



## DEAN PRESTON

August 11, 2022

Director Gustavo Velasquez  
Department of Housing and Community Development  
Division of Housing Policy Development  
2020 W. El Camino Avenue, Suite 500  
Sacramento, CA 95833  
Via email: [gustavo.velasquez@hcd.ca.gov](mailto:gustavo.velasquez@hcd.ca.gov)

**Re: HCD Announcement of Review of SF Housing Policies & Practices**

Dear HCD Director Velasquez:

I write as District 5 Supervisor on the San Francisco Board of Supervisors, Chair of the Government Audit and Oversight Committee, and an affordable housing advocate in California for over 20 years. I do not purport to speak on behalf of the City or the full Board of Supervisors. That said, I read with some interest your press release and tweets regarding housing in San Francisco. It raises several questions that I wanted to expand upon here.

**First**, I wanted to make you aware that the Board of Supervisors directed our Budget and Legislative Analyst to conduct a program audit of the Mayor's Office of Housing and Community Development, and we are expecting that audit to be complete within the next two months. We hope the audit will clarify MOHCD's affordable housing funding and how funding decisions are made regarding what projects get funded here in San Francisco. There is overwhelming support on the Board of Supervisors for affordable housing, and yet funding for affordable housing, and individual projects, are regularly opposed, delayed, and blocked by the Mayor's Administration. It is unclear why and we hope our audit, and your investigation, will help shed light on the situation.

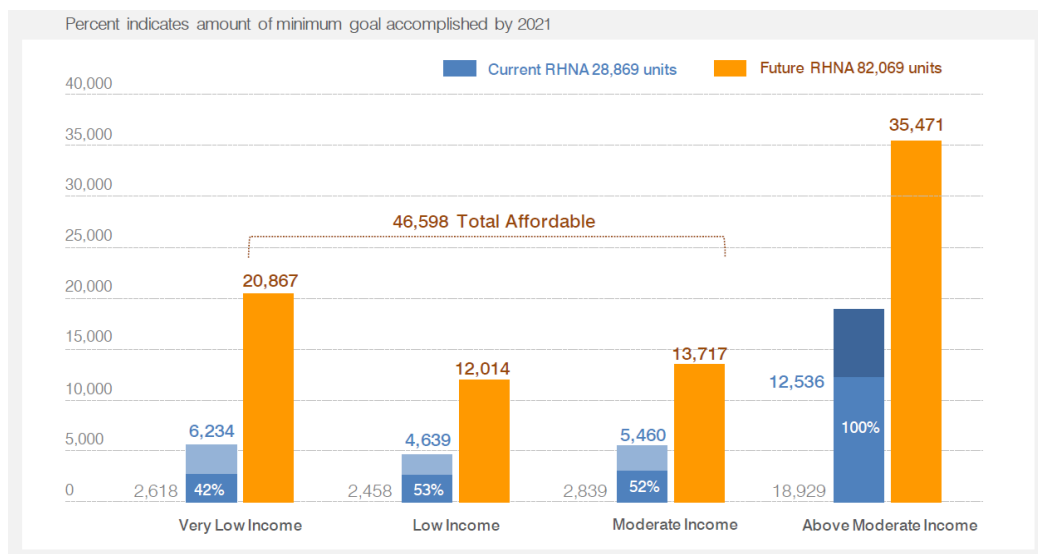
**Second**, I wanted to request clarity on the focus and scope of your inquiry.

According to your website, HCD describes itself as follows:

The California Department of Housing and Community Development awards loans and grants to public and private housing developers, nonprofit agencies, cities, counties, state and federal partners. This money supports the construction, acquisition, rehabilitation, and preservation of affordable rental and ownership homes, provides permanent supportive housing options as well as stable, safe shelter for those experiencing homelessness. HCD also develops housing policy, building codes, and regulates manufactured homes as well as mobilehome parks.

Your press release announcing your Housing Policy and Practice Review says nothing about affordable housing. Instead, you appear to conflate all forms of housing, a favored framing of the luxury housing developer lobby, but not what one would expect from an affordable housing agency. There is certainly a discussion to be had about luxury housing development in an expensive City like San Francisco, but it would seem strange if that were your priority at a time when most of the working class cannot afford a roof over their heads.

We recently held a hearing in the Government Audit and Oversight Committee regarding the City's plan to meet RHNA goals for affordable housing. It's clear from the hearing, and the presentations from MOHCD and Planning Department, that there is no plan. Meanwhile, we are achieving 150% of our market rate housing production goals and less than 50% of our affordable housing goals. I hope your investigation will expand on our work to better understand why the Planning Department and Mayor's Office of Housing have no plan to meet our affordable housing goals.



Please explain whether the focus of your inquiry is on affordable housing or not, as that cannot be determined from your media and social media announcements. If your theory is that all housing matters equally, and that market rate housing in San Francisco will eventually trickle down to the working class, it would be helpful if you could state that explicitly.

**Third**, please clarify if your investigation will address the State's severe underfunding of affordable housing needs in San Francisco. The recently approved budget certainly does not rise to the challenge of funding affordable housing. Many projects that could be activated immediately in San Francisco cannot do so because of funding constraints.

As noted by the Nonprofit Housing Association of Northern California, "The final [state] budget includes a total of \$2 billion for affordable housing solutions, a fraction of an investment when compared with the state's historic surplus and what is needed to match our communities' housing needs." As noted by NPH, among the shortcomings of the state budget was the ongoing failure of the state budget to fund the thousands of approved, shovel-ready affordable homes waiting for financing to proceed to completion. As NPH notes, there are "millions of lower-income families and workers on waiting lists for housing throughout California. The state must do more in future budgets to get this housing built for the Californians who desperately need it and simply cannot wait any longer."<sup>1</sup>

Likewise, Enterprise pointed out how "with a severe and worsening housing and homelessness crisis facing our state and a historic budget, this year's budget fell short of investing at the scale of the need. Enterprise's own analysis identified that an investment of \$4 billion into the Housing Accelerator Fund alone would have been able to move forward at least 14,000 shovel-ready affordable homes across the state; only \$250 million were allocated to this program." "The final budget also failed to include funding for the acquisition and preservation of unsubsidized affordable housing."<sup>2</sup>

With the Governor and State Legislature severely underfunding the affordable housing needs of Californians, the decision to investigate San Francisco, apparently not for failure to deliver affordable housing – that would be a fair inquiry, and one which I've led

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<sup>1</sup><https://nonprohousing.org/final-state-budget-makes-progress-but-fails-to-meet-scale-of-housing-needs-emphasizing-need-for-renewed-advocacy-ahead/>

<sup>2</sup><https://www.enterprisecommunity.org/blog/california-budget-provides-critical-funds-falls-short-meeting-needs>

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at the Government Audit and Oversight Committee – but instead for delays in market rate housing for the wealthy, is telling. Intentionally or not, it seems that the State’s approach is to grossly underfund affordable housing, while focusing government resources on deregulating the market for unaffordable housing. This is neoliberalism at its worst.

To the extent that your investigation reveals the obvious – that lack of state funding is a major barrier to development of affordable housing in San Francisco – will the Governor and HCD pledge to do everything in their power to increase the funding to meet the need?

**Fourth**, given HCD’s interest in housing in San Francisco, I request that HCD do a comprehensive assessment of all state owned land in San Francisco suitable for affordable housing development. I note that the prior effort to identify such sites is extremely limited and only identified two sites in our entire City. We appreciate and have supported the development of affordable housing at 850 Turk Street, one of those sites, and look forward to the completion of that project. There are, of course, many other sites owned by the state in San Francisco that are suitable for dense, affordable housing. In my district, for example, the DMV site was identified for housing development in an RFP in 2009, but the state abandoned those plans, and is now proposing a demolition and rebuilding of the DMV that adds no housing. We could create 300 and 500 affordable housing units on that site alone. I sincerely hope that you will work with us to create affordable housing on the DMV site and other state owned sites without further delay.

I want to thank you and your team for your work to create affordable housing in California. I look forward to hearing from you, better understanding the scope of your inquiry, and collaborating to make housing a human right in our City and our state.

Sincerely,



Dean Preston  
Supervisor, District 5