

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



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Director

To: Sally Oerth
Interim 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 2020- 2021 Certificate of Preference Marketing and Outreach Report

Date: September 22, 2021

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 (Cal. Health & Safety Code § 33411.3) 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." 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 the Urban Renewal Project Areas in the Western Addition A-2 and Bayview Hunters Point 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 5,829 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 1978 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 COP holders. To date the number of Certificate of Preference holders total 6,885. The following represents current information on most of the households that were displaced:

- Historically, 1,849 COP have exercised their certificate and successfully secured affordable housing in San Francisco.
- Approximately 1,631 COP holders are known deceased.
- 899 COP holders are in communication with MOHCD with 72 certificate holders actively seeking MOHCD/OCII housing opportunities during Fiscal Year 2020-21.
- 35% of the 899 have used their certificate at least once.

JULY 1, 2020 – JUNE 30, 2021 COP ACTIVITIES

During Fiscal Year 2020-21, MOHCD worked closely with developers to affirmatively outreach to COP holders. Postcards of 23 new MOHCD developments and OCII's 691 China Basin with project and marketing information as well as application deadlines and resources for application assistance were sent to all 899 COP holders in contact with MOHCD.

COP HOLDER AND MARKETING ACTIVITY DURING COVID-19 PANDEMIC

In March 2020, with the onset of the shelter-in-place order, MOHCD quickly adjusted its business practice and limited application submissions to online submissions only. To address the impact this shift had on those who have digital barriers, MOHCD increased its application period for new rental listings from three to four weeks to allow additional time for housing counselors to assist applicants by phone with electronic application submissions. Through the entire FY 2020-21, 100% of applications were received electronically. In addition, MOHCD discontinued "in-person" open houses and public lotteries. Instead, project tours were done virtually or scheduled by appointment. Lotteries were held virtually and each lottery was recorded and to be made available to the public.

To provide applicants additional time during the pandemic to submit required documents during lease up, MOHCD has worked with leasing agents to provide flexibility in deadlines throughout the lease up process. Leasing agents provided digital tours of units during unit selection and have implemented safe social distancing measures for lease signings. In person open houses are scheduled to resume in FY 2021-22.

Sonia McDaniel, MOHCD COP Program Specialist, assists COP holders with various needs during the pandemic. Ms. McDaniel communicates with COP holders primarily by telephone to continue her high level of service. Like the larger community, COP holders are experiencing life changes due to the pandemic and MOHCD is assisting on many levels. Most notably, Sonia continues to assist COP holders with successful connections to rental assistance, emergency Give2SF funds, eviction protections, referrals to housing counselors, explanations of the Mayor's Eviction Moratorium Orders, resources for job loss, and Seasons of Sharing to assist COP holders with furniture in their new apartments.

MOHCD and OCII staff continue to work closely to ensure that OCII developers adhere to the established marketing and lottery procedures and lease up protocols. This was no different during the shelter in place orders. MOHCD reached out to all developers actively leasing up during the pandemic to offer guidance and resources (including face masks and cleaning supplies) to keep everyone healthy and safe during the peaks of the COVID-19 virus.

While the onset of the pandemic did not deter COP holders from applying to housing opportunities, it did pose challenges in leasing a unit. Some COP holders struggled with job loss while others were understandably hesitant to move. Still others experienced hardship in leasing because accessing required income documentation from “closed to the public” government agencies became nearly impossible. Ms. McDaniel became a consistent resource and advisor to these COP Holders as they maneuvered their way through the challenging time and secured housing.

FY 2020-21 COP RENTAL ACTIVITY

In FY 2020-21, 68 COP holders applied on DAHLIA submitting 155 applications: 135 applications for rental opportunities and 20 applications for waitlist rental opportunities. Of the 135 applications, 72 were for new rental housing opportunities and 63 applications were re-rental opportunities. Of the 72 applications submitted for new rental opportunities, 500 Folsom Street offering 108 lottery units was the only OCII project to close during Fiscal Year 2020-21.

In FY 20-21, 18 COP holders were housed. No COP Holders were housed at 500 Folsom. However, six were housed in new MOHCD rental projects located in the South of Market, Mission Bay, Civic Center, the Castro, Financial District South, Buena Vista Park, and Inner Mission. Another three COP holders were housed in re-rentals at existing projects located in the South of Market, Mission Bay, and the Financial District South. Nine were housed as a result of being prioritized for waitlists into senior housing including four at Dr. George W Davis Senior Residence, a project sponsored by OCII in the Bayview.

Affordable housing buildings in the City’s portfolio that fill vacancies from a waitlist must place COP holders at the top of the waitlist, regardless of whether the waitlist is open to applicants. San Francisco Housing Authority and some other non-city sponsored buildings also allow COP holders to “jump” their waiting lists.

With application assistance, coordination with the building, and much needed hand-holding, MOHCD staff and the Bayview Hunters Point Multipurpose Senior Services were able to house 9 COP holders through waitlist opportunities at St. Francis of Assisi (4), Dr. George W. Davis Senior Residences (4), and Geraldine Johnson Manor (1). All nine COP holders housed from waitlists are paying a third of their income toward the rent at these HUD project-based sites.

All but three of the 18 COP holders housed in FY 2020-21 required some type of financial assistance to secure housing. MOHCD works tirelessly to secure rental subsidies and assistance with security deposits and other move-in costs.

The table below shows that half of the 18 COP Holders held their certificates between 1 and 6 years before they used them to secure housing and 2 COP holders used their certificates more than 40 years after receiving it. These 2 COP holders used their certificates to move to a senior community in the Bayview. Six of the 18 COP holders returned to San Francisco from Oakland, Sacramento, Dublin, Hayward, and Seattle.

Time between Certificate Issue Date and Lease Sign Date	
Less than 1 year	17%
Between 1 - 6 years	50%
Between 6 - 12 years	22%
42 years	6%
46 years	6%

Household Size

The following data pertains to the 68 COP holders who submitted 155 DAHLIA applications for housing between July 1, 2020 and June 30, 2021. As you can see, 54% of applications were submitted by 1-person households, 29% were 2-person households, and only 16% of the COP holders that applied had households of 3 or more.

Household Size



Applicant and Unit AMIs

60% of the COP holder applications reported incomes of zero to 40% AMI. Unfortunately, only 15% of the rental housing opportunities on DAHLIA were priced for households with incomes in this same range. 21% of available units on DAHLIA had AMI designations between 80% and 150% AMI, fitting for 6% of COP holders. The remaining 64% of the housing opportunities on DAHLIA offered units between 55% and 60% of AMI. 50% of COP holders housed in FY 2020-21 took advantage of waitlist opportunities with rents at 30% of the applicant's income.

Applicants not Housed

Of the 135 total applications submitted for available units in rental housing opportunities only 9 COP holders were housed. 51% of those 135 COP applications were disqualified because the COP holder did not respond when the leasing agent reached out (via phone, USPS, text, and email) to them and any alternate contact listed. An additional 19% responded but withdrew their applications after the lottery. This means 70% of applications submitted by COP holders were actually never assessed for income eligibility. Many factors can contribute to a COP holder deciding not to move forward after applying. Location and size of a unit, parking availability, rent, and other personal choices are at play. However, during the last year and a half, the pandemic was the primary reason COP holders decided not to move forward.

COP ACTIVITY IN BOTH MOHCD AND OCII PROJECTS

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

Fiscal Year	20-21	19-20	18-19
Applied for housing	72	55	62
COP Holders Housed	18	17	23
Returned to San Francisco	6	4	7
New Certificates of Preference issued	34	31	30

FY 2020-21 COP OWNERSHIP ACTIVITY

While there were 54 affordable homeownership units available in the reporting period, none of the 72 certificate holders actively seeking housing in FY 2020-21 applied for purchase opportunities.

DAHLIA

In FY 2020-21 and during the shelter in place order, DAHLIA San Francisco Housing Portal was the primary means to apply for affordable rental and ownership housing opportunities. DAHLIA accepted a total of 123,062 electronic applications during the reporting period: 120,976 applications in rental projects with about 6% coming from applicants applying to 500 Folsom Street and 2,086 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 for developers and allows them 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.