

RESOLUTION NO. 58-2008

Adopted June 3, 2008

AUTHORIZING THE EXECUTIVE DIRECTOR TO ESTABLISH A CERTIFICATE OF PREFERENCE HOME BUYERS ASSISTANCE PROGRAM THAT SERVES CERTIFICATE HOLDERS WHO ARE LOW- AND MODERATE-INCOME FIRST-TIME HOME BUYERS AND THAT INCLUDES: (1) SECOND LOANS IN AN AMOUNT NOT TO EXCEED \$100,000 OR 50% OF THE PURCHASE PRICE FOR EACH PARTICIPATING HOUSEHOLD; AND (2) AN INDIVIDUAL DEVELOPMENT ACCOUNT MATCH OF UP TO \$5,000 OR 2.5% OF THE PURCHASE PRICE FOR EACH PARTICIPATING HOUSEHOLD; AND TO ALLOCATE \$4,000,000 IN FUNDING FOR THE PROGRAM; ALL REDEVELOPMENT PROJECT AREAS AND CITYWIDE HOUSING

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (the "Agency") has sold, by Resolution No. 30-2008 (April 15, 2008), a vacant parcel at 1210 Scott Street for \$4,000,000. The Agency must use these proceeds in accordance with Community Development Block Grant ("CDBG") regulations because the Agency originally acquired this parcel with federal Urban Renewal funds.
2. The Agency has a Property Owner and Occupant Preference Program ("Certificate of Preference Program") whereby income-eligible persons who were displaced by the Agency receive a priority in the renting and buying of low- or moderate-income housing units that the Agency has assisted or otherwise developed.
3. The Agency desires to establish a Certificate of Preference Home Buyers Assistance Program (the "Program") to assist households who were previously displaced by Agency activity and who qualify for a residential certificate under the Certificate of Preference Program, as it may be amended from time to time ("Certificate Holders")
4. A working group of stakeholders and Agency staff convened on five occasions and designed a program to assist Certificate Holders in the purchase of homes in San Francisco.
5. The Program will have a "silent" second loan component providing up to \$100,000 or 50% of the purchase price, whichever is less, for each participating household, with no interest or payments due until the end of the loan term of 45-years, or upon sale or transfer of the property, whichever is earlier. Interest due will be in the form of shared appreciation, based on the proportion of assistance provided relative to the original purchase price of the property. For example, if the Program fund provides 30% of the purchase price of a home, the borrower

would repay the principal amount plus 30% of any increase in the value of the home over time.

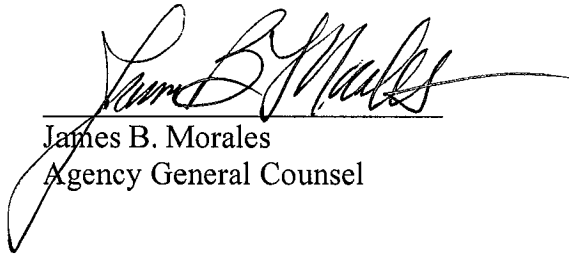
6. The Program standards would not override restricted resale rules for the Agency's Limited Equity Program or the City's Below Market Rate ("BMR") program.
7. Program participants must secure the largest possible 30-year, fixed rate, first mortgage at the prevailing or best available rate from a participating lender.
8. The Program will have an Individual Development Account ("IDA") component providing matching funds of up to \$5,000 or 2.5% of the purchase price, whichever is less, for each participating household. The IDA funds will only be used for a home purchase in San Francisco and associated closing costs.
9. Buyers must contribute a minimum of 5% of the purchase price in the form of down payment, 3% of which would be derived from their own funds and/or permitted match funds through the IDA.
10. Participants must be income eligible under the CDBG standards, and must be first time home buyers who have not owned a residence in the three years prior to application to the Program. Participants must complete home buyer counseling prior to application, and must agree to participate in post-purchase counseling.
11. To the extent permitted under law, Agency staff recommends that the Agency reserve, for a period not to exceed five years, the use of the \$4,000,000 from the 1210 Scott Street sale for Certificate Holders who were displaced from the Western Addition A-2 Redevelopment Project Area. After five years, these funds will become available to other residential Certificate Holders.
12. The Program shall not become effective until the Executive Director establishes and publishes Program guidelines based on the principles described in this Resolution and the accompanying Commission Memorandum. The effective date shall not exceed six months from the date of the approval of this Resolution.
13. Agency authorization of a Certificate of Preference Home Buyers Assistance Program will facilitate the purchase of homes by low- and moderate-income first-time home buyers who qualify as Agency Certificate Holders and is not a project, as defined by the California Environmental Quality Act Guidelines Sections 15378(b)(4) and 15378(b)(5). The fiscal and administrative activities of the Program would not constitute a project and would not result in a significant physical effect on the environment.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to establish a Certificate of Preference Home Buyers Assistance Program that is consistent with the

principles described in this Resolution and the accompanying Commission Memorandum, that serves Certificate Holders who are low- and moderate-income first-time home buyers, and that includes: (1) second loans in an amount not to exceed \$100,000 or 50% of the purchase price for each participating household; and (2) an individual development account match of up to \$5,000 or 2.5% of the purchase price for each participating household; and to allocate \$4,000,000 in funding for the Program; all Redevelopment Project Areas and Citywide.

APPROVED AS TO FORM:



James B. Morales
Agency General Counsel