



118-0382019-002

Agenda Item **No. 5(d)**
Meeting of November 19, 2019

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Executive Director

SUBJECT: Workshop on Annual Certificate of Preference Marketing and Outreach Report Fiscal Year 2018-19 from the Mayor's Office of Housing and Community Development

EXECUTIVE SUMMARY

The Property Owner and Occupant Preference Program, also known as the Certificate of Preference Program (the "COP Program"), provides preferences for displaced persons in the leasing and sale of housing within the former Redevelopment Agency's Project Areas or at city-wide affordable housing projects assisted with the Mayor's Office of Housing and Community Development ("MOHCD") funds. The COP Program implements state law requiring redevelopment agencies to prioritize low and moderate income households "in renting or buying" affordable housing developed with agency assistance if the households were "displaced by the redevelopment project." Cal. Health & Safety Code § 33411.3. This statutory authorization and the evidence of a certificate holder's displacement justify a housing preference that might otherwise violate the prohibition of discrimination under fair housing laws. The COP program does not guarantee any particular housing unit but provides the displacee with a preference over other applicants if the displacee meets the financial and other program qualifications for the affordable housing opportunity. OCII has an agreement with MOHCD whereby MOHCD implements the COP Program on behalf of OCII. This memorandum transmits MOHCD's report on COP Program compliance for Fiscal Year 2018-19.

On May 6, 2014 the Commission approved a Memorandum of Understanding (the "MOU") with the Mayor's Office of Housing and Community Development ("MOHCD"), through which MOHCD provides staffing and other services to assist in the implementation of OCII's affordable housing obligations. One of MOHCD's key responsibilities is to oversee marketing obligations of OCII's affordable housing development partners. The MOU requires certain reporting on marketing activity. Marketing Outcomes Reports are presented to the OCII Commission on affordable and BMR units in OCII projects after full occupancy is achieved. These reports can be located at: <https://sfocii.org/housing>.

London N. Breed
MAYOR

Nadia Sesay
EXECUTIVE DIRECTOR

Miguel Bustos
CHAIR

Mara Rosales
Bivett Brackett
Dr. Carolyn Ransom-Scott
COMMISSIONERS

One S. Van Ness Ave.
5th Floor
San Francisco, CA
94103

415 749 2400

www.sfocii.org

DISCUSSION

The Mayor's Office of Housing and Community Development ("MOHCD") oversees marketing obligations of OCII's affordable housing developments pursuant to a Memorandum of Understanding ("MOU") dated May 6, 2014. A full-time employee, plus supervision from the Deputy Director for Homeownership & Below Market Rate Programs, at MOHCD manages the Certificate of Preference Program on behalf of OCII and the City. MOHCD also monitors compliance with other housing preferences required under redevelopment requirements.

Annually, MOHCD prepares a report for the Commission to provide the current status of the implementation of the COP Program in OCII projects. The Certificate of Preference Marketing and Outreach Report for Fiscal Year 2018-19 is included here as Attachment A.

Below are the highlights of the COP Program in FY 2018-19:

- 13 COP holders were housed in OCII projects.
- 58 COP holders applied for affordable housing in OCII projects.
- 30 new COPs were issued.

As part of this reporting requirement, MOHCD has produced the attached Certificate of Preference Marketing and Outreach Report, FY 2018-19 describing activities and accomplishments over the past year. Also staff actively worked either implementing or approving six Early Outreach Plans for projects located in Mission Bay and Transbay.

SUMMARY OF SURVEY RESULTS

In 2017, OCII contracted with Lake Research Partners ("LRP") to survey the active COP holders to learn more about the housing needs and preferences of COP holders actively seeking housing. Using the results, OCII and MOHCD are maximizing efforts to successfully house this population. Information learned from the survey results about COP holders include:

- currently live in rental unit in San Francisco
- household size is typically one or two people
- households are typically seniors and are interested in senior housing
- need assistance in applying for housing
- need information on homeownership and rental readiness counseling
- interested in both affordable rental and homeownership opportunities
- expressed a preference for Mission Bay and the Western Addition

As a result of the survey OCII is implementing "Recommendations to Maximize Success" which were presented to the Commission on June 5, 2018. Recommendations include:

- income tiering (providing units at a range of area median income levels) in Requests for Proposals (RFPs) to ensure units available for very low income households as well as moderate income households
- a mix of unit types (including one and two bedroom units)

- assuring services in new buildings offer seniors a welcoming environment
- assuring COP holders they have a preference in all affordable housing developments
- providing a “coming soon” list of units in the Western Addition
- ensuring developers are notifying COP holders about all housing opportunities well in advance of marketing start through the Early Outreach Plan
- meeting with non-profit agencies to determine what housing opportunities COP holders are applying for, and if they are withdrawing from the process or are nonresponsive to lease-up agents why are they suddenly disinterested.
- inform COP holders about all housing opportunities through the use of DAHLIA

EXPANDED OUTREACH

OCII, in collaboration with MOHCD, has initiated and implemented aggressive outreach to house as many COP holders as possible. These results are shared with the Commission annually. In an effort to continue and increase this momentum, OCII and MOHCD are proposing several new ideas to both increase the number of eligible COP holders, and to increase the number of COP holders successfully housed.

Renewed Search for Eligible Households/Individuals

In 2010, using original records of displaced households a private consultant/investigator (The Keane Organization, Inc.) worked directly with staff of the former San Francisco Redevelopment Agency to identify, locate and contact individuals eligible for a COP. This resulted in 1,320 individuals learning of their eligibility and receiving certificates.

To leverage newer and improved technologies, MOHCD and OCII will procure for a private consultant, or a graduate student in the field of genealogy, history or archeology to work directly with the MOHCD staff person who manages the COP Program to locate as many individuals as possible who may qualify for a COP certificate. These would be individuals who were residing in the household at the time of displacement but did not receive a COP certificate. In order to procure these services, OCII is developing a scope of work with MOHCD and will seek a provider/contractor in the first quarter of 2020.

Also, in an effort to assist individuals in determining if they may have resided in a household that was displaced, MOHCD and OCII will procure for the development and implementation of an “interactive map” housed on the MOHCD website, which would contain the addresses of all the units that experienced displacement due to San Francisco Redevelopment Agency action. The idea is that an individual would enter the address of where they lived in the 1960s or 1970s and if the address is confirmed to be a unit that was displaced, the individual would be provided with next steps in order to secure a certificate.

To inform as many people as possible, a variety of outreach through traditional and social media will be used. Word of mouth, radio, OCII’s Twitter account, MOHCD’s Twitter, Facebook and Instagram accounts. The outreach will guide people to the new interactive map as a tool to easily identify whether they might qualify for a COP certificate. The ultimate goal is to have the initial users of the map to share their success with other family members and friends. These activities will be funded by OCII.

Deepen Engagement with Existing COP Holders

Given the age of the COP Program, many COP holders are satisfied with their current housing and not interested in relocating. However, in order to facilitate as many COP holders securing housing as possible, all COP holders are affirmatively offered rental or homebuyer readiness to assure any income and credit issues have been addressed; this starts early on at the Early Outreach stage. To deepen the impact and reach more COP holders one of the housing counseling agencies meaningfully engaged with COP holders, SFHDC, with the assistance of MOHCD staff, will launch the COP Holders Club by the end of the 2019 calendar year. This Club will provide a forum for friendly competition amongst COP Holders. COP holders are encouraged, through incentives, to complete workshop sessions, stay engaged, and apply for affordable housing opportunities which are appealing to individuals. There will be special quarterly events to continue the enthusiasm about COP affordable housing opportunities, such as: guest speakers, volunteers to assist COP holders with tax forms, and social equity discussions.

Because outreaching and engaging with qualified COP holders is only one piece of the puzzle, we intend ensure interested COP holders can qualify for and/or choose to live in affordable housing. For extremely low-income COP holders, we facilitate securing rental subsidy through The Q Foundation. Unfortunately, there are only a limited amount of Q Foundation rental subsidies per year. OCII requires income tiering in our affordable housing projects to ensure some units are available at both the very low-income and moderate income levels. Most recently at Mission Bay South Block 6W, we will have units available at 25% and 80% Area Median Income levels. While this approach can be used in Mission Bay and Transbay. The Hunters Point Shipyard and Candlestick Point plan documents do not allow for OCII funded units for households with incomes higher than 60%.

(Originated by Pamela Sims, Senior Development Specialist – COP and Marketing Liaison)



Nadia Sesay
Executive Director

**MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
CITY AND COUNTY OF SAN FRANCISCO**



LONDON N. BREED
MAYOR

DANIEL ADAMS
ACTING DIRECTOR

To: The Office of Community Investment and Infrastructure (OCII)

Cc: Daniel Adams

From: Mayor's Office of Housing and Community Development (MOHCD)
Maria Benjamin, MOHCD Deputy Director of Homeownership & BMR Programs

Re: FY 2018- 2019 Certificate of Preference Marketing and Outreach Report

Date: September 11, 2019

BACKGROUND

The Property Owner and Occupant Preference Program, also known as the Certificate of Preference Program (the "COP Program"), provides affordable housing lottery preferences for displaced persons in the leasing and sale of housing within the former Redevelopment Agency's Project Areas or at city-wide affordable housing projects sponsored by OCII and the Mayor's Office of Housing and Community Development. The COP Program implements state law requiring redevelopment agencies to prioritize low-and-moderate income households "in renting or buying" affordable housing if the households were "displaced by the redevelopment project." Cal. Health & Safety Code § 33411.3. The COP program does not guarantee any particular housing unit but provides the displacee with a preference over other applicants.

On June 3, 2008, the Redevelopment Agency authorized revised rules for the COP Program effective October 1, 2008. Section II.F.1 of the COP Program describes the Residential A and C Certificate Holders affected by the Urban Renewal Project Areas in the Western Addition A-2 and Hunters Point (i.e., Area A of the Bayview Hunters Point Project Area) Redevelopment Project Areas.

On May 6, 2014, the Commission approved a Memorandum of Understanding (the "MOU") with the Mayor's Office of Housing and Community Development ("MOHCD") to provide staffing and services to assist in the implementation of OCII's affordable housing obligations. One of MOHCD's key responsibilities is to oversee marketing obligations of OCII's affordable housing development partners.

On December 15, 2015, the Commission authorized a five-year extension of Residential A and C Certificates. This is the first of two allowable five-year extensions. Staff will request the second and final extension in 2020 for the years 2021-2026.

During FY 2018-19, MOHCD and OCII worked closely with developers to extend previously required affirmative outreach to COP holders. One month after construction commencement, the developer is required to submit an Early Outreach Plan and partner with a community outreach organization to help mitigate access to housing barriers. A series of two postcard mailings during early outreach promotes services aimed to assist with long-term financial goals, and markets workshops specific to the building's income restrictions. The final postcard coincides with the project launch date and includes an application workshop provided by the outreach organization. The early outreach allows COP holders additional time to prepare and engage with the partner community based organizations rental and homeownership readiness programs.

COP HOLDER STATUS

A total of 5,829 San Francisco households directly experienced displacement as a result of redevelopment activities. Those heads of households received a Certificate of Preference. Later, SFRA Commission action expanded the eligibility to all members of the household at the time of displacement. To date, over 1,000 additional household members have applied for and received a Certificate. While it is difficult to determine exactly what happened to all of the displaced household members, we do know:

- 1,815 certificate of preference holders have exercised their certificates and successfully secured affordable housing in San Francisco.
- At least 1,622 are deceased.
- 950 are in communication with MOHCD. 78% of the 950, however, are not actively applying for MOHCD/OCII housing opportunities.
- Between July 1, 2018 and June 30, 2019 22% or 209 COP holders applied for MOHCD/OCII housing opportunities. During that period, 78% were not actively seeking housing.
- Of the 950 certificate holders in touch with MOHCD, 33% have used their certificate once for either an affordable rental or homeownership opportunity. Nevertheless, MOHCD alerts all certificate holders to new affordable housing opportunities regardless of the status of their usage of the program to allow them the opportunity to use their second certificate.

"After 7 years of applying for affordable housing, Ms. Smith is now living at 626 Mission Bay. Ms. Smith suffers from Multiple Sclerosis and her son moved in as her live in aide. Catholic Charities helped me with my deposit. What I love about my place is that it is mine. Before moving here, I was staying with my mom in San Francisco, but I had to rent a hotel or stay with other family members occasionally. Unlocking that door with my key knowing that it is mine and that if I wanted to cook or eat a bag of chips for dinner I could, brings me peace of mind."

-COP Holder housed in September 2018

FY 2018-2019 Highlights

During this reporting period, four OCII projects completed lease-up housing 13 COP holders. Seven holders returned to San Francisco from other communities: Two from Sacramento, and one each from American Canyon, Fresno, Mill Valley, Pittsburg and Vacaville and San Francisco.

Project Name	Project Area	Tenure	Date 100% Occupied	Number of Affordable Units	All Applicants	COP Applicants	Successful COP Holders in FY 18/19	Lottery Date
<i>Natalie Gubb Commons</i>	South of Market	New rental	7/3/2018	95	6,580	10	1	11/14/2017
<i>Alice Griffith Phase 3</i>	Bayview	New rental	8/17/2018	28	4,444	12	2	1/18/2018
<i>626 Mission Bay</i>	Mission Bay	New rental	2/1/2019	113	5,749	25	10	6/12/2018
<i>Alice Griffith Phase 4</i>	Bayview	New rental	6/28/2019	11	4,008	11	0	2/19/2019
<i>Totals:</i>				247	20,781	58	13	

OTHER AFFORDABLE HOUSING OPPORTUNITIES FOR COP HOLDERS

A total of 6 MOHCD ownership and 13 MOHCD rental projects completed lease up in FY 2018-2019. Six of these projects successfully housed 8 COP holders in rental opportunities: Additionally, MOHCD offered 49 re-rental units in its Inclusionary BMR programs that housed 3 COP holders. Another 3 holders were added to the top of 5 waitlists in MOHCD's multifamily portfolio.

COP OUTCOMES SINCE DISOLUTION OF THE SFRA

Fiscal Year	18-19	17-18	16-17	15-16	14-15	13-14
Applied for housing	209	202	258	157	95	61
COP Holders Housed	23	35	43	44	23	17
Returned to San Francisco	7	12	19	10	3	1
New Certificates issued	30	61	55	111	73	62

DAHLIA

DAHLIA SF Housing Portal accepted 142,337 applications for 641 units in FY 2018-2019. DAHLIA is a long-term project to create a one-stop centralized place to find City-sponsored affordable housing and apply as well as create a comprehensive database of all City/OCII sponsored housing. In early 2019, MOHCD added online applications for homeownership opportunities. Usage of the site continues to grow as more residents come to rely on this valuable resource for finding and applying for affordable housing. While MOHCD will continue offering paper applications for housing opportunities, only 3% of applicants applied for rental housing via paper. DAHLIA's past and ongoing development is a collaborative effort by City

departments, housing counselors, advocates, developers, leasing agents, and, most importantly, current applicants and residents of affordable housing in San Francisco. MOHCD continues to refine and expand DAHLIA's services. Features in development include developer partner resources, including lease-up administration and waitlist management.

There has been a significant increase in online applications from COP holders. A total of 33 paper applications were submitted in FY 2017-2018 by COP holders. In FY 2018-2019, 6 paper applications were submitted by COP holders.

DAHLIA provides much more than an easier way for COP holders to apply for housing. It also provides significant data on how COP holders apply to housing. While we have just begun analyzing COP data, we can confidently say that holders apply to housing opportunities with lower AMIs. There is a higher concentration of COP applicants applying for new rental buildings and the average income of applicants is 52% AMI. In our next report we will be able to provide demographic information on COP holders as well as other trends in application.

MARKETING

MOHCD and OCII staff work very closely to ensure that OCII developers adhere to the established housing preference and lottery and lease up standards. We continue to improve marketing plan and resident selection criteria policies and procedures to increase the access to housing opportunities for households regardless of credit scores and other arbitrary criteria. Additionally, MOHCD and OCII staff closely monitor the lease up process of every OCII development to ensure developers follow the marketing and lease-up guidelines and we advocate for disqualified applicants during this process.

COP HOLDER SUPPORT AND ASSISTANCE

Q Foundation

To improve the success rate of COP holders in both OCII and MOHCD sponsored projects, MOHCD provides grant funds to the Q Foundation for rental subsidies to senior and disabled COP holders currently living in San Francisco. The Q Foundation is supporting 6 COP holders with ongoing rental subsidies for projects that finished lease up in 18/19.

SAN FRANCISCO HOUSING DEVELOPMENT CORPORATION

MOHCD is working closely with the San Francisco Housing Development Corporation as they implement the District 10 and COP Rental Assistance Program, a District 10 Community Benefits Program. The program is part of the Implementation Committee's strategic financial empowerment plan to eliminate debt, increase savings, and improve credit for COP and D10 residents. Program participants receive between \$450 and \$2000 for completing SFHDC's rental readiness workshops and one-on-one counseling sessions. It is an opportunity for COP holders to complete a financial goal with the funds earned by participating. The program launched October 2018. Of the COP holders currently participating in the program, 114 COP holders are enrolled in SFHDC's pre-purchase program; 28 of which are from the Bayview/D10, and 9 are from the Western Addition. According to SFHDC, 71 COP holders plan on staying in the same area for the next several years including 12 from Bayview and 4 from Western Addition; 41 are undecided. Thirteen reported to SFHDC that they were evicted under the Ellis Act. Of the 114 COP holders in the pre-purchase program, 65 are women, and 49 are men. The average

annual income of the women in the program is \$67,908 and the average annual income for 49 men is \$78,748.

Three reported that they are Veterans; 10 are disabled; and 9 have a Housing Choice Voucher. As for income, 5 were unemployed at time of intake into the program, 5 were on fixed income, 15 were self-employed and 89 were employed. SFHDC has assisted 56 in creating a budget so they know how much they can afford to spend on housing. Additionally, SFHDC helped 36 COP holders apply for rental assistance. The overall average annual income was \$58,591 for all COP holders requesting rental assistance.

Through its matched savings program, SFHDC funded 4 COP holders who participated in their program. One secured new housing and the other 3 used the assistance for back rent at Alice Griffith and Westbrook Apts.