



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-2000

ASSISTANT SECRETARY FOR  
FAIR HOUSING AND EQUAL OPPORTUNITY

September 21, 2016

The Honorable Edwin Lee  
City Hall, Room 200  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Dear Mayor Lee:

On August 5<sup>th</sup>, 2016, you asked the U.S. Department of Housing and Urban Development (HUD) to reconsider its August 3<sup>rd</sup> decision that it could not support a neighborhood-based preference in the Affirmative Fair Housing Marketing Plan for the Willie B. Kennedy Apartments, a 98-unit development for low-income seniors. Specifically, the City's neighborhood residency preference would have given eligible households living in Supervisorial District 5 or within a half-mile radius of the development a preference for 40 percent of the affordable units. According to the City, eligible households in Supervisorial District 5 are 46 percent White, 18 percent Black, 29 percent Asian, and 4 percent Hispanic, compared to the City's eligible households, who are 42 percent White, 7 percent Black, 37 percent Asian, and 9 percent Hispanic. HUD's August 3<sup>rd</sup> decision disapproving the use of this neighborhood preference stands.

On September 9<sup>th</sup>, the City asked HUD to consider an alternative preference for the Willie B. Kennedy Apartments. Specifically, the City proposed providing a preference in 40 percent of the affordable units for low-income City residents at elevated risk of displacement. HUD can support an "anti-displacement" preference for 40 percent of the units, where residents from throughout the City are eligible for the preference and where race is not considered in the selection process.

HUD is making this determination based on the information available to the Department at this time. As with all preferences allowed by HUD, application of the above-described anti-displacement preference must comply with the Fair Housing Act and other civil rights related laws and requirements.

For the remainder of the units, HUD evaluated the second preference for persons who live or work in the City pursuant to the conditions included in the Department's August 3<sup>rd</sup> letter. We will reach out to your staff today to discuss the analysis of the City-wide live/work preference.

Those of us at HUD are keenly aware of the larger challenges faced by lower income residents struggling to live in high-cost areas and we appreciate your efforts to preserve housing opportunity for San Franciscans facing economic displacement. HUD's very mission is to promote, rather than to limit, opportunity for all persons and we look forward to working with you to accomplish this within the boundaries of the law.

Sincerely,

A handwritten signature in black ink, appearing to read "Gustavo Velasquez", written over a horizontal line.

Gustavo Velasquez  
Assistant Secretary for Fair Housing  
and Equal Opportunity