RESOLUTION NO. 5-2004

Adopted January 20, 2004

PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 33433(C)(1), REQUESTING THE BOARD OF SUPERVISORS TO AUTHORIZE THE RESALE OF AGENCY-ASSISTED OWNERSHIP UNITS ACQUIRED WITH TAX INCREMENT FUNDS WITHOUT BOARD HEARING; ALL REDEVELOPMENT PROJECT AREAS

BASIS FOR RESOLUTION

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

2. The Agency’s Program requires that eligible buyers meet the income guidelines of the California Community Redevelopment Law which provides that eligible buyers have incomes not exceeding 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 cases where the Agency has repurchased the property for subsequent resale to a qualified buyer, the Agency and the prospective buyer would benefit from a prompt approval process.

6. In some cases, the Agency exercises the Right of First Refusal or Option to Purchase using tax increment funds. California Health and Safety Code Section 33433 requires that the Agency obtain the approval of the City and County of San Francisco’s Board of Supervisors (the “Board”), acting as the legislative body, prior to disposing of property acquired with tax increment funds.

7. California Health and Safety Code Section 33433(c)(1) allows the Agency to seek a waiver from the disposition requirements, including a hearing before the legislative body, for small housing projects (defined as a separate residential structure containing not more than four-dwelling units).
8. If the Board approves this request, the Agency will be able to resell single-family homes without a hearing before the Board for each sale, but the Agency will be required to submit an annual report providing the Board with information on the past year’s sales. In addition, in accordance with the requirements of California Health and Safety Code Sections 33433(c)(1) and 33431, the Agency will hold a public hearing, with the required public notice, at the Agency’s offices, for each single-family home resale, including those with and those without tax increment financing.

9. Staff recommends that the Executive Director be authorized to request the Board of Supervisors to authorize resale of Agency-assisted ownership units acquired with tax increment funds without Board hearing pursuant to California Health and Safety Code Section 33433(c)(1) for resales in all redevelopment project areas.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to request the Board of Supervisors to authorize resale of Agency-assisted ownership units acquired with tax increment funds without Board hearing pursuant to California Health and Safety Code Section 33433(c)(1); all redevelopment project areas.

APPROVED AS TO FORM:

[Signature]
James B. Morales
Agency General Counsel