

1 [Administrative Code - Seismic Safety Retrofit and Affordable Housing Loan Program]

2
3 **Ordinance amending Chapter 66 and deleting Chapter 66A of the Administrative Code**
4 **to conform to the recent passage by the voters on November 8, 2016, of Proposition C,**
5 **a measure entitled, “Loans to Finance Acquisition and Rehabilitation of Affordable**
6 **Housing,” and to otherwise conform such sections to current practices and make**
7 **technical corrections.**

8 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
9 **Additions to Codes** are in *single-underline italics Times New Roman font*.
10 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
11 **Board amendment additions** are in double-underlined Arial font.
12 **Board amendment deletions** are in ~~strikethrough Arial font~~.
13 **Asterisks (* * * *)** indicate the omission of unchanged Code
14 subsections or parts of tables.

15 Be it ordained by the People of the City and County of San Francisco:

16 Section 1. Chapter 66 of the Administrative Code is hereby amended by adding new
17 Section 66.1, renumbering existing Sections 66.1, 66.2, 66.3, 66.4, and 66.5 as Sections 66.2,
18 66.3, 66.4, 66.5, and 66.6 respectively and revising those Sections, and adding Sections 66.7,
19 66.8, 66.9, 66.10, 66.11, 66.12, 66.13, 66.14, 66.15, 66.16, and 66.17, to read as follows:

20 **SEC. 66.1. HISTORY AND PURPOSE.**

21 (a) The purpose of this Chapter 66 is to authorize and implement a Seismic Safety Retrofit and
22 Affordable Housing Loan Program ("Program" as defined below) for the City and County of San
23 Francisco ("City" as defined below).

24 (b) On November 3, 1992, the City's voters approved Proposition A, a ballot measure
25 authorizing the issuance of up to \$350 million of general obligation bonds to establish a Seismic Safety
Loan Program ("SSLP") to provide loans for the seismic strengthening of unreinforced masonry

1 buildings (“Proposition A”); as of 2016, less than \$100 million of such issuance authority had been
2 utilized. On November 8, 2016, voters approved Proposition C, a ballot measure expanding the
3 permitted uses for which SSLP funds could be loaned (“Proposition C”). Among other changes,
4 Proposition C authorized loans to “finance the costs to acquire, improve, and rehabilitate and to
5 convert at-risk multi-unit residential buildings to permanent affordable housing.”

6 (c) Consequently, the purpose of this Chapter 66 is to authorize and implement the program
7 created by Proposition A, as amended by Proposition C, by describing the conditions under which the
8 City may lend general obligation bond proceeds to building owners to finance the seismic retrofit of
9 unreinforced masonry buildings, or to finance the acquisition, improvement and/or rehabilitation of “at
10 risk” multi-unit residential buildings, subject to the conditions and provisions herein. The City’s Board
11 of Supervisors (the “Board”) intends that the Program be used to protect buildings that are at-risk due
12 to their physical condition and need for seismic and other life safety improvements, or for which there
13 is a risk of loss of affordability or a risk of loss of the opportunity to create permanent housing
14 affordability, due to vacancy decontrol or market speculation. The Board further intends that Program
15 funds, particularly those funds used to make Below Market Rate Loans (as defined below), be
16 prioritized for use in supporting the conversion of residential buildings to permanent rent-restricted
17 affordable housing.

18 (d) In addition to the requirements of this Chapter 66, the Program shall be subject to all
19 federal, state and local laws applicable to the issuance of bonds related to the Program, the making of
20 loans, specific seismic retrofit standards, fire, health and safety upgrades and any other applicable
21 requirements matters.

22
23 **Sec. 66.21. DEFINITIONS.**

24 Unless otherwise indicated by the context, the following definitions shall govern
25 construction of terms in this Chapter 66:

1 —(a)—"Below Market Rate Loan" shall mean a loan made from the proceeds of any individual
2 series of bonds issued under the Program which shall bear an interest rate that yields a total annual
3 return to the City that equals 1/3 of the City's cost of funds for that series.

4 —(b)—"City's cost of funds" for any individual series of bonds issued under the program shall
5 mean the true interest cost as set forth in the resolution of the Board of Supervisors awarding that
6 series of bonds.

7 —(c)—"Deferred Extended Loan" is a Below Market Rate Loan on which repayment of principal
8 and interest is deferred until the sooner to occur of (1) 55 years after such loan is made or (2) the
9 borrower transfers title to the property whose improvements were financed by the proceeds of such
10 loan, unless such transfer is a Permitted Transfer. Deferred interest shall accrue and be repaid at the
11 time the principal amount of the Deferred Extended Loan is due.

12 —(d)—"Deferred Standard Loan" is a Below Market Rate Loan on which repayment of principal
13 and interest is deferred until the sooner to occur of (1) 20 years after such loan is made or (2) the
14 borrower transfers title to the property whose improvements were financed by the proceeds of such
15 loan, unless such transfer is a Permitted Transfer. Deferred interest shall accrue and be repaid at the
16 time the principal amount of the Deferred Standard Loan is due.

17 —(e)—"Fund" shall mean the Seismic Strengthening Loan Fund, established pursuant to
18 Administrative Code Section 10.117-110.

19 —(f)—"Market Rate Loan" shall mean a loan made from the proceeds of any individual series of
20 bonds issued under the program which shall bear an interest rate that, when coupled with the annual
21 administrative fees charged by the City, yields a total annual return to the City that equals the City's
22 cost of funds for that series, plus 100 basis points.

23 —(g)—"Median income" shall mean the median income for San Francisco PMSA, adjusted for
24 household size, as published from time to time by the United States Department of Housing and Urban
25

1 ~~Development, or any successor to that figure published by that department or any successor to that~~
2 ~~department.~~

3 ~~—(h) "Permitted Transfer" shall mean any transfer of title of a property whose improvements~~
4 ~~were financed by Below Market Rate Loan proceeds (1) from the borrower to a limited partnership or~~
5 ~~limited liability company formed for the tax credit syndication of such property, provided that the~~
6 ~~borrower or its affiliated nonprofit public benefit corporation is the sole general partner or manager of~~
7 ~~such entity, or (2) pursuant to an option agreement entered into by the borrower and its general~~
8 ~~partner, manager, or affiliate in connection with the tax credit syndication of such property.~~

9 ~~—(i) "Program" shall mean the seismic safety retrofit bond and loan program funded by the~~
10 ~~Fund and established by this Chapter.~~

11 ~~—(j) "Seismic Strengthening" shall mean actions taken by or on behalf of the owner of a~~
12 ~~building to comply with the requirements of Chapters 16B and 16C of the San Francisco Building~~
13 ~~Code, as amended from time to time.~~

14 ~~—(k) "UMB" shall mean an unreinforced masonry bearing wall building, the seismic~~
15 ~~strengthening of which may be financed by loan from the fund.~~

16 "Act" means collectively the provisions of a measure entitled "Earthquake Safety Loan
17 Bonds," adopted by the voters as Proposition A on November 3, 1992, as amended by a measure
18 entitled "Loans to Finance Acquisition and Rehabilitation of Affordable Housing," adopted by the
19 voters as Proposition C on November 8, 2016, as same may be amended.

20 "Applicant" means an applicant for a Loan or any successor in interest.

21 "Application" means an application for a Loan.

22 "Below Market Rate Loan" means a Loan made, the interest of which yields at least one-third
23 of the City Cost of Funds.

24 "Board" means the Board of Supervisors of the City.

1 "Bond Proceeds" means the proceeds of general obligation bonds to be issued by the City to
2 provide funds for the Program, including interest on such proceeds of such general obligation bonds.

3 "Borrower" means a recipient of a Loan.

4 "Building Code" means the San Francisco Building Code, as such code may be amended from
5 time to time.

6 "City" means the City and County of San Francisco.

7 "City Cost of Funds" means the true interest cost applicable to City Bond Proceeds funding
8 Loans made hereunder.

9 "Declaration of Restrictions" means an agreement to be executed by the Borrower and recorded
10 against the Property as a condition to the receipt of a Loan hereunder in order to restrict use of the
11 Property, as further described in this Chapter 66.

12 "Deferred Loan" means a Below Market Rate Loan, for which the repayment of principal and
13 interest thereof is deferred until the sooner to occur of (1) 55 years after such Loan is made, or (2) the
14 borrower transfers title to, or the beneficial ownership of, the building whose improvements were
15 financed with such Loan proceeds, unless such transfer is permitted by the rules and regulations
16 established by the Director.

17 "Director" means the Director of the Mayor's Office of Housing and Community Development,
18 or the Director's designee.

19 "Fund" means the Seismic Strengthening and Affordable Housing Loan Fund established
20 pursuant to Administrative Code Section ~~[10.117.110.]~~ 10.100.315, or such other fund that the
21 Director establishes with the Office of the Controller to administer the Program.

22 "Loan" means a loan made pursuant to this Chapter 66, and includes Below Market Rate
23 Loans, Deferred Loans, and Market Rate Loans.

24 "Loan Committee" means the Citywide Affordable Housing Loan Committee, an internal Loan
25 review committee of the Mayor's Office of Housing and Community Development.

1 “Market Rate Loan” means a loan which bears a rate of interest that, when coupled with the
2 annual administrative fee charged by the City, yields a total return to the City that equals the City Cost
3 of Funds for the series of bonds providing funding for such loan, plus 100 basis points.

4 “MOHCD” shall mean the Mayor’s Office of Housing and Community Development, or any
5 such successor department of the City assuming the responsibilities for administration and
6 management of the Program.

7 “Program” shall mean the seismic safety retrofit and affordable housing loan program funded
8 by the Bond Proceeds authorized by the Act.

9 “Program Regulations” means the rules and regulations regarding the Program to be published
10 by the Director, which will be designed to carry out and implement the purposes set forth in the Act and
11 this Chapter 66.

12 “Property” means any legal parcel(s) of real property eligible for a Loan under the
13 Program, and subject to a Declaration of Restrictions, as provided hereunder.

14 All terms used herein but not otherwise defined shall be as defined under the Act.

15
16 **Sec. 66.32. PROGRAM REGULATIONS.**

17 ~~-(a) The Board of Supervisors~~ Director shall publish from time to time ~~adopt by ordinance~~
18 ~~those regulations and rules for the~~ Program Regulations for the ~~Program that the Board of~~
19 ~~Supervisors determines appropriate.~~ are necessary and appropriate to effectively and efficiently
20 implement the Program, as authorized by the Act and in accordance with this Chapter 66. The
21 Director shall publish such Program Regulations on the website of MOHCD and in such other public
22 places as the Director shall deem appropriate, and provide the Program Regulations to persons
23 requesting a written copy thereof. ~~Those~~ The Program ~~Regulations~~ shall address matters
24 including, but not limited to, Program and ~~f~~und administration, underwriting criteria, loan
25 processing and documentation, and loan enforcement. ~~nondiscrimination, qualification for loans, loan~~

1 ~~documentation and enforcement.~~ The Program Regulations shall also cover the use of Loan proceeds
2 for the costs of the acquisition, improvement, and/or rehabilitation of “at risk” multi-unit residential
3 buildings, as further provided herein. Such Program Regulations and any material amendments
4 thereto shall be subject to review and approval by the Loan Committee, and shall be reported to the
5 General Obligation Bond Oversight Committee at the first meeting of that committee following the
6 effective date of such Program Regulations or amendments.

7
8 **Sec. 66.43. AMOUNT AND USE OF PROGRAM FUNDS.**

9 (a) The Program and the issuance of general obligation bonds by the City to fund such
10 Program in accordance with the Act are hereby authorized. A maximum of \$350,000,000 will be
11 raised for the Program through the issuance and sale of general obligation bonds of the City for
12 deposit into the ~~f~~Fund for use in the Program and for payment of certain bond issuance costs,
13 and such general obligation bonds shall be allocated as provided below. Loans made under the
14 Program for multi-unit properties may be used for costs associated with:

15 _____ (1) the acquisition, improvement, and/or rehabilitation of “at-risk” multi-unit
16 residential buildings;

17 _____ (2) the conversion of such buildings to permanent affordable housing; and

18 _____ (3) financing the cost of needed seismic, fire, health and safety upgrades, or other major
19 rehabilitation for habitability of such structures. Notwithstanding the foregoing, proceeds of the
20 Program shall not be used to finance new construction of permanent affordable housing units, or the
21 acquisition of multi-unit residential buildings without improvement and/or rehabilitation of such
22 buildings.

23 (b) A maximum of \$150,000,000 of general obligation bonds shall be issued for the
24 purpose of originating Below Market Rate Loans under the Program in accordance with Program
25 Regulations. ~~the fund shall be made available for Below Market Rate loans under the Program for~~

1 ~~Seismic Strengthening of UMB's in which 50 percent or more of the floor area is residential and at~~
2 ~~least 70 percent of the residential units are and will continue to be affordable to and occupied by a~~
3 ~~household whose income is at or below 60 percent of median income.~~

4 (c) Of the \$150,000,000 available for Below Market Rate Loans, a maximum of
5 \$60,000,000 of such amount shall be made available ~~to originate for~~ Deferred ~~standard~~ Loans ~~or~~
6 ~~Deferred Extended Loans~~ under the Program, ~~for Seismic Strengthening of UMB's in which 60~~
7 ~~percent or more of the floor area is residential and at least 80 percent of the residential units are and~~
8 ~~will continue to be affordable to and occupied by a household whose income is at or below 40 percent~~
9 ~~of median income.~~

10 (d) A maximum of \$200,000,000 of ~~the fund~~ general obligation bonds shall be made
11 available ~~for to originate~~ Market Rate Loans, ~~for Seismic Strengthening of UMB's not qualifying for~~
12 ~~loans under Subsections 66.3(b) or 66.3(c).~~

13 (e) Fees for Services, Indemnification. To the extent permitted by law, MOHCD may
14 charge reasonable fees, including Loan origination and monitoring fees, and such other necessary fees
15 of consultants and agents retained to administer the Program. MOHCD may use Bond Proceeds to pay
16 such fees or may charge such fees to Applicants and Borrowers. MOHCD may also require Applicants
17 and Borrowers to defend and indemnify the City against future claims, liabilities, and losses related to
18 its administration of the Program as a condition precedent to making a Loan. ~~legally required for~~
19 completion of the Seismic Strengthening of or to permit occupancy of a building, up to 25 percent of the
20 proceeds of any loan funded under the Program may be spent on improvements to protect the life or
21 safety of or to provide disability access for occupants of that building.

22 (f) Combining Loans. MOHCD may issue to a particular Property any number of Below
23 Market Rate Loans, Market Rate Loans, and Deferred Loans in any combination thereof that the
24 Director deems appropriate.

1 **Sec. 66.5. LOAN PERIOD TERMS.**

2 All loans made under the Program shall be fully ~~amortized over a period of 20 years,~~
3 ~~provided that all principal and interest payments under a Deferred Standard Loan shall be repaid in a~~
4 ~~single lump sum at the end of the Deferred Standard Loan period and all principal and interest~~
5 ~~payments under a Deferred Extended Loan shall be repaid in a single lump sum at the end of the~~
6 ~~Deferred Extended Loan period~~repaid over such periods as set forth in the Program Regulations but in
7 no event for a term greater than 55 years, on such terms as the Director shall establish and deem
8 appropriate, including but not limited to, loans the principal and/or interest of which are repaid in a
9 single lump sum at the maturity of such loan. Principal and interest Loan repayments will be deposited
10 into the Fund pursuant to the terms of the Program Regulations. All payments of principal and interest
11 collected in connection with Below Market Rate Loans shall be remitted to the Controller's office to be
12 applied toward repayment of the Bonds associated with such Loans. All payments of principal, and the
13 amount of interest equal to the City Cost of Funds, collected in connection with Market Rate Loans
14 shall be remitted to the Controller's Office to be applied toward repayment of the Bonds associated
15 with such Loans. At the discretion of the Director, payments of interest in excess of the City Cost of
16 Funds collected in connection with Market Rate Loans may be deposited into the Fund.

17
18 **Sec. 66.65. PRESERVATION OF HOUSING.**

19 (a) Any Below Market Rate Loan made under the Program shall be subject to a Declaration
20 of Restrictions. The term of the Declaration of Restrictions shall be sufficient to ensure that units
21 acquired, improved, or rehabilitated remain affordable for as long as all or any portion of the
22 buildings financed with the Loan operate as multi-family residential facilities.

23 (b) Market Rate Loans made under the Program shall be subject to a Declaration of
24 Restrictions only to the extent set forth in the Program Regulations. The repayment liability for funds

1 from any Market Rate Loan used for rehabilitation of a residential building shall not be passed through
2 to tenants as a capital improvements rent increase or otherwise.

3 ~~—(a) Any loan, including a Market Rate Loan, used to finance Seismic Strengthening of a~~
4 ~~residential structure containing units rented to households specified in Section 50079.5 of the~~
5 ~~California Health and Safety Code before strengthening shall be subject to a regulatory agreement and~~
6 ~~related documents that will ensure that the number of those units in the structure will not be reduced~~
7 ~~and will remain available at affordable rents pursuant to Section 50053 of the California Health and~~
8 ~~Safety Code (1) for as long as any portion of the loan is unpaid, (2) in the case of Below Market Rate~~
9 ~~Loans other than Deferred Extended Loans, repaid in full in less than 20 years, for at least 20 years,~~
10 ~~and (3) in the case of Deferred Extended Loans, repaid in full in less than 55 years, for at least 55~~
11 ~~years.~~

12 ~~—(b) In the case of Below Market Rate Loans other than Deferred Extended Loans, the~~
13 ~~Regulatory Agreement and related documents will include provisions to assure the continued~~
14 ~~affordability and occupancy, for at least 20 years, by households as described in Section 66.3, and such~~
15 ~~other restrictions and requirements as deemed appropriate by the Board of Supervisors or the entity~~
16 ~~designated as administrator of the Program. In the case of Deferred Extended Loans, the Regulatory~~
17 ~~Agreement and related documents will include provisions to assure continued affordability and~~
18 ~~occupancy, for at least 55 years, by households as described in Section 66.3, and such other~~
19 ~~restrictions and requirements as deemed appropriate by the Board of Supervisors or the entity~~
20 ~~designated as administrator of the Program.~~

21 ~~—(c) In addition to any other restriction on the reduction of the number of residential units set~~
22 ~~forth in this Chapter, any loan made under the Program that is used to finance Seismic Strengthening~~
23 ~~shall be subject to a regulatory agreement and related documents that will ensure that the number of~~
24 ~~residential units, if any, in the structure being strengthened will not be reduced for as long as any~~
25 ~~portion of the loan is unpaid except if one of the following conditions is met at the time that the loan is~~

1 ~~made: (1) compliance with engineering requirements necessitates a reduction in the number of~~
2 ~~residential units; (2) the loss of units is required to correct substandard housing conditions as~~
3 ~~described in the Program regulations; or (3) the structure is an owner-occupied mixed-use building~~
4 ~~with four or fewer residential units.~~

5
6 **SEC. 66.7. LENDING CRITERIA.**

7 Applicants must satisfy the underwriting criteria set forth in the Program Regulations, including
8 but not limited to, appropriate loan-to-value and debt service coverage ratios, reserve requirements,
9 credit worthiness, scope of work, experience, and such other factors as the Director deems appropriate.

10
11 **SEC. 66.8. CONTRACTING REQUIREMENTS.**

12 Each Applicant must comply with all City contracting requirements, including but not limited to
13 health insurance requirements, the Local Business Enterprise and Non-Discrimination in Contracting
14 Program in Administrative Code Section 14B, and the First Source Hiring Program in Administrative
15 Code Section 83. The Director shall ensure that the Program Regulations include compliance with City
16 contracting requirements as a condition of receiving a Loan under the Program.

17
18 **SEC. 66.9. LOAN APPLICATION PROCESS.**

19 Application information and forms shall be made available by the Director and published on
20 MOHCD's website, or such other convenient location as may be determined by the Director. The
21 Application package will indicate procedures for returning a completed Application, and the expected
22 time frame for the processing thereof.

23
24 **SEC. 66.10. LOAN COMMITTEE DECISIONS.**

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1 Subject to the limited exceptions set forth in the Program Regulations, all completed
2 Applications shall be submitted to the Loan Committee for evaluation. Even if an Applicant meets all
3 of the eligibility criteria in this Chapter 66, the Loan Committee may, in its discretion, choose not to
4 approve any proposed Loan or choose to approve any Loan for less than the amount requested by the
5 Applicant.

6
7 **SEC. 66.11. LOAN DISBURSEMENTS, MONITORING.**

8 MOHCD shall be responsible for disbursing Loan proceeds and monitoring construction
9 progress. In addition, MOHCD shall work with those departments or individuals designated by the
10 Director to monitor compliance with all applicable Loan documents, this Chapter 66, and all other
11 applicable federal, state, and local laws. MOHCD shall periodically inspect the progress of
12 construction and approve disbursements of Loan proceeds.

13
14 **SEC. 66.12. LOAN SERVICING.**

15 MOHCD shall receive repayments of Loans, account for all such repayments, and provide to
16 the Director annual statements of such accounts for each outstanding Loan. MOHCD is authorized to
17 retain from time to time loan servicing agents as desirable to service Loans originated under the
18 Program, and to charge Applicants and Borrowers for the cost thereof.

19
20 **SEC. 66.13. PREVAILING WAGES.**

21 All Loans are subject to the highest general prevailing rate of wages as determined in
22 accordance with Administrative Code Section 6.22E or other applicable City laws regarding the
23 determination of prevailing wages.

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1 **SEC. 66.14. PROPERTY/LIABILITY INSURANCE.**

2 As a condition precedent to receipt of a Loan, the Borrower shall maintain or cause to be
3 maintained insurance in types, coverages, and amounts determined by the City's Risk Manager and the
4 Director. The Program Regulations shall include guidelines for such required insurance coverage,
5 which may include but shall not be limited to general liability insurance, property insurance, and
6 workers compensation coverage.

7
8 **SEC. 66.15. MONITORING FOR COMPLIANCE WITH DECLARATION OF**
9 **RESTRICTIONS AND OTHER DOCUMENTS.**

10 MOHCD or its successor shall be responsible for monitoring compliance with the Declaration
11 of Restrictions and other Loan-related documents as described in the Program Regulations. MOHCD
12 shall take such actions as are necessary to enforce provisions of such agreements. MOHCD shall also
13 establish, impose and collect a monitoring fee to effectuate the provisions of this section.

14
15 **SEC. 66.16. PROGRAM MANAGEMENT.**

16 The Director shall be responsible for management of the Program. The Controller's Office, in
17 consultation with the Director, shall be responsible for disbursing from Bond Proceeds amounts
18 needed to originate Loans. Disbursements of bond proceeds shall be made from time to time or upon
19 the close of a Loan, as determined by the Director. The Director may from time to time appoint agents
20 and consultants to assist with administration of the Program.

21
22 **SEC. 66.17. VALIDATION.**

23 Notwithstanding any other provision of law, an action may be brought under Chapter 9
24 (commencing with Section 860) of Title 10 of Part 2 of the California Code of Civil Procedure, to
25 determine the validity of any bonds issued pursuant to the Act or this Chapter 66, the validity of any

1 loans made pursuant to the Act or this Chapter, the validity of any contracts entered into pursuant to
2 the Act or this Chapter, and any related documents. If an action is commenced, the action shall be
3 brought in the Superior Court in and for the City and County of San Francisco.

4
5 Section 2. Chapter 66A of the Administrative Code, consisting of Sections 66A.1
6 through is hereby deleted as follows:

7 **~~SEC. 66A.1. PURPOSE.~~**

8 ~~The purpose of this Chapter 66A is to implement a seismic safety loan program ("Program") by~~
9 ~~describing the conditions under which the City and County of San Francisco ("City") may lend taxable~~
10 ~~general obligation bond proceeds to building owners to finance the seismic retrofit of unreinforced~~
11 ~~masonry buildings. In addition to the requirements of Administrative Code Chapter 66 and this Chapter~~
12 ~~66A, the Program shall also be subject to all federal, state and local laws applicable to the issuance of~~
13 ~~bonds related to the Program, the making of loans, specific seismic retrofit standards, and any other~~
14 ~~applicable matters.~~

15
16 **~~SEC. 66A.2. DEFINITIONS.~~**

17 ~~Unless otherwise defined below, capitalized terms used in this Chapter 66A shall have the~~
18 ~~meanings set forth in this Chapter 66A or in Administrative Code Chapter 66.~~

19 ~~(1) "Annual Debt Service" means the projected annual sum of all payments due on obligations~~
20 ~~secured by the Property, as defined below, for the 12 months following the completion of Seismic~~
21 ~~Strengthening to be financed by a Seismic Safety Loan, as defined below, including any payments which~~
22 ~~will be due on the proposed Seismic Safety Loan, but shall not include depreciation of the Property.~~

23 ~~(2) "Annual Net Operating Income" means the annual sum of all gross income estimated to be~~
24 ~~generated by the Property, as defined below, during the 12 months following the completion of Seismic~~
25 ~~Strengthening to be financed by a Seismic Safety Loan, as defined below, less the sum of all operating~~

1 ~~expenses for the Property during such period.~~

2 ~~(3) "Applicant" means an applicant for a Seismic Safety Loan, as defined below.~~

3 ~~(4) "Bolts Plus" means the retrofit standard defined in San Francisco Building Code Section~~
4 ~~1603B and permitted under San Francisco Building Code Section 1609C.2.~~

5 ~~(5) "Bond Proceeds" means the proceeds of taxable general obligation bonds to be issued by~~
6 ~~the City to finance the Program, including interest on such proceeds.~~

7 ~~(6) "Borrower" means a recipient of a Seismic Safety Loan, as defined below.~~

8 ~~(7) "Building Code" means the San Francisco Building Code, as it may be amended from time~~
9 ~~to time.~~

10 ~~(8) "Debt Service Coverage Ratio" shall be the ratio of Annual Net Operating Income on the~~
11 ~~Property, as defined below, to Annual Debt Service on the Property.~~

12 ~~(9) "General Procedure" means the retrofit standard defined in Building Code Section 1610C.~~

13 ~~(10) "Loan Committee" means the Unreinforced Masonry Building Loan Committee, as further~~
14 ~~defined in Section 66A.13.~~

15 ~~(11) "Loan to Value Ratio" means the ratio of the outstanding principal balance of all~~
16 ~~financing secured by the Property, as defined below, including the proposed Seismic Safety Loan, as~~
17 ~~defined below, to the Market Value of the Property.~~

18 ~~(12) "Market Value" of the Property, as defined below, means the value of the Property as~~
19 ~~determined by an appraiser approved by the City who possesses a State of California appraisal license,~~
20 ~~certified general, based on both historical data and projected income and value following completion~~
21 ~~of Seismic Strengthening, as defined in Administrative Code Section 66.1(j). Such appraisal shall be~~
22 ~~dated no earlier than 90 days prior to the date of application for a Seismic Safety Loan, as defined~~
23 ~~below. The Applicant shall be fully responsible for the cost of obtaining such an appraisal. The~~
24 ~~Program Administrator, as defined below, shall provide prospective Applicants with a list of~~
25 ~~preapproved appraisers. The Applicant may obtain the prior written approval of the Program~~

1 ~~Administrator in the event the Applicant wishes to utilize an appraiser other than as specified on such~~
2 ~~list.~~

3 ~~(13) "Program Administrator" means a representative of the Mayor's Office of Housing, as~~
4 ~~specified in Section 66A.25.~~

5 ~~(14) "Program Regulations" means regulations to be developed by the Program~~
6 ~~Administrator, which will address those issues specified in this Chapter 66A, in addition to any other~~
7 ~~matters deemed necessary by the Program Administrator in order to implement Chapters 66 and 66A.~~

8 ~~—— (15) "Property" means an unreinforced masonry bearing wall building ("UMB"), as defined in~~
9 ~~Administrative Code Section 66.1(k), together with the legal parcel(s) of real property on which the~~
10 ~~UMB is located.~~

11 ~~(16) "Regulatory Agreement" means an agreement to be executed by the Property owner and~~
12 ~~recorded against the Property in order to restrict subsequent use of the Property, as further described~~
13 ~~in Administrative Code Section 66.5 and in this Chapter 66A.~~

14 ~~(17) "Section 3403.6" means the retrofit standard defined in Building Code Section 3403.6.~~

15 ~~(18) "Seismic Safety Loan" means a loan made pursuant to Administrative Code Chapters 66~~
16 ~~and 66A, and includes Below Market Rate Loans, Deferred Extended Loans, Deferred Standard Loans,~~
17 ~~and Market Rate Loans, each as defined in Administrative Code Section 66.1.~~

18 ~~(19) "Special Procedure" means the retrofit standard defined in Building Code Section 1611C.~~

19
20 ~~**SEC. 66A.3. PROGRAM PERSONNEL.**~~

21 ~~In addition to the Program Administrator and Loan Committee, as further described in this~~
22 ~~Chapter 66A, the following individuals or entities shall assist in the operation of the Program. Each~~
23 ~~individual/entity shall be selected through a request for proposals process to be conducted by the UMB~~
24 ~~Program Administrator. The City shall enter into agreements to obtain the services of such individuals~~
25 ~~and/or entities according to applicable City procedures and subject to all required City approvals.~~

1 — ~~(1) Financial Consultant. The financial consultant ("Financial Consultant") shall perform~~
2 ~~the duties described in Sections 66A.12 and 66A.16, below.~~

3 — ~~(2) Loan Servicer. The Loan Servicer shall be a private lender and/or loan servicer ("Loan~~
4 ~~Servicer"). The duties of the Loan Servicer are described in Section 66A.17, below.~~

5
6 **~~SEC. 66A.4. LENDING CRITERIA.~~**

7 ~~Applicants must satisfy the criteria described in Section 66A.4(1), at a minimum, in order to be~~
8 ~~eligible for consideration for receipt of a Seismic Safety Loan. The Loan Committee may also consider~~
9 ~~those additional factors described in Section 66A.4(2) in determining whether to approve a Seismic~~
10 ~~Safety Loan. In no event will an Applicant's satisfaction of the criteria in this Section 66A.4 be deemed~~
11 ~~to guarantee approval of a Seismic Safety Loan for the Applicant.~~

12 — ~~(1) Underwriting Criteria.~~

13 — ~~(a) Below Market Rate Loans. Each Applicant for a Below Market Rate Loan must show~~
14 ~~that the Property to be rehabilitated satisfies one of the following criteria:~~

15 — ~~(i) The Loan to Value Ratio of the Property shall not exceed 95 percent, and the Property~~
16 ~~shall have a minimum Debt Service Coverage Ratio of 1.1x; or~~

17 — ~~(ii) The Loan to Value Ratio of the Property shall not exceed 90 percent, and the~~
18 ~~Property shall have a minimum Debt Service Coverage Ratio of 1.05x.~~

19 — ~~(b) Deferred Extended Loans and Deferred Standard Loans. Each Applicant for a Deferred~~
20 ~~Extended Loan or a Deferred Standard Loan must show that the Property to be rehabilitated satisfies~~
21 ~~the following criteria: The Loan to Value Ratio of the Property shall not exceed 95 percent.~~

22 — ~~(c) Market Rate Loans. Each Applicant for a Market Rate Loan must show that the~~
23 ~~Property to be rehabilitated satisfies one of the following criteria:~~

24 — ~~(i) The Loan to Value Ratio shall not exceed 95 percent, and the Property shall have a~~
25 ~~minimum Debt Service Coverage Ratio of 1.1x; or~~

1 ~~—(ii) The Loan to Value Ratio shall not exceed 90 percent, and the Property shall have a~~
2 ~~minimum Debt Service Coverage Ratio of 1.05x.~~

3 ~~—(2) Other Lending Criteria. In addition to the underwriting criteria specified in Section~~
4 ~~66A.4(1), above, the Loan Committee shall evaluate each of the following factors for each Applicant, as~~
5 ~~these factors are more fully addressed in the Program Regulations:~~

6 ~~—(a) Creditworthiness. The Loan Committee shall evaluate an Applicant's credit history and~~
7 ~~likelihood of making timely loan repayments.~~

8 ~~—(b) Net Worth. The Loan Committee shall examine an Applicant's net worth and income.~~

9 ~~—(c) Experience. The Loan Committee shall determine whether an Applicant has experience~~
10 ~~with rehabilitation projects, and whether such experience may contribute to the likelihood of timely~~
11 ~~completion of the Seismic Strengthening and repayment of the Seismic Safety Loan.~~

12 ~~—(d) Scope of Work. The Loan Committee shall assess the degree to which the proposed~~
13 ~~scope and timing of the Seismic Strengthening will address the needs of the Property and the~~
14 ~~surrounding neighborhood with regard to habitability and marketability of the Property.~~

15 ~~—(e) Additional Factors. In the event a Property does not meet the Loan to Value Ratio~~
16 ~~and/or Debt Service Coverage Ratio Requirements set forth above, the Loan Committee may consider~~
17 ~~the following factors in determining whether to approve a Seismic Safety Loan, in the following order~~
18 ~~of priority:~~

19 ~~—(i) The Applicant's ability and willingness to repay the Seismic Safety Loan, including the~~
20 ~~availability of additional real property collateral as described in Section 66A.6(2), and the availability~~
21 ~~of personal or corporate guaranties, as described in Section 66A.6(2);~~

22 ~~—(ii) The extent to which proposed rehabilitation costs may be reduced in order to permit~~
23 ~~the Applicant to qualify for a lesser Seismic Safety Loan amount; and~~

24 ~~///~~

25 ~~///~~

1 —(iii) ~~The extent to which existing lenders of financing secured by the Property have~~
2 ~~agreed to subordinate the liens of their deeds of trust or other encumbrances to the lien of the deed of~~
3 ~~trust ("Deed of Trust") in favor of the City in connection with a Seismic Safety Loan.~~

4
5 **~~SEC. 66A.5. DOCUMENTATION FOR SEISMIC SAFETY LOANS.~~**

6 —(1) ~~Each Seismic Safety Loan shall be evidenced by a loan agreement, a promissory note, a~~
7 ~~Deed of Trust, a Regulatory Agreement (where applicable), escrow instructions, and any other~~
8 ~~documents reasonably required to evidence the Seismic Safety Loan and adequately protect the City's~~
9 ~~interest in the Applicant's completion of the Seismic Strengthening and repayment of the Seismic Safety~~
10 ~~Loan. The form and content of such loan documents shall be reviewed and approved by the City~~
11 ~~Attorney's Office and the Program Administrator.~~

12 —(2) ~~As a condition to the close of any Seismic Safety Loan, the Deed of Trust and Regulatory~~
13 ~~Agreement (where applicable) shall be recorded as liens against the Property, subject only to those~~
14 ~~encumbrances approved by the City. The loan documents shall provide that a Seismic Safety Loan~~
15 ~~shall, at the City's option, be due and payable immediately upon the close of escrow of any sale or~~
16 ~~transfer of the Property. The City may permit subsequent owners of the Property or transferees of the~~
17 ~~Borrower to assume an existing Seismic Safety Loan, provided that the Property and the subsequent~~
18 ~~owners or transferees continue to meet the criteria set forth in Section 66A.4, and that any such~~
19 ~~subsequent owner or transferee expressly agrees in writing to assume all of the Borrower's obligations~~
20 ~~under the Seismic Safety Loan documents.~~

21 —(3) ~~A default under any document(s) evidencing a Seismic Safety Loan, including but not~~
22 ~~limited to a Regulatory Agreement, shall constitute a default under the loan agreement and allow the~~
23 ~~City to pursue any remedies available at law or in equity.~~

24
25 **~~SEC. 66A.6. SECURITY FOR SEISMIC SAFETY LOANS.~~**

1 ~~—(1) Deed of Trust. As security for Borrower's obligations in connection with the Seismic~~
2 ~~Safety Loan, the Borrower shall execute and deliver a deed of trust and assignment of rents ("Deed of~~
3 ~~Trust") on the Property in favor of the City. As a condition to the close of the Seismic Safety Loan, the~~
4 ~~City shall record the Deed of Trust against the Property, subject only to those liens and encumbrances~~
5 ~~approved in writing by the City.~~

6 ~~—(2) Additional Collateral. In the event an Applicant meets the other lending criteria specified~~
7 ~~in Section 66A.4(2), above, but does not meet the Loan to Value Ratio or Debt Service Coverage Ratio~~
8 ~~requirements set forth in Section 66A.4(1), above, the Loan Committee may choose to accept any of the~~
9 ~~following collateral, in addition to the Deed of Trust:~~

10 ~~—(a) Personal Guaranty. In cases where (i) the Applicant is an organization exempt from~~
11 ~~taxation under the Internal Revenue Code of the United States and the Revenue and Taxation Code of~~
12 ~~the State of California as a bona fide fraternal, charitable, benevolent, religious or other nonprofit~~
13 ~~organization; and (ii) the Property does not meet the underwriting criteria set forth in Section~~
14 ~~66A.4(1), above, then the Loan Committee may choose to accept, in addition to the Deed of Trust, a~~
15 ~~personal, corporate or other guaranty issued for the benefit of the City from an individual or entity~~
16 ~~unrelated to the Applicant ("Guaranty") to guaranty the Borrower's obligations in connection with the~~
17 ~~Seismic Safety Loan. The Guaranty shall be in form and substance satisfactory to the Loan Committee.~~
18 ~~The Loan Committee may request any information required to support the creditworthiness of the~~
19 ~~individual or party proposing to issue the Guaranty.~~

20 ~~—(b) Additional Real Property Security. The Loan Committee may accept additional real~~
21 ~~property security to be subject to a lien of a Deed of Trust. Such real property must be located within~~
22 ~~the nine-county San Francisco Bay Area. The Loan to Value Ratio of such additional real property~~
23 ~~shall not exceed 75 percent.~~

24
25 ~~**SEC. 66A.7. SUBORDINATION OF LIENS SECURING SEISMIC SAFETY LOANS.**~~

1 ~~—(1) The City shall negotiate with other existing and proposed lien holders and other holders~~
2 ~~of obligations secured by the Property in order to gain a superior position for the lien of the Deed of~~
3 ~~Trust and the Regulatory Agreement, if applicable.~~

4 ~~—(2) The City may, in its discretion, agree to subordinate the lien of the Deed of Trust to~~
5 ~~subsequent lenders providing financing for the rehabilitation of the Property, so long as the Property~~
6 ~~continues to meet the underwriting criteria set forth in Section 66A.4(1), above.~~

7
8 **~~SEC. 66A.8. PERMISSIBLE LOAN AMOUNTS.~~**

9 ~~—(1) Determination. The City's Department of Building Inspection and such other City departments as~~
10 ~~determined by the Program Administrator and the Loan Committee shall work with the Program~~
11 ~~Administrator to determine permissible cost ranges for seismic rehabilitation activities and, from that~~
12 ~~information, proposed maximum loan amounts for individual Seismic Safety Loans, based on the type~~
13 ~~of building and the work necessary to complete the Seismic Strengthening. The Program Administrator~~
14 ~~shall periodically review and, as necessary, amend these amounts during the Program.~~

15 ~~—(2) Retrofit Standards Used to Determine Permissible Amounts.~~

16 ~~—(a) Seismic Safety Loans may be used to finance the minimum level of Seismic~~
17 ~~Strengthening work required by Chapters 14 and 15 of the Building Code, subject to Subsections (b)~~
18 ~~and (c), below.~~

19 ~~—(b) In the event a Property would qualify for Bolts Plus but the Applicant elects to comply~~
20 ~~with the Special Procedure, the amount of the Seismic Safety Loan shall be calculated based upon the~~
21 ~~sum necessary to comply with the Special Procedure.~~

22 ~~—(c) In the event a Property would qualify for the General Procedure, and the Applicant~~
23 ~~demonstrates that the cost of complying with Section 104(f) would be less than or equal to the cost of~~
24 ~~complying with the General Procedure, the amount of the Seismic Safety Loan shall be calculated~~
25 ~~based upon the sum necessary to comply with Section 104(f).~~

1 ~~—(3) Proposed Loans in Excess of Permissible Amounts. The Loan Committee may, in its~~
2 ~~discretion, approve Seismic Safety Loans in excess of the amounts determined in Section 66A.8(1),~~
3 ~~above, after receiving special review and approval by the Loan Committee.~~

4
5 **~~SEC. 66A.9. ELIGIBLE USES OF LOAN PROCEEDS.~~**

6 ~~—(1) Seismic Rehabilitation Costs. The principal amount of any Seismic Safety Loan may be~~
7 ~~used to pay the following costs, provided such costs are necessary for seismic safety reasons or legally~~
8 ~~required for completion of Seismic Strengthening or occupancy of a UMB:~~

9 ~~—(a) Seismic Strengthening of UMBs;~~

10 ~~—(b) Soft costs directly associated with the Seismic Strengthening, including but not limited~~
11 ~~to architectural fees, engineering fees, development of tenant protection plans, loan packaging fees,~~
12 ~~permit fees and escrow and closing fees and costs;~~

13 ~~—(c) Replacement and/or restoration of finishes disturbed during performance of the Seismic~~
14 ~~Strengthening to their condition existing as of the date of commencement of the Seismic Strengthening;~~

15 ~~—(d) Remediation or reduction of toxic materials disturbed during Seismic Strengthening in~~
16 ~~accordance with applicable federal, State or local laws; and~~

17 ~~—(e) Residential tenant relocation costs, as required by applicable laws.~~

18 ~~—(2) Life/Safety Code Compliance and Disability Access. Up to 25 percent of the seismic~~
19 ~~construction hard costs portion of any Seismic Safety Loan may be used, to the extent legally required~~
20 ~~for completion of the Seismic Strengthening of or to permit occupancy of a Property, to pay costs of~~
21 ~~improvements to the Property to protect the life or safety of or to provide legally required disability~~
22 ~~access for occupants of the Property. In the event the Loan Committee determines that greater than 25~~
23 ~~percent of the amount of a Seismic Safety Loan is generally requested to complete the work described~~
24 ~~in this Section 66A.9(2), the Loan Committee may recommend to the Board of Supervisors that this~~
25 ~~Section be amended to increase the 25 percent cap.~~

1 **~~SEC. 66A.10. BIDDING REQUIREMENTS; MINORITY/WOMEN BUSINESS~~**

2 **~~ENTERPRISES.~~**

3 ~~—(1) Prior to applying for a Seismic Safety Loan, each Applicant shall obtain a minimum of~~
4 ~~three qualified bids for performance of the work to be financed by a Seismic Safety Loan. All three bids~~
5 ~~must be included with an application. At least one of those bids shall be from a contractor and/or~~
6 ~~engineer, whichever type of professional with whom the Applicant intends to enter into a contract for~~
7 ~~performance of Seismic Strengthening, which has been certified by the City's Human Rights~~
8 ~~Commission, pursuant to Administrative Code Section 12D.A.6(B)(1), as an MBE or WBE as defined in~~
9 ~~Administrative Code Section 12D.A. In cases where a Borrower wishes to enter into a negotiated bid~~
10 ~~with a contractor, the Borrower must demonstrate to the Program Administrator that a good faith~~
11 ~~effort was made to notify MBE and WBE contractors of the work to be performed. The Program~~
12 ~~Administrator shall make available to Applicants a list of certified MBEs and WBEs from which such~~
13 ~~bids may be solicited. In no event shall the Applicant be required to pay any bid preparation fee to the~~
14 ~~MBE or WBE.~~

15 ~~—(2) It is the goal of the Board of Supervisors that 25 percent of all Seismic Safety Loan~~
16 ~~proceeds disbursed in the Program be paid by Borrowers to contractors who are MBEs and/or WBEs.~~

17
18 **~~SEC. 66A.11. LOAN APPLICATION PROCESS.~~**

19 ~~—Loan application information and forms may be obtained from the Program Administrator, or~~
20 ~~such other location or individual as may be determined by the Program Administrator. The application~~
21 ~~package will indicate procedures for returning completed applications.~~

22
23 **~~SEC. 66A.12. INITIAL REVIEW OF LOAN APPLICATIONS BY FINANCIAL~~**
24 **~~CONSULTANT.~~**

25 ///

1 ~~—Applicants shall submit completed applications to the Program Administrator for an initial~~
2 ~~review of consistency with program requirements. The Program Administrator shall then take one of~~
3 ~~the following actions:~~

4 ~~—(1) Return any incomplete or insufficient loan application to the Applicant, together with a~~
5 ~~brief explanation of any additional information needed to complete the application; or~~

6 ~~—(2) Transmit the complete loan application to the Financial Consultant for review. The~~
7 ~~Financial Consultant would then (a) assess the application to make sure that it meets the minimum~~
8 ~~criteria set forth in Sections 66A.4, and (b) develop a summary of the loan package that will aid the~~
9 ~~review and discussion of the application by the Loan Committee and (c) recommend approval or~~
10 ~~disapproval of the loan, and provide the basis for such recommendation. The Program Administrator~~
11 ~~shall provide copies of the Financial Consultant's recommendation to the Applicant at least five days~~
12 ~~prior to consideration of the application by the Loan Committee.~~

13
14 ~~**SEC. 66A.13. UNREINFORCED MASONRY BUILDING LOAN COMMITTEE.**~~

15 ~~—(1) Members. The Loan Committee shall consist of the following members as appointed by~~
16 ~~the Director of the Mayor's Office of Housing, each of whom shall be voting members:~~

17 ~~—(a) The Program Administrator or his/her designee;~~

18 ~~—(b) A financial expert or mortgage broker;~~

19 ~~—(c) A real estate appraiser or other commercial real estate expert;~~

20 ~~—(d) A finance expert, with experience in affordable housing development, from the Mayor's~~
21 ~~Office of Housing or the successor to that office, or if no such office exists, from a City department with~~
22 ~~experience in housing development and finance; and~~

23 ~~—(e) An engineering cost estimator.~~

24 ~~—(2) Quorum. Three members of the Loan Committee shall constitute a quorum for the~~
25 ~~purposes of accomplishing the duties set forth in Subsection (3) below. A simple majority vote of three~~

1 *members shall be necessary to approve any loan application or take any other action. All decisions of*
2 *the Loan Committee shall be final.*

3 ~~—(3) Meetings. The Loan Committee shall meet on a monthly basis at a time and place~~
4 ~~determined by the Loan Committee. The Program Administrator may cancel the required monthly~~
5 ~~meeting if no applications have been submitted for approval since the previous monthly meeting. All~~
6 ~~meetings shall be noticed in accordance with applicable State and local law.~~

7 ~~—(4) Duties. The Loan Committee shall perform the following duties:~~

8 ~~—(a) The Loan Committee shall meet on a monthly basis at times and places specified by the~~
9 ~~Loan Committee, and determine whether to approve or disapprove a loan application. In the case of~~
10 ~~disapproval, the Loan Committee may indicate the reasons for such disapproval, and the Applicant~~
11 ~~may choose to reapply in accordance with the requirements of this Chapter 66A.~~

12
13 ~~**SEC. 66A.14. LOAN COMMITTEE DECISIONS.**~~

14 ~~—Even if an Applicant meets all of the eligibility criteria in this Chapter 66A, the Loan~~
15 ~~Committee may, in its discretion, choose not to approve any proposed Seismic Safety Loan or to~~
16 ~~approve any Seismic Safety Loan for less than the amount requested by the Applicant.~~

17
18 ~~**SEC. 66A.15. CLOSE OF SEISMIC SAFETY LOAN.**~~

19 ~~—The Program Regulations shall contain procedures for the close of each Seismic Safety Loan,~~
20 ~~including required title insurance and endorsements for the benefit of the City.~~

21
22 ~~**SEC. 66A.16. LOAN DISBURSEMENTS AND MONITORING DUTIES OF FINANCIAL**~~
23 ~~**CONSULTANT.**~~

24 ~~—(1) In addition to the duties described in Section 66A.12, above, the Financial Consultant~~
25 ~~shall be responsible for recommending disbursement of Seismic Safety Loan proceeds and monitoring~~

1 *construction progress. In addition, the Financial Consultant shall work with those departments or*
2 *individuals designated by the Program Administrator to monitor compliance with all applicable loan*
3 *documents, Administrative Code Chapters 66 and 66A, and all other applicable State and local laws,*
4 *except as provided in Section 66A.23, below. The Financial Consultant shall recommend disbursements*
5 *of loan proceeds to the Borrower in accordance with disbursement procedures specified in the*
6 *Program Regulations. Such guidelines shall, at a minimum, require the Financial Consultant or his/her*
7 *agent to periodically inspect the progress of Seismic Strengthening and to recommend disbursements of*
8 *loan proceeds based on the level of completion.*

9 ~~—(2) Financial Consultant Fees. The City may pay required fees to the Financial Consultant from the~~
10 ~~Bond Proceeds.~~

11
12 **~~SEC. 66A.17. LOAN SERVICING.~~**

13 ~~—(1) Duties of Loan Servicer. The Loan Servicer shall receive repayments of Seismic Safety~~
14 ~~Loans, account for all such repayments, and provide to the Program Administrator monthly statements~~
15 ~~of such accounts for each outstanding Seismic Safety Loan.~~

16 ~~—(2) Loan Servicing Fees. The City may pay required fees to the Loan Servicer from the Bond~~
17 ~~Proceeds.~~

18
19 **~~SEC. 66A.18. BASE WAGES.~~**

20 ~~—Except in cases where prevailing wages are paid pursuant to Section 66A.19, all individuals~~
21 ~~performing work financed in whole or part by a Seismic Safety Loan shall be paid not less than \$10.00~~
22 ~~per hour, excluding overhead and benefits.~~

23
24 **~~SEC. 66A.19. PREVAILING WAGES.~~**

25 ~~///~~

1 ~~—In cases where the amount of Seismic Safety loan exceeds \$750,000, all individuals~~
2 ~~performing such work shall be paid not less than the highest general prevailing rate of wages as~~
3 ~~determined in accordance with Administrative Code Section 6.22E or other applicable City laws~~
4 ~~regarding the determination of prevailing wages.~~

5
6 **~~SEC. 66A.20. PROPERTY/LIABILITY INSURANCE.~~**

7 ~~—As a condition precedent to receipt of a Seismic Safety Loan, the Borrower shall maintain or~~
8 ~~cause to be maintained insurance in types and amounts determined by the City's Risk Manager and the~~
9 ~~Program Administrator. The Program Regulations shall include guidelines for such required insurance~~
10 ~~coverage, which may include but shall not be limited to general liability insurance, property insurance,~~
11 ~~and workers compensation coverage.~~

12
13 **~~SEC. 66A.21. HEALTH INSURANCE.~~**

14 ~~Subject to the rules set forth in the Program Regulations, except in cases where prevailing~~
15 ~~wages are paid pursuant to Section 66A.19, construction contractors eligible to bid on work financed in~~
16 ~~whole or part by a Seismic Safety Loan should obtain health insurance for their employees. Guidelines~~
17 ~~regarding the cost and type of health coverage required by this Section shall be specified in the~~
18 ~~Program Regulations. The cost for such coverage shall be borne solely by the contractor.~~

19
20 **~~SEC. 66A.22. ECONOMICALLY DISADVANTAGED HIRE REQUIREMENT.~~**

21 ~~—(1) According to a program to be more fully described in the Program Regulations, in cases~~
22 ~~where the total principal amount of a Seismic Safety Loan is equal to or greater than \$200,000,~~
23 ~~borrowers shall require that their contractors performing work financed in whole or part by a Seismic~~
24 ~~Safety Loan hire economically disadvantaged individuals to comprise no less than 25 percent of each~~
25 ~~contractor's total construction work force, measured in labor hours. For purposes of this Section~~

1 ~~66A.22, an "economically disadvantaged individual" means an individual who earns no more than 50~~
2 ~~percent of median income for the San Francisco Metropolitan Statistical Area, as determined by the~~
3 ~~United States Department of Housing and Urban Development from time to time. The Program~~
4 ~~Administrator will consult with a citywide consortium of tax-exempt nonprofit community-based~~
5 ~~employment agencies designated in the Program Regulations, to refer and place these economically~~
6 ~~disadvantaged persons. Should a Seismic Safety Loan Program project be located in a community not~~
7 ~~represented in the consortium, the Program Administrator will consult with community-based~~
8 ~~employment agencies that serve the neighborhoods in which Seismic Safety Loan Program financed~~
9 ~~projects are located.~~

10 ~~—(2) In cases where the total principal amount of a Seismic Safety Loan is less than \$200,00,~~
11 ~~it shall be a goal that 25 percent of the contractor's new hires be economically disadvantaged~~
12 ~~individuals, as defined above.~~

13 ~~—(3) Fees for Services. The City may use Bond Proceeds to pay reasonable fees for services~~
14 ~~provided by placement agencies pursuant to this Section.~~

15
16 ~~**SEC. 66A.23. MONITORING FOR COMPLIANCE WITH REGULATORY**~~
17 ~~**AGREEMENTS.**~~

18 ~~—The Mayor's Office of Housing or its successor shall be responsible for monitoring~~
19 ~~compliance with Regulatory Agreements.~~

20
21 ~~**SEC. 66A.24. PROGRAM REGULATIONS.**~~

22 ~~—The Program Administrator shall develop Program Regulations to address the issues~~
23 ~~specified in this Chapter 66A and such other matters as deemed necessary by the Program~~
24 ~~Administrator for efficient administration of the Program. Such Program Regulations shall be subject~~
25 ~~to review and approval by the Director of the Mayor's Office of Housing and the City Attorney's Office.~~

1
2 **~~SEC. 66A.25. PROGRAM MANAGEMENT.~~**

3 ~~—The Director of the Mayor's Office of Housing shall be responsible for management of the~~
4 ~~Program in accordance with these requirements. The City's Controller's Office upon the direction of~~
5 ~~the Program Administrator shall be responsible for disbursing from Bond Proceeds the monies needed~~
6 ~~in connection with any Seismic Safety Loan. The Program Administrator shall direct disbursements in~~
7 ~~consultation with the Financial Consultant. Disbursements shall be made from time to time or upon the~~
8 ~~close of a Seismic Safety Loan, as determined by the Controller. The Director of the Mayor's Office of~~
9 ~~Housing shall appoint an individual to serve as the Program Administrator, who will be responsible for~~
10 ~~the day-to-day management of the Program.~~

11 **~~SEC. 66A.26. AFFIRMATIVE ACTION.~~**

12 ~~—The City's affirmative action goals, as described in Administrative Code Section 12B.4, shall~~
13 ~~apply to contractors performing Seismic Strengthening under contracts with Borrowers under this~~
14 ~~Program. Compliance with those goals shall be monitored by the Director of the Mayor's Office of~~
15 ~~Housing and the Program Administrator, as specified in Administrative Code Section 66A.25.~~

16
17 Section 3. Effective Date. This ordinance shall become effective 30 days after
18 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
19 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
20 of Supervisors overrides the Mayor's veto of the ordinance.

21 ///

22 ///

23 ///

24 ///

25 ///

1 Section 4. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
2 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
3 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
4 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
5 additions, and Board amendment deletions in accordance with the “Note” that appears under
6 the official title of the ordinance.

7

8 APPROVED AS TO FORM:
9 DENNIS J. HERRERA, City Attorney

10

11 By: _____
12 MARK D. BLAKE
13 Deputy City Attorney
14 n:\legana\as2018\1600706\01312433.docx

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