

BOARD of SUPERVISORS



City Hall
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MEMORANDUM

TO: Eric D. Shaw, Director, MOHCD

FROM: Victor Young, Assistant Clerk

A handwritten signature in cursive script that reads "Victor Young".

DATE: December 3, 2021

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Rules Committee received the following proposed legislation:

File No. 211232

Ordinance amending the Administrative Code to create the Housing Innovation Program to develop, finance, and support certain additional housing opportunities for low-income and moderate-income residents, including loans and technical assistance for certain low-income and moderate-income property owners to construct accessory dwelling units or other new units on their property, loans for certain low-income and moderate-income tenants who are at risk of displacement and licensed childcare providers, and grants for organizations to create marketing and educational materials about wealth-building and homeownership for residents who have been historically disadvantaged and to develop creative construction design prototypes for low-income and moderate-income residents.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: victor.young@sfgov.org.

- c. Lydia Ely, MOHCD
- Brian Cheu, MOHCD
- Maria Benjamin, MOHCD

1 [Administrative Code - Housing Innovation Program]

2

3 **Ordinance amending the Administrative Code to create the Housing Innovation**
 4 **Program to develop, finance, and support certain additional housing opportunities for**
 5 **low-income and moderate-income residents, including loans and technical assistance**
 6 **for certain low-income and moderate-income property owners to construct accessory**
 7 **dwelling units or other new units on their property, loans for certain low-income and**
 8 **moderate-income tenants who are at risk of displacement and licensed childcare**
 9 **providers, and grants for organizations to create marketing and educational materials**
 10 **about wealth-building and homeownership for residents who have been historically**
 11 **disadvantaged and to develop creative construction design prototypes for low-income**
 12 **and moderate-income residents.**

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

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

19

20 Section 1. The Administrative Code is hereby amended by adding Chapter 85,
 21 consisting of Sections 85.1 through 85.6, to read as follows:

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1 “Area Median Income” means the median income of a household for the County of San
2 Francisco, adjusted for household size, as annually published by the California Department of Housing
3 and Community Development under California Code of Regulations Title 25 Section 6932 and pursuant
4 to the authority granted under California Health and Safety Code Section 50093, as it may be amended
5 from time to time.

6 “Board” means the Board of Supervisors.

7 “City” means the City and County of San Francisco.

8 “Family Child Care Program” means a State-licensed childcare program provided by a Family
9 Child Care Provider in accordance with all applicable laws, regulations, and other requirements.

10 “Family Child Care Provider” means a State-licensed child care provider as defined in
11 California Health and Safety Code Section 1596.791, as it may be amended from time to time.

12 “Low-Income and Moderate Income” has the same meaning as “Persons and families of low or
13 moderate income” as set forth in California Health and Safety Code Section 50093, as it may be
14 amended from time to time.

15 “MOHCD” means the Mayor’s Office of Housing and Community Development, or any
16 successor agency, department, or office.

17 “New Unit(s)” means one or more new Accessory Dwelling Units or other units constructed in
18 accordance with the Program on the real property in San Francisco owned by the Property Owner.

19 “Partner Organization” means an organization with the experience and capacity to administer
20 the Program.

21 “Program” means the Housing Innovation Program authorized by this Chapter 85.

22 “Property Owner” means the owner of a single-family property in San Francisco.

23 “Residence” means the real property in San Francisco owned and occupied by the Property
24 Owner and for which the Property Owner is applying for assistance under the Program.

25 “State” means the State of California.

1
2 **SEC. 85.3. HOUSING INNOVATION PROGRAM.**

3 **(a) Establishment.** *There is hereby created a Housing Innovation Program for the City to*
4 *be administered by MOHCD.*

5 **(b) Purpose.** *The purpose of the Program is to develop additional housing opportunities*
6 *that complement the existing housing opportunities and resources offered through programs*
7 *administered by MOHCD, including, but not limited to (1) promoting homeownership and housing*
8 *preservation, especially for communities that are at high risk of displacement and have been*
9 *historically denied equal access to capital; (2) financing the construction of additional housing units*
10 *that support Low-Income and Moderate-Income homeowners with multi-generational living and/or the*
11 *ability to age in place; and (3) exploring creative prototypes for housing and financing options for*
12 *Low-Income and Moderate-Income residents.*

13 **(c) Duties.** *To administer the Program, MOHCD shall:*

14 **(1) Provide grants to organizations, including a Partner Organization, of up to 10%**
15 *of each disbursement of Program funds for the following purposes:*

16 **(A) to establish marketing and educational materials about wealth-building and**
17 *homeownership, with the goal of promoting racial equity and increasing participation in the Program*
18 *by current and displaced San Francisco residents who have been historically disadvantaged by*
19 *government and private actions; and*

20 **(B) to provide professional development, capacity building, and training for staff**
21 *to implement the purposes of the Program;*

22 **(C) to develop creative construction design prototypes that could be pre-**
23 *approved for simplified permitting and financing options for Low-Income and Moderate-Income*
24 *residents, especially to add additional dwelling units to single family homes;*

25 *///*

1 (2) Provide loans and technical assistance for Low-Income and Moderate-Income
2 Property Owners to construct the New Unit(s), with the goal of supporting multi-generational living
3 and/or aging in place, provided that the following conditions shall apply to these loans:

4 (A) the value of the Residence shall not be considered when assessing the
5 Property Owner's eligibility for a loan;

6 (B) as long as the borrower is not in default: (i) repayment shall be deferred for
7 a five-year term, (ii) the loan shall not accrue interest prior to the maturity date, and (iii) the loan shall
8 be repaid in full on the maturity date;

9 (C) if the New Unit(s) is sold, separately or in conjunction with the sale of the
10 Residence, prior to the end of the five-year loan term, the loan shall either be (i) assumed by the new
11 owner of the New Unit(s), if the new owner meets all other loan eligibility requirements, for the
12 remainder of the five-year loan term, or (ii) repaid in full with interest immediately upon the sale of the
13 New Unit(s);

14 (D) the Property Owner shall enter into a regulatory agreement with the City
15 subjecting the New Unit(s) to Administrative Code Chapter 37 (Residential Rent Stabilization and
16 Arbitration Ordinance), as it may be amended from time to time; and

17 (E) MOHCD shall require any other loan terms it deems necessary;

18 (3) Provide down payment assistance loans for:

19 (A) the acquisition of units by Low-Income and Moderate-Income tenants who:
20 (i) are at risk of displacement from their rental unit due to the anticipated sale of their tenancy-in-
21 common building, and (ii) desire to purchase their rental unit;

22 (B) the acquisition of single-family homes, condominiums, and residential units
23 by Low-Income and Moderate-Income tenants who: (i) are at risk of displacement due to sale or
24 conversion of the single-family home, condominium, or residential unit that they are currently renting,
25 and (ii) desire to purchase that single-family home, condominium, or residential unit; and

1 (C) Family Child Care Providers who desire to purchase a residence to operate
2 a Family Child Care Program; and

3 (4) Provide loans to Low-Income and Moderate-Income tenants in existing rental
4 housing cooperatives that are converting to Limited Equity Housing Cooperatives, as defined in
5 Subdivision Code Section 1399.3, as it may be amended from time to time, who wish to purchase a
6 share in the Limited Equity Housing Cooperative, with the goal of reducing tenant displacement and
7 supporting homeownership.

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9 **SEC. 85.4. ADMINISTRATION OF PROGRAM.**

10 (a) MOHCD may administer the Program through one or more Partner Organizations,
11 subject to this Chapter 85 and any rules or regulations adopted by MOHCD. If MOHCD administers
12 the Program through one or more Partner Organizations, MOHCD shall comply with Administrative
13 Code Chapter 21 and Chapter 21G, as applicable, and give preference to Partner Organizations that
14 demonstrate successful prior experience working with initiatives similar to the Program in historically
15 disadvantaged communities in San Francisco.

16 (b) The Program shall be funded through the General Fund, subject to the City's annual
17 appropriations ordinance. MOHCD shall establish an account for \$10 million appropriated to
18 MOHCD under Ordinance No. 108-21 for the creation of additional affordable housing opportunities
19 and innovation. MOHCD, and the Partner Organizations if applicable, shall administer the Program in
20 a manner that can leverage any applicable external funding, including but not limited to funding
21 administered by the State, federal government, private foundations, or lenders.

22 (c) MOHCD may adopt rules or regulations to administer the Program consistent with this
23 Chapter 85, provided that MOHCD shall not require any Partner Organization, as a condition of
24 assistance, to use a Citywide housing portal for any units constructed or assisted under the Program
25 for the purpose of registration, marketing, or leasing.

1 (d) MOHCD shall annually report to the Board of Supervisors regarding the
2 implementation and results of the Program.

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4 **SEC. 85.5. UNDERTAKING FOR THE GENERAL WELFARE.**

5 In enacting and implementing this Chapter 85, the City is assuming an undertaking only to
6 promote the general welfare. It is not assuming, nor is it imposing on its officers and employees, an
7 obligation or duty for breach of which it is liable in money damages or any other relief to any person
8 who claims that such a breach proximately caused injury or damages, including but not limited to any
9 claims by landlords, tenants, or property owners affected by assistance offered under the Program.

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11 **SEC. 85.6. SEVERABILITY.**

12 If any section, subsection, sentence, clause, phrase, or word of this Chapter 85, or any
13 application thereof to any person or circumstance, is held to be invalid or unconstitutional by a
14 decision of a court of competent jurisdiction, such decision shall not affect the validity of the remaining
15 portions or applications of this Chapter. The Board hereby declares that it would have enacted this
16 Chapter and every section, subsection, sentence, clause, phrase, and word not declared invalid or
17 unconstitutional without regard to whether any other portion of this Chapter or application thereof
18 would be subsequently declared invalid or unconstitutional.

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1 Section 2. Effective Date. This ordinance shall become effective 30 days after
2 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
3 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
4 of Supervisors overrides the Mayor's veto of the ordinance.

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7 APPROVED AS TO FORM:
8 DAVID CHIU, City Attorney

9 By: /s/
10 JESSICA ALFARO-CASSELLA
11 Deputy City Attorney

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LEGISLATIVE DIGEST

[Administrative Code - Housing Innovation Program]

Ordinance amending the Administrative Code to create the Housing Innovation Program to develop, finance, and support certain additional housing opportunities for low-income and moderate-income residents, including loans and technical assistance for certain low-income and moderate-income property owners to construct accessory dwelling units or other new units on their property, loans for certain low-income and moderate-income tenants who are at risk of displacement and licensed childcare providers, and grants for organizations to create marketing and educational materials about wealth-building and homeownership for residents who have been historically disadvantaged and to develop creative construction design prototypes for low-income and moderate-income residents.

Existing Law

The City and County of San Francisco (the “City”) provides an array of rental housing and homeownership programs. The Mayor’s Office of Housing and Community Development (“MOHCD”) currently administers certain loan and grant programs for the construction, acquisition, and preservation of affordable housing units, such as homeownership programs that provide income-eligible residents with grants or loans to purchase or rehabilitate single-family homes. There is currently no legal requirement that the City create a program for innovative housing solutions to complement the City’s existing housing programs.

Amendments to Current Law

This ordinance would create a new Housing Innovation Program, administered by MOHCD, to complement the existing housing financing programs currently administered by MOHCD by:

- Providing grants to organizations to create marketing and educational materials about wealth-building and homeownership and to increase participation in the Housing Innovation Program, with the goal of increasing housing preservation and participation in homeownership by current and displaced San Francisco residents who have been historically disadvantaged by government and private actions and at high risk of displacement, and to develop creative construction design prototypes that could be pre-approved for simplified permitting and financing options for low-income and moderate-income residents;
- Providing loans and technical assistance for low-income and moderate-income property owners to construct accessory dwelling units or other new units on their property, with the goal of supporting multi-generational living and/or aging in place;

FILE NO. 211232

- Providing down payment assistance loans to low-income and moderate-income tenants for the acquisition of a residence by licensed childcare providers or certain at-risk tenants; and
- Providing loans to low-income and moderate-income tenants in rental housing cooperatives that are converting to limited equity housing cooperatives who wish to purchase a share in the limited equity housing cooperative.

MOHCD would be authorized to administer the Housing Innovation Program through one or more qualified organizations.

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Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor inquiries"
- 5. City Attorney Request.
- 6. Call File No. from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Subject:

The text is listed:

Ordinance amending the Administrative Code to create the Housing Innovation Program to develop, finance, and support certain additional housing opportunities for low-income and moderate-income residents, including loans and technical assistance for certain low-income and moderate-income property owners to construct accessory dwelling units or other new units on their property, loans for certain low-income and moderate-income tenants who are at risk of displacement and licensed childcare providers, and grants for organizations to create marketing and educational materials about wealth-building and homeownership for residents who have been historically disadvantaged and to develop creative construction design prototypes for low-income and moderate-income residents.

Signature of Sponsoring Supervisor: