

INFORMATIONAL MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee
Executive Director

SUBJECT: Workshop on the Marketing Report for the Affordable Housing Program for Fiscal Year 2014-15

EXECUTIVE SUMMARY

The Office of Community Investment and Infrastructure (“OCII”) is responsible for overseeing the creation of thousands of units of affordable housing related to the major development projects in the Hunters Point Shipyard/Candlestick Point, Mission Bay, and Transbay Project Areas, as well as a few remaining projects in other Redevelopment Project Areas. Staff is preparing an Annual Production Report that covers Fiscal Years 2013-14 and 2014-15 (“Annual Report”) which describes details on OCII sponsored affordable housing projects that have been completed during the reporting period as well as information on the current project pipeline. That information will be presented to the Commission on June 16, 2015. The Annual Report will also include information on the marketing outcomes for projects completed during the reporting period.

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. MOHCD provided a marketing report on projects completed through Fiscal Year 2013-2014 (See Attachment A), which mainly focused on outcomes relating to the Certificate of Preference Program. During Fiscal Year 2014-15, MOHCD worked closely with OCII in requiring affirmative marketing to Certificate of Preference holders from our developer partners, and also collected more detailed demographic data on all households served in OCII sponsored stand-alone and inclusionary affordable housing. In an effort to achieve maximum success in attaining housing among COP preference holders, during the early phase of construction, OCII now requires early outreach to COP holders starting three months after construction commencement in order to allow them sufficient time to prepare and take advantage of any community based or City sponsored rental or homeownership readiness programs.

Information on FY 2014-2014 marketing outcomes, as well as the overview of the Marketing Plan template that OCII’s affordable housing developers are required to complete, is being presented at the June 2nd workshop. The final Annual Report that will be presented on June 16th will include all marketing outcome information gathered for Fiscal Years 2013-2104 and 2015-2016.

DISCUSSION

OCII is active in three geographic areas and functions pursuant to the requirements of the adopted redevelopment plans in each area: Mission Bay, Transbay, and Hunters Point Shipyard/Candlestick Point. Each Redevelopment Plan, as a result of community engagement during the adoption process as well as fair housing considerations, has specific occupancy preferences for OCII sponsored housing created in the plan areas. Those preferences differ in each area, but all provide that Certificate of Preference holders have first priority. OCII has the obligation to implement the preferences as the Redevelopment Plan sets forth.

To ensure implementation of preferences, OCII relies on an Early Outreach and Marketing Plan ("Plan") as a tool to guide marketing for each project. The Plan will include redevelopment occupancy requirements to which the project is subject, along with any other specific requirements for the individual project. Outreach and marketing is designed to serve and comply with those occupancy preferences. The Plan details the schedule and scope of early outreach, and the schedule and scope of marketing after early outreach for a project. See Attachment B for a template of a Plan. Attachment C, OCII Project Early Outreach and Marketing Responsibilities and Timeline, shows how the marketing process is operationalized among OCII, MOHCD and the developer. The Plan indicates if a lottery process will be incorporated (e.g. certain special needs affordable housing may rely on referrals from the Department of Public Health or Human Services Agency and not incorporate a lottery). Attachment D describes the operational rules for San Francisco housing lotteries.

The Plan template is an attachment to OCII Loan Agreements for OCII standalone projects. For OCII inclusionary projects such as those in Hunters Point Shipyard Phase 1, the vertical disposition and development agreements include the Marketing and Operating Obligations attachment (see Attachment H for an example). In both cases, these development documents are agreements that require Commission review and must be approved before the Executive Director may execute the agreement. As such, compliance with, and enforcement of, OCII marketing requirements are by an executed agreement between OCII and a developer; the developer is obligated to the terms of the agreement with regard to marketing obligations.

OCII's requires that within one month after construction commencement of a project (around 18 months in advance of construction completion) the sponsor must submit a draft Plan outlines early outreach strategies. These activities include financial education workshops, credit counseling and application assistance. Should a developer not already engage in these activities or have such expertise, MOHCD encourages the selection of an experienced third party service provider from MOHCD's list experienced Access to Housing Community Development grantees providing "rental readiness" workshops and one-on-one counseling to thousands of San Franciscans each year. The Access to Housing agencies are neighborhood based and offer a wide range of language capacity. Please see the Attachment G for a list of service providers.

Marketing Accomplishments during Reporting Period

During the reporting period, two OCII sponsored projects were marketed: 1180 4th Street and Blocks 50 and 51. Attachment E provides detail on ethnicity and zip code data for households assisted during the reporting period.

Mission Bay South - 1180 4th Street

1180 4th Street features 149 affordable rental homes overall, with 99 units for very-low (50% Area Median Income) and low-income (60% of Area Median Income) families and 50 units set aside for formerly homeless households referred by the Human Services Agency. The community, which completed construction in 2014 is located in Mission Bay South redevelopment project area and was developed by Mercy Housing. The project mix features one-, two- and three-bedroom apartments renting from \$997 - \$1,362 per month. A total of 2,983 applications were submitted for the lottery for the 99 units. The project was required to provide a preference for Certificate of Preference Holders. There was no preference for San Francisco residents as at that time such a preference would have conflicted with the requirements of the State's Transit Oriented Development program, which provided significant funding to the project.

Thirteen COP holders applied to 1180 4th Street and three were housed there. Four COP applicants were determined to be over-income and not eligible for the project, two COP applicants did not follow through with the process, three withdrew (but 2 of the 3 were housed in City Inclusionary properties), and unfortunately, one COP holder passed away during the process.

Hunters Point Shipyard Phase I – Blocks 50 and 51

Blocks 50 and 51 are located in Phase I of the Hunters Point Shipyard redevelopment project area and released its first BMR ownership units last fall. Together the two blocks provide 88 for sale units of which 9 are targeted to households at or below 80% of Area Median Income. The project mix features studio, one-, two-bedroom with prices ranging from \$165,654 - \$245,785. A total of 45 applications were submitted for the lottery. One COP holder applied to purchase and was denied for being over income. Detailed information on the marketing outcomes for these blocks was presented to the Commission at its workshop on March 17, 2015. See Attachment F for the information on lottery participants that was provided to the Commission at that time.

Other Marketing Accomplishments:

Other MOHCD marketing accomplishments include:

- MOHCD has moved from requiring developer partners to send flyers to sending post cards to COP holders. MOHCD received feedback that envelopes often go unopened causing the COP holder not to see the housing opportunity until after the deadline. Mailing postcards to our COP people will get info and deadlines in front of them immediately upon receipt.
- MOHCD staff established positive relationships, protocols, and systems with the Human Services Agency and the Department of Public Health to implement the COP priority in their projects which serve homeless and disabled people.
- MOHCD will be offering a web-based application system in the coming year. The Database of Affordable Housing Listings, Information and Applications (DAHLIA) will streamline the application process and make it easier for preference holders to apply for housing and provide their COP information. DAHLIA will allow housing seekers to find available subsidized units. MOHCD has contracted with several non-profit agencies to

support rental readiness and eviction prevention programs that will target Bayview Hunters Point and Western Addition residents to assist in using DAHLIA and prepare residents for successful tenancies. See Attachment G for a list of these providers.

Certificate of Preference Program

The Certificate of Preference program was established to create housing preferences for households who were displaced as a result of redevelopment activities in the past; there were 5,893 households displaced. Those in displaced households received certificates of preference. Of those total households displaced:

- 1,660 certificate of preference holders have exercised their certificates and successfully secured affordable housing in San Francisco.
- 1,614 certificate of preference holders are deceased.
- 519 certificate of preference holders are considered active. MOHCD is in communication with those individuals and has accurate contact information. These certificate of preference holders are proactively advised of affordable housing opportunities and are reminded that they have occupancy preference for those projects.
 - Of the 519, approximately 65% are located in San Francisco.
- 1,164 certificate of preference holders with refreshed contact information.
 - These individuals had fallen out of communication of the COP program due to old addresses or other contact information. Just prior to dissolution, the Redevelopment Agency enlisted the services of several search firms to establish current addresses and contact information. The group offers a significant opportunity for certificate holders to access OCII's affordable housing. MOHCD has sent letters to the 1,164 individuals and are hopeful that those in need of housing, those who qualify and would like to return to San Francisco will contact us to issue or reissue their COP. In addition, the 1,164 will be outreached to on a project by project basis as opportunities arise.

During the reporting period, MOHCD reports the following COP outreach accomplishments:

- 73 new Certificates issued (11 more than the previous year)
- 95 applied for housing (34 more than the previous year)
- 23 COP holders housed (up 6 from the previous year)
- 3 COP holders returned to San Francisco from other communities- San Pablo, Livermore, and Concord (only 1 COP holder returned last year)

MOHCD is actively pursuing programs and tools to continue to improve the success rate of preference holders in both OCII and MOHCD sponsored projects. For example, MOHCD staff is working in partnership with the San Francisco Aids Housing Alliance to offer rental subsidies to senior and disabled COP holders currently living in San Francisco. Approximately 520 post cards were sent to COP Holders alerting them to the opportunity to receive renting subsidies pays 70% of their rent amount. Postcards were mailed early this month the SF Aids Housing Alliance is processing applications.

NEXT STEPS

Incorporating the information presented in the memo and workshop, staff will present the Annual Production Report for Fiscal Year 2013-14 and 2014-15 on June 16, 2015. The Annual Report will be available to the public on the OCII website, and plans to produce the report annually.

*(Originated by Jeff White, Housing Program Manager and
Maria Benjamin, MOHCD Director of Homeownership and Below Market Rate Programs)*



Tiffany Bohee
Executive Director

- Attachment A: May 2014 Market Outcomes Report
- Attachment B: Early Outreach and Marketing Plan template
- Attachment C: OCII Project Early Outreach and Marketing Responsibilities and Timeline
- Attachment D: Operational Rules for OCII Housing Lotteries and Rental Lease Up Activities
- Attachment E: Ethnicity and Zip Code Data for Households Assisted during Reporting Period
- Attachment F: Hunters Point Shipyard Blocks 50 & 51: Lottery Participant Demographics
- Attachment G: Access to Housing providers
- Attachment H: VDDA Marketing and Operating Obligations attachment