



118-0282019-002

Agenda Item **No. 5(e)**
Meeting of August 6, 2019

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Executive Director

SUBJECT: Annual Certificate of Preference Marketing and Outreach Report, Fiscal Year 2017-18 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 2017-18.

BACKGROUND

The COP Program has long been part of a remedial program for displacees. The California Community Redevelopment Law (CRL) and other laws required that redevelopment agencies offer various forms of compensation and assistance to persons who were displaced by redevelopment projects. Under federal and state laws, displacees

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have been potentially eligible for: 1) just compensation to the owner of property acquired by the government; 2) relocation assistance, including payments for moving assistance to all displacees and payments for reestablishment expenses incurred by businesses; 3) temporary and permanent replacement housing, available prior to displacement, for low and moderate income households wherein the units are comparable to those from which the household was displaced; and 4) a preference for low and moderate income households to rent or buy affordable housing assisted by the redevelopment agency. In addition, redevelopment agencies had an obligation to replace any low or moderate income housing that it removed or caused to be removed within a four year period after the removal.

The determination of whether an occupant of property was actually displaced is important for establishing eligibility for these benefits. The law defines displaced persons as those who move themselves or their businesses as a result of acquisition of their property by an agency or by a private entity acting pursuant to redevelopment agency authority. Displaced persons also include people who move as a result of rehabilitation of the property by an agency or private party acting pursuant to agency authority.

Section 33411.3 of the CRL authorizes the COP Program:

[T]he agency shall require by contract or other appropriate means that the housing be made available for rent or purchase to the persons and families of low or moderate income displaced by the redevelopment project. Those persons and families shall be given priority in renting or buying that housing. However, failure to give that priority shall not affect the validity of title to real property. The agency shall keep a list of persons and families of low and moderate income displaced by the redevelopment project who are to be given priority, and may establish reasonable rules for determining the order or priority on the list.

Significantly, the CRL limits the priority or “preference” to persons who have low or moderate incomes and who were “displaced by the redevelopment project¹.” Moreover, the priority applies only in housing that is affordable to low and moderate income households. The CRL thus places several limitations on the preference program: the applicant’s income eligibility, the applicant’s status as displaced, and the type of housing—affordable—in which the preference applies. These limitations serve the purpose of preserving this preference for those households that the state legislature has determined to be particularly needy because they have suffered harm: low income displacees. These limitations also justify a narrow exception to fair housing law, which generally prohibits preferences that have the effect of discriminating against other classes of applicants. See e.g. Federal Fair Housing Act, 42 U.S.C. § 3604; Calif. Fair Employment and Housing Act, Gov’t Code § 12955; Calif. Unruh Civil Rights Act, Civil Code § 51.

¹ Under the CRL, the reference to “project” broadly refers to the agency’s actions in implementing a redevelopment plan

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 duration of the Residential Certificate Holders; these certificate holders were those affected by the Urban Renewal Project Areas of either the Western Addition A-2 or Hunters Point (i.e., Area A of the Bayview Hunters Point Project Area) Redevelopment Project Areas. On December 15, 2015, the Commission authorized a five-year extension of Residential Certificates. Another extension may be approved in 2020, and, if approved, will extend the COP Program through 2025. Residential Certificate Holders meet the criteria under state law for receiving a priority in that they were displaced by actions of the former Redevelopment Agency.

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>.

On June 5, 2018, OCII staff presented to the Commission the 2017 COP survey results “Recommendations to Maximize Success.” Specific recommendations that staff are now implementing include:

- income tiering in Requests for Proposals (RFPs);
- 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;
- meeting with non-profit agencies to determine the effectiveness of the program; and,
- inform COP holders about all housing opportunities through the use of DAHLIA.

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. 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 2017-18 is included here as Attachment A.

Highlights of the attached FY 2017-18 report include:

- 18 COP holders were housed in OCII projects out of 61 COP applicants.
- 202 COP holders applied for affordable housing in OCII and MOHCD projects combined, and 35 COP holders were successfully housed.
- 61 new COPs were issued (an increase of 11% from the previous year)

As part of this reporting requirement, MOHCD has produced the attached Certificate of Preference Marketing and Outreach Report, FY 2017-18 describing activities and accomplishments over the past year.

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



Nadia Sesay
Executive Director

Attachment A: Certificate of Preference Marketing and Outreach Report, FY 2017-18

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: Dan Adams, Acting Director

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

Re: Fiscal Year 2017- 2018 Certificate of Preference Marketing and Outreach Report

Date: July 30, 2019

BACKGROUND

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 in city-wide affordable housing projects sponsored by OCII and the Mayor's Office of Housing and Community Development. The COP Program implements state law Cal. Health & Safety Code § 33411.3, 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." 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 instead provides the displacee with a preference over other applicants.

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 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.

Since 2015, MOHCD and OCII have worked closely to improve the COP Program. OCII requires early outreach to COP holders beginning approximately one month after the start of construction, when the Early Outreach Marketing Plan is due. This strategy allows COP holders sufficient time to prepare and utilize community based and City sponsored rental and homeownership readiness programs. In December 2015, the Commission authorized the first of two allowable five-year extensions the COP Program, the final extension will be requested in 2020, and, if approved, will extend the COP Program through 2025.

In the 1960's and 1970's, the San Francisco Redevelopment Agency (SFRA) displaced a total of 6,829 households as a result of redevelopment activities. Initially, those heads of households received a Certificate of Preference and in an effort to ensure all those displaced receive a certificate, the SFRA Commission expanded the program to all members of the household at the time of displacement. Therefore, MOHCD staff tracks individuals and not households. The following are key data points regarding COP holders during FY 2017-18:

- Since the program's inception, approximately 1,792 COP holders have exercised their certificates to secure affordable housing in San Francisco.
- Over 4,000 COP holders are no longer reachable.
- Approximately 1,618 COP holders are known to be deceased.
- 925 Individual COP holders, as of 2019, are in communication with MOHCD for affordable housing opportunities and are considered "active COP holders".
- Of those 925, 301 (or 33%) have exercised their certificate once to secure either an affordable rental or homeownership housing unit.
- A total of 61 new COP certificates were issued in FY 2017-18 representing an 11% increase from the previous year.
- 202 or 22% of 925 COP holders applied for MOHCD/OCII housing opportunities; 33 of whom exercised their certificates to secure rental housing and 2 COP holders used their certificate to purchase their first home.
- 722 or 78% of the 925, are not actively applying for MOHCD/OCII housing opportunities.

Fiscal Year (FY) 2017-18 CERTIFICATE OF PREFERENCE PROGRAM ACTIVITIES

In FY 2017-18 a total of 576 lottery units were offered through DAHLIA the San Francisco Housing Portal. A total of 202 COP holders applied for the 576 units (in MOHCD and OCII projects). A total of 18 COP holders were successfully housed in OCII projects, while another 17 have obtained a housing unit in MOHCD developments, for a total of 35 housed in FY 2017-18. Of the 35, two households successfully purchased units in a former SFRA development located in the Western Addition. Fewer COP holders apply to ownership opportunities, but every effort is made to house those who do apply.

Additionally of the 35 COP holders housed, 34% or 12 COP households returned to San Francisco from neighboring communities including Berkeley, Davis, Richmond, Vallejo, Sacramento, Mill Valley, San Jose, Yuba City, Colma, Daly City and Vacaville.

Table 1 below provides a summary of the OCII projects that housed COP holders in FY 2017-18.

Table 1: FY 17-18 COP Activity in OCII Projects

Project Area	Project Name	Tenure	Date 100% Occupied	Number of Affordable Units	All Applicants	COP Applicants	Successful COP holders in FY 17-18*
MBS	360 Berry (Mission Bay by Windsor)	Family Rental	Jan-18	26	888	8	2
WA - A2	1450 Franklin	Homeownership	Jan-18	9	225	2	2
MBS	Five88 (MBS Block 7W)	Family Rental	Oct-17	198	4,068	17	6
BVHP	Hunters View Phase IIA	Family Rental	Jul-17	26	1,946	8	3
HPSY	Blocks 53 & 54	Homeownership	Jul-17	16	85	1	0
HPSY	Blocks 56 & 57	Homeownership	Apr-18	7	81	0	0
Candlestick Point	Alice Griffith Apts. Phase 1 & 2	Family Rental	Oct-17	68	2,780	25	5
TOTAL				350	10,073	61	18

*Of the 18 COP holders housed, 12 were from Western Addition and 6 were from Hunters Point.

MARKETING AND APPLICATION PROCESS

MOHCD and OCII staff work closely to ensure that OCII sponsored developers adhere to the established housing preference, lottery and lease up standards. OCII's Marketing Senior Development Specialist, Pam Sims, has been invaluable with her focus on assisting developers through every stage of marketing, particularly the COP early outreach program. Together we closely monitor the lease up of every OCII development to ensure developers are compliant with the established marketing, lottery, lease-up procedures.

Both MOHCD and OCII staff continue to ensure that housing developers market upcoming affordable housing opportunities through on-going early outreach efforts, (including postcards informing COP holders about information sessions, rental readiness workshops, homebuyer workshops). Included as part of each Early Outreach Plan is a Memorandum of Understanding (MOU) with a housing counseling agency detailing responsibilities during the construction period. These obligations include marketing to COP holders (both in San Francisco and outside San Francisco), conducting information workshops (i.e., rental readiness, credit matters for rental opportunities or homebuyer assistance with the home buying process), one-on-one counseling, and one-on-one assistance with applications (during the application period). Additionally, staff continues outreach through presentations at various churches, working directly with households and individuals who attend information sessions to inform and demonstrate how to obtain information, apply and obtain lottery results on DAHLIA. Active COP holders generally receive 10-12 postcards about housing opportunities per year.

The COP Program Coordinator works closely with COP holders by helping them to complete paperwork, apply for specific housing opportunities, appealing denials, and reaching out when COP holders are non-responsive. She also reaches out to COP holders when an opportunity arises that might appeal to a specific COP holder. The COP Coordinator's dedication to the individuals and families who are actively applying for housing can be seen in the relationship she has developed with staff at the Q Foundation. MOHCD has granted the Q Foundation with rent subsidy funding to be used to assist seniors and disabled renters by paying a portion of their rent. As a way to expedite the subsidy application process for COP holders, MOHCD staff has been trained by the Q Foundation to conduct intake activities on their behalf, making for a smooth pathway to accessing these scarce resources.

DAHLIA

DAHLIA-San Francisco Housing Portal accepted 98,804 applications for rental units in FY17/18. The vast majority, 94%, were submitted electronically, and 6,274 or 6% were paper applications submitted to MOHCD's PO Box. The number of paper application submissions continues to decline with each available listing. The first OCII project listed on DAHLIA-San Francisco Housing Portal was Natalie Gubb Commons. A total of 6,580 applications were submitted for 95 units.

MOHCD works closely with the City's Digital Services Department to improve and expand DAHLIA. In anticipation of upcoming projects with resident returnees, the DAHLIA team deployed a dynamic affordable housing lottery preference feature enabling customization of preferences for vacancy listings.

CERTIFICATE OF PREFERENCE SUPPORT AND ASSISTANCE

To increase the success of COP applicants, MOHCD fosters partnerships with the San Francisco Housing Development Corporation (SFHDC) and the Bayview Hunters Point Multipurpose Senior Services, Inc. (BHPMSS). These housing counseling service providers partner with developers to conduct targeted early outreach to COP holders during a project's construction. Developers fund these agencies to provide a series of COP holder orientations, workshops, and individualized counseling sessions geared at eliminating the digital divide and navigating the application process on DAHLIA. COP holders who want/need assistance in applying for housing opportunities through DAHLIA receive it from the housing counseling agencies or from MOHCD staff. Developers attend one of the workshops to advertise and provide information about the building, its amenities, and the resident/purchaser selection criteria.

SFHDC implements the COP Rental Assistance Program, a sponsored by the District 10 Community Benefits Program. This program is part of the Implementation Committee's strategic financial empowerment plan to eliminate debt, increase savings, and improve credit for COP holders and District 10 residents. Program participants receive between \$450 and \$2,000 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. Since the program's inception in the fall of 2016, 29 COP holders have worked with SFHDC. In fiscal year 2017-2018, SFHDC received 201 applications; 13 of whom were from COP holders. To date, the program has assisted 6 COP holders with matching funds for security deposits and moving costs.

MOHCD staff also works closely with the San Francisco AIDS Housing Alliance (Q Foundation) and Self Help for the Elderly to secure rental subsidies for senior and disabled COP holders currently living in San Francisco. Unfortunately, there is an inadequate supply of subsidy programs available to satisfy all of the needs of our most vulnerable COP holders. In 2017-18 alone, we were unable to assist 8% of the certificate holders who applied for housing and needed a subsidy.

CERTIFICATE OF PREFERENCE PERSONAL STORIES

1450 Franklin

"I am an elderly woman of retirement age and still working to make ends meet while supporting my 19 year granddaughter. I included my granddaughter in the buying process to offer her stability in case something happened to me, she would be able to take over. There were lots of bumps during the buying process but with the help of my lender, counseling agency and MOHCD I was able to put my mind at ease and follow through with becoming a homeowner. I purchased a 2 bedroom condo."

"This was my first and only housing opportunity that I applied for. The experience sometimes felt invasive but I learned that this is what you have to go through. Starting the buying process late, I did not have all of my ducks in a row as far as having funds readily available. My lender suggested using several other programs and I was able to get my down payment to purchase my 1 bedroom condo. I am now able to be close to my jobs."

Alice Griffith

"I received help from the Q foundation, and MOHCD when applying. I was even blessed to get a parking stall in the facility. Prior to moving here, I was renting a room that had become uncomfortable, considering I was there with a lady friend and her daughter. I go visit her now. It's been ok for me here. I keep to myself but I do attend the committee meetings and focus groups they have in the community room. The way things are set up here is good, beautiful even. I would encourage COP holders to participate in the program and keep applying for housing. There are a lot of housing developments currently being built."

"Before living here, I was living in my car. It was pretty bad, but I was so happy to get help from the Q Foundation. My significant other and I were coming out of a relationship and we needed help. I had to get her off the street as well. She is the one who kept encouraging me to apply. I love it here. Every day I love it more and more. Everyone keeps asking me when the housewarming is, but I do like my peace my and quiet. I am enjoying the view here, my unit is right by the bay. I am learning the transportation around here too. I walk two blocks to a bus that takes me to BART. The process of moving here was beautiful. You guys really came through when I really needed it and management is cool too, and courteous and smart. What I would say to other COP holders, is that the COP program works."