



118-0092023-002

Agenda Item **No. 5(c)**
Meeting of April 18, 2023

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Thor Kaslofsky, Executive Director

SUBJECT: Workshop on Annual Certificate of Preference Marketing and Outreach Report Fiscal Year 2021-2022 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 evidence of 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 2021-22.

London N. Breed
MAYOR

Thor Kaslofsky
EXECUTIVE DIRECTOR

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CHAIR

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DISCUSSION

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. A full-time employee, the Preferences Manager, 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. 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. MOHCD also monitors compliance with other housing preferences required under redevelopment requirements. MOHCD’s Certificate of Preference Marketing and Outreach Report for Fiscal Year 2021-22 is included here as Attachment A.

Below are the highlights of the COP Program in FY21-22:

- 4 COP holders were housed in the one OCII affordable housing project (691 China Basin Street) that completed lease-up during the fiscal year.
- 17 COP holders were housed in MOHCD projects.
- 87 COP holders applied for affordable housing in MOHCD/OCII projects.
- 64 new Certificates of Preference were issued.

Of the 21 COP holders who successfully secured affordable rental housing in OCII and MOHCD projects during the fiscal year, nine individuals secured housing units through waitlist opportunities. Seven 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.

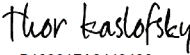
There was a total of 991 rental units offered through DAHLIA, ranging from 55%-150% of Area Median Income (“AMI”) or incomes ranging from \$51,300 to \$139,900 for a single person household in 2021. Seven COP holders secured housing in newly constructed housing opportunities. The self-reported incomes for COP applicants ranged from zero-80% AMI (or \$74,600), with the majority of applicants averaging \$46,650 annually, or 50% AMI. In FY21-22 the majority (or 57%) of applicants required financial assistance to secure an affordable housing opportunity. Eleven COP holders required move-in assistance and one received a San Francisco Housing Authority Housing Choice Voucher. Additionally, two housed COP holders accessed the City’s GIVE2SF funds (COVID-19 Response & Recovery Fund helps stabilize housing with temporary financial assistance) to help maintain housing stability.

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 location, the unit size, parking availability, and/or the rent level. During FY21-22 the pandemic was still the primary reason COP applicants decided to not proceed in obtaining a different unit at the time.

COP Expansion Activity

In September 2021, Governor Newsom signed AB 1584 into law. This legislation added a new section to Redevelopment Dissolution Law, Health and Safety Code Section 34178.8 authored by then Assemblymember David Chiu, whereby descendants of persons displaced by redevelopment action became eligible for a preference in redevelopment-related affordable housing. In FY21-22 MOHCD received 68 COP applications from applicants who identified as descendants of Displaced households and 30 COPs were issued to those applicants.

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

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Thor Kaslofsky
Executive Director

Attachment A: Certificate of Preference Marketing and Outreach Report, FY 2021-2022

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



London N. Breed
Mayor

Eric D. Shaw
Director

To: Thor Kaslofsky
Executive 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 2021- 2022 Certificate of Preference Marketing and Outreach Report

Date: October 30, 2022

BACKGROUND

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 as well as 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 for consideration over other lottery applicants. Certificate of Preference holders affected by displacement in 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 (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, 2020, the Commission authorized extending the program until the final OCII funded housing development has transferred to MOHCD.

The Certificate of Preference Program was established in 1967. A total of 5,893 San Francisco households directly experienced displacement because of redevelopment activities. Those displaced heads of households received a Certificate of Preference or Residential “A” Certificate. In 1998 the “A” certificates were expanded adding 275 certificates for adult household members other than the head of household. On June 1, 1999, SFRA Commission once again expanded the eligibility to all members of the household who were minor children at the time of displacement, adding an additional category of “C” Certificates and 781 more Certificate of Preference holders.

In 2021, Governor Gavin Newsom signed Assembly Bill 1584 to allow descendants of people displaced by redevelopment efforts to receive priority in affordable housing opportunities. On January 1st 2022, MOHCD expanded the Certificate of Preference Program to the direct descendants of those displaced by the Redevelopment Agency. As of the date of this memo, MOHCD has issued 51 certificates to these children and grandchildren.

As of June 30, 2022, the total number of Certificate of Preference holders is 6,949, including 30 newly issued descendant certificates. Currently:

- 1,870 COP certificates have been exercised to successfully secure affordable housing in San Francisco.
- Approximately 1,634 COP holders are known to be deceased.
- 914 COP holders are in communication with MOHCD with 87 certificate holders actively applying for MOHCD/OCII housing opportunities during Fiscal Year 2021-22.
- 33% or 310 of the 914 have used their certificate at least once.

JULY 1, 2021– JUNE 30, 2022- COP ACTIVITIES

During Fiscal Year 2021-22, the Sister Lillian Murphy Community at 691 China Basin was the only OCII project to complete leasing. However, MOHCD worked closely with developers to market City sponsored affordable housing opportunities to COP holders. A total of 19 projects, including 6 new sale developments and 13 new rental developments, were announced. Information including application deadlines and resources for application assistance were sent to COP holders.

COP HOLDER AND MARKETING ACTIVITY

The pandemic shifted practices across all sectors of our society. Accessing affordable housing is no different as MOHCD shifted to online application submissions, virtual open houses, virtual public lotteries, and virtual information sessions to address the impact of these shifts on those who have digital barriers, a hybrid approach was adopted. Developers were given the choice to hold in person, or virtual open houses; property tours were scheduled by appointment and virtual lotteries were recorded to be made available at the public’s convenience.

MOHCD staff works closely with leasing agents to offer flexibility to ensure that COP holders that need additional time to submit required documents during lease up have the time they need. Additionally, MOHCD staff ensures that developers adhere to the established marketing procedures, lottery procedures and lease up protocols.

Like the extended community, COP holders felt a reverberation of life changes due to the pandemic. Some COP holders struggled with illness and loss, and others were understandably hesitant to move during the state of emergency. Some COP holders experienced hardship in the leasing- application process by not being able to access required income documentation from “closed to the public” government agencies. MOHCD staff Sonia McDaniel was a consistent resource and advisor to COP holders as they maneuvered their way through the challenging time. Ms. McDaniel continues to assist COP holders with a high level of service making successful connections to rental assistance, emergency Give2SF funds, eviction protections, resources for job loss, waitlist referrals, Seasons of Sharing to assist COP holders with furniture for their new living space, and referrals to housing counselors.

MOHCD refers rental applicants, including COP holders, to Homeownership SF for assistance with housing counseling needs. HomeownershipSF coordinates City sponsored community-based organizations providing help with DAHLIA and the application process. This includes Bayview Hunters Point Multipurpose Senior Services, Bill Sorro Housing Program (Bishop) and the San Francisco Housing Development Corporation. These organizations work closely with the COP program.

FY 2021-22 COP RENTAL ACTIVITY

In FY 2021-22, 82 COP holders applied for rental housing on DAHLIA, submitting 192 applications. 21 COP holders were housed. Four COP holders were housed at Sister Lillian Murphy Community at 691 China Basin, 4 were housed in new MOHCD rental projects located in San Francisco’s Northeast Waterfront Historic District, the Western Addition and Inner Mission. An additional 4 were housed by lottery in existing projects located in the Financial District/South Beach, South of Market, and Potrero Hill. And finally, 9 COP holders were housed in existing projects through project waitlists. Affordable housing buildings in the City’s portfolio fill vacancies from a waitlist and prioritize COP holders, regardless of whether the waitlist is open to applicants. The San Francisco Housing Authority and other non-city sponsored buildings also allow COP holders to “jump” their waiting lists. Two COP holders were housed in former SFRA and OCII projects (Fell Street Apartments in Hayes Valley and Natalie Gubb Commons in the Transbay neighborhood) and 7 were housed by waitlist referrals into senior housing in the Bayview at Dr. Davis Senior Residences.

COP RENTAL ASSISTANCE

Twelve of the 21 COP holders housed in FY 2021-22 required some type of financial assistance to secure housing. Eleven households received move-in assistance and one used a SF Housing Authority Housing Choice Voucher. MOHCD works tirelessly to help secure rental subsidies and financial assistance with security deposits or other move-in costs. This fiscal year launched MOHCD’s Eviction Prevention and Housing Stabilization division. The City provided more than \$42.5 million in grant funding to community-based organizations that provide rental assistance. Season of Sharing, Catholic Charities, the tenant right to counsel program, emergency rental assistance, tenant-based rental subsidy programs, and other essential anti-displacement services. Give2SF funds designated for those impacted by the COVID-19 pandemic, helped two existing COP households stay stably housed.

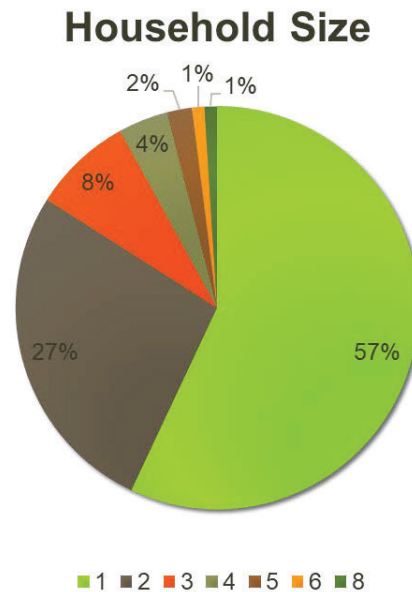
COP CERTIFICATE USE

The table below shows that the majority of the 21 COP Holders housed held their certificates for up to five years before they used them to secure housing. Four COP holders used their certificate more than 45 years after receiving it to move into senior communities. Of the 21 COP holders housed, two returned to San Francisco from Sacramento and El Cerrito.

Time between Certificate Issue Date and FY 21-22 Lease Sign Date	
Less than 1 year	5%
Between 1 - 5 years	38%
Between 5 - 10 years	19%
Between 10 - 15 years	19%
More than 45 years	19%

COP HOUSEHOLD SIZE

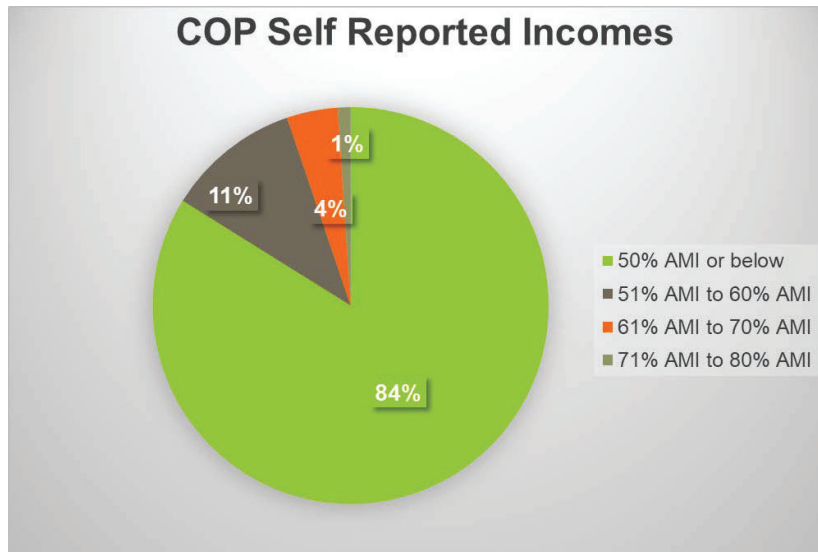
The following data pertains to the 82 COP holders who submitted 192 DAHLIA applications for housing between July 1, 2021, and June 30, 2022 on DAHLIA. Most COP applications were submitted by 1-person households, followed by 2-person households. A minimal number of COP holders applied as a household of 3 or more.



COP APPLICANT INCOME

In fiscal year 2021-22 there was a total of 991 rental lottery units ranging from 55% to 150% AMI. Of the 991 total units 68% (674) were in new buildings with multiple AMI level tiers. Seven COP holders found housing in these buildings. Rents ranged from \$667 to \$1948 for a one bedroom. Annual incomes served by these projects ranged from \$51,300 to \$139,900 for a single person household.

Self-reported COP applicant incomes ranged from zero to 80% AMI below with most earning less than \$46,650 annually.

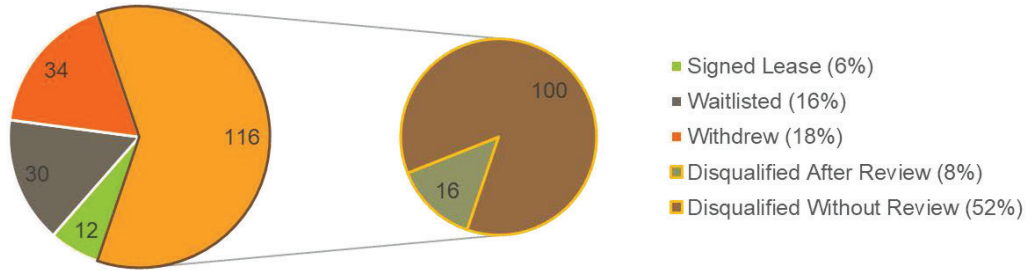


The average income level of COP holders housed by lottery was 33% AMI. Seven of the nine COP holders housed by waitlist opportunities not marketed on DAHLIA, now reside in project based subsidized housing where they pay a third of their income toward the rent.

COP APPLICANTS NOT HOUSED

The following is lease-up activity for the 82 COP holders that submitted rental housing applications in FY 2021-22. A total of 16% of COP applications resulted in the COP holder being added to a waitlist, 52% were self eliminated because they did not respond when the leasing agent reached out via phone, USPS, text, and email. 18% responded but withdrew their applications after the lottery. This means 85% of applications submitted by COP holders were disqualified because of the holders action or inaction and without a review of eligibility. Many factors can contribute to a COP holder deciding not to move forward after applying. While location, size of a unit, parking availability, rent, and other personal choices are factors, the pandemic was still the primary reason COP holders decided not to move forward in fiscal year 21-22.

COP Rental Applications



A total of 8% of applications were disqualified after review of eligibility. FY 2021-22 saw a significant reduction in funds available to COP holders seeking permanent rental subsidies. Previously available funds were distributed to those hit hardest by the pandemic. The ten households categorized below as over income were either encouraged to explore homeownership or advised to apply for rental housing opportunities in their household’s income bracket. All disqualified COP households are provided with resources and housing counseling referrals to assist with either addressing the barrier or appealing the negative decision.

	Count
Over income	10
Under income, no rent subsidy	4
Does not meet criminal background	1
Does not meet credit standards	1

COP ACTIVITY IN BOTH MOHCD AND OCII PROJECTS

For context, this chart compares COP activity over the last three years.

Fiscal Year	21-22	20-21	19-20
Applied for housing	87	72	55
COP Holders Housed	21	18	17
Returned to San Francisco	2	6	4
New Certificates of Preference issued	64	34	31

FY 2021-22 COP EXPANSION ACTIVITY

With the signing of Assembly Bill 1584, MOHCD quickly made adaptations to the Certificate of Preference application and Salesforce database. The addition of direct lineage descendants; children and grandchildren of those displaced by the former Redevelopment Agency as well as those displaced from expired redevelopment areas requires considerable research and preparation. During FY 2021-22, MOHCD received 176 total COP applications for displacement search requests. A percentage increase of 117% from the 81 applications received last fiscal year. Of the 176 COP applications received 68 were from applicants who identified as descendants of displaced households. Word of mouth was the primary means of marketing the COP program's exciting extension. By the closing of FY 2021-22, MOHCD welcomed Ginale Harris as the new lottery preference program manager to create policies and procedures related to the implementation of the expansion of the Certificate of Preference Program. Ms. Harris has begun to collect and organize documentation needed to expand the program according to the State legislation.

As a means to communicate all available affordable housing opportunities to the new COP holders, MOHCD staff reached out to the 153 former SFRA and OCII projects to provide guidelines for placing COP holders to the top of their waitlists. Ms. McDaniel guides new certificate holders through navigating DAHLIA for compatible housing opportunities. While "D" certificates were issued to 30 descendants of originally displaced household members, none of the 21 COP holders housed are descendants. We anticipate detailing success stories for this new category of COP holders in the FY 2022-23 COP report. Such success stories are currently in the making for the 30+ descendant certificate holders.

FY 2021-22 COP OWNERSHIP ACTIVITY

None of the 21 COP holders housed used their certificate to purchase in one of the 65 affordable homeownership opportunities marketed in the reporting period.

DAHLIA

In FY 2021-22, DAHLIA San Francisco Housing Portal was the primary means to apply for affordable rental and ownership housing opportunities. DAHLIA accepted a total of 151,347 electronic applications during the reporting period. 149,481 applications were for rental projects. Of which 41%, were from applicants applying to new rental listings. DAHLIA received a total of 1,360 applications for ownership projects.

In 2020, MOHCD launched DAHLIA Partners, a web-based lease up administration tool. DAHLIA Partners enables MOHCD staff to monitor a rental project's lease up activity and allows the leasing agent to capture the applicant's income and household size. The most valuable DAHLIA Partners feature is the ability for MOHCD staff and leasing agents to log communication with applicants and progress in the lease up process. DAHLIA Partners eliminates additional data entry and allows developers to track "unit selection" and manage the availability of units. All information entered in the DAHLIA Partners system is stored in MOHCD's secure Salesforce platform. DAHLIA Partners is constantly being perfected to help MOHCD track data that can gain new insight on the needs and desires of COP holders.