

LEGISLATIVE DIGEST

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

Ordinance amending the Administrative Code to establish the Forgivable Loan for First-Time Homebuyers Program and the Forgivable Loan for First-Time Homebuyers Fund to assist low-, moderate-, and middle-income first-time homebuyers who would otherwise not be able to purchase a primary residence in San Francisco; and to require the Human Rights Commission, in consultation with the Mayor’s Office of Housing and Community Development, to establish policies and procedures to issue and possibly forgive loans from the Fund, and to provide oversight, monitoring, and forgiveness of such loans.

Existing Law

While the City and County of San Francisco (the “City”) provides a first time home buyer, down payment assistance loan program through the Mayor’s Office of Housing and Community Development, there is currently no fund or down payment loan program administered by the Human Rights Commission to assist low-, moderate-, and middle-income first-time homebuyers who have been harmed through targeted economic disruption, displacement, and manufactured barriers to accumulating intergenerational wealth.

Amendments to Current Law

The proposed ordinance would establish a Forgivable Loan for First-Time Homebuyers Program to assist low-, moderate-, and middle-income first-time homebuyers, or persons who would otherwise not be able to purchase a primary residence in San Francisco (the “Program”).

Under the Program, a borrower’s maximum household income may not exceed 200% of the area median income for San Francisco as set annually by the U.S. Department of Housing and Urban Development (“HUD”), adjusted for household size. A borrower who meets one of the following five criteria would have priority for a loan under the Program:

1. A person who holds a ‘Residential Certificate of Preference,’ or is a descendant of a household that held a ‘Residential Certificate of Preference,’ as defined in the Certificate of Preference (“COP”) Program rules and was displaced in Western Addition, South of Market (“SOMA”), or Bayview Hunters Point by the former San Francisco Redevelopment Agency.
2. A current or former recipient of the Section 8 Housing Choice Voucher Program of the San Francisco Housing Authority (“SFHA”).
3. A current or former public housing resident relocated by the SFHA due to the Rental Assistance Demonstration (RAD) program or a current or former member of HOPE SF sites, as defined in Chapter 39, Section 39.4(b) of the Administrative Code.

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4. A member of a household paying more than 50% of the household's income in rent;
5. A person 55 years old or older and a current or former resident of Western Addition, South of Market (SOMA) or Bayview Hunters Point.

The ordinance would also require the Human Rights Commission ("HRC") to administer and manage the Program, and to consult with the Mayor's Office of Housing and Community Development ("MOHCD") regarding those responsibilities. HRC may delegate to MOHCD functions and responsibilities set forth in the proposed ordinance, including but not limited to, the establishment of program regulations, the administration of loans, and annual reporting. Any delegation would be memorialized in a memorandum of understanding between the HRC Director and the MOHCD Director.

The Director of HRC, in consultation with MOHCD, would establish regulations setting forth the policies and procedures of the Program ("Program Regulations") to issue loans from the Fund and to provide oversight, monitoring, and forgiveness of such loans. The Director of HRC would prepare all loan documents, require that loans be secured by a deed of trust and other security instruments for the benefit of the City, and monitor compliance with all loan agreements, Program Regulations, and applicable laws.

In addition, this ordinance would establish the Forgivable Loan for First-Time Homebuyers Fund (the "Fund") that would provide funding for the loans provided under the Program. The Fund would be a category eight fund, and the Director of HRC would approve expenditures of the Fund.

Background

This ordinance reflects amendments made in the Land Use and Transportation Committee on February 26, 2024, including amendments requiring HRC to consult with MOHCD regarding the implementation of this ordinance and the operation and management of the Program, and authorizing HRC to delegate to MOHCD functions and responsibilities set forth in the proposed ordinance.

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