Priority for Veterans with an Affordable Housing Preference under Administrative Code, Chapter 47 – Disparate Impact Analysis (File 211094)

April 26, 2022

Follow-Up to Initial Memo Submitted February 28, 2022

Prepared by the Mayor's Office of Housing and Community Development

Per File 211094, the Mayor's Office of Housing and Community Development (MOHCD) completed and presented a disparate impact analysis regarding a potential priority for Veterans eligible for a preference under Administrative Code Section 47.3 to occupy affordable housing over other applicants with the same preference ("Veterans Priority"). A memo was delivered to the Board Clerk on February 28, 2022.

Revised Analysis Findings: MOHCD reran the analysis in April 2022 using the recently published 2020 Census data. This revised analysis shows that the disparate impact of a Veteran preference is the same as the disparate impact for the Neighborhood Resident Housing Preference (NRHP). Overall, combined preferences produce a disparate impact, although the veteran impact is not a significant contributor to that impact. Primarily because the Veteran population is relatively small (Veterans comprise 2.8% of the City's population and only 55% of Veteran households are eligible for affordable housing), the disparate impact analysis finds that a lottery preference for Veterans would not contribute to a disproportionately negative impact on protected populations.

A disparate impact analysis determines the likelihood of a policy or program having a disproportionately adverse effect on members of a protected class. MOHCD's disparate impact analysis looked at whether any racial or ethnic group of veterans would disproportionately impact another racial or ethnic group of applicants under the proposed change to San Francisco's housing lottery regime. Veterans are defined as those who have served on active duty in the U.S. Army, Navy, Air Force, Marine Corps, or the Coast Guard, or who served in the U.S. Merchant Marine during World War II. Veterans does not include those who are still actively serving in the military.

MOHCD conducted this analysis based on the proposal that a Veteran preference would be prioritized in each the three existing lottery preference programs (Certificate of Preference; Displaced Tenant Housing Preference Program; Neighborhood Resident Housing Preference). The analysis did not include Veteran sub-populations, such as disabled Veterans or current National Guard and Reservists because data is not available at the level needed for the analysis, or is not available at all.

Considerations: If the policy objective is to improve access to affordable housing for Veterans, a housing lottery preference will have limited efficacy for the following reasons.

- 45% of Veteran households are at higher income levels—above 100% of the area median income (AMI)—and are not eligible for affordable units.
- Affordable units are produced for AMI brackets ranging from extremely low income (30% AMI) to middle income (100%). In San Francisco, 79% of our available affordable units in past year were low income households, those earning 30-60% AMI. But only

14% of Veteran households fall with within that AMI bracket. This means that few Veteran households will be eligible for available affordable units.

- 17% of Veteran households are extremely low income—their household income is less than 30% AMI—yet only 2% of available affordable units are for this AMI bracket. Given the limited supply of affordable units at this extremely low-income AMI, a lottery preference would not meaningfully increase access to affordable housing for extremely low-income Veteran households.

If the policy objective is to house those Veterans most vulnerable to homelessness, policies and programs, either new or building on existing efforts, should directly serve the most vulnerable Veteran population. In particular, Black Veterans are disproportionately extremely low-income (approximately 1,500 people). Focused policy and programs could better align the needs of this vulnerable population of extremely low income African American Veterans with viable affordable housing opportunities, whereas a lottery preference would provide limited opportunities.

For example, increasing funding for rental subsidies for Veterans could help extremely low income Veterans access higher AMI units. In addition, the Department of Homelessness and Supportive Housing (HSH) and MOHCD both already provide funding to community partners that serve Veterans with rental assistance programs, eviction prevention, and housing search and placement assistance services.

Existing programs and services that can benefit Veterans include the following.

- For those with disabilities, MOHCD has a variety of programs: https://sfmohcd.org/resources-people-disabilities
- Veterans within the income thresholds also are eligible for neighborhood preference, and when applicable, certificate of preference programs in the affordable housing lottery.
- For those who may need mental health supports, the Coop Living for Mental Health Program is available. All program participants are referred by DPH to sponsors. The scale of this program is currently small and placement is not via the MOHCD preference regime.
- The U.S. Department of Housing and Urban Development and VA Supportive Housing Program (HUD-VASH) provides housing vouchers to help Veterans who are homeless find and sustain permanent housing. For example, through this program, the Mission Housing Development Corporation operates 33 units at 2524 Mission Street for formerly homeless Veterans.
- A broader range of City and nonprofit supports and services are identified here: https://sf311.org/information/veterans-resources.

Conclusion: The disparate impact analysis finds that a lottery preference for Veterans would not contribute to a disproportionately negative impact on protected populations. A closer look at the Veteran population also highlights that 45% of households with Veterans are at higher income levels not eligible for affordable units. The notable exception is extremely low-income Black Veterans (approximately 1,500 people). Given the limited supply of affordable units at this AMI, a lottery preference may not be the most impactful tool for supporting this population. Investing in alternative policies and programs, either new or building on existing efforts, that

directly serve this population and that focus on their particular needs, could be a more fruitful avenue.

For your reference, below is the data from the report submitted on February 28, 2022.

Original Memo from February 28, 2022
Per File 211094, by no later than February 28, 2022, MOHCD shall complete an analysis of the disparate impact and any discriminatory effect under fair housing laws of granting a priority for Veterans eligible for a preference under Administrative Code Section 47.3 to occupy affordable housing over other applicants with the same preference ("Veterans Priority"), and shall deliver such disparate impact analysis to the Board of Supervisors for review and study of an amendment to Administrative Code Chapter 47 to add the Veterans Priority.

A disparate impact analysis determines the likelihood of a policy or program having a disproportionately adverse effect on members of a protected class. MOHCD's disparate impact analysis looked at whether any racial or ethnic group of veterans would disproportionately impact another racial or ethnic group of applicants under the prop osed change to San Francisco's housing lottery regime. Veterans are defined as those who have served on active duty in the U.S. Army, Navy, Air Force, Marine Corps, or the Coast Guard, or who served in the U.S. Merchant Marine during World War II. Veterans does not include those who are still actively serving in the military.

The analysis did not include Veteran sub-populations, such as disabled Veterans or current National Guard and Reservists because data is not available at the level needed for the analysis, or is not available at all.

Veteran Demographic Snapshot

Race/Ethnicity: In San Francisco, 58% (13,633) of Veterans are white, compared to the total SF population, which is 46% white. And 16% (3,800) of Veterans are Black, whereas 5% of the SF population is black.
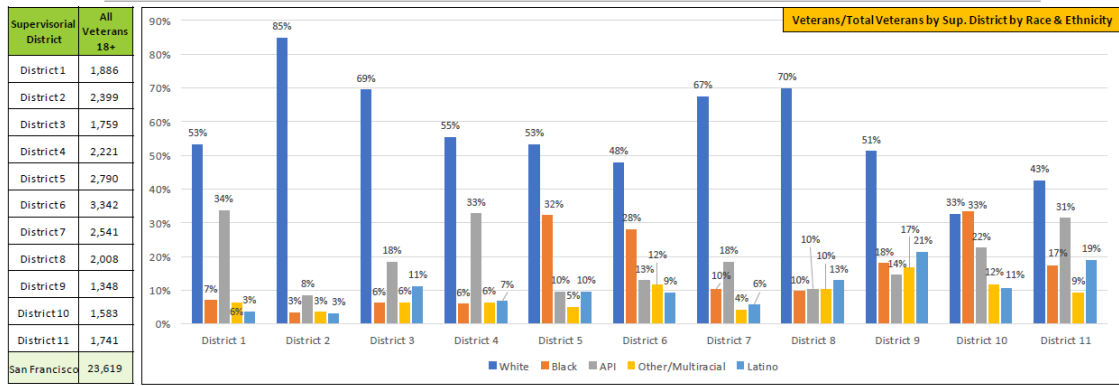
SF County Veterans: Race/Ethnicity Distribution

	Race & Ethnicity	Veterans	% of Total Veterans	Total SF Population	% Total SF Population
Races	White	13,633	58%	406,056	46%
	Black	3,800	16%	45,556	5%
	Asian/Pacific Islander[1]	4,338	18%	304,206	35%
	Other/Multiracial[2]	1,848	8%	119,143	14%
	Total	23,619	100%	874,961	100%
Ethnicity	Hispanic/Latino	2,241	9%	133,314	15%

Notes: [1]There are 4,253 Asian veterans and 85 Pacific Islander veterans.
[2]Other/Multiracial category combines American Indian/Alaskan Native, 2+ races, and some other race. There are 89 AIAN veterans, 948 some other race veterans, and 811 2+ races veterans.
Source: 2019 American Community Survey 5-Year Averaged

Geographic Distribution of Veterans by Race/Ethnicity: The Veteran population by race, by Supervisorial District is notably uneven. Veterans by race are concentrated in different Districts. In D10, 33% of the Veterans in that District are Black; in D2, 3% of Veterans are Black.


Percent of Veterans: SF County Veterans by Race/Ethnicity and Supervisor District

Supervisorial District	All Veterans 18+
District 1	1,886
District 2	2,399
District 3	1,759
District 4	2,221
District 5	2,790
District 6	3,342
District 7	2,541
District 8	2,008
District 9	1,348
District 10	1,583
District 11	1,741
San Francisco	23,619

Source: 2019 American Community Survey 5-Year Averaged

Veterans Income Eligibility for Affordable Units: The comparison of the percentage of available affordable units by AMI that were offered last fiscal year and the AMI of households that include at least one Veteran illustrates a mismatch between available affordable units (79% are units were for those at 31-60% AMI) and Veterans' income (only 14% of Veterans are in that AMI bracket). By AMI brackets, households with Veterans are either extremely low-income or higher income.

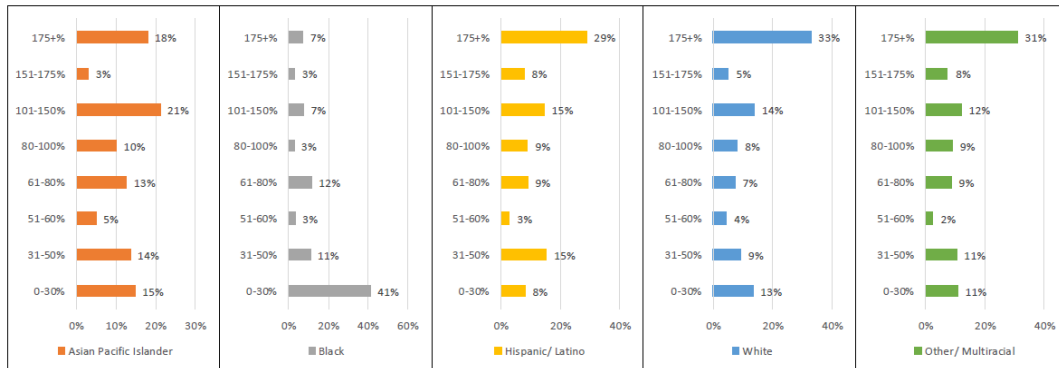DAHLIA Listings vs. SF Households with 1+ Veterans, by AMI
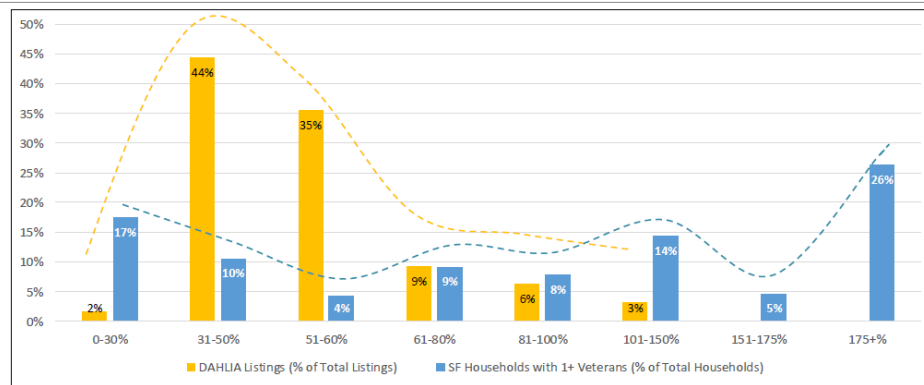
Source: 2019 IPUMS 5-Year Averaged; FY 20-21 MOHCD's DAHLIA affordable housing list

Veteran Household Incomes by Race: Among five racial/ethnic Veteran populations (Asian Pacific Islander, Black, Hispanic/Latino, White, and Other/Multiracial), a disproportionate number of Black Veterans are at 30% AMI and lower. Given the small population of Black San Franciscans, this is approximately 1,500 people. Only 2% of available affordable units were reserved for this AMI.

Among the other racial and ethnic Veteran populations, 42% of Asian Pacific Islander households with a Veteran are above 100% AMI, 52% of Hispanic/Latino households with a Veteran are above 100% AMI, 52% of White households with a Veteran are above 100% AMI, 51% Other/Multiracial households with a Veteran are above 100% AMI.

Percent of Respective Total: Race/Ethnicity, by AMI Bands (Households with 1+ Veterans)

AMI Band	Asian Pacific Islander	Black	Hispanic/Latino	White	Other/Multiracial
175+%	18%	7%	29%	33%	31%
151-175%	3%	3%	8%	5%	8%
101-150%	21%	7%	15%	14%	12%
80-100%	10%	3%	9%	8%	9%
61-80%	13%	12%	9%	7%	9%
51-60%	5%	3%	3%	4%	2%
31-50%	14%	11%	15%	9%	11%
0-30%	15%	41%	8%	13%	11%

Source: 2019 IPUMS 5-Year Averaged