



118-2322020-002

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

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 2019-20 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 assisted by the Office of Community Investment and Infrastructure ("OCII") or by the Mayor's Office of Housing and Community Development ("MOHCD"). 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 2019-20.

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

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DISCUSSION

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 COP 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 2019-20 is included here as Attachment A.

Below are the highlights of the COP Program in FY 2019-20:

- 3 COP holders were housed in OCII projects, and 17 COP holders were housed overall in OCII/MOHCD projects combined
- 55 COP holders applied for affordable housing in OCII projects
- 31 new Certificates of Preference were issued

The attached Certificate of Preference Marketing and Outreach Report, FY 2019-20 describing activities and accomplishments over the past year. Of the 17 COP holders who successfully secured affordable housing during the last fiscal year, what is especially inspiring is that one of these COP holders became a homeowner. Also, staff actively worked either implementing or approving Early Outreach and Marketing Plans for projects located in Mission Bay and Transbay. To inform as many people as possible about affordable housing opportunities, OCII and MOHCD continue to use traditional and social media during the lease-up and sales processes.

EXPANDED OUTREACH

OCII, in collaboration with MOHCD, has initiated and implemented aggressive outreach to house as many COP holders as possible, which includes providing targeted workshops discussing each development and nearby amenities so COP holders can make informed decisions about housing, and tracking moderate income ("over-income") COP holders to specifically inform them of developments accepting households with moderate incomes. 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 research technologies, MOHCD and OCII will procure the services of a consultant to locate as many individuals as possible who may qualify for a COP certificate. These would

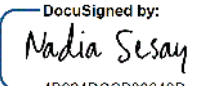
be individuals who were residing in the household at the time of displacement, and who have been included on Site Occupancy Records (“SORs”) but did not receive a COP certificate. In order to procure these services, OCII has developed a scope of work with MOHCD, and plans to issue a Request for Proposals in December 2020 with proposals due in January 2021.

Additional Resources

Because outreaching and engaging with qualified COP holders is only one piece of the puzzle, we intend to ensure that interested COP holders can qualify for and/or choose to live in affordable housing. For extremely low-income COP holders, MOHCD consistently attempts to facilitate securing a rental subsidy through The Q Foundation. Through various public and private funding resources the Q Foundation supported three COP holders during the past fiscal year. Additionally, the San Francisco Housing Development Corporation (SFHDC) assists COP holders who are interested in homeownership opportunities.

An additional tool OCII utilizes to reach both lower and higher income COP holder households, is income-tiering which ensures unit availability at both the very low-income and moderate-income levels. Also known as income-averaging, for project financing purposes, we implemented income-tiering for the first time at 691 China Basin (Mission Bay South Block 6 West), which is scheduled to complete construction in Spring 2021. Staff is closely monitoring the ongoing marketing and lease-up process to determine if income tiering does allow for greater COP holder participation. If tiering is successful, staff will continue to look for these types of opportunities in the Mission Bay and Transbay project areas where these Redevelopment Plans allow for wider income ranges.

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

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Nadia Sesay
Executive Director

Attachment A: Certificate of Preference Marketing and Outreach Report, FY 2019-2020

Mayor's Office of Housing and Community Development
City and County of San Francisco



London N. Breed
Mayor

Eric D. Shaw
Director

To: Nadia Sesay
Director, The Office of Community Investment and Infrastructure (OCII)

Cc: Eric D. Shaw
Director, Mayor's Office of Housing and Community Development (MOHCD)

From: Maria Benjamin
Deputy Director - Homeownership & Below Market Rate Programs

Re: FY 2019- 2020 Certificate of Preference Marketing and Outreach Report

Date: November 9, 2020

BACKGROUND

The Property Owner and Occupant Preference Program, also known as the Certificate of Preference Program (COP), provides lottery preferences for displaced persons in the leasing and sale of housing within the former San Francisco Redevelopment Agency's (SFRA) 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 occupancy in any housing unit but rather provides the displacee with a preference over other lottery applicants.

Certificate of Preference holders affected by the Urban Renewal Project Areas in the Western Addition A-2 and Bayview Hunters Point Redevelopment Project Areas, may use their certificate twice, once for rental opportunities and once for ownership.

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 and includes implementation of the COP program.

On December 15, 2015, the Commission authorized the first of two five-year extensions of the COP program allowed under State of California dissolution law.

A total of 5,829 San Francisco households directly experienced displacement because of redevelopment activities. Those heads of households displaced received a Certificate of Preference. Later, the SFRA Commission action expanded the eligibility to all members of the household at the time of displacement. To date the total number of Certificates of Preference holders totals 6,870. Unfortunately, through the decades of the program it has been difficult to keep track of displaced households. The following represents current information on most of the households that were displaced:

- 1,832 COP holders have exercised their certificates and successfully secured affordable housing in San Francisco.
- Approximately 1,628 COP holders are known to be deceased.
- 884 COP holders are in communication with MOHCD however, only 20% of the 884 are actively seeking MOHCD/OCII housing opportunities and 34% of the 884 have already used their certificate once.

JULY 1, 2019 – JUNE 30, 2020 COP ACTIVITIES IN OCII PROJECTS

During Fiscal Year 2019-20, MOHCD and OCII worked closely with developers to affirmatively outreach to COP holders. One month after construction begins on OCII projects, developers are required to submit an Early Outreach Plan and partner with a community-based organization (CBO) to help address any possible housing barriers for COP holders. Increased services in early outreach gives developers the opportunity to increase COP participation in their project by funding housing counselors to provide a series of COP orientations, workshops, and counseling sessions to ensure success during the application and lease up process. Developers attend one of the workshops to talk about the project, its amenities, and timeline in preparation for the application to an ownership or rental housing opportunity. The Early Outreach plan is aimed at providing COP holders sufficient time to access community based and City sponsored rental and homeownership readiness programs. All 884 COP holders that are in contact with MOHCD, receive early outreach alerts regarding new OCII affordable housing opportunities with workshop dates and times.

While the total number of COP holders that were housed in FY 2019-20 is 17, three COP holders used their certificate to rent in OCII projects:

OCII Projects	Lottery Date	Affordable Units	Applications in Lottery	COP Applicants	COP Holders Housed	Completion Date*
250 Fremont	10/4/2018	79	5,828	13	2	10/31/2019
450 Folsom	12/4/2018	70	5,242	7	0	12/27/2019
Edwin Lee Apartments	11/6/2019	56	6,699	16	1	6/19/2020

COP ACTIVITY IN BOTH MOHCD AND OCII PROJECTS OVER THE LAST 2 YEARS

Fiscal Year	19-20	18-19
Applied for housing	55	62
COP Holders Housed	17	23
Returned to San Francisco	4*	7
New Certificates of Preference issued	31	30

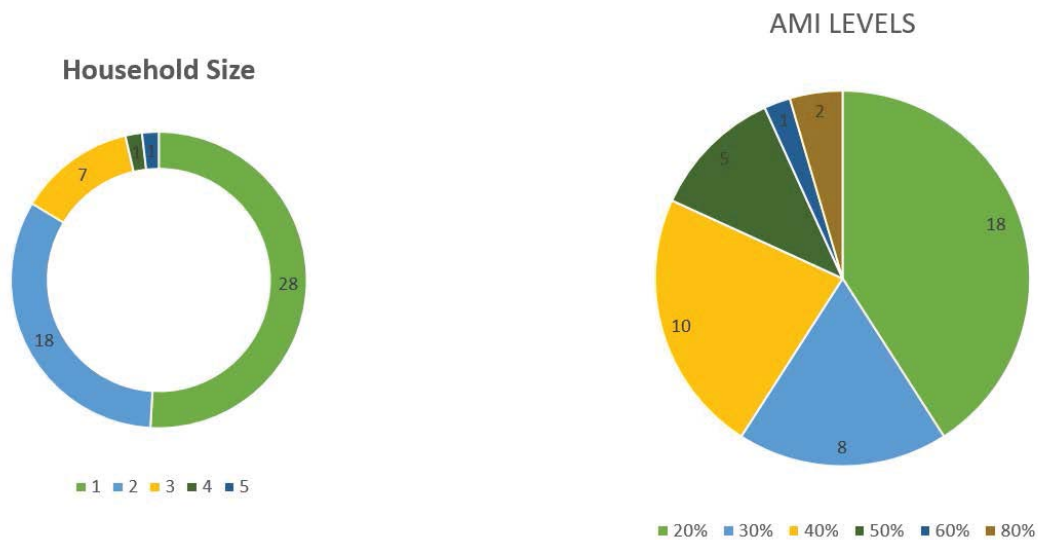
** 4 COP holders returned to San Francisco from Sacramento, American Canyon, Duarte, and Oakland.*

In addition to the 3 COP holders housed in new OCII rental projects, 7 were housed in new MOHCD sponsored rental projects. These were in the Financial District and South of Market, Outer Mission, Hayes Valley, Visitacion Valley, and Mission Districts. Lastly, in MOHCD's existing projects, 14 COP holders applied to 12 lotteries and 6 were housed in re-rentals in the Bayview Hunters Point and South of Market neighborhoods.

The majority of all 16 COP holders who became tenants in FY 2019-20 held their certificates between 1 and 5 years before they used it to secure housing. A smaller number held their certificates for less than a year and 2 COP holders used their certificates for the first time after over 40 years! The later used their certificates to move to senior communities in the Mission District and in Hayes Valley.

Time between Certificate Issue Date and Lease Sign Date	
Less than 1 year	20%
Between 1 - 5 years	47%
Between 5 - 10 years	20%
47 years	7%
49 years	7%

55 COP HOLDERS SUBMITTED 107 APPLICATIONS FOR MOHCD AND OCII HOUSING BETWEEN JULY 1, 2019 AND JUNE 30, 2020



COP OWNERSHIP ACTIVITY

In FY 2019-20, one of the 17 COP holders housed, used their certificate to secure an affordable homeownership opportunity. While there were two new OCII ownership projects during the reporting period, no COP holders applied. The COP holder that became a first-time home buyer purchased a MOHCD resale property in the Russian Hill neighborhood. The unit was priced at 80% Area Median Income (AMI)

with a purchase price of \$187,620. The COP holder's household income was 62% AMI and they were assisted with the purchase by a MOHCD BMR downpayment assistance loan and a Mortgage Credit Certificate. The COP holder rented a MOHCD BMR unit for 3 years prior to using her certificate to purchase.

DAHLIA

In FY 2019-20, DAHLIA (Database of Affordable Housing Listings, Information, and Applications) San Francisco Housing Portal, became the primary means for housing seekers to apply for affordable rental and ownership housing opportunities in San Francisco. DAHLIA accepted 153,478 applications in FY 2019-20. In rental projects, 150,129 applications were received and 3349 in ownership projects. The first OCII affordable ownership project to accept electronic applications via DAHLIA was the Palisades located in the Hunters Point Shipyard Phase 1 Project Area in the Bayview Hunters Point neighborhood. The 3 units available received 38 electronic applications.

In January 2020, MOHCD launched a web-based lease up administration tool called DAHLIA Partners. DAHLIA Partners enables MOHCD staff to monitor a rental project's lease up activity and allows a developer leasing agent to organize applications in lottery rank order. Additionally, DAHLIA Partners logs communication with applicants and tracks unit selection. All information entered in the DAHLIA Partners system is stored in MOHCD's Salesforce platform.

Currently DAHLIA Partners captures limited but valuable data. It allows MOHCD to gain more insight about the lease up process both as it's happening, and for evaluation purposes. For example, from January 1 to June 30, 2020 44 COP holders applied for rental housing opportunities: 35 for new projects and 9 for re-rental projects. Because the system requires the leasing agent to enter and update the status of applicants, we are getting a more informed picture about the application approval process. Our data shows that 70% of those 44 COP holders were either disqualified for not responding after the lottery or withdrew their application. Many factors can contribute to a COP holder deciding not to move forward after applying. Location and size of a unit, parking availability, and other personal choices are at play. In 2020, the Coronavirus pandemic and its many impacts on the lives of COP holders was a major factor in the decision to not move forward with applications after the lottery.

COP HOLDER AND MARKETING ACTIVITY DURING COVID-19 PANDEMIC

Sonia McDaniel, MOHCD COP Program Coordinator, has assisted many COP holders with various needs during the pandemic. She has supported community members with identifying their eligibility for the COP program by telephone appointment in lieu of in person assistance or through paper applications. Like the larger community, COP holders are experiencing life changes due to the pandemic and MOHCD has assisted with successful connections to childcare during the pandemic, rental assistance, emergency Give2SF funds, eviction protections and explanations of the Mayor's Eviction Moratorium Orders, resources for job loss, Seasons of Sharing to assist COP holders with furniture in their new apartments, and many other needs.

Without a pandemic, less than 2% of the affordable housing applications received by MOHCD are submitted in paper. In March 2020, with the onset of the state of emergency, MOHCD lost its ability to receive and process paper applications and quickly adjusted its business practices to accommodate those who may have difficulty applying electronically. MOHCD extended the application period, allowing additional time for housing counselors to assist applicants by phone with electronic submission of applications. In addition,

MOHCD discontinued “in-person” open houses and public lotteries. Instead, project tours are done virtually or by scheduled by appointment. Lotteries are also held on a virtual platform and each lottery is recorded and can be made available to the public.

To provide applicants additional time during the pandemic, to submit required documents during lease up, MOHCD is working with leasing agents to provide more flexibility in deadlines throughout the lease up process. Leasing agents are providing digital tours of units during unit selection and have implemented safe social distancing measures for lease signings. As part of our work at the Emergency Operations Center, MOHCD has provided personal protective gear and cleaning product resources to non-profit developers to ensure. Lastly, in addition to “give2sfhousing.org” cash resource, MOHCD continues to update and provide housing resources to housing counselors, applicants, leasing agents, and the general public.

And finally, MOHCD and OCII staff continue to work closely to ensure that OCII developers adhere to the established marketing procedures, lottery procedures, and lease up protocols even during this state of emergency. MOHCD continues to improve marketing plan and resident selection policies and procedures to increase access to housing opportunities for households regardless of credit scores and other arbitrary criteria.

ADDITIONAL COP HOLDER RESOURCES

The Q Foundation continues to provide much needed rental subsidies to COP holders currently living in San Francisco. They fill the gap between monthly rental costs that exceed 30% of a tenant’s income. With funds from HUD, MOHCD, and a myriad of grants and private donations, the Q Foundation supported 3 COP holders in FY 2019-2020.

SFHDC reports that in addition to the Rental Assistance Program, 153 hopeful COP holders have expressed interest in their pre-purchase program with hopes of someday using their certificate to purchase a home at an affordable price. Twenty-seven are from the Bayview Hunters Point neighborhood and 10 are from the Western Addition. Others reside in Richmond, Baypoint, Pittsburg, Vallejo, Vacaville, Sacramento and Placerville. Of the 153 COP holders, 94 are women, and 59 are men and on average, their household income is 60% AMI. It is important to note that MOHCD has not yet verified that all 153 participants in SFHDC’s program are valid COP holders. SFHDC had hoped to create a COP social club with gatherings that would include line dancing and tours of available properties. Unfortunately, the pandemic has delayed their ability to begin this new programing.

MOHCD AND OCII PREPARE FOR COP HANDOFF AFTER PROGRAM EXPIRATION

OCII and MOHCD staff have embarked on two simultaneous projects to prepare for continuing service to COP holders even after the current program expires. OCII will soon release an RFP seeking a creative “person finding” consultant who can develop and implement a comprehensive plan to identify and locate as many individuals as possible from the former Redevelopment Agency records that are eligible for a Certificate of Preference but not aware of their eligibility.

MOHCD is actively planning to continue the COP program beyond its expiration with OCII. Through research, community engagement, and data analysis we hope to inform and recommend amendments to the program to continue to address the housing needs of those displaced and others harmed by government action rooted in systemic racism.