



118-2302020-002

Agenda Item **No. 5(h)**
Meeting of December 1, 2020

MEMORANDUM

TO: OCII Commissioners

FROM: Nadia Sesay, Executive Director

SUBJECT: Approving the second, of two, five-year extensions of Residential A and C Certificates as authorized under the Property Owner and Occupant Preference Program (Certificate of Preference Program)

EXECUTIVE SUMMARY

In 2008, the Redevelopment Agency revised, by Resolution 57-2008, the Property Owner and Occupant Preference Program, which had established the long-standing Redevelopment Agency program providing a preference to certain displaced households in affordable housing developed with Redevelopment Agency assistance (the “Certificate of Preference Program” or “COP Program”). One of the revisions authorized extensions of the COP Program, which had been set to expire in 2011 for persons displaced from the Western Addition A-2 and Hunters Point Redevelopment Project Areas (i.e. the Urban Renewal Project Areas). The 2008 revisions extended the program for these displaced persons for an additional seven years until 2016 “unless the Agency Commission approves five-year extensions of these Certificates. The Agency shall not approve more than two five-year extensions.” COP Program, § II.F. In 2015, the Successor Agency Commission approved, by Resolution No. 77-2015 (Dec. 2015), a five-year extension, which expires at the end of 2020.

Staff recommends authorizing the Executive Director to approve the second (and final) of two five-year extensions of Residential A and C Certificates as authorized under the Property Owner and Occupant Preference Program (Certificate of Preference Program) for persons displaced from the Western Addition A-2 and the Hunters Point Redevelopment Project Areas.

London N. Breed
MAYOR

Nadia Sesay
EXECUTIVE DIRECTOR

Miguel Bustos
CHAIR

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BACKGROUND

On June 5, 2007, former Redevelopment Agency staff presented the Property Owner and Occupant Preference Program, also known as the Certificate of Preference Program (the "COP Program") to the Redevelopment Agency Commission and reviewed the statutory basis for the COP Program and potential enhancements to the COP Program. As a result of those recommendations, a working group was established to review the policies and to make recommendation based on the prior public comment. Based upon the comments of the Commission, comments from a Working Group, and comments from the public, the staff proposed enhancements to the Certificate Program, which included "extending the time limit for the Residential Certificates by 15 years from 2 years after the expiration of the project area(s) to 17 years after the expiration of the project area."

Following the presentation of the COP Program enhancements in 2007, on June 3, 2008, the Redevelopment Agency authorized the revised rules for the COP Program effective October 1, 2008. A copy of the Certificate of Preference Program is included as Attachment A to the Resolution.

OCII's COP Program provides preferences for certain displaced persons in the leasing and sale of affordable housing developed with Successor Agency assistance. The COP Program implements state law requiring redevelopment agencies to give low- and moderate-income households "priority 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 qualifications for the affordable housing opportunity. In 2008, the Board of Supervisors expanded the supply of affordable housing for which COP holders were eligible to include City-funded affordable housing programs. Ord. No. 232-08 (Oct. 30, 2008)

Under Redevelopment Dissolution Law, OCII's authority is limited to fulfilling enforceable obligations as part of a wind down of redevelopment affairs. The California Department of Finance has finally and conclusively determined that OCII has the continuing authority and obligation to complete the affordable housing programs under the Mission Bay North Owner Participation Agreement ("OPA), the Mission Bay South OPA, the Disposition and Development Agreement ("DDA") for Hunters Point Shipyard ("HPS") Phase 1, the DDA for Candlestick Point-HPS Phase 2 DDA, and the Transbay Implementation Agreement ("Enforceable Obligations"). These Enforceable Obligations limit the applicability of the Certificate of Preference Program to displacees.

DISCUSSION

Prior to its dissolution, the Redevelopment Agency amended the COP Program to provide that "Certificates shall be valid [if an income-eligible certificate holder has not previously received a priority in affordable housing] until seven years after completion of an Urban Renewal Project Area, unless the Agency Commission approves five-year extensions of these Certificates." COP Program, § II.F. The COP Program defines the Urban Renewal Project Areas as: "Western Addition A-2 or Hunters Point (i.e., Area A of the Bayview Hunters Point Redevelopment Project Area) Redevelopment Project Areas." COP Program, § II.B.10. The COP Program also states that "the Agency shall not approve more than two five-year extensions." COP Program, § II.F. On December 15, 2015, the Commission unanimously approved the first of two five-year extensions; that extension expires December 31, 2020.

Staff recommends extension of the program through December 31, 2025, so that all interested certificate holders can take advantage of the many affordable housing opportunities the OCII and MOHCD pipeline will continue to offer through the end of the extension period. After the February 1, 2012 dissolution, and through a Memorandum of Understanding between OCII and Mayor's Office of Housing and Community Development ("MOHCD"), MOHCD continues to assist in implementing the COP Program. Prior to the expiration of the final extension on December 31, 2025, MOHCD may seek to further extend the COP Program through action of the Board of Supervisors.

(Originated by Pamela Sims, Senior Development Specialist)

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Nadia Sesay
Executive Director