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# San Francisco Co-ops

Capacity and Challenges from MEDA experience

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Transportation & Landuse Committee, SF Board of Supervisors

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@medasf





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- **What could co-op developer capacity look like? MEDA CRE story**
- What MEDA has seen in need for co-ops
- **What needs to happen for a successful program?**



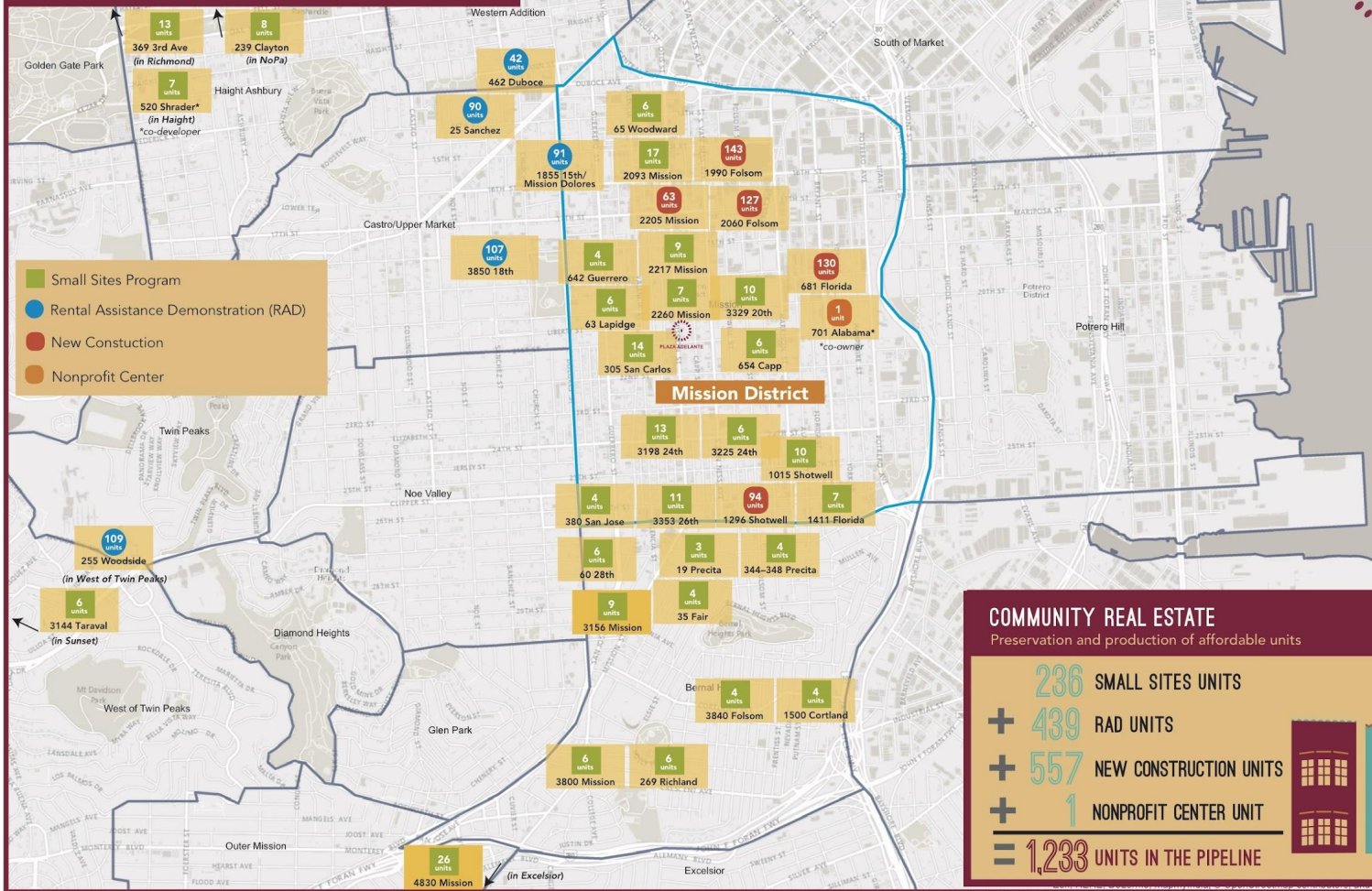


# What does capacity built look like?

- 2014 - Community Real Estate program established to reverse hyper displacement in Mission with Small Sites Preservation as a core tool.
- 2020- in 6 years - MEDA SSP team purchasing 6-8 properties/year = 33 buildings across SF, esp Mission District



# MEDA AFFORDABLE HOUSING



## Mission District

### COMMUNITY REAL ESTATE

Preservation and production of affordable units

236	SMALL SITES UNITS
+ 439	RAD UNITS
+ 557	NEW CONSTRUCTION UNITS
+ 1	NONPROFIT CENTER UNIT
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= 1,233	UNITS IN THE PIPELINE



# Need for Co-ops: What MEDA has seen

## What buildings would have been ideal for co-ops:

Buildings with 40%-50% long time tenants

-Tenants tend to have lived in the building for 10+ years with limited personal savings/assets from rent control over time. They can contribute to the purchase.

Building size

- Tend to be approached by tenants in 4-8 unit buildings because the tenants can organize more easily and more at risk of eviction/buyout

Buildings with a diverse mix of tenants in income, age and race

- Eg Clayton - with African American teachers and seniors.

Eg Folsom with artists, bakery back of house and tech contractors.



# What needs to happen for a successful program

MEDA's learnings from San Francisco's only active preservation program i.e.

**Small Sites Program:** Acquisition and rehabilitation of existing apartment buildings, totalling between 4-25 homes.

- **Invest in developer/stewardship capacity as a long-term partnership:** Model of non profit developer fees to fund project and asset management team only works if MOHCD approves a consistent project pipeline.
- **Underwrite building NOT as a tax credit building:** Smaller buildings are where many families live and the financial model for the building and developer/owner has different risk/reward.
- **Streamline marketing and leasing process:** Vacancies sit for 6 months or more because of current guidelines
- **Build shared evidence pool:** Share historical data on operations revenue/expenses for robust modelling
- **Iterative learning:** SSP worked in earlier years because of willingness to innovate and learn from cohort.



# KEY INGREDIENTS

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1 Partnering with committed  
Developers/Stewards who will grow the model

2 Tapping into resident assets for alternative  
financing source

3 Model for local financial investment in program  
capacity and buildings in this high-cost market





# LONG-TERM IMPACT

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2

Alternative anti-displacement strategy

3

