



118-2352020-002

Agenda Item **No. 5(b)**
Meeting of December 15, 2020

MEMORANDUM

TO: OCII Commissioners

FROM: Sally Oerth, Interim Executive Director

SUBJECT: Amending the Property Owner and Occupant Preference Program (Certificate of Preference Program) to extend the duration of Residential Certificates until the Successor Agency completes its affordable housing obligations

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. Instead of authorizing the second five-year extension, staff recommends authorization of allowing the use of Certificates until the last OCII-funded and OCII inclusionary units have transferred to MOHCD.

On December 1, 2020, the Commission considered the Certificate of Preference Program second five-year extension of the Residential A and C Certificates action item at its meeting, however the action item was continued until December 15, 2020. Staff now recommends that Certificates that have not been fully exercised be valid until OCII, as the Successor Agency to the Redevelopment Agency of the City and County of San Francisco has completed and transferred to the City and County of San Francisco the last Agency-Assisted Housing Units, as defined below, authorized as an enforceable obligation under Redevelopment Dissolution Law, Cal. Health & Safety Code §§ 34170 et seq.

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MAYOR

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Staff recommends authorizing the Interim Executive Director to amend 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, to extend the duration of Residential Certificates until the Successor Agency completes its affordable housing obligations.

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

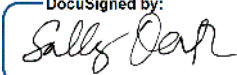
Prior to its dissolution, the Redevelopment Agency amended the COP Program to provide that "Certificates shall be valid [if an income-eligible certificate holder has not previously received a priority in affordable housing] until seven years after completion of an Urban Renewal Project Area, unless the 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 that Certificates that have not been fully exercised shall be valid until the Successor Agency to the Redevelopment Agency of the City and County of San Francisco has completed and transferred to the City and County of San Francisco the last Agency-Assisted Housing Units authorized as an enforceable obligation under Redevelopment Dissolution Law, Cal. Health & Safety Code §§ 34170 et seq. Agency-Assisted Housing Units which also includes inclusionary housing units. See Section II.F. on page 8 of the Property Owner and Occupant Preference Program (Exhibit A of the accompanying resolution). These Agency-Assisted Housing Units consist of OCII funded affordable housing units as well as below market rate inclusionary affordable units in developer funded housing projects. Currently, staff estimates that there are approximately 4,290 Agency-Assisted Housing Units that are either in the predevelopment, preliminary planning, or future development stages, of which over 3,000 are in the Candlestick Point/Hunters Point Shipyard Phase II Project ("CP/HPSII Project"). The timing for the completion of these units is still to be determined, but the vast majority of these units, particularly in the CP/HPSII Project, are likely to be delivered after 2026, which would have been when the Certificates would have expired under the previously proposed 5-year extension.

NEXT STEPS

This extension will allow interested certificate holders to 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. Community members as well as the Commission have expressed interest in exploring other changes to the COP Program such as allowing for grandchildren of the displaced heads of household to also be eligible for Certificates. Staff will pursue discussions about such possible expansions of the COP Program with MOHCD and other City staff and will keep the Commission apprised of those discussions.

(Originated by Pamela Sims, Senior Development Specialist)

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Sally Oerth

Interim Executive Director