

1 [Administrative Code Revision, Chapter 35]  
2 AMENDING PART I OF THE SAN FRANCISCO MUNICIPAL CODE (ADMINISTRATIVE  
3 CODE), BY REPEALING CHAPTER 35 (HOME-OWNERSHIP ASSISTANCE PROGRAM) IN  
4 ITS ENTIRETY

5

6 Note: Additions are underlined; deletions are in ((double parentheses)).

7

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

9

10 Section 1. The San Francisco Administrative Code is hereby amended by repealing  
11 Chapter 35, Sections 35.1 through 35.73, in its entirety.

12

13 ((**SEC. 35.1. PURPOSE.** This Chapter provides for the establishment, administration,  
14 and financing of the home-ownership assistance program of the City and County of San  
15 Francisco. The Board of Supervisors finds and declares that it is of vital importance to San  
16 Francisco to increase owner-occupancy of housing units among low-income persons and the  
17 elderly, and that the following public purposes will be served by this home-ownership  
18 program:

19 (a) It will promote home-ownership opportunities for persons who might otherwise  
20 be denied such opportunities due to insufficient funds to make a down payment on housing.

21 (b) It will decrease long-term housing costs for low income and elderly persons.

22 (c) It will increase owner-occupancy of residential buildings.

23 (d) It will improve the quality of living conditions in the City and County by  
24 encouraging property and neighborhood maintenance.

25

1 (e) It will assist in maintaining and improving the existing diversity of San  
2 Francisco's neighborhoods.

3 The methods to be used in carrying out the purposes of this program consist of down  
4 payment assistance loans, emergency loan supplements, home-ownership counseling  
5 services, and publicity on the nature and benefits of the program.

6 The Board of Supervisors recognizes the innovative nature of the program, and  
7 acknowledges the difficulties associated with its initial implementation. In this regard, the  
8 Board declares that this is a pilot program which shall be instituted on a trial basis in a  
9 specially designated program area.))

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11 **((SEC. 35.2. REFERENCE TO PUBLIC OFFICIALS AND PUBLIC AGENCIES.**

12 Unless otherwise indicated, all public officials and public agencies named in this Chapter are  
13 officials and agencies of the City and County.))

14  
15 **((SEC. 35.3. DEFINITIONS. (a) "Director of Property" means the head of the Real**

16 Estate Department and his or her designee.

17 (b) "Program" means the home-ownership assistance program established in this  
18 Chapter.

19 (c) "Program loan" means either a down payment assistance loan or an emergency  
20 loan supplement.

21 (d) "Residential property" means a living unit which is to be the residence of the  
22 holder of a program loan. The residence may be a single family dwelling or a condominium  
23 unit, a community apartment, or a stock cooperative as follows:

1 (1) A community apartment is an estate in real property consisting of an undivided  
2 interest in common in a parcel of real property and the improvements thereon coupled with  
3 the right of exclusive occupancy of any apartment located therein.

4 (2) A condominium is an estate in real property consisting of an undivided interest in  
5 common in a portion of a parcel of real property together with a separate interest in space in a  
6 residential building on the real property.

7 (3) Stock cooperative is a corporation which is formed or availed of primarily for the  
8 purpose of holding title to improved real property if all or substantially all of the shareholders  
9 of such corporation receive a right of exclusive occupancy in a portion of the real property, title  
10 to which is held by the corporation, which right of occupancy is transferable only concurrently  
11 with the transfer of the shares of stock in the corporation held by the person having the right of  
12 occupancy.))

13  
14 ((**SEC. 35.4. SEVERABILITY.** If any provision of this Chapter, or the application  
15 thereof to any person or circumstances, is held invalid, the validity of the remainder of the  
16 chapter and the applicability of such provision to other persons and circumstances shall not  
17 be affected thereby.))

18  
19 ((**SEC. 35.10. ELIGIBILITY EVALUATION.** There shall be two levels of evaluation for  
20 eligibility for financial assistance under the program:

21 (a) The preliminary evaluation which shall establish whether an applicant is eligible  
22 for preliminary involvement in the program, such as pre-loan social services and home-  
23 ownership counseling, receipt of information regarding available residential property, and  
24 receipt of information regarding sources of mortgage financing; and  
25

1 (b) The final evaluation which shall result in approval or disapproval of the  
2 application for a down payment assistance loan.))

3  
4 ((SEC. 35.11. ELIGIBILITY FOR PRELIMINARY INVOLVEMENT. To be eligible for  
5 preliminary involvement in the program, an applicant should satisfy the following  
6 requirements:

7 (a) Be a resident in the program area as defined in Section 35.12 for at least one  
8 year;

9 (b) Be either an individual who is part of an elderly household or a low-income  
10 household as these terms are defined in Sections 35.13, 35.14 and 35.15;

11 (c) Establish proof of steady income as defined in Section 35.16 for the previous  
12 year; and

13 (d) Agree to participate in the counseling element of the program.))

14  
15 ((SEC. 35.12. "PROGRAM AREA." For the purposes of this chapter, "program area"  
16 means the geographical area known as the Haight-Ashbury neighborhood, which is the area  
17 generally bounded by Fulton Street, Baker Street, Buena Vista Avenue West, Upper Terrace,  
18 Seventeenth Street, and Stanyan Street. Program area shall also mean any additional area  
19 designated for participation in this program in an ordinance appropriating funds for the  
20 program.))

21  
22 ((SEC. 35.13. "HOUSEHOLD." For the purposes of this Chapter, either of the  
23 following groups of persons living together in a single-living unit constitutes a "household":

24 (a) One person, or two or more persons related by blood, marriage, adoption or by  
25 legal guardianship, and not more than three boarders; or

1 (b) A group of not more than five persons unrelated by blood, marriage, adoption or  
2 by legal guardianship.))

3  
4 ((SEC. 35.14. "ELDERLY HOUSEHOLD." For the purposes of this Chapter, an  
5 "elderly household" consists of either:

6 (a) A single person aged 62 or older; or

7 (b) A household in which the head of the household is aged 62 or older.))

8  
9 ((SEC. 35.15. "LOW-INCOME HOUSEHOLD." For the purposes of this Chapter, a  
10 "low-income household" is a household where the total combined incomes of the occupants  
11 do not exceed 80 percent of the median income for San Francisco as established by the  
12 Regional Office of the United States Department of Housing and Urban Development (HUD)  
13 in connection with administration of the Housing and Community Development Act 1974, P.L.  
14 93-383; except that the Director of Property shall make appropriate adjustments to the HUD  
15 figures to take into account the number of persons in the household. Income shall be  
16 calculated from all sources of each person residing in the household, except that there shall  
17 be excluded:

18 (a) The annual income of any member of the household (other than the head of the  
19 household or his or her spouse) who is under 18 years of age, or is a full-time student;

20 (b) The first \$300 of the annual income of a secondary wage earner who is the  
21 spouse of the head of the household;

22 (c) An amount equal to \$300 for each member of the household (other than the  
23 head of the household or his or her spouse) who is 18 years of age or older and is disabled or  
24 handicapped, or a full-time student;

25 (d) Nonrecurring income;

1 (e) Five percent of the household's gross income (10 percent in the case of elderly  
2 households);

3 (f) Such extraordinary medical or other expenses as the Director of Property  
4 approves for exclusion; and

5 (g) An amount equal to the sums received by the head of the household or his or  
6 her spouse from, or under the direction of, any public or private nonprofit child placing agency  
7 for the care and maintenance of one or more persons who are under 18 years of age and  
8 were placed in the household by such agency.))

9  
10 ((SEC. 35.16. "STEADY INCOME." For the purposes of this Chapter, "steady  
11 income" shall be defined as income derived on a periodic basis and may include income from  
12 employment, investments, public assistance, or social security.))

13  
14 ((SEC. 35.20. DOWN PAYMENT ASSISTANCE LOAN. The purpose of a down  
15 payment assistance loan is to enable low-income and elderly persons to make a down  
16 payment on residential property.))

17  
18 ((SEC. 35.21. MAXIMUM AMOUNT OF DOWN PAYMENT ASSISTANCE LOAN. A  
19 down payment assistance loan shall equal the personal down payment investment of the  
20 recipient of the loan, on a matching basis, up to a maximum of \$3,500.))

21  
22 ((SEC. 35.22. REPAYMENT OF A DOWN PAYMENT ASSISTANCE LOAN. A down  
23 payment assistance loan shall be interest-free with repayment of the principal amount of the  
24 loan amortized over a period of not less than five years or more than 10 years. The exact term  
25 of the loan shall be determined on a case by case basis by the Director of Property who shall

1 give due consideration to the financial ability of the borrower of the loan and to the objective of  
2 keeping the borrower's total monthly housing cost equal to or less than the housing cost prior  
3 to purchasing the unit.))

4  
5 ((**SEC. 35.23. LENGTH OF OWNERSHIP.** Recipients of a down payment assistance  
6 loan must retain ownership of the residential property for a minimum of five years. In the event  
7 the unit is sold or transferred within five years from the date the loan was made, 50 percent of  
8 any capital gain earned as a result of the sale or transfer of the property subject to the loan  
9 shall be due and payable to the program, as well as the outstanding balance due on the loan.  
10 Capital gain shall be considered as being the remainder of the net recipients from the sale of  
11 the property after deducting both the acquisition costs to the borrower and costs of any  
12 improvements subsequently made.))

13  
14 ((**SEC. 35.24. INSPECTION FOR COMPLIANCE WITH HOUSING CODES.** All  
15 residential property being proposed for purchase with a down payment assistance loan shall  
16 be inspected for compliance with the San Francisco Housing Code prior to the granting of the  
17 loan. The Real Estate Department shall be responsible for securing qualified persons to  
18 perform the inspection at no cost to the applicant. Qualified persons shall mean construction  
19 inspectors, civil engineers or architects who shall be licensed by the State of California. The  
20 inspection report shall describe the work necessary to bring the property into code compliance  
21 and shall include an estimate of the cost of that work.))

22  
23 ((**SEC. 35.25. ABATEMENT OF CODE VIOLATIONS.** Code violations which  
24 constitute life hazards as defined by the Abatement Appeals Board must be abated within six  
25 months of the date of the purchase of the property subject to a down payment assistance

1 loan. Code violations other than life hazards must be abated within the time limits set by the  
2 Abatement Appeals Board. Life hazards include but are not limited to the following: (a) a  
3 missing egress, (b) serious electrical hazards; (c) structural deficiencies; (d) unvented or  
4 unapproved gas appliances; and (e) lack of life sanitation facilities.))

5  
6 **((SEC. 35.26. APPROVAL OF DOWN PAYMENT ASSISTANCE LOANS.** The  
7 Director of Property may approve a down payment assistance loan if he or she determines  
8 that the following criteria are met:

9 (a) Residential property in the program area has been located for purchase and  
10 inspected pursuant to Section 35.24;

11 (b) The applicant agrees in writing to undertake and complete a prescribed  
12 counseling program;

13 (c) With the down payment assistance loan, the applicant will have sufficient funds  
14 for the down payment required to purchase the property;

15 (d) There has been no change in the applicant's eligibility for preliminary  
16 involvement as set forth in Section 35.11; and

17 (e) Abatement of life hazards and code violations can be accomplished as required  
18 in Section 35.25, and that there will be sufficient funds therefor.))

19  
20 **((SEC. 35.30. EMERGENCY LOAN SUPPLEMENT.** The Director of Property shall  
21 establish an emergency loan fund to provide additional financial assistance to the holder of a  
22 down payment assistance loan when the condition of hardship as defined in Section 35.31  
23 occurs. The emergency loan fund shall be maintained by the Director of Property in amounts  
24 necessary to satisfy the anticipated demands for these loans by the holders of down payment  
25 assistance loans.))



1  
2 ((SEC. 35.31. "CONDITION OF HARDSHIP." The "condition of hardship" exists when  
3 the holder of a down payment assistance loan is temporarily unable to meet the monthly  
4 financial obligation of mortgage payments, down payment assistance loan payments,  
5 insurance or taxes due to a loss or reduction of income because of illness, unemployment, or  
6 other similar circumstances.))

7  
8 ((SEC. 35.32. MAXIMUM AMOUNTS OF EMERGENCY LOAN SUPPLEMENT. The  
9 emergency loan supplement shall not exceed the amounts needed each month for mortgage  
10 payments, insurance, and taxes, and shall be disbursed on a monthly basis for a maximum  
11 period of three months. Holders of a down payment assistance loan may continue to apply for  
12 emergency loan supplements until the maximum amount is outstanding.))

13  
14 ((SEC. 35.33. REPAYMENT OF AN EMERGENCY LOAN SUPPLEMENT. An  
15 emergency loan supplement shall be interest-free. Repayment of the loan shall be pursuant to  
16 a schedule established by the Director of Property who in establishing the repayment  
17 schedule shall give due consideration to the financial situation of the borrower and to the  
18 objective of enabling the borrower to retain the property subject to a program loan, provided,  
19 however, any loan repayments to be made after the down payment assistance loan is paid  
20 shall be in an amount at least equal to the monthly payments the borrower was making on the  
21 down payment assistance loan except that the Director of Property may waive this  
22 requirement when waiver is necessary to enable the borrower to retain the property.))

23  
24 ((SEC. 35.40. PREPAYMENT PENALTY. There shall be no penalty for prepayment of  
25 a program loan.))

1  
2 ((SEC. 35.41. SECURITY FOR A PROGRAM LOAN. Every program loan shall be  
3 secured by a deed of trust naming the City and County of San Francisco as beneficiary of the  
4 trust. Said deed of trust shall include provision for recapture of 50 percent of capital gain in the  
5 event of early resale of the property as provided in Section 35.23.))  
6

7 ((SEC. 35.42. PROPERTY INSURANCE. So long as any program loan, or portion  
8 thereof, is outstanding, the holder of the loan shall carry adequate insurance on the property.))  
9

10 ((SEC. 35.43. TRANSFER OF A PROGRAM LOAN. The unpaid amount of a program  
11 loan shall be due and payable upon sale or transfer of the ownership of the property, or death  
12 of the holder of the loan. Assignment of the unpaid amount of a program loan to a purchaser  
13 or a transferee may be permitted when the Director of Property determines that the  
14 prospective owner qualifies for the loan on the basis of prevailing loan eligibility standards.))  
15

16 ((SEC. 35.44. OWNERSHIP OCCUPANCY. Holders of a program loan must occupy  
17 the dwelling unit on which the program loan is secured. Use of property subject to a program  
18 loan for rental, lease, or other income purposes, except during temporary absences which  
19 shall not exceed a period of one year, will be grounds for termination of the loan at the  
20 discretion of the Director of Property.))  
21

22 ((SEC. 35.45. PARTICIPATION IN COUNSELING SERVICES. Every person found  
23 eligible for preliminary involvement in the program under Section 35.11 and every holder of a  
24 program loan shall be required to participate in counseling appropriate to his or her needs  
25

1 unless the Director of Property gives the person a written waiver from this requirement on the  
2 grounds that no counseling is needed.))

3  
4 ((SEC. 35.46. TERMINATION OF LOAN. If the holder of a program loan fails to  
5 comply with the terms of this Chapter, with program regulations, or with the terms of the loan  
6 agreement, the Director of Property may declare the outstanding amount of the program loan  
7 immediately due and payable.))

8  
9 ((SEC. 35.50. PURPOSES OF COUNSELING SERVICES. The purpose of the  
10 counseling services component of the home-ownership assistance program is to aid  
11 participants in all aspects of home-ownership in order to improve and maintain the financial  
12 stability and self-sufficiency of each assisted household.))

13  
14 ((SEC. 35.51. COORDINATION. The Real Estate Department shall coordinate  
15 counseling services through agreements with either paid or volunteer community services or  
16 counseling organizations. It shall be the policy of the Real Estate Department to reduce the  
17 cost of providing counseling services to program participants by facilitating the use of free or  
18 reduced fee counseling services wherever possible.))

19  
20 ((SEC. 35.52. SCOPE OF COUNSELING SERVICES. Every effort shall be made to  
21 include as part of the counseling available counseling in areas relevant to the responsibilities  
22 of home-ownership, including legal services, mortgage financing, real estate and tax  
23 information, family financial management, and home maintenance training.))

1 ((SEC. 35.60. COMMUNITY LOAN BOARD — MEMBERSHIP. There shall be a  
2 Community Loan Board for each program area consisting of 13 members, who are selected in  
3 the following manner:

4 (a) Two members of the Community Loan Board shall be appointed by the Director  
5 of Property; one shall be experienced in the field of real estate lending and financing, and one  
6 shall be a permanent employee of the Real Estate Department.

7 (b) Eleven members of the Community Loan Board shall be appointed by the Board  
8 of Supervisors, based on nominations to be submitted by each supervisor. Members of the  
9 Community Loan Board shall serve a term of two years. All appointees shall be residents of  
10 the program area for at least six months prior to their appointment. Nominations shall be  
11 solicited by the Board of Supervisors from the program area.

12 (c) All nominations, appointments, and elections necessary to carry out the purpose  
13 of this Section shall be in accordance with the rules and regulations promulgated by the  
14 Director of Property.))

15  
16 ((SEC. 35.61. COMMUNITY LOAN BOARD — FUNCTIONS. The functions of the  
17 Community Loan Board include the following:

18 (a) Consult with the Director of Property regarding appropriate rules and regulations  
19 for governing the implementation of the program;

20 (b) Develop by-laws for the operation of the Community Loan Board, which by-laws  
21 shall be subject to the approval of the Director of Property;

22 (c) Review final loan applications and make advisory recommendations to the  
23 Director of Property for approval or denial of program loans; and

24 (d) Such other duties as may from time to time be assigned by the Director of  
25 Property.))

1  
2           **((SEC. 35.62. DENIAL OF PRELIMINARY INVOLVEMENT OR OF A PROGRAM**  
3 **LOAN.** Denial of an application for preliminary involvement or for a program loan shall be in  
4 writing and shall include a brief description of the basis for the denial.))

5  
6           **((SEC. 35.63. APPEAL FROM DENIAL OF PRELIMINARY INVOLVEMENT OR A**  
7 **PROGRAM LOAN.** When an application for preliminary involvement or for a program loan  
8 has been denied by the Director of Property, the applicant may appeal the denial to the  
9 Community Loan Board which shall review the application and make a recommendation to the  
10 Director of Property whose decision after review of the Community Loan Board's  
11 recommendation of the application is final.))

12  
13           **((SEC. 35.64. EQUAL OPPORTUNITY.** Participation in the program shall be open to  
14 all persons regardless of race, religion, color, ancestry, age, sex, sexual orientation, physical  
15 disability, place of birth, marital status, or the presence or absence of children.))

16  
17           **((SEC. 35.65. EQUAL OPPORTUNITY APPEAL.** Any applicant who feels that his or  
18 her participation in the program has been denied by the Director of Property in violation of the  
19 equal opportunity provisions in Section 35.64 may appeal the denial to the Human Rights  
20 Commission. If the applicant appeals the denial to the Human Rights Commission, the Human  
21 Rights Commission shall investigate the matter and the Director of the Human Rights  
22 Commission shall recommend, in writing, findings and action to the Director of Property who  
23 shall make the final decision on the appeal.))

1 ((SEC. 35.70. RESPONSIBILITY FOR ADMINISTRATION OF THE PROGRAM.

2 Responsibility for the administration of the program shall rest with the Real Estate  
3 Department. The Director of Property shall have authority to make final determinations on all  
4 aspects of the program, but shall appoint a Program Coordinator to whom the Director shall  
5 delegate responsibility for day-to-day administration of the program. Administration of the  
6 program includes, but is not limited to, the following:

7 (a) Determining the eligibility for preliminary involvement in the program and  
8 approving or denying applications for program loans;

9 (b) Coordinating the counseling services component of the program by utilizing  
10 existing community service organizations or by establishing new counseling programs as  
11 necessary;

12 (c) Making all necessary factual determinations in connection with the  
13 administration of the program;

14 (d) Developing and maintaining a current list of properties in each program area that  
15 would be appropriate for purchase under the program;

16 (e) Assisting applicants for a down payment assistance loan in obtaining home-  
17 purchase financing at the lowest possible interest rates;

18 (f) Coordinating volunteers who wish to assist in carrying out the purposes of the  
19 program; and

20 (g) Maintaining records and establishing procedures to measure and promote the  
21 effectiveness of the program in carrying out its purposes.))

22  
23 ((SEC. 35.71. RULES AND REGULATIONS. The Director of Property shall  
24 promulgate such rules and regulations as are necessary to carry out the provisions of this  
25 program. The rules and regulations developed pursuant to this Section shall be developed

1 after consultation with the Community Loan Board. Both draft and final rules and regulations  
2 shall be available for review by the public at places and at times to be determined by the  
3 Director of Property.))

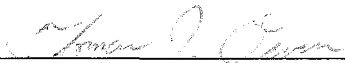
4  
5 ((SEC. 35.72. PROGRAM PUBLICITY. In order to recruit eligible applicants for down  
6 payment assistance loans and to attract potential property sellers, the Director of Property  
7 shall publicize the home- ownership assistance program in program areas. Interested groups  
8 or organizations should be used in disseminating information concerning the existence,  
9 purposes, benefits, and availability of the program.))

10  
11 ((SEC. 35.73. COMMUNITY VOLUNTEER STAFF. The Director of Property may be  
12 assisted in carrying out his or her administrative functions by a volunteer staff, the members of  
13 which shall serve at the pleasure of, and be responsible to, the Director of Property.))

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15  
16  
17 APPROVED AS TO FORM:

18 LOUISE H. RENNE, City Attorney

19  
20  
21 By:

  
\_\_\_\_\_  
THOMAS J. OWEN  
Deputy City Attorney

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23  
24  
25  
SUPERVISOR KAUFMAN  
BOARD OF SUPERVISORS



# City and County of San Francisco

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

## Tails

## Ordinance

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**File Number:** 992152

**Date Passed:**

Ordinance amending Administrative Code by repealing Chapter 35 (Home-ownership Assistance Program) in its entirety.

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January 24, 2000 Board of Supervisors — PASSED, ON FIRST READING

Ayes: 11 - Ammiano, Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Teng, Yaki, Yee

January 31, 2000 Board of Supervisors — FINALLY PASSED

Ayes: 11 - Ammiano, Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Teng, Yaki, Yee



File No. 992152

I hereby certify that the foregoing Ordinance  
was FINALLY PASSED on January 31, 2000  
by the Board of Supervisors of the City and  
County of San Francisco.



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Gloria L. Young  
Clerk of the Board

FEB 11 2000

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Date Approved



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Mayor Willie L. Brown Jr.