RESOLUTION NO. 135-2005

Adopted August 16, 2005

AUTHORIZING AN AMENDED AND RESTATED ADMINISTRATIVE GUIDELINES TO UPDATE THE ADMINISTRATIVE PROCEDURES CONCERNING THE USE OF TAX INCREMENT HOUSING FUNDS; CITYWIDE TAX INCREMENT HOUSING PROGRAM

BASIS FOR RESOLUTION

WHEREAS, on April 11, 1989, pursuant to Resolution No. 71-89, the Redevelopment Agency of the City and County of San Francisco (“Agency”) adopted as the policy of the Agency a Mission Statement which included, among other things, a Housing Policy; and

WHEREAS, on May 18, 1989 the Agency approved a statement of Administrative Guidelines for the administration of low and moderate income housing funds in cooperation with the Office of the Mayor of the City and County of San Francisco; and

WHEREAS, the Agency desires to amend the Administrative Guidelines to update the description of the Citywide Loan Committee and to provide a more detailed description of underwriting requirements and to conform to Health and Safety Code Section 33763.5.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the amended and restated Administrative Guidelines are hereby approved in the form lodged with Agency General Counsel with such changes that thereafter become necessary, which changes do not materially affect the substance of the Administrative Guidelines or materially increase the obligations of the Agency.

APPROVED AS TO FORM:

[Signature]

James B. Morales
Agency General Counsel
ADMINISTRATIVE GUIDELINES

In 1989 the Redevelopment Agency of the City and County of San Francisco (the "Agency") adopted, and the Board of Supervisors of the City and County of San Francisco has approved, a housing policy (the "Housing Policy") which provided criteria regarding the use of Agency housing funds for the provisions of low and moderate income housing within the City and County of San Francisco (the "City"). In 2005 the Board of Supervisors passed Resolution No. 427-05 urging the Agency to reaffirm the policy and the Commission did so by adopting Resolution No. 134-2005 on August 16, 2005. These funds will include: (i) a portion of the taxes allocated to and paid to the Agency pursuant to the California Community Redevelopment Law (the "Law"), and in particular, but not limited to, Sections 33670-33674, and under Section 16 Article XVI of the California Constitution; (ii) a portion of the proceeds from bonds issued by or loans to or other borrowings of money by the Agency; and (iii) such other Agency funds that may be governed by the Housing Policy. The Agency shall deposit all such housing funds into the low and moderate income housing fund (the "Housing Funds") created pursuant to Sections 33334.2, 33334.3 and 33334.6 of the Law.

The Agency desires to establish the following standards, qualifications and criteria for the administration of the Housing Fund in accordance with the Housing Policy and pursuant to Health and Safety Code Section 33763.5:

There shall be a Citywide Loan Committee (the "Loan Committee") established by the Mayor, who has the sole right to appoint committee members, currently composed of the Director of the Mayor's Office of Housing or other designee of the Mayor of the City (the "Chairperson"), the Executive Director of the Agency, or designee, the Director of the Department of Public Health, or designee, and the Director of the Department of Human Services, or designee. Each application, request or proposal for use of the monies from the Housing Funds (the "Housing Fund Application") shall be assigned to the appropriate City or Agency staff for review.

Staff will use the following standards, qualifications and criteria to evaluate funding requests in order to ensure that Agency housing funds are being used to facilitate the development and construction of housing that provides for the deepest long term affordability possible to households with low and moderate incomes. Specific terms of project financing shall be adjusted as necessary to meet these goals.

(1) The term of a loan or grant will be consistent with the source of funds, the Law, the Agency Housing Participation Policy, and City policy.

(2) The interest rate will be determined by the type of loan and the proposed project's ability to repay debt.

(3) Subsidy amounts will be determined based on reasonable cost estimates as compared to other similar projects with comparable construction types,
target populations, affordability levels, and income projections. The subsidy amounts shall be no greater than what is necessary to bridge the gap between reasonable project costs and available supportable financing including private mortgages, grants, low income housing tax credit equity, state loans and grants, federal loans and grants, and other sources.

(4) Affordability requirements for Agency funded loans and grants will be consistent with the Agency’s Housing Participation Policy dated July 23, 2002 and as amended from time to time.

(5) The debt service coverage ratio will be calculated after accounting for any reserve deposits and in the case of subordinate loans, will use cash flow after debt service on the first and subordinate mortgages to determine the coverage ratio. The debt coverage ratio for the first mortgage shall be greater than or equal to 1.10. The debt service coverage ratio for all mortgages shall always be equal to or exceed 1.0.

(6) The types, amounts, and funding of any reserves will be determined based on funding sources, construction type and cost, operating expenses, rent subsidy type, and population type.

(7) Developer, administrative, architectural fees will be evaluated based on the type of project and specific project conditions but will be consistent with comparable projects and existing policies as may change from time to time.

Upon completion of such review the Agency staff shall present the Housing Fund Application to the Loan Committee. The Loan Committee shall approve or disapprove the Application. Housing Fund Applications which have been approved by the Loan Committee shall be transmitted to the Agency Commission for its authorization.

The foregoing Administrative Guidelines apply only to decisions regarding the use of monies in the Housing Fund, and are not in any way intended to limit or substitute for required approvals by Agency or by City departments of the housing produced as a result thereof.

(ADOPTED 5/16/89)

Amended by Resolution No ___