

## Informational Update on Senate Bill 593 Replacement Housing

October 12, 2023



# Background

- **Prior to 1976:** the former Redevelopment Agency destroyed 14,207 affordable units, but only produced 7,498 affordable units. The areas with the greatest loss of housing were: Western Addition A-1; Yerba Buena Center, and Embarcadero-Lower Market (Golden Gateway).
- **2000:** State Legislature approved Senate Bill 2113 authorizing the former Agency to use tax increment financing to fund and develop units that were destroyed prior to 1976 and not replaced.
- **2003:** The State Department of Housing and Community Development certified “a net loss of 6,709 units the Agency must replace”
- **2003-2012:** The former Agency funded 867 replacement housing units pursuant to Senate Bill 2113
- **2012:** The former Agency, and all California Redevelopment Agencies are dissolved by the State of California, OCII created to complete “enforceable obligations” of former Agency
- **2012-2022:** OCII and the City unsuccessfully sought to establish the replacement housing obligation under Senate Bill 2113 as an “enforceable obligation”
- **2023:** Senate Bill 593 (Wiener) approved by Senate and Assembly establishing the replacement housing obligation as an “enforceable obligation,” but funded with residual tax increment available to the City.

# Summary of Senate Bill 593

- Authorizes OCII to fund and develop up to 5,842 units destroyed by the former Redevelopment Agency.
- Replacement housing funds are a limited source of tax increment funds available after payment of OCII's current enforceable obligations and thus will only be available through multiple bond issuances over time.
- First availability of replacement housing funds is projected to occur in late 2025 and the last allocation in the mid- to late 2050s.
- Replacement housing units must be developed pursuant to affordable housing standards in state law, i.e. Community Redevelopment Law

# CRL Replacement Housing Standards

- Units may be built anywhere in San Francisco
- Units are restricted to income-eligible households; they must be affordable to “persons in the same or a lower income category” (low, very low, or moderate), as the persons displaced.
- Units must remain affordable and subject to affordability restrictions.
- Replacement housing is additive to OCII’s current housing obligations; it is independent of a OCII’s other obligations to produce housing
- Replacement housing funds must leverage other financing and subsidies for affordable housing.

# Impact of Replacement Housing on Certificate of Preference “COP” holders

- Household members displaced by Redevelopment received a Certificate of Preference (“COP”).
- OCII and MOHCD currently provide first preference in 100 percent of all units in OCII affordable housing projects to COP holders.
- In 2022, the state legislature expanded this preference to include the descendants of COP holders.
- Replacement Housing expands the supply of affordable housing for which COP holders are eligible.
- COP holders including descendants, will receive first preference for all replacement housing.

# Next Steps

- Work with CACs, MOHCD, and other key constituents to determine priority projects
- Solicit bond financing team for the initial replacement housing bond issuance

# Replacement Housing Priorities

Questions / Comments