

[Mortgage Credit Certificates]

Resolution authorizing an application to the California Debt Limit Allocation Committee to permit the issuance of Mortgage Credit Certificates.

WHEREAS, There is a shortage in the City and County of San Francisco (the "City") of decent, safe and sanitary housing, particularly of housing afforded by persons in the lower end of the purchasing spectrum, and a consequent need to facilitate the financing of home purchases by such persons and otherwise to increase the supply of housing in the City for such persons; and

WHEREAS, The City has, by Ordinance 245-81, adopted by the Board of Supervisors on May 11, 1981, declared its intent to engage in a home finance program pursuant to Part 5 of Division 31 of the Health and Safety Code of the State of California, and to issue bonds pursuant to said Division in furtherance of the home finance program; and

WHEREAS, The Congress of the United States by the Tax Reform Act of 1984 provided for the issuance of Mortgage Credit Certificates ("Certificates") by local government agencies as an alternative to the issuance of mortgage revenue bonds to assist low and moderate income first time homebuyers; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986 (the "Code") limits the amount of qualified mortgage bonds and Certificates that may be issued in any calendar year by entities within a state and authorizes the legislature of such state to provide the method of allocating authority to issue qualified mortgage bonds and Certificates within such state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the Government Code of the State of California governs the allocation in the State of California of the state ceiling established by

Section 146 of the Code among governmental units in the State having the authority to issue Certificates; and

WHEREAS, The California Debt Limit Allocation Committee (“CDLAC”) has announced the availability of a special allocation of Certificates through the Extra Credit Home Purchase Program for the purpose of assisting public school teachers, principals and credentialed staff who are employed in low-performing schools to become first time homebuyers; and

WHEREAS, Section 8869.85 of the Government Code requires a local agency to file an application for a portion of the ceiling with or upon the direction of CDLAC prior to the issuance of Certificates; and

WHEREAS, CDLAC procedures require an applicant for a portion of the state ceiling to certify to CDLAC that the applicant has on deposit an amount equal to 0.5% (one-half of one percent) of the allocation request not to exceed one hundred thousand dollars (\$100,000); and

WHEREAS, The Board of Supervisors has since 1993 authorized the Director of the Mayor’s Office of Housing (the “Director”) by Resolutions 742-93, 53-95, 585-95, 96-96, 1085-97, 976-98, 1009-99, and 565-00 to submit previous applications for allocations of Certificates for the City’s Mortgage Credit Certificate Program (the “MCC Program”), which applications were approved by CDLAC for a total of \$117,336,187 from 1993 to 2002; and

WHEREAS, On October 23, 2000, by Resolution No. 930-00, File No. 001815, the Board of Supervisors authorize the Director to enter into a Memorandum of Understanding (“MOU”) with the San Francisco Unified School District for the purpose of implementing a special allocation of state ceiling mortgage credit certificates to be issued for the Extra Credit Teacher Home Purchase Program (the “Program”); and

WHEREAS, The terms of the MOU, continues to be in effect for the duration of the Program, or amend, or supercede in order to more administer or implement any part of the MOU effectively; and

WHEREAS, The Mayor's Office of Housing finds a need to secure an additional allocation of Certificates to assist low and moderate income public school teachers, principals, and credential staff employed in low performing schools to become first time homebuyers in San Francisco; now, therefore, be it

RESOLVED, That the Board of Supervisors of the City hereby authorizes the Director, on behalf of the City, to submit an application (the "Application"), and such other documents as may be required, to CDLAC pursuant to Government Code Section 8869.85 for a portion of the state ceiling for private activity bonds and Certificates in an amount not to exceed ten million dollars (\$10,000,000) for Certificates; and, be it

FURTHER RESOLVED, That an amount equal to fifty thousand dollars (\$50,000) is hereby authorized to be held on deposit in connection with the Application and the applicable CDLAC procedures, and the Director is authorized to certify to CDLAC that such funds are available; which deposit shall consist of a restriction on cash in the Home Ownership Assistance Loan Fund established pursuant to Section 10.100-108 of the San Francisco Administrative Code (the "Fund"); and, be it

FURTHER RESOLVED, That if the City receives an allocation and the issuance requirements applicable to Certificates are not met, a cost outlay depleting the Fund in an amount not to exceed fifty thousand dollars (\$50,000) is hereby authorized if required by the State of California; and, be it

FURTHER RESOLVED, That the officers and employees of the City and the Director are hereby authorized and directed, jointly and severally, to do any and all things necessary or advisable in order to consummate the receipt of an allocation and the issuance of Certificates and otherwise effectuate the purposes of this resolution, and all actions previously taken by such officers and employees in connection with the establishment of the Program and

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issuance of the Certificates, including the submission of the application to CDLAC, are hereby ratified and approved; and, be it

FURTHER RESOLVED, That this Resolution shall take effect from and after its adoption by the Board and approval by the Mayor.