

1 [Establishing an Alternative Affordable Housing and Home Ownership Bond Program.]

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3 **Ordinance amending the San Francisco Administrative Code by adding a new Article**
4 **IIIA, consisting of Sections 43.3A.1 through 43.3A.11 to establish an alternative**
5 **affordable housing and home ownership bond program.**

6 Note: Additions are *single-underline italics Times New Roman*;
7 deletions are *strikethrough italics Times New Roman*.
8 Board amendment additions are double underlined.
9 Board amendment deletions are ~~strikethrough normal~~.

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

10 Section 1. The San Francisco Administrative Code is hereby amended by adding a
11 new Article IIIA, consisting of Sections 43.3A.1 through 43.3A.7, to read as follows:

12 **Section 43.3A.1 Purpose.**

13 *The cost of housing in the City and County of San Francisco (the "City") continues to be among*
14 *the highest in the nation. The City is authorized to issue mortgage revenue bonds in accordance with*
15 *Section 9.107(3) of the City Charter. The purpose of this Article IIIA is to create a fund for the purpose*
16 *of financing the acquisition of housing in the City by creating a new affordable housing and home*
17 *ownership bond program pursuant to which the City may loan mortgage revenue bond proceeds to*
18 *individuals of low and moderate income who are first-time homebuyers for payment of down-payment*
19 *on and to defray certain closing costs associated with the purchase of a single family residence within*
20 *the geographic boundaries of the City, as further described in this Article IIIA.*

21 **Section 43.3A.2 Additional Authority.**

22 *This Article IIIA shall be deemed to provide a complete, additional, and alternative method for*
23 *doing the things authorized thereby, and shall be regarded as supplemental and additional to the*
24 *powers conferred by other laws. This issuance of bonds under the provisions of this Article need not*
25 *comply with the requirements of any other law applicable to the issuance of bonds.*

1 The purposes authorized hereby may be effectuated and bonds may be issued for any purposes
2 under this Article IIIA notwithstanding that any other law may provide for the issuance of bonds for
3 like purposes and without regard to the requirements, restrictions, limitations or other provisions
4 contained in any other law.

5 **Section 43.3A.3 Definitions.** As used in this Article IIIA, the following terms shall have the
6 following meanings:

7 "Annual net income" shall mean net income as defined in CCR Title 25, Section 6916, as
8 amended from time to time.

9 "Bond Fund" shall mean the segregated account or accounts in to which the proceeds from the
10 sale of Program Bonds, interest earnings on those deposited proceeds, Revenues and other amounts
11 received by the City in furtherance of the Program are deposited.

12 "Bond Proceeds" shall mean the proceeds, net of issuance costs, paid to the City from the sale
13 of the Program Bonds.

14 "Eligible Household" shall mean a household whose combined annual gross income for all
15 members does not exceed 120 percent of the area median income for the San Francisco Metropolitan
16 Statistical Area, as calculated by the United States Department of Housing and Urban Development
17 (HUD) adjusted for household size in accordance with adjustment factors adopted by HUD and none of
18 whose members has at any time previously owned a Housing unit, regardless of the location within or
19 outside of the City of the previously owned Housing unit.

20 "Household" shall mean any person or persons who reside or intend to reside in the same
21 housing unit.

22 "Housing unit" or "unit" shall mean a dwelling unit as defined in San Francisco Housing Code
23 Section 401.

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1 "Owner occupied unit" shall mean a unit that is a condominium, stock cooperative, community
2 apartment, or detached single-family home the owner or owners of which occupy as their primary
3 residence.

4 "Owner" shall mean the record owner of the fee or a vendee in possession.

5 "Program" shall mean the first time homebuyers downpayment and purchase assistance
6 program created by this Article IIIA.

7 "Program Bonds" shall mean the revenue bonds authorized to be sold by the City under this
8 Article IIIA.

9 "Program Fund" shall mean the First Time Homebuyers Downpayment and Purchase
10 Assistance Program Fund created by this Article IIIA.

11 "Program Loan" shall mean a loan of Bond Proceeds or other available funds under the
12 Program made by the City to the Owner of an Owner occupied unit.

13 "Program Loan Agreement" shall mean an agreement setting forth, inter alia, the terms and
14 conditions under which a Program Loan is made and is to be repaid.

15 "Purchased Unit" shall mean a unit purchased by a person who receives a Program Loan.

16 "Revenues" shall mean amounts received by the City as (i) payments of principal, interest and
17 all other charges with respect to a loan authorized by this Article, other than payments that are
18 reimbursements to the City for payments made by the City to third persons, such as brokers or
19 attorneys, as payments under a Program Loan Agreement, (ii) proceeds from mortgage, hazard or
20 other insurance on or with respect to a Program Loan (or property securing a Program Loan), or (iii)
21 investment earnings on moneys deposited in any Bond Fund, and any other legally available moneys as
22 the Board of Supervisors may, in its discretion, lawfully designate as revenues.

23 **Section 43.3A.4 Issuance and Repayment of Mortgage Revenue Bonds.**

24 The City is hereby authorized to take all steps necessary to and to issue Program Bonds in an
25 amount not to exceed, in the aggregate, one hundred million dollars (\$100,000,000). The Program

1 Bonds may be issued in more than one issuance. The Program Bonds shall not have a maturity
2 exceeding thirty (30) years.

3 Any issue of Program Bonds shall be a limited obligation of the City that is payable only from
4 all or any specified part of the Revenues and Bond Proceeds. Revenues and Bond Proceeds shall be the
5 sole source of repayment of Program Bonds.

6 Program Bonds shall not be deemed to and shall not constitute a debt or liability of the City or
7 a pledge of the faith and credit of the City. The issuance of Program Bonds shall not directly,
8 indirectly, or contingently obligate the City to levy or pledge any form of taxation or to make any
9 appropriation for their repayment. All Program Bonds shall contain on the face thereof a statement to
10 the following effect: "Neither the faith and credit nor the taxing power of the City and County of San
11 Francisco is pledged to the payment of the principal of or premium or interest on this bond."

12 **Section 43.3A.5 Creation of Program Fund.** There is hereby created the First Time
13 Homebuyers Downpayment and Purchase Assistance Program Fund ("Program Fund"). All Bond
14 Proceeds shall be deposited into the Program Fund. The Program Fund shall be a segregated fund of
15 the City and shall be separately accounted for. All costs of administration of the Program Fund shall
16 be paid out of Bond Proceeds or Revenues unless the Board of Supervisors elects to appropriate some
17 or all of the administrative costs of the Program Fund. It is the policy of the people of the City and
18 County of San Francisco that the Board of Supervisors shall take all actions necessary to appropriate
19 the funds necessary for the payment of the administrative costs of the Program Funds that exceed
20 Revenues to avoid any need to have Bond Proceeds be used for administrative costs. It is the policy of
21 the people of the City and County of San Francisco that the Mayor should use the staff of the Mayor's
22 Office of Housing to administer the Program Fund and the Program in a manner that will minimize
23 administrative costs of the Program.

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1 **Section 43.3A.6 Use of Bond Proceeds.**

2 Following payment of cost of issuance, Bond Proceeds shall be used solely for the following
3 costs and purposes.

4 (i) Making Program Loans;

5 (ii) Payment of all legally permissible administrative costs related to the Program, provided
6 that such payment shall not exceed one half percent (0.5%) of Bond Proceeds; and

7 (iii) Repayment of the Bonds;

8 **Section 43.3A.7 Program Loan Eligibility.**

9 Program Loans may be made solely to the following persons for the following purposes and
10 subject to the following conditions:

11 (i) the Program Loan shall be made solely to Eligible Households in connection with their
12 purchase of a unit located within the City that they intend to and promptly after the
13 closing of the purchase of the unit (allowing a reasonable time for any necessary or
14 desirable repair or renovation), do occupy as an Owner Occupied Unit;

15 (ii) the Program Loan shall be made jointly and severally to all persons of legal capacity in
16 an Eligible Household who are Owners of a Purchased Unit;

17 (iii) the proceeds of the Program Loan shall be used solely for payment of closing costs and
18 all or part of the down-payment for a Purchased Unit;

19 (iv) the Program Loan shall not exceed the greater of: (i) fifty thousand dollars (\$50,000);
20 or (ii) five percent (5.0%) of the purchase price of the Purchased Unit plus bona fide
21 closing costs;

22 (v) repayment of the Program Loan shall be in approximately equal installments made
23 monthly commencing on the first day of the month immediately following the month of
24 disbursement of the Program Loan, and continuing for not more than three hundred
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1 sixty (360) months, subject to the additional limitations and requirements set forth
2 herein;

3 (vi) full repayment of all amounts owing under the Program Loan shall be due upon sale of
4 the unit purchased in part with the proceeds of the Program Loan;

5 (vii) repayment of the Program Loan shall be secured by a second deed of trust on the
6 Purchased Unit, for the benefit of the City, which deed of trust shall require repayment
7 of the Program Loan in full prior to reconveyance unless the borrower is in default
8 under the first deed of trust and the lienholder under the first deed of trust has exercised
9 its rights to foreclose or take a deed in lieu of foreclosure.

10 **Section 43.3A.8 Mayor's Office of Housing.**

11 The Mayor's Office of Housing or its successor, or other agency or department as determined
12 by the Mayor, will be responsible for the administration of the Program, subject to any legislation and
13 rules and regulations described in this Article IIIA.

14 **Section 43.3A.9 Regulations.**

15 i. The Mayor's Office of Housing or its successor, or other agency or department as determined
16 by the Mayor shall prepare regulations consistent with the provisions herein for the Program.

17 **Section 43.3A.10 Reports to the Board of Supervisors.**

18 The Mayor's Office of Housing will provide an annual report to the Board of Supervisors on the
19 status of the program, the number of families being served by the program and the annual cost of
20 servicing the loans.

21 **Section 43.3A.11 Miscellaneous.** If any provision of this Ordinance or its application to any
22 person, housing project or to any geographical area of the City, is held invalid, the remainder of this
23 Ordinance, or the application of such provision to other persons, housing projects or to any other
24 geographical areas of the City, shall not be affected thereby.

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1 APPROVED AS TO FORM:
2 DENNIS J. HERRERA, City Attorney

3 By: _____
4 Theresa Alvarez Hackett
5 Deputy City Attorney
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