RESOLUTION NO. 4-2004
As amended, Adopted January 20, 2004

RESTATING AND CLARIFYING THE AUTHORITY OF THE EXECUTIVE DIRECTOR TO (1) EXERCISE THE RIGHT OF FIRST REFUSAL OR OPTION TO PURCHASE, (2) ENTER INTO A PURCHASE AND SALE AGREEMENT, AND (3) EXPEND AN AMOUNT NOT TO EXCEED A TOTAL AGGREGATE AMOUNT OF $500,000, ADJUSTED ANNUALLY, TO REPURCHASE AND PROVIDE LOANS AND GRANTS TO LOW- AND MODERATE-INCOME FIRST-TIME HOME BUYERS IN CONJUNCTION WITH EACH RESALE OF AGENCY-ASSISTED OWNERSHIP UNITS, SO LONG AS THE SUBSEQUENT RESALE IS MADE PURSUANT TO A LIMITED EQUITY MODEL OF AFFORDABLE HOME OWNERSHIP (i.e., FORM C) OR A SUBSTANTIALLY SIMILAR MODEL; ALL REDEVELOPMENT PROJECT AREAS

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (the “Agency”) established an Affordable Homeownership Program for qualified first-time homebuyers.

2. Qualifications include requirements for compliance with U.S. Department of Housing and Urban Development low- and moderate-income guidelines, which cannot exceed 120 percent of the Area Median Income.

3. The Agency has contributed subsidies to developers and to the buyers to effectively reduce the price of homes to a level that is generally commensurate with low- and moderate-income levels. The subsidized loans are secured by a promissory note and a second deed of trust.

4. The promissory note is due and payable when the owner elects to sell the property. The Agency’s Right of First Refusal gives the Agency the right to substitute a buyer and the Agency’s option to purchase permits the Agency to repurchase the unit for resale to a qualified buyer.

5. In order to exercise the Right of First Refusal or Option to Purchase, the Agency has only 20 days to act after its receipt of notice of sale from the owner. The Agency Commission, through Resolution No. 73-2000, adopted on May 23, 2000, previously authorized the Executive Director to exercise the Right of First Refusal or Option to Purchase in order to ensure a timely response from the Agency. This authorization restates that authority and clarifies that the Executive Director is further authorized to enter into a Purchase and Sale Agreement following the exercise of the Right of First Refusal or Option to Purchase.
San Francisco home values have been rapidly increasing, requiring the Agency to expend additional funds when purchasing and reselling existing affordable homes.

Resolution No. 73-2000 authorized the Executive Director to spend up to $250,000 in additional funds to provide loans and grants to low and moderate-income first-time homebuyers in conjunction with the resale of the Agency assisted ownership units.

Staff recommends that the limit on additional funding expenditures be increased from $250,000 to $500,000, adjusted annually by the percentage change in median home prices, in order to provide loans and grants to low and moderate-income first-time homebuyers in conjunction with the resale of the Agency assisted ownership units.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to (1) exercise the Right of First Refusal or Option to Purchase, (2) enter into a Purchase and Sale Agreement, and (3) expend an amount not to exceed a maximum total aggregate amount of $500,000, adjusted annually, to repurchase and provide loans and grants to low- and moderate-income first-time homebuyers in conjunction with each resale of Agency-assisted ownership units, so long as the subsequent resale is made pursuant to a limited equity model of affordable home ownership (i.e., Form C) or a substantially similar model.

APPROVED AS TO FORM:

James B. Morales
Agency General Counsel