



London N. Breed
Mayor

Daniel Adams
Director

To: Thor Kaslofsky
Executive Director, The Office of Community Investment and Infrastructure (OCII)

CC: Daniel Adams
Director, Mayor's Office of Housing and Community Development (MOHCD)

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

Re: Fiscal Year 2022-2023 Certificate of Preference Marketing and
Outreach Annual Report

Date: January 30, 2024

This Fiscal Year 2022-2023 Annual Report provides a summary of the Certificate of Preference (COP) Program activities during the fiscal year and includes the following sections:

- I. Background
- II. Key activities
- III. Application process and approvals
- IV. Outreach and marketing
- V. Rental and ownership units
- VI. Leased rentals
- VII. Owned units
- VIII. COP descendant activities
- IX. Summary and next steps

I. BACKGROUND

For persons displaced by the former San Francisco Redevelopment Agency's (SFRA), the COP provides affordable housing lottery preference in the leasing and sale of housing within OCII Project Areas as well as city-wide affordable housing projects sponsored 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 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 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. The head of household received a Certificate of Preference or Residential "A" Certificate. In 1998 the "A" certificates were expanded adding just 275 certificates for adult household members other than the head of household. The following year, the SFRA Commission once again expanded the eligibility to all members of the household (including minor children) at the time of displacement, adding an additional category of "C" certificates holders.

In 2021, State Assembly Bill 1584 was passed to allow descendants of people displaced by redevelopment efforts to receive priority in former SFRA and OCII affordable housing opportunities. In accordance with this new law and on behalf of OCII, MOHCD began issuing COP certificates to descendants on January 1st, 2022.

II. KEY ACTIVITIES of FISCAL YEAR 22-23

The following is a summary of key COP data points during the reporting period:

- 21 originally displaced household members and 94 descendants received certificates, totaling 115 new COP holders.
- 1,583 COP holders were contacted regularly regarding affordable housing opportunities and counseling support.
- 108 certificate holders actively applied for MOHCD/OCII housing opportunities.
- 10 COP-C holders were housed in City-sponsored affordable housing offerings

A. Housing Developments

Between July 1, 2022, and June 30, 2023, a total of 459 affordable units through 137 housing lotteries. 137 lotteries were held for 8 new affordable rental housing projects, including 6 properties for sale and 48 re-rentals and 75 re-sales. Information for all new developments, including application deadlines and

resources for application assistance were sent to COP holders, early and often.

B. COP Staff and Support

MOHCD staff continued to comprehensively support COP applicants and holders. To respond to the increased volume of COP interest, MOHCD used internal resources to increase COP program staff capacity. MOHCD hired and onboarded Andrea Nelson, Lottery Preference Program Manager, and Sharon Herrera Licon, Preference Program Coordinator and two additional Homeownership and Below Market Rate division staff members were assigned to COP work to process applications, respond to COP phone calls and emails, and update improvements to internal systems, marketing and communication protocols. The added capacity of this talented team enables MOHCD to continuously evaluate the COP program and make modifications to improve all aspects of its delivery.

III. APPLICATION PROCESS AND APPROVALS

A. Process Improvements

MOHCD staff worked to streamline the COP application process not only to improve efficiency but to enhance accessibility for potential COP holders. During the reporting period, the following process improvements were made:

- Reduced the number of requested documents to only those that demonstrate familial lineage and proof of name change.
- Reduced the number of times applicants are contacted by staff for information to process their application.
- Developed a tailored housing resource guide for the COP-A, COP-C, and COP-D holders that meets their specific needs and connects them with appropriate housing choices and resources.

These process improvements have allowed MOHCD to process and issue COP approvals in less time.

B. COP Inquiries

Between July 1, 2022, and June 30, 2023, MOHCD received 595 inquiry applications from potential COP holders. The status of those inquiries is as follows:

- 115 certificates issued (21 original displacees; 94 descendants).
- 369 inquiries were at one of four stages in processing: 1) Pending Documentation (waiting for applicant to submit ID and/or birth certificate); 2) MOHCD Research (locating applicants' displacement address and/or family); 3) Pending Initial Review; and 4) Pending Final Approval.
- 111 inquiries were not eligible for a COP either because they or their relatives were not displaced by the former Redevelopment Agency or information provided did not match the records on file. A few inquiries were not eligible because they are under 18 years old and too young to apply for a certificate.

C. DAHLIA

DAHLIA San Francisco Housing Portal is the primary means to apply for affordable rental and ownership housing opportunities. In Fiscal Year 2022-2023, DAHLIA accepted a total of 88,131 electronic applications for 459 affordable units through 137 housing lotteries. This included 1,181 applications by low- to

moderate-income hopeful homebuyers for 102 ownership units and 86,950 very low- to low-income household applications for 357 rentals.

IV. OUTREACH AND MARKETING

A. Housing Support and Outreach

MOHCD staff provides housing and financial support resources including new and re-rental housing options for COP holders.

Resources include:

- written DAHLIA application instructions with YouTube tutorials.
- homeownership and rental housing counseling services.
- a [COP Dashboard](#) with COP eligible properties.
- instructions and [a list of documents](#) needed for lease up.
- a link to [additional online resources](#).
- Descendant COP holders receive a list of OCII properties with waitlists to reduce barriers to housing that accepts the descendant COP preference.

B. Early Housing Information

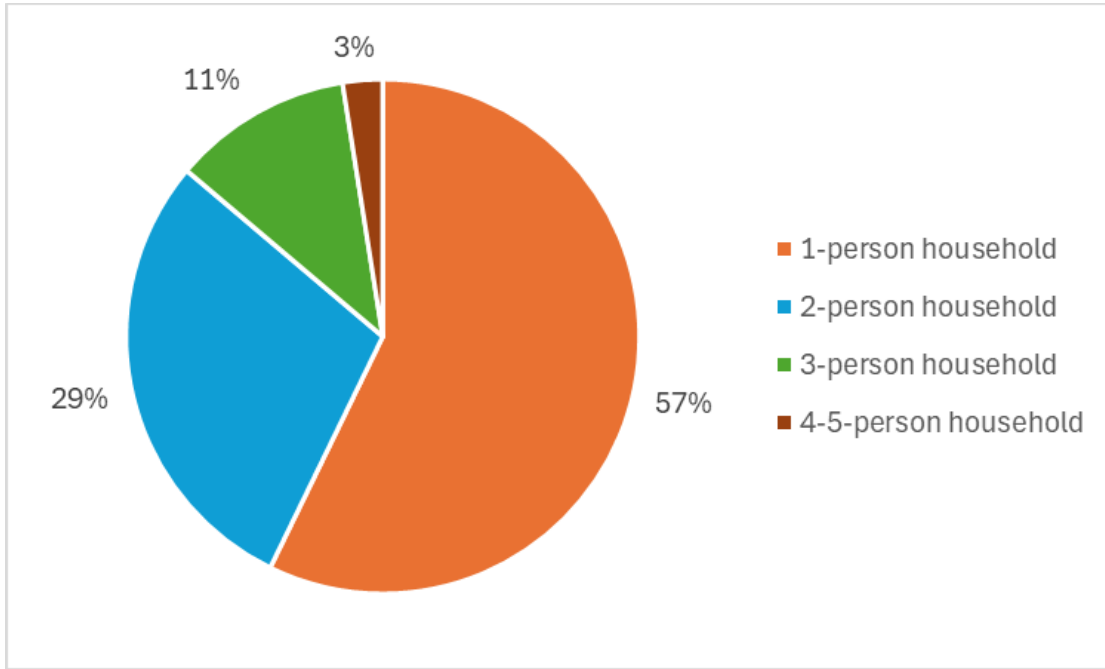
COP holders receive early marketing information about every OCII project. This allows holders to prepare for new developments with plenty of time to address personal and financial barriers before the application deadline. OCII developers reach out to COP holders three times before the application deadline. All Below Market Rate rental applicants, receive referrals for assistance with housing counseling needs from City sponsored community-based organizations providing help with DAHLIA and the application process. This includes HomeownershipSF, Bayview Hunters Point Multipurpose Senior Services, Bill Sorro Housing Program (Bishop) and BALANCE (formerly Consumer Credit Counseling Services). These organizations work closely with the COP program. Their work is critical to moving COP applicants and COP holders through the process and into affordable housing with culturally appropriate support, and transparency.

V. RENTAL AND OWNERSHIP UNITS

In Fiscal Year 2022-2023, there was a total of 459 rental and ownership units priced to be affordable for COP holders earning between 30% to 150% of the Area Median Income (AMI).¹

Eighty-seven (87) COP holders applied for new rental housing on DAHLIA, submitting 159 applications. Most COP applications (58%) were submitted by single person households. See Household Size chart below.

Household Size



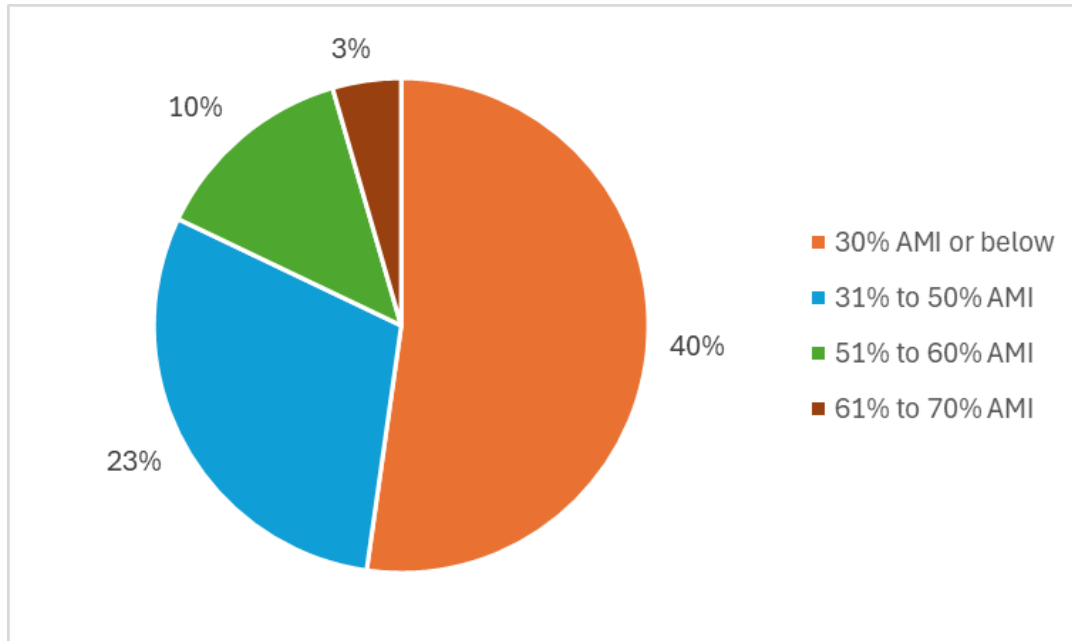
Households Size and Rent Amount

Affordable housing unit rents ranged based on the size of the unit. Additionally, projects served households with a range of incomes. See Household Size and Rent Amount table below.

Housing Unit Size	Household Size	Rent Amount per Month	Minimum Annual Income
Single Resident Occupancy (SRO) Unit	1 person	\$437 to \$1,049	\$10,488 to \$25,176
Studio	1-2 people	\$600 to \$2,827	\$14,400 to \$67,848
One-bedroom	1-3 people	\$667 to \$3885	\$16,008 to \$93,240
Two-bedroom	2-5 people	\$734 to \$4,380	\$17,616 to \$105,120
Three-bedroom	3-7 people	\$800 to \$3,709	\$19,200 to \$89,016

COP Self-Reported Income

Self-reported COP rental applicant income ranged from 0% to approximately 69% AMI (or \$80,000 for a 2-person household annually). The average annual income of COP holders that applied was \$37,258 (or approximately 33% AMI).¹ See COP Self-Reported Incomes chart below.



VI. COP HOLDERS AND HOMEOWNERSHIP

One COP holder purchased a home by participating in MOHCD’s DreamKeeper Downpayment Assistance Loan Program (DK-DALP), which is part of Mayor Breed’s initiative to address structural inequities in San Francisco’s diverse Black communities. DK-DALP participants receive a downpayment assistance, no payment loan of up to \$500k to purchase a market rate home in SF. The COP holder in the program purchased a home in District 1.

Legacy In Town Program: In a collaborative effort between the Legacy Foundation for Bayview Hunters Point, OCII and MOHCD, the Legacy In Town program was created to support first-time homebuyers in District 10, encompassing the 94124, 94134, and 94107 zip codes. This initiative provided financial support for down payment and/or closing costs through a forgivable loan for families earning up to 150% of AMI. In FY22-23, MOHCD distributed the entire program fund of \$171,000 and supported 5 families, each receiving \$34,200 towards the realization of their homeownership dreams.

¹ For more information on Area Median Income, please visit: <https://www.sf.gov/sites/default/files/2023-05/2023%20AMI-IncomeLimits-HMFA.pdf>

VII. LEASED RENTALS

Nine COP holders were housed in City sponsored Inclusionary rental BMR housing units:

- 363 6th Street (3)
- Broadway Cove, 850 Front Street (2)
- 855 Brannan Street
- L Seven Units, 1222 Harrison Street
- Bayside Village, 3 Bayside Village Place
- Arc Light Apartments, 21 Clarence Place

A. Rental Assistance

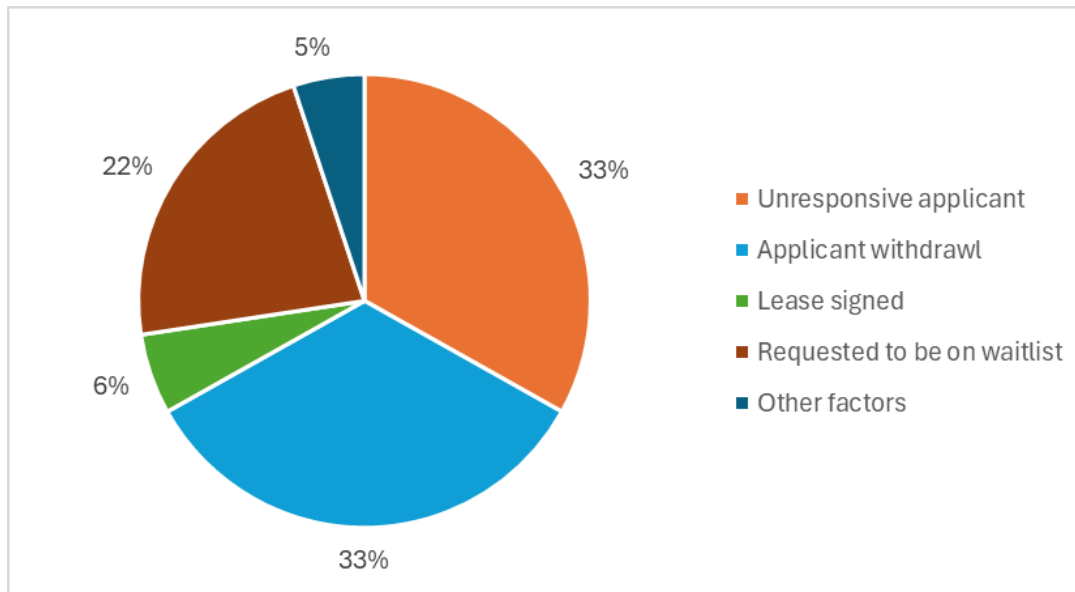
In Fiscal Year 2022-2023, MOHCD allocated nearly \$64 million for tenant-based rental assistance, including ongoing and time-limited subsidies, emergency rental assistance, and financial assistance with move-in costs such as security deposits/first and last months' rent. Four of the nine COP holders housed utilized this type of financial assistance to secure housing.

MOHCD staff works closely with leasing agents to ensure that COP holders who need additional time or support to submit required lease up documents have the time they need. Additionally, MOHCD staff ensures that developers adhere to the established marketing procedures, lottery procedures, and lease up protocols. Because of this, it is very rare that a COP holder misses out on affordable housing due to poor credit or other eligibility requirements.

B. Lease-up Process Outcomes

Most COP holders who applied for housing during the fiscal year did not complete the process of submitting paperwork and signing a lease in an affordable housing development. The following is lease-up activity for the applications submitted by COP holders for rental housing in Fiscal Year 2022-2023. The majority did not respond when the leasing agent reached out via phone, USPS, text, and email (33%) or responded but withdrew their application (33%).

COP Rental Applications



Many factors can contribute to a COP holder deciding not to move forward after applying. Like all housing seekers, COP holders must make personal choices when selecting a new home. In FY22-23 COP holders told us they did not move forward with housing opportunities because of the housing location, size of a unit, lack of parking availability, and rent amount.

The nine COP holders housed during the Fiscal Year 2022-2023 held their certificates for less than five years before they used it to secure housing with most receiving their certificate in the last three years.

VIII. COP DESCENDANT ACTIVITIES

With the signing of Assembly Bill 1584, MOHCD adapted the Certificate of Preference program application and Salesforce database to accommodate COP holder descendant applicants. The addition of children and grandchildren of those displaced by the former Redevelopment Agency including households displaced from expired redevelopment areas requires considerable research and preparation. During Fiscal Year 2022-2023, MOHCD received 172 COP inquiry applications from descendants - percentage increase of 330% from the 52 applications received the previous fiscal year.

COP descendant applicants currently reside as follows:

- 53% live in San Francisco
- 28% live outside of San Francisco and within the Greater Bay Area
- 9% live outside the Greater Bay Area and within California
- 3% live outside of California in the United States
- 6% are homeless and/or have unstable housing

The San Francisco Housing Authority and other non-city sponsored affordable housing allow COP holders to “jump” their waitlists. Existing affordable housing buildings in the City’s portfolio fill new vacancies from a waitlist and prioritize COP holders, regardless of whether the waitlist is open to applicants. Since

the number of new OCII developments (and therefore housing units) available to COP-D holders was limited this fiscal year, being offered a housing unit from a waitlist is a valuable opportunity for descendants.

On June 2, 2022, OCII contracted with Lynx and New Community Leadership Foundation (NCLF) to locate and contact displaced persons by the former Redevelopment Agency. The Lynx and NCLF team contacted 456 individuals. Some of these individuals then shared the COP expansion opportunity with their family members. The consultant team’s contact with displaced persons and word of mouth were the primary means of marketing COP availability to descendants.

IX. SUMMARY AND NEXT STEPS

The following chart compares COP Program activity over the past four years.

COP Program Activity

Fiscal Year	22-23	21-22	20-21	19-20
COP Holders Applied for Housing	87	86	72	55
COP Holders Housed	9	21	18	17
Returned to San Francisco	0	2	6	4
New Certificates of Preference Issued	115	64	34	31

In the next Fiscal Year 2023-2024, the MOHCD team is currently working to open a call hotline to increase our capacity to be able to respond to phone and email inquiries about the COP program while continuing to implement improvements to the application process that decrease the amount of applicant and staff time and resources spent. The team will also work closely with COP housing counselors to build capacity and cultural competency. Overall, these improvements will lead to increased transparency and accessibility for COP holders and applicants.