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Agenda Item **No. 5(b)**
Meeting of February 4, 2025

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 2023-2024 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"). Section 47.3 of the San Francisco Administrative Code extends this preference to housing assisted 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 all 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 2023-2024 ("FY 23-24").

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DISCUSSION

After the dissolution of the Redevelopment Agency, the Commission approved, by Resolution No. 33-2014 (May 6, 2014), 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. Under dissolution law, MOHCD is the “Housing Successor” which among other things means that after OCII completes a housing development project, the project transfers to MOHCD for long term asset management. To ensure that housing projects transfer properly, OCII follows MOHCD’s underwriting guidelines, utilizes MOHCD’s leasing process and staff to implement OCII’s COP Program.

MOHCD’s COP Program staff consists of a new .75 full-time employee, a full-time employee, the Preferences Manager, and additional staff to support the COP staff’s work, plus supervision from the Deputy Director for Homeownership & Below Market Rate Programs. One of MOHCD’s key responsibilities is to oversee marketing obligations of OCII’s affordable housing development partners. Marketing activity for OCII projects is provided in a Marketing Outcomes Reports which is 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 FY 23-24 is included here as Attachment A.

Below are the highlights of the COP Program in FY 23-24:

- 34 COP holders secured housing through DAHLIA and existing waitlists.
- 60 COP holders applied for affordable housing in MOHCD/OCII projects.
- 452 inquiry applications from individuals interested in obtaining a COP (over half of the applicants were from outside of San Francisco)
- 319 new Certificates of Preference were issued (76 certificates for dependents, or COP-C’s and 243 certificates for descendants of original displacees, or COP D’s).

MOHCD has made a number of enhancements to the COP program and improved its administration.

- 1) MOHCD’s streamlined application process continued to be valuable feature for a number of individuals who were contacted by the Lynx Insights and Investigations, Inc. (“Lynx”) and New Community Leadership Foundation (“NCLF”) investigators and were interested in obtaining a COP. As a reminder, the streamlined process reduces the number of requested documents to only request those documents that demonstrate familial lineage and proof of name change, which reduces the number of documents needed and amount of time the applicant needs to respond to information requests. Overall, the streamlined process allows individuals to receive their certificates in a more efficient and timely manner.
- 2) Additionally, the descendant certificate households are continuing to be provided with a waitlist housing guide of former San Francisco Redevelopment Agency (“SFRA”) and OCII projects, that includes the location of the affordable housing, property management contact information,

the number of units at various bedroom sizes. The waitlist housing guide enables COP holders to directly request to be placed on waitlists at sites and expands COP holder housing choice beyond OCII's new construction projects.

- 3) MOHCD has developed a Frequently Asked Questions ("FAQ") about the COP program.
- 4) MOHCD enhanced the COP Hotline Support, which is now available from 8:30AM to 5PM to respond to questions and provide support as an applicant goes through the application process. The COP hotline has become a critical component of the COP Program as it now realizes on average 12 inquiries per day which is an increase from an average of two calls per day.
- 5) In FY 23-24, MOHCD improved the COP webpage by providing clear information on eligibility criteria, application processes, and additional resources.
- 6) MOHCD also implemented an online application process.
- 7) MOHCD developed a COP flyer to promote the program and direct people to the online application process.
- 8) Lastly, a COP Program participant e-newsletter has been developed and has an email list of approximately 1,050 emails. The MOHCD COP webpage has information on how to subscribe to the e-newsletter <https://www.sf.gov/learn-about-certificate-preference-cop>

Of the 452 inquiries MOHCD received in FY 23-24, MOHCD staff issued 319 certificates, six certificates were re-issued to originally displaced household members, 205 inquiries were still being processed at the end of the fiscal year, and six inquiries were ineligible for a COP because they were not displaced by SFRA and/or the information they provided did not match records.

Available Housing Units and Demographics of Affordable Housing Applicants

MOHCD reports that for FY 23-24 a total of 554 affordable housing units were available through DAHLIA (which consisted of new rental and homeownership and re-rental and re-sale units). None of the units that were offered were funded by OCII. A total of 519 were rental units and 79% of these units targeted households earning 80% and higher AMIs. Unfortunately, 78% of the applicant households were at 50% and below Area Median Income ("AMI") levels. (See Attachment B for the 2023 AMI levels). To assist COP holders in bridging the AMI gap, MOHCD obtained rental assistance for 75% of the COP holders who secured rental housing.

A total of 12 households secured affordable housing in City-sponsored housing developments. Two COP holders secured housing in Project Based Voucher ("PBV") units through the San Francisco Housing Authority. The waitlist housing guide has also proven effective. Sixteen descendant households used their certificates after being placed on waitlists of former SFRA properties.

Four COP holder households realized success in purchasing affordable Habitat for Humanity Greater San Francisco housing units in the Diamond Heights neighborhood, which is a former SFRA project area. The homebuyers all received downpayment assistance from MOHCD ranging from 21% to 43% of the total purchase price. All but one household relocated to Diamond Heights from within San Francisco and the fourth household relocated from Daly City.

Program Highlights

Additionally, the Legacy Foundation for Bayview Hunters Point, provided an additional \$200,000 for Phase 2 of the Legacy in Town ("LIT") downpayment assistance program. Because the goal of the Phase 2 LIT Program is to increase homeownership by COP holders, this funding is only available to eligible COP holders for the first four years of Phase 2, or through May 2028. These no-interest deferred forgivable loans will be made in increments of no more than \$38,000 will be for a term of ten years and will be decreased by 20% of the original loan amount 72 months after the closing date, and an additional 20% of the original loan amount will be forgiven every twelve months (following the initial 72 months) until the LIT loan is forgiven in its entirety.

Also, staff actively implemented Early Outreach Plan ("EOP") and Marketing and Tenant Selection Plan for new construction projects located in Transbay project area. As a reminder, EOPs outline a plan to conduct early outreach to all COP holders before general marketing of the Project. See summary below:

- 1) EOPs are required to be submitted to OCII and MOHCD staff 30-days after the start of construction.
- 2) The initial postcard is mailed out after the approval of the EOP (generally 3-6 months after construction start).
- 3) The second reminder postcard is mailed nine months prior to construction completion.
- 4) The third reminder postcard is mailed when the marketing plan is approved and when the marketing process is approved (generally 3 months before construction completion).

To inform as many COP holders as possible about affordable housing opportunities, OCII and MOHCD continue to use traditional (newspapers, flyers, etc.) and social media during the lease-up and sales processes.

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. As of June 30, 2024, a total of 369 descendants received their certificate. The majority (or 96%) of the descendant COP holders live in California and 55% reside in San Francisco. The remaining 4% live in Georgia, Texas, South Carolina and Washington.

COP Enhancements

Staff is continuing to implement program enhancements to make the COP Program more accessible and robust for original displacees and their direct descendants and will include updates on these enhancements in upcoming annual reports.

1. Updated COP Survey: The updated survey will build upon the 2017 COP Survey, given the additional “interested” COP holders, original displacees, and descendants who have recently obtained certificates. The original survey provided information on housing preferences, location preferences, and barriers to accessing housing, as well as insights into the need for income tiering, senior housing units, and the need for more rental subsidies. This enhancement will get underway in the FY 24-25 year as there is now a significant pool of descendant COP holders to obtain information from.
2. Continue to Locate Preference Holders: On January 16, 2024, Commission approved funding to begin Phase 2 of the contract with Lynx in partnership with NCLF to locate and confirm current contact information for original displacees in the WA-A2 and Hunters Point Redevelopment Project Areas. The investigative team reported that time and budget were insufficient to locate 2,124 individuals where investigative leads (e.g., possible current addresses and/or phone numbers) were identified. Phase 2 was active from February 2024 through May 2024 and the investigators actively worked over a ten-week period. A total of 161 individuals were located, 170 individuals were located but non-responsive, and 261 were confirmed deceased. The Lynx team is currently implementing Phase 3 through a Second Amendment. Staff will report on the results in September 2025.
3. Scanning of Remaining Historical Former Agency Documents: Staff, including MOHCD staff and interns, gathered appropriate OCII historical documents to prepare them for scanning. Staff will continue to scan relocation and acquisition information/records for all former Redevelopment Project Areas to simplify and accelerate provision of COPs for eligible applicants who may not have displacement information and/or records necessary to prove eligibility for a COP.

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

Thor Kaslofsky
Executive Director

Attachment A: Certificate of Preference Marketing and Outreach Report, FY 2023-2024
Attachment B: 2023 AMI Income Limits Income table