

RESOLUTION NO. 39-2010

Adopted April 20, 2010

ADOPTING A DOWN PAYMENT ASSISTANCE PROGRAM IN AN AMOUNT NOT TO EXCEED \$2,770,000 TO PROVIDE ADDITIONAL DOWN PAYMENT ASSISTANCE TO ELIGIBLE HOUSEHOLD IN CONJUNCTION WITH THE SALE OF 124 LOW- AND MODERATE-INCOME OWNERSHIP UNITS AT 5600 THIRD STREET, AND 18 LOW- AND MODERATE-INCOME OWNERSHIP UNITS AT 4800 THIRD STREET; BAYVIEW HUNTER'S POINT REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. The Agency is authorized under California Community Redevelopment Law (Health and Safety Code, Section 33000 et. seq.) to provide assistance and advance funds from its tax increment monies for the purpose of producing and making available housing affordable to persons of low- and moderate-income.
2. Due to the deterioration of capital markets and the real estate market over the last 12 to 18 months, and competing inventory, the sale of the Agency assisted affordable homeownership units at both Armstrong Townhomes and Bay Oaks in the Bayview Hunters Point Redevelopment Project Area are taking longer than expected and has required a more extensive marketing effort than originally anticipated.
3. In an effort to conclude the sale of all homes at both developments, the Agency desires to create a Down Payment Assistance Program to address the special needs of potential homebuyers, and to increase the number of eligible homebuyers at these two developments.
4. Agency staff desires to create an Agency Down Payment Assistance Loan Program for Armstrong Townhomes and Bay Oaks, (the "DAP"), which would assist eligible low- and moderate-income purchasers with becoming home owners by providing interest-free down payment assistance loans.
5. The DAP provides loans to households earning not more than 120% of Area Median Income ("AMI") adjusted for household size. Repayment of the loans is deferred for 30-years. The loan will be used to fund a portion of the down payment, including one-time closing cost.
6. The down payment assistance of \$2,770,000 will be used to expand the number of families to be eligible to purchase the homes at both developments, specifically families who are at the lower income levels.

7. Households between 60% and 120% AMI may qualify for down payment assistance funds. (For example, households at 60% Area Median Income ("AMI") would be able to purchase 80% AMI targeted homes.)
8. At both developments, the borrower must secure the largest possible 30-year, fixed rate, first mortgage at the prevailing or best available rate from a participating lender. Borrowers 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. Borrower can have no more than \$50,000 remaining in liquid assets after purchase, excluding retirement accounts such as IRA's, 401k's, and designated education savings funds.
9. The loan must be repaid at the earlier of 30 years, or upon refinancing, transfer or sale of the home. The loans are interest free, and deferred, with no payments due until the end of the term. The loans will be in subordinate to other Agency approved financing.
10. The Borrower will not be allowed to encumber the property without Agency approval. All homes assisted by the Program are also subject to the Agency's Limited Equity Program, which has occupancy and resale restrictions.
11. The Program will be available to qualified purchasers at both 5600 Third Street and 4800 Third Street on a first-come, first served basis, subject to funding availability. The Program will be funded in the amount of \$2,500,000 for 5600 Third Street and \$270,000 for 4800 Third Street.
12. The maximum loan amount for Armstrong Townhomes are: for households earning between 101-120% of AMI: \$10,000; for households earning between 81-100% of AMI: \$25,000; and for households earning between 0 - 80% of AMI: \$40,000.
13. The maximum loan amount for Bay Oaks are: for households earning between 81-120% of AMI: \$15,000; for households earning between 0 - 80% of AMI: \$25,000.
14. The difference in maximum loan amounts for each project reflects the differences in unit pricing, unit size and the amount of additional assistance low- and moderate-income first-time homebuyers would need to qualify to purchase the units. All loans are subject to funding availability.
15. On February 17, 2009, the Agency adopted a policy stating that the Agency shall use, to the greatest extent feasible, any tax increment authorized by the Western Addition A-2 Redevelopment Plan, as amended by Ordinance No. 316-08, to fulfill its obligation to provide replacement housing, as defined in Sections 33333.7 (SB 2113) and 33333.8 of the California Health and Safety Code, in the former Western Addition Redevelopment Project Area A-2 (the "WA-A2 Project Area"). There remains one affordable housing project located in the former WA-A2 Project Area that is pending a commitment of funds from the Agency. The

total amount of that pending commitment is less than the amount of SB 2113 tax increment currently available from the WA-A2 Project Area; therefore, the Agency intends to use a portion of the remaining funds from the WA-A2 Project Area to support its affordable housing efforts at the sites.

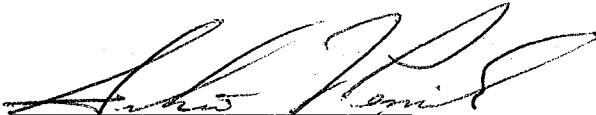
16. Adopting the Down Payment Assistance Program would not have a significant effect on the environment. The provision of additional down payment assistance in conjunction with the development of low-and moderate-income ownership units is exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15061(b)(3).

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that:

1. A Down Payment Assistance Program in an amount not to exceed \$2,770,000 in the form attached to this Resolution is hereby adopted; and
2. The Executive Director is authorized to expend up to \$2,770,000 under the terms of the Down Payment Assistance Program for the purpose of providing additional down payment assistance to eligible household in conjunction with the sale of 124 low- and moderate-income ownership units at 5600 Third Street, and 18 low- and moderate-income ownership units at 4800 Third Street.

APPROVED AS TO FORM:


for James B. Morales 4/14/10
Agency General Counsel

Attachment: Down Payment Assistance Loan Program
for Armstrong Townhomes and Bay Oaks