

Member, Board of Supervisors
District 3



City and County of San Francisco

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Supervisors Kim and Peskin Launch Investigation Into MOHCD Loss of BMR Units

San Francisco – A year ago, constituents alerted Supervisors that there were below-market rate (BMR) units in the former Redevelopment Area of Mission Bay that were at risk of foreclosure. In several meetings, Supervisor Peskin offered to give Mayor’s Office of Housing & Community Development (MOHCD) emergency authority to intervene in the foreclosure process. In response, MOHCD pledged that they would prioritize retention of these units, and provided assurances that the department tracked and monitored its affordable housing portfolio.

On October 21, 2016, after a year of inactivity on the part of MOHCD, and confirmation that at least two units had been foreclosed on, Supervisors Jane Kim, Aaron Peskin and London Breed held a hearing at the Government Audit & Oversight Committee on Friday, demanding answers. This hearing was also co-sponsored by Supervisor Malia Cohen who similarly had units foreclosed on in her district. In March of 2016, Supervisor Kim requested new noticing requirements and procedures to prevent future foreclosures. MOHCD staff has acknowledged that there is a potential for the City to lose a significant number of units in the Limited Equity Program through foreclosures if programmatic policies are not put in place to prevent that loss in the future.

A presentation by MOHCD revealed that at least 4 units of BMR housing have been foreclosed on and permanently lost from the City’s affordable housing portfolio, in neighborhoods where people desperately need housing.

“Ultimately, even after referrals to MOHCD these units were foreclosed on,” said Supervisor **Jane Kim**. “Within the last 45 days, one of these units was listed for sale. This was a unit bought in 2009 for \$209,000. It was later bought at auction in 2015 for S\$792,000 and is currently being listed for \$950,000. How is this even possible? I fight hard for affordable housing every day, and to lose even one unit is unacceptable.”

Two of the units are located in District 6 and two are located in District 10. Questioning at committee revealed that besieged bank Wells Fargo was a lender in at least one of the instances.

“Before the second unit was foreclosed on, we tried to work with MOHCD to prevent the loss of another unit of affordable housing,” said Supervisor **Aaron Peskin**. “The silence has been deafening. We fight for every stick of affordable housing. So it’s disappointing to know we might have been able to save these 4 units, but for a little transparency and oversight over the agency tasked with managing our entire inclusionary housing program.”

The Limited Equity Program has 426 units of affordable housing that could potentially be at risk for foreclosure. Supervisors Kim and Peskin have called for increased oversight and accountability measures into the operations and management of MOHCD, which has a \$186 million operating budget and manages \$2 billion in affordable housing funds, many of which are self-appropriating. This hearing was the first of several hearings to identify needed reforms for the department and policies that will bring its decision-making process out from behind closed doors.

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