

1 [Administrative Code - Forgivable Loan for First-Time Homebuyers Fund and Program]

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3 **Ordinance amending the Administrative Code to establish the Forgivable Loan for**
4 **First-Time Homebuyers Program and the Forgivable Loan for First-Time Homebuyers**
5 **Fund to assist low-, moderate-, and middle-income first-time homebuyers, or persons**
6 **who have parents or legal guardians who have defaulted on a home loan, who would**
7 **otherwise not be able to purchase a primary residence in San Francisco; and to require**
8 **the Human Rights Commission, in consultation with the Mayor’s Office of Housing and**
9 **Community Development, to establish policies and procedures to issue and possibly**
10 **forgive loans from the Fund, and to provide oversight, monitoring, and forgiveness of**
11 **such loans.**

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

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

20 Section 1. The Administrative Code is hereby amended by adding Chapter 110,
21 consisting of Sections 110.1 through 110.8, to read as follows:

22 **CHAPTER 110: FORGIVABLE LOAN FOR FIRST-TIME HOMEBUYERS**

23 **SEC. 110.1. FINDINGS.**

24 **(a) The economic and social disparities associated with homeownership access and housing**
25 **instability in San Francisco are well-established and well-documented, as reflected in the Planning**

1 Department’s General Plan demographic data on persons experiencing homelessness, rent burdens,
2 evictions, and exposure to environmental pollutants, and low homeownership rates.

3 (b) The history of disparate access to homeownership in San Francisco generally mirrors
4 that of the United States. Discriminatory practices of limiting access to wealth accumulation through
5 home purchasing have greatly contributed to wealth gaps. These practices were sustained primarily
6 through residential redlining and restrictive covenants.

7 (c) Residential redlining refers to the discriminatory real estate practices of public and
8 private institutions that identified non-white communities as financially high-risk areas of investment,
9 leading to the withholding of financial services necessary to acquire real estate in communities of
10 color. Racially restrictive covenants were included in property deeds to restrict the racial composition
11 of potential homebuyers. These practices were pervasive and longstanding in San Francisco as well as
12 other areas of the country.

13 (d) The Planning Department’s 2023 General Plan, in Objective 2.B, identifies access to
14 homeownership for communities that have been harmed through targeted economic disruption,
15 displacement, and manufactured barriers to accumulating intergenerational wealth.

16 (e) This ordinance intends to provide down payment assistance to communities that have
17 been harmed through targeted economic disruption, displacement, and manufactured barriers to
18 accumulating intergenerational wealth so that San Francisco can address multigenerational inequities
19 in access to homeownership and to narrow and ultimately close homeownership wealth gaps.

20 **SEC. 110.2. DEFINITIONS.**

21 For purposes of this Chapter 110, the following terms shall have the following meanings:

22 “Borrower” means a recipient of a Loan.

23 “Eligible Person” means a person who HRC has determined in accordance with Administrative
24 Code Section 110.4 to be a low-, moderate-, or middle-income first-time homebuyer who would not be
25 able to purchase a primary residence in San Francisco without loan assistance from the City.

1 “Fund” means the Forgivable Loan for First-Time Homebuyers Fund administered by HRC
2 under Administrative Code Chapter 10, Article XIII, Section 10.100-13.

3 “Household” means all persons occupying a housing unit. The occupants may be a family
4 living together; two or more families living together; or any other group of related or unrelated
5 persons living together.

6 “HRC” means the Human Rights Commission.

7 “HRC Director” means the Director of the Human Rights Commission, or the HRC Director’s
8 designee.

9 “Loan” means a loan of funds made under the Program, including the modification,
10 refinancing, or restructuring of such loan.

11 “MOHCD” means the Mayor’s Office of Housing and Community Development, or any
12 successor agency.

13 “MOHCD Director” means the Director of the Mayor’s Office of Housing and
14 Community Development, or the MOHCD Director’s designee.

15 “Primary Residence” means a residential dwelling where Household members on the Loan and
16 title live at least 10 out of 12 months of each calendar year for the entire term of the loan.

17 “Program” means the Forgivable Loan for First-Time Homebuyers Program established in
18 Administrative Code Section 110.3.

19 “Program Regulations” means policies, procedures, rules, guidelines, manuals, or forms
20 published by HRC, in consultation with MOHCD, to implement the Program as described in
21 Administrative Code Section 110.5(b).

22 “Property” means an owner-occupied, single-family residential property in San Francisco
23 financed by a Loan made under the Program and used to secure a Loan and obligations under the
24 Program.

25 “SFHA” means the Housing Authority of the City and County of San Francisco.

1 **SEC. 110.3. ESTABLISHMENT OF THE PROGRAM.**

2 *There is hereby created the Forgivable Loan for First-Time Homebuyers Program. The*
3 *purpose of the Program is to widen the path to homeownership for communities that have been harmed*
4 *through targeted economic disruption, displacement, and manufactured barriers to accumulating*
5 *intergenerational wealth. Subject to the budgetary and fiscal provisions of the Charter, ~~T~~the*
6 *Program shall provide down payment assistance, in the form of a forgivable loan, to qualified first-time*
7 *homebuyers, to purchase a market-rate Primary Residence in San Francisco.*

8 **SEC. 110.4. ELIGIBILITY.**

9 *(a) Income Eligibility. A Borrower’s maximum household income may not exceed 200% of*
10 *the area median income for the San Francisco metropolitan area as published annually by the U.S.*
11 *Department of Housing and Urban Development (HUD), adjusted for Household size.*

12 *(b) Selection Priorities.*

13 *Eligible Persons who meet one of the following criteria shall have priority for a Loan under the*
14 *Program.*

15 *(1) Eligible Persons holding a Certificate of Preference (COP): To qualify for this*
16 *priority, the Eligible Person: (A) must hold a ‘Residential Certificate of Preference’ as defined in the*
17 *Certificate of Preference (COP) Program rules and was displaced in Western Addition, South of*
18 *Market (SOMA), or Bayview Hunters Point by the former San Francisco Redevelopment Agency, or (B)*
19 *must be a descendant of a Household that held a ‘Residential Certificate of Preference’ as defined in*
20 *the Certificate of Preference (COP) Program rules and was displaced in Western Addition, South of*
21 *Market (SOMA), or Bayview Hunters Point by the former San Francisco Redevelopment Agency.*

22 *(2) Tenants enrolled in the SFHA’s Section 8 Voucher Program: To qualify for*
23 *this priority, the Eligible Person must be a current or former recipient of the Section 8 Housing Choice*
24 *Voucher Program of the SFHA.*

1 (3) **Families with a Right to Return (regular and expanded):** To qualify for this
2 priority, the Eligible Person must be a current or former public housing resident relocated by the
3 SFHA due to the Rental Assistance Demonstration (RAD) program or a current or former member of
4 HOPE SF sites, as defined in Chapter 39, Section 39.4(b) of the Administrative Code.

5 (A) Acceptable documentation to verify residence in public housing under
6 this priority includes, but is not limited to, any one of the following:

7 (i) Letter from SFHA verifying residency;

8 (ii) SFHA Lease;

9 (iii) San Francisco City identification under Section 95.2 of the
10 Administrative Code, or other government-issued identification, including but not limited to a driver's
11 license;

12 (iv) Telephone bill (landline only);

13 (v) Cable or internet bill;

14 (vi) Paystub (if containing home address);

15 (vii) Public benefits records, including but not limited to Social
16 Security Income/State Supplementary Payment (SSI/SSP), General Assistance (GA), Unemployment
17 Insurance, CalFresh);

18 (viii) School records;

19 (B) All documents must list the Eligible Person's name and a home address
20 within Alice Griffith, Hunters View, Potrero Terrace and Annex, or Sunnydale-Velasco public housing
21 sites.

22 (4) **Rent burdened households:** To qualify for this priority, the Eligible Person must
23 be a member of a household paying more than 50% of the household's income in rent.

24 (5) **Seniors:** To qualify for this priority, the Eligible Person must be a person 55
25 years old or older and a current or former resident of Western Addition, South of Market (SOMA) or

1 Bayview Hunters Point. Acceptable documentation to verify current or former residence in Western
2 Addition, SOMA or Bayview Hunters Point shall include any one of the documents listed in subsection
3 (b)(3)(A). All documents must list the Eligible Person's name and a home address within Western
4 Addition, SOMA, or Bayview Hunters Point.

5 (c) In determining eligibility under subsections (a) and (b), HRC may require applicants to
6 provide information and/or documentation that it deems relevant to the determination.

7 (d) All five selection priorities listed in subsection (b) shall be treated as equal in relation to
8 each other. HRC shall create a system that establishes relative priorities that either treats each
9 priority as equal and/or gives relative priority to Borrowers who meet more than one priority criteria
10 listed in subsection (b). HRC shall publish such system in the Program Regulations.

11 **SEC. 110.5. PROGRAM IMPLEMENTATION AND MANAGEMENT; REGULATIONS.**

12 (a) Program Management. The HRC Director shall be responsible for implementation of
13 this Chapter 110 and for the operation and management of the Program, and shall consult with
14 MOHCD regarding those responsibilities. The HRC Director may delegate to MOHCD
15 functions and responsibilities set forth in this Chapter 110, including but not limited to, the
16 establishment of Program Regulations described in subsection (b), the administration of loans
17 described in Section 110.7, and annual reporting described in the Administrative Code
18 Chapter 10, Article XIII, Section 10.100-13(d), and MOHCD may agree to assume such
19 functions and responsibilities. Any delegation pursuant to this subsection (a) shall be
20 memorialized in a memorandum of understanding between the HRC Director and the MOHCD
21 Director. The memorandum of understanding shall identify the scope and extent of the
22 delegation and shall state the degree to which, if at all, MOHCD shall consult with HRC as to
23 matters that have been delegated to MOHCD.

24 (b) Program Regulations. In implementing this Program, ~~the~~ The HRC Director, in
25 consultation with MOHCD, shall establish from time to time Program Regulations for the

1 administration of the Program, consistent with applicable law and this Chapter 110. The HRC
2 Director shall publish all Program Regulations on HRC's website and in such additional places, if any,
3 as the HRC Director deems appropriate, and shall provide copies or electronic links on request. By
4 way of illustration but not limitation, the Program Regulations may address Program and Fund
5 administration, eligibility requirements, application processes, approval of lenders, compliance with
6 applicable laws and regulations, requirements for loan forgiveness, appraisal of Properties,
7 affordability restrictions, eligible uses of Funds, underwriting criteria, security of loans, transaction
8 processing, documentation and record keeping of loans and repayment thereof, enforcement,
9 procedures for loan agreement violations, and termination of loans.

10 **SEC. 110.6. LOAN TERMS.**

11 (a) **Loan Terms and Repayment; Loan Forgiveness.** The HRC Director shall prepare
12 Loan documents consistent with the Program Regulations. So long as the applicable Property
13 continues to be used as a Borrower's Primary Residence and no default arises under the Loan
14 documents, the Loan documents may allow the following loan terms:

- 15 (1) Loan repayment term of up to 10 years;
- 16 (2) Deferment of some or all payments during the term without financial penalty;
- 17 (3) Loans are not required to accrue interest;
- 18 (4) Shared appreciation loans are prohibited;
- 19 (5) Loans shall be due upon sale, rental, or title transfer of the Property;
- 20 (6) If the Property is sold before the end of the term of the Loan, the Borrower will
21 be liable only for the remaining amount on the Loan based on years in, without interest; and
- 22 (7) The Borrower may be eligible for forgiveness of a Loan after 10 years if all
23 requirements set forth in the Program Regulations are met, provided that the amount of loan
24 forgiveness does not exceed the principal amount of the Loan made to the Borrower under the
25 Program.

1 **(b) Security for Loans.** *The HRC Director shall require Loans made under this Chapter*
2 *110 to be secured by a deed of trust and other security instruments for the benefit of the City consistent*
3 *with Program Regulations. The HRC Director may record and subordinate deeds of trust and other*
4 *security instruments as needed or appropriate.*

5 **(c) Compliance with Transaction Documents and Applicable Laws.** *HRC shall work with*
6 *MOHCD, the Controller, Assessor-Recorder, and other City agencies as appropriate to monitor*
7 *compliance with all Loan agreements, Program Regulations, and applicable laws.*

8 **SEC. 110.7. ADMINISTRATION OF LOANS.**

9 **(a) Agreements.** *HRC shall prepare standard form Loan agreements and any related*
10 *security instruments, which will be subject to negotiation as deemed appropriate by the HRC Director.*

11 **(b) Funding Disbursement.** *HRC shall be responsible for approving the disbursement of*
12 *Loans and monitoring the performance of Borrowers under this Chapter 110 and enforcing the*
13 *applicable agreements. HRC shall establish commercially reasonable protocols to oversee the use and*
14 *expenditure of Loans.*

15 **(c) Loan Servicing.** *HRC shall collect revenues due and owing under Loans, maintain*
16 *records of all such revenues, and maintain annual statements of such accounts. Loan repayments shall*
17 *be deposited into the Forgivable Loan for First-Time Homebuyers Fund established in the*
18 *Administrative Code Chapter 10, Article XIII, Section 10.100-13, in accordance with Program*
19 *Regulations.*

20 **(d) Fees for Services.** *HRC may charge reasonable fees, including Loan origination and*
21 *monitoring fees, and such other necessary fees to administer the Program. HRC shall include a*
22 *statement of the fees in the Program Regulations.*

23 **(e) Refinance and Loan Workouts.** *The HRC Director is authorized to refinance,*
24 *restructure, modify, or extend the term of any Loan and any related agreements, only to the extent*
25 *consistent with Section 110.6.*

1 **(f) Monitoring and Enforcement.**

2 (1) HRC may take such actions as may be reasonably necessary to enforce Loan
3 requirements and collect on any security, including the foreclosure of any deeds of trust, possession of
4 rents and other revenues, or the demand and collection under any guaranty or other security
5 instrument.

6 (2) HRC may also take action to protect its security or its interest in a Property,
7 including curing a default under a senior loan or acquiring Property at a tax sale, foreclosure, through
8 a deed in lieu of foreclosure, or through a judicial process. The HRC Director may, following
9 consultation with the MOHCD Director and the City Attorney, accept a deed or other security or
10 interest in Property as part of any remedy related to a default under the Loan.

11 **SEC. 110.8. SEVERABILITY.**

12 If any section, subsection, sentence, clause, phrase, or word of this Chapter 110, 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 the chapter. The Board of Supervisors hereby declares that it would have
16 passed this chapter and each and every section, subsection, sentence, clause, phrase, and word not
17 declared invalid or unconstitutional without regard to whether any other portion of this chapter or
18 application thereof would be subsequently declared invalid or unconstitutional.

19
20 Section 2. Article XIII of Chapter 10 of the Administrative Code is hereby amended by
21 adding Section 10.100-13 to read as follows:

22
23 **SEC. 10.100-13. FORGIVABLE LOAN FOR FIRST-TIME HOMEBUYERS FUND.**

24 (a) Establishment of Fund. The Forgivable Loan for First-Time Homebuyers Fund (the
25 “Fund”) is established as a category 8 fund to receive any monies appropriated or donated for the

1 purpose of providing financial assistance to eligible low-, moderate-, and middle-income first-time
2 homebuyers in the purchase of owner-occupied homes in San Francisco.

3 (b) Use of Fund. The Fund shall be used exclusively for the purpose of funding the forgivable
4 loan program established and described in Chapter 110 of the Administrative Code (the “Program”).

5 (c) Administration of Fund. The Human Rights Commission (“HRC”) shall administer the
6 Fund.

7 (d) Annual Reporting Requirement. By July 31, 2024, and by July 1 every year thereafter, the
8 HRC Director, in consultation with MOHCD, shall submit to the Board of Supervisors an annual
9 written report providing details of program implementation, including, but not limited to, the current
10 status of the Fund, the amounts approved for disbursement and loan forgiveness, the number of loans
11 made and forgiven, and the demographics of Borrowers.

12

13 Section 3. Effective and Operative Dates.

14 (a) This ordinance shall become effective 30 days after enactment. Enactment occurs
15 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not
16 sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the
17 Mayor’s veto of the ordinance.

18 (b) This ordinance shall become operative 30 days after its effective date, which is
19 stated in subsection (a).

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21 APPROVED AS TO FORM:
22 DAVID CHIU, City Attorney

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24 By: /s/
SARAH L. FABIAN
Deputy City Attorney

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