

## **LEGISLATIVE DIGEST**

[Administrative Code - Administration of Loans and Grants for Affordable Housing]

**Ordinance amending the Administrative Code to establish uniform procedures for the administration of City loans and grants for the acquisition, development, construction, rehabilitation, and preservation of affordable housing; authorize the Director of the Mayor’s Office of Housing and Community Development (MOHCD) to execute certain loan or grant agreements for affordable housing; and authorize the Director of MOHCD and the Director of Property to acquire certain real property without an appraisal and accept a deed for the purpose of preserving affordable housing.**

### Existing Law

City and County of San Francisco (the “City”), acting through the Mayor’s Office of Housing and Community Development (“MOHCD”), provides funding for affordable housing from several different sources under the Charter, Administrative Code, bond ordinances, and grants from federal, state, or regional agencies. There is currently no uniform legal requirements regarding the administration of loans and grants for affordable housing. Under Section 9.118(b) of the San Francisco Charter, all contracts entered into by a City department having a term in excess of 10 years or anticipated expenditures of \$10 million or more are subject to approval of the Board of Supervisors. Under Administrative Code Chapter 23, any acquisition of property by the City requires an appraisal and authorization by the Board of Supervisors for the Director of Property to accept a deed.

### Amendments to Current Law

This ordinance would establish uniform procedures for MOHCD’s administration of affordable housing funds for loans and grants. Loan and grants must be used for the acquisition, development, construction, rehabilitation, and/or preservation of affordable housing, or as otherwise required by the source of funding. As a condition of any loan or grant, MOHCD will require a borrower or grantee, respectively, to restrict the property as affordable housing for the longest possible period of time, but generally at least 55 years. In addition, MOHCD may protect the City’s interest by securing loans or grants through a deed of trust, purchase options, right of first refusal, or other instrument. MOHCD may establish program regulations to implement any affordable housing program under MOHCD’s administration. MOHCD will monitor and enforce any affordable housing restrictions related to a loan or grant of City funds. This ordinance would also delegate authority to the Director of MOHCD to execute loan or grant agreements that do not exceed \$10 million. Any loan or grant agreement that exceeds \$10 million, including modifications to loan or grants that would increase the amount to exceed \$10 million, would require approval by the Board of Supervisors to the extent required by the City’s Charter.

In addition, this ordinance would amend Administrative Code Chapter 23 to allow MOHCD and the Director of Property to acquire real property that is affordable housing at risk under a foreclosure sale. This ordinance would authorize the Director of MOHCD and Director of Property to acquire affordable housing under a deed of trust, deed in lieu of foreclosure, or other instrument without an appraisal or further approval by the Board of Supervisors.

### Background

The City, acting through MOHCD, provides funding for the purpose of acquiring, developing, constructing, rehabilitating, and/or preserving affordable housing in the City. In addition, MOHCD monitors and enforces affordable housing restrictions under the City's housing programs, including, but not limited to, inclusionary housing, condominium conversions, and density bonuses. MOHCD administers City funding through loans or grants to nonprofit organizations for the affordable housing development, or through loans to eligible households to create affordable homeownership opportunities. MOHCD has developed program regulations and/or guidelines for receiving a loan or grant, and MOHCD collaborates with other City departments related the delivery of housing services to the City's residents. MOHCD loans and grants are usually secured by a deed of trust and declaration of restrictions protecting the City's interests in the affordable housing.

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