



118-0352021-002

Agenda Item **5(c)**
Meeting of January 18, 2022

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Sally Oerth, Interim Executive Director

SUBJECT: Workshop on Annual Certificate of Preference Marketing and Outreach Report Fiscal Year 2020-2021 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.

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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>.

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 2020-21 is included here as Attachment A.

Below are the highlights of the COP Program in FY20-21:

- No COP holders were housed in the one OCII inclusionary project that completed lease-up during the fiscal year
- 18 COP holders were housed overall in MOHCD projects (none in the OCII project)
- 68 COP holders applied for affordable housing in MOHCD/OCII projects
- 34 new Certificates of Preference were issued

The attached Certificate of Preference Marketing and Outreach Report, FY20-21 describing activities and accomplishments over the past year. Of the 18 COP holders who successfully secured affordable rental housing in MOHCD projects during the fiscal year, nine individuals secured senior housing units through waitlist opportunities. Four of the nine senior COP holders secured housing at the Dr. Davis Senior Community, which was sponsored by OCII.

Also, staff actively worked on implementing Marketing and Tenant Selection Plans for projects located in Transbay and Mission Bay. 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.

The majority of COP holders applying for affordable housing opportunities are seniors, and as such many are on limited incomes, which is reflected in the income levels of applicants. In the FY20-21 the majority (or 60%) of applicants reported incomes of 40% or lower of Area Median Income (AMI). A total of 21% of the units available on DALIA were available to households between 80%-150% of AMI. For these units, only 6% of the COP holder applicants were income eligible. 64% of the units were for households between 55%-60% of AMI. Interestingly, 50% of the COP holders who successfully secured housing did so through waitlist opportunities, and these households will only pay 30% of their income towards rent.

Of the COP holders who were not housed, over 50% of these households who applied for an affordable housing opportunity, did not respond when leasing agents reached out to gather information and invite the applicant in for an interview. The reasons applicants withdrew from consideration vary, but primarily have to do with the unit size, parking availability, and/or the rent level. During the FY20-21 the primary reason given was the pandemic and concerns around relocating at that time.

COP Committee

Starting in January 2021, OCII and MOHCD staff met with representatives from the Western Addition, COP holders, and OCII Commissioners (the COP Committee) to discuss the expansion of the COP Program. As a result of this discussion, staff worked with the Mayor's Office to craft legislation for the COP Program to be expanded to include descendants of individuals who experienced displacement. The legislation (AB 1584) was authored by Assemblymember David Chiu and approved by the State Assembly in the Summer of 2021. Governor Newsom signed the legislation into law in September 2021 and took effect January 1, 2022.

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

Sally Oerth
Interim Executive Director

Attachment A: Certificate of Preference Marketing and Outreach Report, FY 2020-2021