

1 [To appropriate \$1,500,000 of funding from the General Fund Reserve to the Mayor’s Office of
2 Community Development to fund the Real Ownership Opportunities for Tenants program.]

3 **To appropriate \$1,500,000 of funding from the General Fund Reserve to the Mayor’s**
4 **Office of Community Development to fund the Real Ownership Opportunities for**
5 **Tenants project for Fiscal Year 2005-2006; and to establish criteria for the creation of**
6 **the Real Ownership Opportunities for Tenants project.**

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

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10 Section 1. The sources of funding outlined below are herein appropriated to reflect the
11 funding available for Fiscal Year 2005-2006.

12 **SOURCES APPROPRIATION**

Fund	Index Code	Subobject	Amount
1G AGF AAA – GF – Non Project – Controlled	*CON1GAGFAAA	097GR General Reserve	\$1,500,000
Total SOURCES Appropriation			<u>\$1,500,000</u>

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19 Section 2. The uses of funding outlined below are herein appropriated and reflect the uses of
20 funding to support the Real Ownership Opportunities for Tenants program in the Mayor’s
21 Office of Community Development for Fiscal Year 2005-2006.
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24 **USES APPROPRIATION of VARIOUS SUBOBJECTS**
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Fund	Index Code	Subject	Amount
1G AGF ACP – GF – Continuing Projects	TBD	Various	\$1,500,000
Project	Project Title		
TBD	Affordable Permanent Cooperative Housing		
	Total USES Appropriation		<u>\$1,500,000</u>

Section 3. The Controller shall not disburse any of the funds appropriated through this ordinance and the City shall not expend such funds until the Controller has certified that the Mayor's Office of Community Development (MOCD), or its successor, or the Board of Supervisors has created the Real Ownership Opportunities for Tenants or equivalent program which shall include all of the following components:

(a) Provide a program designed to give grants only to 501(c)(3) non-profit organizations specifically chartered to provide permanent affordable housing. The types of organizations eligible for grants shall be clearly defined by MOCD or by ordinance by the Board of Supervisors and may either be a Resident Association or an outside organization working with residents.

(b) The program must provide that all projects funded with funds from this Supplemental Appropriation ("Funds") meet the following criteria to be outlined in a program manual established by MOCD or in an ordinance approved by the Board of Supervisors:

(1) Tenants benefiting from the grant must be households making no more than 80 percent of the Area Median Income;

(2) All housing purchases supported through the funds shall be purchased under a formula that restricts the price for 99 years with resale restrictions enforced by recorded deed restrictions and a ground lease with a validly formed Community Land Trust that gives the

1 Community Land Trust the right of first refusal to purchase the unit. Upon resale, a new 99-
2 year ground lease would be executed with the new buyer, thereby maintaining the affordability
3 in perpetuity. The resale price may not be greater than the sum of the initial purchase price
4 plus 25% of the appreciation multiplied by the ratio of the initial purchase price divided by
5 appraised value at the time of initial purchase

6 (3) Eligible projects must split the ownership of the land (which would be held by a
7 non-profit entity chartered to provide affordable housing) and the building with its
8 improvements (held by a residents association).

9 (4) Eligible projects must demonstrate that tenants representing a majority (60%) of
10 the units in a building must sign "Intent to Purchase" forms to begin the process. Applicants
11 must demonstrate how their cooperative is structured to provide a democratic decision making
12 process.

13 (5) This fund is intended to fund the creation of permanently affordable cooperatives
14 as defined by applicable local, state and federal laws. All buildings converted from rental to
15 cooperative housing are still subject to state and local condominium laws and restrictions.

16 (6) Tenants who do not wish to become cooperative owners must be allowed to rent
17 from the cooperative at the price as they did pre-conversion using a lifetime lease.

18 (7) Once sold, units must be owner-occupied, with certain exceptions made for up
19 to 12 months in any 3 year period. Subletting to roommates is allowable, but rent charged
20 can be no higher than the prorated costs to the owner.

21 (8) Proposals in that would prevent displacement of existing tenants from eviction
22 will be given priority in the selection process.

23 (c) After the Controller has authorized the disbursement of the Funds to MOCD,
24 MOCD shall thereafter make an annual report to the Budget and Finance Committee on its
25 expenditure of the Funds.

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FUNDS APPROPRIATED

APPROVED AS TO FORM:

EDWARD M. HARRINGTON

DENNIS J. HERRERA, City Attorney

Controller

By: _____

By: _____

Deputy City Attorney