, first-time home buyers seek a FHA first mortgage because they only have 3.5% down. They accept the large expense of FHA MI as a trade-off with hopes that they can refinance in the near future. Our DALP buyers have to come up with at least 2.5% of their own funds to contribute toward a downpayment, and together with DALP, can avoid MI altogether.**

**Therefore, while Mr. Trump's plans to cancel out the FHA MI reductions may hurt a significant number of low to moderate income first time homeowners across the country, the effect on our DALP homeowners will be extremely minimal.**

Q: Looking at the aging of San Francisco residents, is it possible or desirable for any bond funds to be used to develop, create or incentive shared housing that allows senior homeowners to stay in their homes?

**A: Spending of bond funds to assist existing senior homeowners, while a worthwhile endeavor, was not included as a proposed use of the bonds as approved by the voters. At the time of bond drafting, there was a strong focus on spending which would produce the most new affordable housing. That being said, one of the approved low-income housing projects at 250 Laguna Honda will have affordable senior housing for 150 low-income seniors, which is an efficient use of bond funds and will serve multiple generations of tenants. In addition, MOHCD is currently funding a pilot program with non-bond funds called Home Match, in which seniors with additional rooms available for rent are paired with people looking for housing. We also have funded with non-bond funds a Mortgage Assistance Loan Program (MALP) which may be available to eligible seniors at risk of losing their housing.**

Q; In the past, HUD policy made it difficult to use HUD funds to develop multi-unit housing that included a floor of retail. Is that policy still in effect? Would it create more liveable and sustainable communities to seek a waiver so that new housing could accommodate on-site retail needs such as grocery stores, household needs, and more?

**A: There are no longer any HUD capital funds available for new construction other than HOME, and the amount of HOME funds we receive is so minimal that we are easily able to ensure that there are no conflicts with HUD policies around retail usage. We will be using HUD project-based Section 8 vouchers at Sunnydale and Potrero, but use of these vouchers does not preclude community-serving retail. The funding sources being utilized for the low-income housing projects support by the Bond do allow retail and community serving space. The projects selected through the NOFA have ground floor community serving space and potentially community-serving retail space.**

Q: What consultation process have you established with the DPH, SFMTA, Rec and Park to ensure that the new housing development will be in areas where lead poisoning is elevated in children, or that transportation services are limited, or where increased policing and other services are needed? Basically, in what ways are these elements being coordinated in advance rather than after the fact? Are there monthly meetings? Are there task force members assigned to ensure the coordination?

**A: We regularly meet with each of the identified agencies to discuss the overlaps between affordable housing and their respective policy areas. For example, at Sunnydale and Potrero, there are known lead paint issues, and we are working with the Housing Authority and DPH to urgently address those issues. Additionally, the Recreation & Parks Commission recently unanimously approved plans for new recreation facilities and open space at Sunnydale and Potrero. In reviewing the responses to the low-income housing NOFA, we made transit proximity a priority, and all funded developments are well located close to bus and/or train lines.**

**We would also like to note that the location of affordable housing is not only driven by policy priorities, it is also largely influenced by availability of parcels and financing constraints.**