Golden Gates Slammed Shut: Bonded Debt and Privatized Displacement During San Francisco’s HOPE VI Redevelopment, 1956-2001

Henry Lear
Harvard University, henrylear@college.harvard.edu
Abstract: In the 1950s, as the federal government bulldozed cities to build highways and poured millions into the suburbs, public housing authorities were forced to sell bonds to private investors to build and maintain low-income housing. As historian Destin Jenkins explains in his 2021 book The Bonds of Inequality, a decade of San Francisco bond sales to private investors trapped the San Francisco Housing Authority (SFHA) in a perpetual state of indebtedness, forced to direct tenant rents and federal funds not to upkeep or maintenance, but to paying back bondholders like the Bank of America. As the SFHA’s problems were magnified under 1970s federal austerity, and its capacity to provide decent housing was diminished, new private companies formed focused on public housing redevelopment and management. By the 1990s, President Clinton’s HOPE VI program directed billions toward housing authorities in disrepair. Private companies were put in charge of demolition, rebuilding, and management, subsequently implementing harsh, punitive rules designed to maximize their real estate profits and control over tenants. This federally-subsidized, extractive relationship can be traced to bond sales, federal policy toward favor of privatization, and carceral practices like policing and ‘One Strike’ evictions. This paper pushes against the traditional 'rise and fall' narrative of public housing, suggesting that the connections between postwar, extractivist financial schemes and neoliberal privatization campaigns are closer than existing scholarship has acknowledged.

The advertisements appeared on broadsheets in droves. Just after New Year’s, one offered “a practical resolution for 1956” to wealthy newspaper readers.² Its suggestion? That the readers “purchase securities of high quality…Exempt from present federal income taxation.”³ The ad,

---

³ Chase, “A practical resolution.”
placed in *the New York Times* by Chase Manhattan Bank, offered a slew of bonds for sale from municipal and state governments, but also turned prospective buyers’ attention to bonds offered by public housing authorities, the agencies in charge of urban housing ‘projects.’

These short-term bonds were sold to prospective investors across the country who received dividends and repayment, sourced from San Francisco Housing Authority (SFHA) revenues which came primarily from tenant rents and federal funding. When the time came to repay bondholders along with interest, much of this income was routed back to private accounts. Historian Destin Jenkins writes in *The Bonds of Inequality* that “public housing debt provided interest and a shortened time horizon between one investment and the next” for financiers. Trapped by high interest rates and the need to continuously borrow, public housing authorities went into progressively deeper debt in attempts to repay these bonds. Meanwhile, bondholders profited: the Bank of America “increased its holdings of PHA [Public Housing Authority] notes from $165 to $270 million between December 31, 1964, and September 15, 1965.” Bonds tethered the SFHA’s already-feeble revenue stream to bondholders’ coffers, weakening its capacity to provide decent housing as it battled high interest rates and short loan repayment periods.

Late 1950s housing authority bond sales forced the San Francisco Housing Authority (SFHA) into a perpetual state of indebtedness. While the SFHA’s problems were magnified under 1970s federal austerity and its capacity to provide decent housing was diminished, new private companies formed that focused on public housing redevelopment and management. In the 1990s, Clinton’s HOPE VI program directed billions toward complexes in disrepair, but put private companies in charge of demolition, rebuilding, and management, instead of local housing authorities. These companies subsequently bent federal policy toward harsh, punitive measures designed to maximize their real estate profits. This federally subsidized extractive relationship can be traced directly to bond sales, federal policy in favor of privatization, and carceral practices like policing and ‘One Strike’ evictions.

Public housing scholarship has relied unduly upon a ‘rise and fall’ narrative that situates the decline in projects’ living conditions alongside standard milestones in federal policy. While there is no denying that the 1970s and 1980s saw a punishing lack of maintenance in public housing

---

4 Chase, “A practical resolution.”
6 Jenkins, 99.
stock, this line of argument fails to consider the overt throughline of private profit that motivated and benefitted from state policy. Historian Destin Jenkins’ recent book, *The Bonds of Inequality* argues alongside scholars such as Kim Phillips-Fein and Keeanga-Yamahtta Taylor that the interests of private capital undergirded the tearing of the American urban fabric so often associated with neoliberalism and austerity. This paper seeks to look through another lens in this conversation, focusing on how public housing—intended to provide a publicly accessible and subsidized service to working-class communities—became a site for privatization, carceral practices, and profit in the 1990s.

Historian John Baranski’s *Housing the City by the Bay* offers an effective historical survey of San Francisco public housing policy. With tenant activism and state power at the center of his narrative, Baranski charts the transformation of public housing from an idea propagated by reformers to disrepair and the HOPE VI era. His writing, while lauding the SFHA, also maintains the ‘rise and fall’ narrative that points to clear-cut disinvestment as the most critical force in the collapse of public housing, similar to work like Thomas Sugrue’s *The Origins of the Urban Crisis*. Destin Jenkins suggests a countervailing narrative in *The Bonds of Inequality*. Jenkins traces the scars of municipal debt left on pre-existing environments, establishing a firm relationship between the needs of capital and public administration, including public housing. Across San Francisco’s landscape, Jenkins argues that municipal bonds and the interests that sustained them were uniquely influential in shaping the city: who would be housed where, who would profit from development, and how the politics of artificial austerity would come to be justified.

The historical debate frames this argument, which ties together two extractive processes. First, the sale of public housing bonds in the late 1950s, and secondly the 1990s takeover of public housing by private corporations that relied on HOPE VI funding and reforms to exert unprecedented control over public housing. These processes are often plugged into the surface-level ‘disinvestment’ narrative that ignores state entities’ manipulation of public dollars toward private interests, and the decades long debt cycles that trapped housing authorities. Nowhere was this relationship more dramatic and bruising than in San Francisco.
In November 1972, SFHA Commissioner Caroline Charles sent a slew of frantic telegrams to the White House. Incensed, she slammed the Nixon administration for its "unconscionable" tardiness in releasing emergency funds for housing authority operations. The SFHA, bruised by a recent Congressional mandate to cap rents for low-income families, was one of the thousands of housing authorities seeking a boost in federal funding to continue operations. The problem ran far deeper than a Congressional mandate. By 1972, the SFHA was functionally bankrupted by more than a decade of punishing bond repayments as financiers grew rich. In 1965, the SFHA held $44.4 million in outstanding long-term debt as they contended with millions in short-term debt that changed by the month. The debilitating nature of these bonds on the SFHA’s budget was pronounced. With privileged bondholders backed by a federal repayment guarantee, the SFHA was legally obligated to repay bondholders before funding its own operations. Under high interest rates, this process was unusually profitable for investors. Repaid interest was not subject

---

7 “Quarrel Over Housing,” San Francisco Sun Reporter, Nov. 25, 1972, ProQuest; John Baranski, Housing the City by the Bay: Tenant Activism, Civil Rights, and Class Politics in San Francisco (Stanford, California: Stanford University Press, 2019), 139.
8 “Quarrel.”
9 Jenkins, 100.
10 Jenkins, 100.
to federal income tax, though repayment was backed by the federal government if the SFHA failed.\(^\text{11}\) Federal regulations shielded the financier’s profits and codified a lucratively extractive relationship. Bonds also severely diminished the SFHA’s capacity to operate soundly at a time when its projects were recently coming online. Housing authority bonds, launched out of the necessity to provide the construction capital needed for new projects, were a poison pill designed to yield substantial profits for investors at the expense of working-class tenants.

As the SFHA struggled under the effects of the bond regime and for-profit development encroached on poor neighborhoods after urban renewal, working-class families in the city were clamoring to get a spot in affordable homes. One mother, Mary Rogers, spoke to a *Los Angeles Times* reporter after her fourth year of waiting for a spot in the projects. “They want to bring back the middle and high-income people who’ve moved out because black and Spanish-speaking people moved in,” she told the paper.\(^\text{12}\) Rogers noted the profit motive at the heart of the city’s strategy: “they want to increase their tax revenue,” she said.\(^\text{13}\) Rogers was one of many tenants grappling with the dual challenges of an ailing SFHA and housing altered by private development that took advantage of urban renewal programs.

Similar to the housing authority bonds, urban renewal in San Francisco was also financed by bonds that let private corporations steer public dollars toward their bottom lines. This process also permitted for-profit development to subtly gentrify working-class neighborhoods. In the late 1950s, the San Francisco Redevelopment Authority offered bonds on the public market, backed by federal government guarantees. The Redevelopment Authority sought to acquire and clear swaths of land through the Western Addition neighborhood, designated as ‘blighted’ by the Board of Supervisors on San Francisco’s city council.\(^\text{14}\) Jenkins tells the story of San Francisco Supervisor Chester MacPhee, whose Del-Camp real estate corporation relied on “insider knowledge, personal connections, and state guarantees” to purchase property, inflate its value, and ultimately profit handsomely from redevelopment buyouts for land clearance.\(^\text{15}\) Not only did profiteers like MacPhee orchestrate advantageous tradeoffs for their own businesses, they also

\(^{11}\) Jenkins, 100.
\(^{13}\) Hager, “San Francisco Faces.”
\(^{14}\) Jenkins, 101.
\(^{15}\) Jenkins, 102.
reshaped San Francisco on the public’s dime. Even in the earliest years of municipal bonds, tenants like Rogers struggled to make a home in a city where surface-level disinvestment turned into profit for a corporate elite.

Bonds privileged large corporations over small landlords, what Jenkins calls an outsized attentiveness to ‘big C’ capital. Both SFHA and Redevelopment Authority bonds established the primacy of large corporate interests in profiting from federal government funds. This was a critical beginning for decades of federal policy that continued to focus on these large private entities, increasingly so until the 1990s. Then, under HOPE VI, corporations were invited to redevelop and manage public housing properties themselves, while receiving millions in government funds.

Federal public housing policy had long been charitable to private corporations. In 1973, a year after SFHA Commissioner Charles sent her admonishing telegrams to the White House, Richard Nixon famously enacted a moratorium on most public housing subsidies, widening an already-growing gap in housing authority budgets. Scholars Yonah Freemark and Lawrence Vale argue that ‘public housing’ was never truly public. Both argue that projects built under the New Deal employed private contractors and depended on private bond financing. Construction of public housing, they contend, was justified at its outset with the goal of “stimulating the private building industry” (Marcuse 1995). Yet built on these foundations, federal regulation transformed public housing into a distinctly more potent vehicle for generating profit in the second half of the 20th century.

In 1968, Congress passed the Housing and Urban Development Act, a critical cornerstone for Lyndon Johnson’s Great Society programs. The Act contained Section 236, which issued private developers Federal Housing Administration mortgages at 1% interest in exchange for building affordable, moderate-income housing. Urbanist Alex Schwartz writes that this was one of the earliest instances of an overt federal lurch toward private management, “enabl[ing] private

---

18 Freemark and Vale, “Privatization of Public Housing,” 190.
20 Freemark and Vale, “Privatization of Public Housing,” 194.
industry not only to build low-income housing developments, but also to manage them.”

Though these were not public housing properties, it remains evident that federally-subsidized privatized housing was codified in Great Society programs.

In the wake of Nixon’s 1973 moratorium on public housing construction, the federal government looked to the private sector to encroach on the role of public housing authorities, which were struggling to recover from bonded debt and funding cuts. A 1974 law expanded on Section 236, establishing the ‘Section 8 New Construction and Substantial Rehabilitation program.’ This hulking moniker represented a process that was quite simple: it was the first attempt made by HUD to directly subsidize private housing — not in its construction, but in its day-to-day management. A HUD report admitted that private companies made boatloads from this program: it “was very expensive.” This program surged during the Reagan administration when developers realized its “‘lucrative profit potential,’” wrote urbanist Charles Orlebeke. This development was one of many legislative turns toward private profit in public housing during the 1970s.

Nixon-era shifts in federal policy opened new routes for private developers and property managers to insert themselves into public housing efforts. In a landscape where bonds and financial strategies had kept investors and profits at an arms-length, the turn to embolden private management was remarkable. It would later come to connect federal funding directly to corporate revenues, and instead of directing tenants’ rent to bondholders, their entire homes would become financial bargaining chips.

Vale and Freemark advance the idea that the creation of 1970s nonprofit and community development institutions was the beginning of a robust scaffolding primed to accommodate later

---


waves of federal funding. Community development corporations, debuted in 1974 under Nixon’s block grant program, were fundamental to operationalizing funds that came down the federal pipeline in the 1980s and 90s, including the 1990 HOME program and the Low-Income Housing Tax Credit after 1986.° Vale and Freemark’s understanding can also be overlaid onto private corporations that would later convert federal funding into profit. Private and community developers formed in the 1970s in response to reforms like these would become uniquely positioned to reap billions from 1990s housing programs — particularly HOPE VI.

Other reforms also primed private corporations in California to profit from HOPE VI funding. In 1978, California homeowners pushed Proposition 13, which froze property values at their assessed values from 1975 to 1976, as long as ownership did not change.° This helped corporate landlords—for companies managing buildings worth millions, property tax rates had been effectively subsidized by the state. California state government saw its property tax revenue diminished, and community activists voiced their opposition. One San Francisco Sun-Reporter columnist harangued Proposition 13 for eliminating an “alternative source of revenue to pay for necessary programs.” Proposition 13 also crushed the capacity for local entities to raise new revenues. Corporate revision of the federal tax code was further advanced in 1986 when Congress added the Low-Income Housing Tax Credit to the corporate toolbox. The credit put power into the hands of private developers to build their own complexes whose private construction and management would be subsidized by generous tax write-offs.° These reforms in the late 1970s and early 1980s were also crucial for private developers to form and have quick success in receiving government contracts, subsidies, and partnerships. American public housing historically had a private element attached to its construction, management, or financing. Yet the distinctive turn that took place in the 1970s emboldened nascent private management companies and relied on the bond sales that began to bleed the SFHA and other authorities dry.

As reforms like these took hold, business interests were wooed by the potential to profit. Richard D. Baron was representing tenants during a 1969 rent strike in St. Louis when he met Terrence McCormack, a Teamsters member involved in resolving the dispute. The two wanted to

26 Freemark and Vale, “Privatization,” 196-197.
29 Freemark and Vale, “Privatization,” 197.
address what they saw as a glaring need for alternatives to large-scale urban renewal programs, hoping to focus on redeveloping individual housing sites. In 1973, they founded McCormack Baron, becoming McCormack Baron Salazar (MBS) by 1985. But their interests were not charitable: MBS was a for-profit developer founded to reap profit from federal contracts. Other private corporations focused on for-profit development and management sprung up during the 1970s too, such as the San-Francisco-based John Stewart Company, founded in 1978. These companies saw the advantages federal reform around public housing could offer them, and in forming during the 1970s, set themselves up to make exponentially more once HOPE VI was implemented in the 1990s.

In a turn from entirely-public management in the 1980s, housing authorities in St. Louis, Hawaii, and Wyoming took advantage of new private management companies, and placed public housing complexes under their supervision. By the early 1990s, the practice had become significantly more common, with the Puerto Rico and Chicago Housing Authorities contracting private managers for some properties. By 1997, as HOPE VI was in full swing, those housing authorities had 60,000 and 12,000 apartments under private management, respectively. This turn echoed overtly the bond financing of public housing that had sustained the SFHA and other authorities for decades, while winnowing their bottom lines. The connection between bond regimes and the open invitation extended to private developers was intimate: the Portland Housing Authority in Oregon began to use private management in 1991 — but only for its bond-financed properties, where private influence already had a solidified hold.

By 1989, Baron made deals with public housing authorities in St. Louis and others across the United States and was nationally recognized for his work in affordable housing. That year, Congress, charged with eradicating public housing in particularly dire straits by 2000, authorized the Commission on Severely Distressed Public Housing. “The Congress tasked the Commission with finding answers, and we have found answers,” their letter read. The report spanned dozens of issues and made extensive recommendations in the hopes of aiding private interests. Among

33 HUD, Private Management, A-1.
these issues, the report maintained particular attention to the “pro-tenant court systems” that troubled public housing officials’ efforts to evict tenants dealing with addiction or who were unable to pay rent.\textsuperscript{35} It also underscored that some authorities had a “very difficult time evicting these families once they are residing.”\textsuperscript{36} The Commission’s recommendations carried extensive weight—less than a year later, Congress authorized millions for housing authorities to contract with private developers to begin demolishing and rebuilding low-income tenants’ homes. More critically, this report also proposed remedies for issues like “pro-tenant court systems” that might curtail private management’s control over tenants.\textsuperscript{37} Along with the public housing administrators and public officials who sat on the Commission, such as SFHA Director David Gilmore, there were a handful of private managers who helped shape the group’s goals. One was Don Ball, the president of Ball Homes, a Kentucky-based developer. Another, notably, was Richard D. Baron, the president of McCormack Baron Salazar.\textsuperscript{38} These private developers, respected for their close partnership with the federal government, had a hand in building consent for the HOPE VI program, which would place unprecedented authority over public housing into the hands of private corporations.

McCormack Baron Salazar, which had a hand in shaping the recommendations that led to HOPE VI, immediately made money off its work. Atlanta’s HOPE VI grant in 1993 was a windfall for the city. It was also the first money doled out under HOPE VI — a celebrated result of the Commission’s recommendations. This flagship grant was earmarked for the Techwood Homes, one of the United States’ oldest public housing projects. At a ribbon-cutting ceremony, Atlanta’s mayor hailed the $42 million grant as a “‘rebirth’” for the complex, where conditions had been officially named ‘severely distressed’ by the Commission.\textsuperscript{39} The decline in conditions, like in San Francisco, was attributable to a housing authority bankrupted by bond profiteers and cuts to federal funding. In 1957, the Atlanta Housing Authority launched an $18 million bond campaign for urban renewal and housing construction.\textsuperscript{40} The bid was put up, and the financially ailing Atlanta Housing Authority transferred its $42 million to one of the most prominent private developers in the

\textsuperscript{35}“The Final Report,” 66.
\textsuperscript{36}“The Final Report,” 66.
\textsuperscript{37} The Final Report,” 66.
\textsuperscript{38}“The Final Report,” iii.
\textsuperscript{40}“Bond Funds for Urban Plan Asked,” Atlanta Constitution, Feb 21, 1957, ProQuest, 6.
country: McCormack Baron Salazar. Even at the outset of the HOPE VI program, housing authorities still reeling from a paucity of federal funds and the hangover of bonded debt were compelled to transfer over construction and management rights to private corporations—to the tune of tens of millions of government dollars.

The recommendations Richard Baron had helped to propagate while on the Commission relied on an understanding that his business would play an active role in redevelopment projects. Under HOPE VI, the vast power McCormack Baron Salazar would wield in reshaping urban built environments was also directly tethered to the hundreds of millions of federal funding it would receive. Existing scholarship that examines HOPE VI privatization belies the outsized role that corporate officers played in determining who would live where—and how much the movement and regulation of tenants themselves would bolster their bottom line.

As HOPE VI took off, piloted by a new set of corporate developers, the Clinton administration continued to advance destabilizing financial reforms. The 1998 Quality Housing and Work Responsibility Act allowed “housing authorities to issue bonds or otherwise borrow funds for the renovation or redevelopment of public housing.” In a stunning reversion that harkened back to 1950s housing authority bond sales, this Clinton administration reform highlighted the willingness of the federal government to cast local housing authorities further into debt. Though HOPE VI advanced the privatization of specific public housing sites, alongside Clinton reforms such as the Quality Housing and Work Responsibility Act, it also hollowed out public housing authorities themselves.

Though the most dramatic privatization focused intently on bringing individual housing complexes under private control, the San Francisco Housing Authority (SFHA) was eventually brought into the same privately managed fold. This also allowed HOPE VI redevelopment to explode as housing authorities were authorized to bid for funds, sometimes beginning the process of relocation, and then handed off federal funding to private developers who tore down public housing complexes and rebuilt them. Most private developers then took over the management of the new complexes they built. By the 1990s, housing projects in the city were ailing, and many of their then-30,000 tenants lived in miserable conditions. With federal funding still running dry

---

41 Freemark and Vale, “Privatization,” 199.
and a legacy of bonded debt hanging over the SFHA’s head, conditions broached on uncontrollable. For Ruby Evans, a tenant living with her family in the Alice Griffith projects in the predominantly Black Bayview, conditions were dire. A reporter wrote: “Ruby Evans doesn’t mind living in a four-bedroom apartment with two other adults and seven children. It’s the torn linoleum, peeling wallpaper, graffiti-marred windows, urine-soaked porch, and the rats and armies of cockroaches that she can’t stand.” Conditions like these dotted newspaper headlines and left public officials aghast: Mayor Willie Brown excoriated the SFHA for its shoddy conditions, while activists, civic leaders, and tenants demanded action. As the national press began to cover the conditions tenants were forced to grapple with, attention was drawn to the SFHA’s apathetic board of commissioners. One former board member, Richard Carpeneti, called the SFHA Commissioners “‘crooked buffoons’” who were focused on “‘their own selfish narrow financial and political agenda.’” Though management was inept, they were also confronted by an impossible task: balancing the budget was seemingly inconceivable under the legacy of debt and corporate influence that had permeated the heart of the SFHA. The federal government remained indifferent and pointed a finger at SFHA management: “‘San Francisco is broken at the heart of its operations,’” said Kevin Marchman, a HUD official.

In response to dire conditions, Mayor Brown asked HUD to put the SFHA into receivership and officially take over management of the troubled authority. In March 1996, the federal team, led by Kevin Marchman, began to control the SFHA. However, the federal government’s takeover did not remain in HUD’s hands. CVR Associates, a company founded a year prior in 1995 was selected to manage the SFHA alongside federal authorities. Ana Vargas, the CEO of CVR Associates, went from a career in bond management at Prudential, to working in the Denver housing authority as it grappled with its own debt crisis. In 1995, she joined the federal government as it managed the Chicago Housing Authority under the same model of receivership placed onto San Francisco. The SFHA had been hollowed out, driven into the ground not only by poor management, but also by an artificial austerity diet that had begun under a powerful regime.

43 Akiko Tom, “Public Housing Braces.”
45 Goldberg, “San Francisco Housing Authority…Decay.,”
of municipal bonds that bound projects and their tenants to powerful financial interests. Under this privatized federal takeover, extensive HOPE VI development began to take place.

As civic pressure to address disrepair mounted on the SFHA before the HUD takeover, it began to dole out federal money indiscriminately in hopes of tamping down its problems. In 1993, as the board was mired in scandal, the SFHA put up a request for proposals to redevelop two Hayes Valley apartment complexes, Hayes Valley North and South. They gave the money to a corporation that had become ubiquitous: McCormack Baron Salazar, which was authorized to demolish both Hayes Valley complexes in 1995. While their contract with the SFHA was not specific about the amount, McCormack knew that they would receive an enormous sum. But once auditors looked closer at the deal SFHA officials had struck with McCormack, they noticed a streak of corruption. Once the federal takeover was in motion and CVR Associates was at the helm of the SFHA, a HUD audit lambasted the previous management for “possible favoritism” in selecting McCormack. 48 Keeping in line with federal deference to private interests, HUD auditors did not recommend any corrective action for McCormack or SFHA officials. Instead, CVR Associates was permitted to hand off $22 million in federal funds to McCormack, moving forward with the development. 49 Under the federal takeover that was justified by SFHA mismanagement, HUD and CVR Associates pushed forward even more dramatic corporate boosterism.

Tenant leaders excoriated the unilateral approach of the federal takeover: “they do not want residents to work with each other,” said Rosemary Ozan, President of the Public Housing Tenants Association (PHTA). 50 Ozan and the other officers agreed — a reporter wrote that “their treatment from the HUD takeover team has been consistently shabby and unprofessional.” 51 The tenant leaders received mixed messages — they were told their bylaws looked fine, then told to change them; their budget was approved, then pulled. “‘They’re dealing with us like we’re children,’’ complained Sharen Hewitt, a facilitator for the tenant leaders. 52 As federal authorities and CVR Associates directed federal funds toward private developers, tenants raised their voices against the steamrolling of HOPE VI redevelopment that began to cast them out of their homes.

51 Millard, “Shabby Treatment by Federal Takeover Team.”
52 Millard, “Shabby Treatment by Federal Takeover Team.”
The apartments in Hayes Valley were not the only communities in line to be razed: HUD and CVR Associates disbursed HOPE VI funds much more efficiently than housing authorities in other cities under local control. The privatized federal takeover also accelerated demolitions. “At least four complexes, recipients of federal Hope VI funds, are scheduled for demolition this year. They will be replaced with townhouse-style units,” read a 1996 news article. From 1993 to 1998, San Francisco built 982 units with HOPE VI money—a testament to the magnitude of the city’s program. In comparison to other cities that had received HOPE VI funds during the same period, like Detroit, which built 79 new units, or Chicago, which built no new units, the impact of the San Francisco program under privatized management was pronounced.

Only some of the nearly 1,000 apartments built under HOPE VI in San Francisco between 1993 and 1998 were public housing units. Some apartment complexes, like Hayes Valley North and South, were rebuilt by private developers with fewer public housing units, though new apartments often had more bedrooms. As complexes were demolished and remade under HOPE VI, private developers used millions in federal money to create ‘mixed-income’ development. This offered private entities the capacity to invest federal money to later yield the profit of market-rate rent—corporations often managed the same complexes they built. It was intentional: a 2002 report by private consultants exalted the “use of [federal HOPE VI] grant money to leverage private capital to build additional low-income or market-rate housing.” One plan put forward by a San Francisco-based developer for a housing project in Virginia suggested replacing a complex of 166 public housing units with 158 market-rate apartments and 52 public housing units. The developer offered to build 48 other public housing units scattered throughout the area. Private developers practiced this strategy nationwide. From 1993 to 2008, 96,200 public housing units were torn down, and replaced by 107,800 units, either through construction or renovation. But only 56,800 of those new units were affordable for households at the bottom of the income bracket—a net

53 Akiko Tom, “Public Housing Braces.”
57 Kunkle, “Living in the Middle.”
loss. HOPE VI funds permitted private developers to reduce the number of public housing units in a complex, build profitable market-rate housing, and see returns on federal money intended to provide working-class people with affordable homes.

Nowhere were the beginnings of a financialized privatization of living space more evident than in the Plaza East Apartments in San Francisco’s mostly-Black Western Addition neighborhood. In 1993, Plaza East was named part of the inaugural slate of projects that would be reconstituted under HOPE VI, alongside Hayes Valley and Bernal Dwellings. Built in 1956, just as housing authority bond sales began to pick up and finance its development, Plaza East was a high-rise complex home to 276 households. Even early on, poor maintenance and surface disinvestment made conditions taxing for residents. In 1981, then-Mayor Diane Feinstein urged the SFHA to “allocate a significant amount of money” to renovate the ailing complex, known by the mid-1990s as “O.C., for out of control.”

Conditions in the complex were dire after decades of bondholder investment, where tenants’ rents were siphoned off by financiers, forcing skyrocketing maintenance costs to be routinely kicked to the curb by the SFHA. “The rats and roaches are O.C.,” wrote the New York Times. “The crime is O.C. The physical decay is O.C., as seeping rain sends flakes of leaded paint onto kitchen floors where children play.” Plaza East was a striking example of the aftereffects of bonded debt — and was thereby a prime site for HOPE VI.

When the federal government awarded the SFHA $50 million for the redevelopment of Plaza East and another project, public attention focused on the inevitable expulsion of hundreds of families from the site so it could be razed. In 1995, the SFHA held hearings on the relocation, with its application for funds still pending. The next year, as CVR Associates and HUD took the reins of the SFHA, Plaza East residents were first forced out. Shirley Fox, who had been living in Plaza East for 17 years, was contending with a disability and the recent loss of her husband when she was kicked out of her home. Living on a fixed income, she had few options when she was told to leave the complex. “They [HUD and CVR Associates employees] give us these Section 8

59 Goldberg, “San Francisco Housing Authority…Decay.”
60 Goldberg, “San Francisco Housing Authority…Decay.”
62 Millard, “Shabby Treatment by Federal Takeover Team.”
63 Millard, “Shabby Treatment by Federal Takeover Team.”
housing listings…but when you get there, there’s nothing available,’” Fox told the Sun-Reporter.\textsuperscript{64} A HUD official offered a racist suggestion to Fox’s quandary: “‘cook a pot of greens and chicken and cornbread and invite your relatives over, and then get them to help you move, and rent a truck.’”\textsuperscript{65} Fox explained that she had no money or driver’s license — yet to the bureaucrats managing the privatized takeover of the SFHA, this was no matter: Fox would have to move.\textsuperscript{66}

So would hundreds of others — despite extreme difficulty. Despite HUD and CVR Associates doling out Section 8 vouchers, Plaza East residents could not find San Francisco landlords who would take them. Some went to Oakland, and others went further, including “‘back South,’” said Rochelle Ore, whose friend moved out of her SFHA apartment and to Arkansas.\textsuperscript{67} Moving out of Plaza East meant more than the severing of Black community ties in the Western Addition. It also made daily life essentials harder to reach for residents like Fox, pushed out of San Francisco to a part of the Bay where she “doesn’t know her way around,” or for Babs Dow, who needed “to remain in San Francisco to obtain kidney dialysis three times each week.”\textsuperscript{68} Dow offered a sobering perspective on the impact of the forced moves: “we did not expect as many of us to have to leave The City as did,” she told the Examiner.\textsuperscript{69} “They are breaking up generations of families,” Dow said.\textsuperscript{70} Activist groups fought back against CVR Associates and HUD’s relocation efforts: the Eviction Defense Network slammed it as an “‘African removal plan,’” and Richard Brown, president of the Fillmore Community Empowerment Coalition, said that the HOPE VI process at Plaza East was “driving black people out of San Francisco.”\textsuperscript{71} The forced displacement of Plaza East tenants was the first threat to community cohesion marshaled by CVR Associates and HUD — and tenants understood the danger this corporate power posed.

Plaza East tenants marshaled organized resistance against the threat of privatization. The Plaza East Tenants Association, led by Cora Washington, enumerated a list of their priorities in order:

\textsuperscript{64} Millard, “Shabby Treatment by Federal Takeover Team.”
\textsuperscript{65} Millard, “Shabby Treatment by Federal Takeover Team.”
\textsuperscript{66} Millard, “Shabby Treatment by Federal Takeover Team.”
\textsuperscript{68} Millard, “Shabby Treatment by Federal Takeover Team;” Dougan, “Displaced tenants band together.”
\textsuperscript{69} Dougan, “Displaced tenants band together.”
\textsuperscript{70} Dougan, “Displaced tenants band together.”
\textsuperscript{71} Max Millard, “Public Housing Policies Causing Black Exodus from San Francisco,” San Francisco Sun Reporter, July 4, 1996, ProQuest.

Tenants managed to win a slowdown in the forced relocation process, but the CVR-HUD team continued to push ahead.73 SFHA Commissioner Karen Huggins acknowledged the proclivity of private developers to reduce the number of affordable units after displacing tenants: “at Plaza East, there are 294 people being displaced and the plan calls for only 194 dwellings to be built in their place. That's a loss of 100 families who won't return even if the returnees come from those displaced.”74 As Plaza East tenants were pushed into the region and the country, the homes they left behind were steeped in uncertainty — it could easily be they who were left without a spot in their old complex. For the developer, this did not matter: they would still profit from whichever number of public housing units they decided would be built. The developer who would take up the reins of privatized displacement and management was offered definitive certainty by the SFHA and the federal team: a site to develop on, millions of federal funds, and the capacity to determine how many families would be able to return and how many would be forced to find another home.

Despite tenant pushback, CVR Associates and HUD swept aside concerns as the $50 million HOPE VI grant was prepared to be handed off to a private developer:

Acting Housing Authority Executive Ted Desientfrey reported to the commission last week that the government agency’s representative stated that no resident input was needed or would be required to begin the destruction of the housing projects called Plaza East or Bernal Dwelling[s,] each of which are slated for demolition.75

By charging ahead, CVR Associates sidestepped residents’ qualms about their displacement, and adeptly took control of federal funds that would be handed off to another private entity. In just a couple of years, they rolled out a proverbial red carpet for a developer, clearing the land and

73 Millard, “Public Housing Policies.”
74 Huel, Low-Income Residents,” 3.
75 Huel, Low-Income Residents,” 3.
securing necessary paperwork in advance of awarding the grant money. By 1997, residents were gone, and the Plaza East site was reduced to rubble. In its wake, CVR Associates and HUD tendered the following invitation to developers and other private corporate entities: “proposals are encouraged to include a proposed tax credit investor, a property management agent, a general contractor.”76 The allure was evident: valuable property worth millions sat ready for construction, and the developer selected would receive tens of millions for construction. The ad proudly noted that “the Authority has already secured funding through a HOPE VI grant award.”77 CVR Associates did the federal government’s bidding in clearing the way for private development, overseeing a three-year process to procure permits, planning, environmental approvals, and construction documents.78 The next step would be handing off the lucrative setting to a developer. CVR Associates and HUD, a privatized federal takeover of a local government agency, chose McCormack Baron Salazar to receive tens of millions and redevelop Plaza East.

The disbursal of federal funds from one private company, CVR Associates, to another, McCormack Baron Salazar, marked a critical turn in public housing policy. HOPE VI permitted for-profit companies to gain dominion over streams of state capital that could be put to work for private profits. This relationship characterized the beginning of HOPE VI redevelopment at Plaza East. Another tool of private profit was policing in the wake of 1960s uprisings and ‘One Strike’ evictions used to criminalize public housing residents — tactics critical to tracing the strong connections between bonded debt and HOPE VI.

Policing and carceral policies were critical for implementing HOPE VI and establishing an extractive relationship between poor public housing tenants and private corporations. As bonds turned public housing in Black neighborhoods like Hunters Point into profitable investments, municipal officials looked to policing as a means for controlling urban dissent — they did not want potential bond buyers to be scared away. This hardline effort to diminish Black resistance precipitated the use of ‘One Strike’ evictions under HOPE VI’s private management, which ejected ‘undesirable’ residents to protect corporate investment in public housing.

Bondholders’ private investment in public housing was protected by policing. The millions sunk into neighborhoods like the Western Addition came just a few years before riots would take

place in the same neighborhoods. While the state would permit petty crime that affected the quality of life for Black San Franciscans, they drew the line at riots that could threaten property values and the perceived viability of bondholders’ investments. In 1966, city officials regarded the Hunter’s Point community with a particular wariness — redevelopment and SFHA officials wrote to federal housing officials, asking for federal support to avert a riot similar to Watts in 1965.79 When teenager Matthew Johnson was killed by an SFPD officer in September 1966, the community responded to his death and the slew of injustices inflicted on their neighborhood over decades, including rampant pollution by the U.S. Navy. Ruth Williams, a housing activist and member of the Bayview-Hunter’s Point ‘Big Five,’ a group of Black women who advocated against poverty and discrimination in the 1960s and 1970s, made no misrepresentations about the shooting: “it was cold-blooded murder. That cop shot him in the back — it’s as simple as that.”80 The neighborhood rose, “battling the police with rocks and clubs. Some fired pistols.”81 The city called in 2,000 National Guardsmen, and by the end of the night on September 29, 10 San Franciscans were injured by gunfire, and 25 were arrested.82 By the next day, 80 were in jail.83 Mayor John Shelley and city officials called attention to the need for employment programs at Black leaders’ urging.84 They stressed the need for a restoration of funds under President Johnson’s Manpower Defense Training Act, which had been divested from San Francisco to the detriment of Black communities like Hunters Point and immigrant communities like Chinatown.85 But other state responses to community revolt were much more punitive.

Mayor Alioto created the SFPD’s ‘Tactical Squad’ in 1967, just a year after. Used to police and control the San Francisco State strike in 1968, the Squad was notoriously brutal in its efforts to control masses of people.86 A Sun Reporter article declared that “the police are excessively

---

79 Jenkins, 132.
82 Davies, “Racial Violence.”
84 Davies, “Racial Violence;” Jenkins, 133.
85 Davies, “Calm Is Restored;” Jenkins, 134.
brutal in their relations with the people with whom they deal.”\(^{87}\) In 1969, Clinton Jeffers, president of the Ingleside NAACP, offered an 11-point peace plan before the San Francisco Police Commission. His plan focused on the “demilitarization of the police, in which the Tactical Squad, the bane of blacks and those who are regarded as liberals, would be abolished”\(^{88}\) As the SFHA was bled dry during the late 1960s, the Tactical Squad became a mainstay. It protected private investment in Black neighborhoods and ensured that urban uprisings did not deter new bond buyers from putting their money into public housing and other projects reliant on bonds. This same goal was at the heart of a widely publicized package of housing loans from the Bank of America.

The Tactical Squad was the most dramatic of state responses to the Bayview-Hunters Point uprising: but a slew of housing loans from the private sector was just as impactful and worked at the same goals. The Bank of America proudly announced a $100 million set of mortgage loans in 1968, pledging to aid not just “the Watts area of Los Angeles, the Hunters Point-Bayview section of San Francisco,” but communities up and down California “‘classified by the Federal Housing Administration as riot-prone and blighted.’”\(^{89}\) The bank relied on “‘a special force of lending officers with many years of experience in minority areas,’” deploying the same expertise that grew out of the thriving municipal bond market.\(^{90}\) These loans would make the bank money, and preyed on the Black communities they claimed to be strengthening. Tellingly, the Bank of America held more than $270 million in public housing bonds by September 1965 — and its redoubled focus on loans in the urban core spoke to the windfall profits it could make by working alongside police to keep urban uprisings tamed.\(^{91}\)

Under HOPE VI, HUD encouraged private companies to use ‘One Strike’ evictions to displace tenants under a large-scale campaign. The rule evicted entire households if one member was arrested, or sometimes merely if an arrest could be connected to them.\(^{92}\) Often, no criminal conviction was necessary for evictions under One Strike to be pushed through.\(^{93}\) Though established by the Reagan administration in 1988, one-strike evictions became a focus of the

---


\(^{88}\) “Cops Offered.”


\(^{90}\) Davies, “$100-Million Is Pledged.”

\(^{91}\) Jenkins, 99.

\(^{92}\) Baranski, 193.

Clinton administration’s push to criminalize public housing residents.\textsuperscript{94} The administration put overt pressure on HUD to enforce one-strike eviction policies and created the “One Strike and You’re Out” screening and eviction policy in 1996. Baranski quotes Kevin Marchman, the supervisor of San Francisco’s privatized federal receivership, who said that “if you [tenants] do act up, it’s going to be quicker getting you out.”\textsuperscript{95} But existing scholarship ignores the power this policy yielded to private management in San Francisco. The year this policy was brought to the fore, CVR Associates was at the helm of the SFHA, thereby uniquely prone to implement federal government directives.

In the projects not yet privatized, CVR Associates and HUD weaponized One Strike’s focus on criminalized evictions. A \textit{Sun-Reporter} article told the story of the 63-year-old Mrs. Greene. Greene, a member of the tenants association at the SFHA’s Alemany project in Bernal Heights, was served an eviction notice after her 38-year-old son was convicted of selling marijuana.\textsuperscript{96} Though it was unclear if her son lived in the apartment at all, Mrs. Greene and her grandson were forced out of their home and blocked from receiving legal aid to defend against their eviction.\textsuperscript{97} CVR Associates and HUD, not the SFHA, were responsible for the brutal implementation of this pointed policy. CVR Associates also deployed one-strike evictions in a pre-criminal capacity to evict tenants. In the North Beach projects, the Asian Law Caucus reported that a tenant received an eviction notice after a young person in her care was accused of attempting to rob someone.\textsuperscript{98} Though charges were never filed against the youth, CVR Associates and HUD pushed ahead in the eviction process. This private-federal alliance controlling the SFHA was intent on using One Strike to the fullest extent of its power, and effectively cleared the way for private management to move in with a strict set of rules.

In 1997, HUD encouraged private management to harshly rewrite tenant leases under a revised version of the Admissions and Continued Occupancy Policy (ACOP). That year, HUD offered local authorities and private entities “more power to transfer tenants to other projects, conduct home visits, and evict tenants.”\textsuperscript{99} ACOP rules were templates: private management could

\textsuperscript{94} Baranski, 193.
\textsuperscript{95} Baranski, 193.
\textsuperscript{96} Curtis, “Another View.”
\textsuperscript{97} Curtis, “Another View;” Baranski, 193.
\textsuperscript{98} Curtis, “Another View.”
\textsuperscript{99} Baranski, 193.
use HUD rules as a low bar, but if they so chose, they could integrate other, stricter rules into leases as well. In the wake of HOPE VI, the John Stewart Company, which redeveloped and managed the North Beach project, implemented a “17-page list of house rules that overlap with the Housing Authority’s rules but are much stricter.”

Residents were barred from barbecuing, wearing bathrobes, going barefoot, roller-skating, riding bikes, or playing with balls. Guests were banned after 10 P.M. and taking photos or videos was not permitted. Tenants at North Beach Place were inconvenienced and frustrated: one told a writer that “they [John Stewart Co.] don’t let you stand on the sidewalk, so I have to stand on the street waiting for my children to come home from school…They won’t let my kids play.” These rules were not arbitrary — they were useful for private corporations that wanted ‘undesirable’ tenants out. In instances of doubt or a gap between the attitude of an SFHA ACOP or one from a private corporation, the SFHA made it clear: the “more restrictive policy prevails.” Under the control of private management funded by HOPE VI, tenants faced eviction not just for One Strike infractions, but also for breaking small rules like those implemented by the John Stewart Company at North Beach Place, altering their lives, and splitting Black and immigrant communities apart.

Beyond preserving investment in the late 1960s, the establishment of the Tactical Squad and the landmark investment from Bank of America inscribed the importance of policing and control onto the relationship between public housing and private profit. This enduring relationship made ‘One Strike’ eviction under HOPE VI possible, permitting private corporations to get off the sidelines and take the reins, employing carceral logic to become the very entities that cast public housing tenants onto the street.

The demolition and rebuilding that HOPE VI funded was a crucial tool for private management to efficiently cast tenants out. Relocation began to function as ‘soft’ eviction where tenants could be denied return to their old home because of their criminal record, simply because there were fewer apartments in the new development, or because of citizenship status—a critical tool for private management at North Beach Place. In this vein, displacement became inseparable

---

101 de Brito, “Public Housing.”
102 de Brito, “Public Housing.”
103 de Brito, “Public Housing.”
from HOPE VI practices writ large. North Beach Place was home to immigrant tenants with different citizenship statuses; when private management began its attempt to cull ‘undesirable’ tenants from the project, they threatened to weaponize citizenship for profit.

“‘I’m scared,’ said [Quoc Hung] Luu, who speaks little English. ‘I don't know what to do,’” read Asianweek magazine as immigrant tenants at North Beach were threatened with the prospect of not being able to return home after HOPE VI redevelopment.105 “It's not fair,” said Thomas Toy, a Chinese American who has lived at the North Beach housing project for more than 20 years. ‘We pay taxes, too.’”106 About 40% of families at North Beach Place were Asian-American, and many were immigrants. 107 HUD’s nebulous ‘eligibility guidelines’ enabled private corporate management to move tenants in and out at their will before and after HOPE VI redevelopment, all on HUD’s dime. But in San Francisco, these efforts soon faced “virulent opposition.”108 Tenants fought back, pushing San Francisco city government to prevent the developer, John Stewart Co., from functionally evicting tenants based on citizenship. But a 2000 proposal to city council failed—tenants were only able to win a commitment from the developer for a one-for-one replacement of public housing units. Despite this, only 36% of North Beach tenants returned.109 Citizenship was a powerful tool for corporate management to cast tenants out of public housing complexes and was a direct outgrowth of One Strike policies that criminalized tenants.

HOPE VI transformed public housing into a tool for newly formed private developers to increase their wealth. Built on a legacy of bonded debt that prioritized large corporate interests and bankrupted housing authorities, HOPE VI was optimized to target housing authorities’ needs while enriching business. As housing authorities struggled to balance their budgets under the decades long impacts of bond sales, federal reforms molded by private interests settled on a program that required unprecedented private control of public housing. In demolition, rebuilding, and management under HOPE VI, private businesses capitalized on the financial weaknesses of public housing authorities to deal striking blows to the longevity and cohesion of San Francisco’s Black and immigrant neighborhoods. Countering the traditional ‘rise and fall’ narrative, I demonstrate in

106 Eljera, “Citizens Only.”
107 Eljera, “Citizens Only.”
this essay that federal reforms, a privatized takeover of the SFHA, at Plaza East, and via criminalization like One Strike and around citizenship status, profit for a select group of development companies became contingent on federally subsidized control of a public good.
Bibliography

Primary Sources


Da Costa, Francisco. “Newsom gives San Francisco’s most affordable housing to developers to destroy.” *San Francisco Bay View*, July 1, 2009.


“Quarrel Over Housing.” San Francisco Sun-Reporter, Nov. 25, 1972, ProQuest.


Secondary Sources


