

LEGISLATIVE DIGEST

[Administrative Code - Housing Preservation Program and Affordable Housing Production and Preservation Fund]

Ordinance amending the Administrative Code to establish the Housing Preservation Program and amend the Affordable Housing Production and Preservation Fund to finance the acquisition of multifamily residential properties for the purpose of preserving such properties as permanent affordable housing; requiring borrowers under the Program to comply with certain procedures prior to eviction; authorizing the Mayor’s Office of Housing and Community Development (“MOHCD”) to establish policies and procedures to issue loans and/or grants from the Fund; and requiring MOHCD to provide oversight and monitoring of such properties and reports to the Board of Supervisors.

Existing Law

The Affordable Housing Production and Preservation Fund (the “Fund”) is currently established under Administrative Code 10.100-11 to receive monies appropriated from excess Education Revenue Augmentation Fund revenues received by the City and County of San Francisco (the “City”) in FY2019-2020. The Fund is administered by the Mayor’s Office of Housing and Community Development (“MOHCD”) to provide funding for the production of new affordable housing (60% of the Fund) or the acquisition and preservation of existing housing to make such housing permanently affordable (40% of the Fund).

The City, acting through MOHCD, administers a loan program for nonprofit organizations to acquire and preserve multifamily residential buildings and convert such buildings into permanent affordable housing, known as the “Small Sites Program.” The loan terms under the Small Sites Program must comply with Administrative Code Chapter 120, but there are currently no legal requirements for the Small Sites Program.

Amendments to Current Law

This proposed ordinance would amend Administrative Code 10.100-11 to expand the type of monies received by the Fund, change the uses of the Fund, and change the allocation of the Fund for allowable uses. The Fund would receive monies appropriated from the City’s general fund, grants from federal or state agencies, and any other funds intended for the acquisition and preservation of existing housing as permanently affordable housing. Commencing after June 30, 2024, the Fund may be used for project-based operating and/or rent subsidies to owners of rent-restricted affordable housing acquired and preserved under funding from MOHCD, but may no longer be used for production of new affordable housing. In addition, 80% of the Fund must be used for the acquisition and preservation of existing housing, and 20% of the Fund must be used for project-based operating and/or rent subsidies.

This proposed ordinance would further amend the Administrative Code to add Chapter 120A to create a "Housing Preservation Program" (the "Program"). MOHCD would administer the Program to provide long-term loans to nonprofit organizations (or affiliated subsidiary organizations) for acquiring, operating, maintaining, and/or improving existing multi-family residential buildings as permanent affordable housing, as well as grants for rental or operating subsidies (the "Program"). MOHCD's Small Sites Program would be governed by this ordinance. MOHCD would administer the Fund or other funds accepted by the City for the acquisition and preservation of housing under the Program. Administrative Code Chapter 120 would continue to govern the loan terms under the Program. Nonprofit organizations that receive a loan and/or grant under the Program must comply with the following: (1) if a nonprofit organization acquires a residential building subject to rent control under Administrative Code Chapter 37, the nonprofit organization must allow low-income tenants occupying a unit who demonstrate a financial hardship to remain regulated under Chapter 37; (2) nonprofit organizations must prioritize new tenants with a household income of the tenants prior to acquisition of a residential building if financially feasible; and (3) nonprofit organizations must not evict a tenant without good cause and must provide tenants with resources on eviction prevention and an opportunity to correct any default under a lease. MOHCD may develop rules and/regulations for the Program and is required to provide an annual report to the Board of Supervisors.

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