

RESOLUTION NO. 30-2009

Adopted March 17, 2009

AUTHORIZING A REVOLVING SHARE LOAN PROGRAM FOR LIMITED EQUITY COOPERATIVES THAT SERVES VERY LOW- AND LOW-INCOME FIRST-TIME HOME BUYERS AND REALLOCATING \$500,000 IN CITYWIDE TAX INCREMENT HOUSING FUNDS FOR THE PROGRAM; ALL REDEVELOPMENT PROJECT AREAS AND CITYWIDE TAX INCREMENT HOUSING PROGRAM

BASIS FOR RESOLUTION

1. There are several limited equity cooperative developments located in current and former Redevelopment Project Areas in the City and County of San Francisco that serve very low- and low-income households.
2. Purchasing into these cooperatives requires an equity share purchase, in addition to carrying costs.
3. Potential purchasers of these shares may have insufficient funds to purchase the shares, and may lack the credit and income to support a conventional loan to do so. In addition, the amounts required to purchase into these limited equity cooperatives are generally less than \$10,000 and are neither attractive to nor cost effective for conventional lenders to finance.
4. The Redevelopment Agency of the City and County of San Francisco (the "Agency") desires to establish a Revolving Share Loan Program for Limited Equity Cooperatives (the "Program") to assist very low- and low-income households who are first-time home buyers with the purchase of shares at limited equity cooperatives with project based Section 8 within former, current and future Redevelopment Project Areas in San Francisco.
5. The Program will offer a "silent" loan providing up to \$7,500 or 75% of the share 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 shares. For example, if the Program fund provides 30% of the purchase price of the shares, the borrower would repay the principal amount plus 30% of any increase in the value of the shares over time.
6. Buyers must contribute a minimum of 25% of the share purchase price in the form of a down payment which would be derived from their own funds and/or permitted match funds.


7. Participants can have no more than \$15,000 remaining in liquid assets subsequent to the share purchase.
8. Participants must be income eligible, 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.
9. Agency staff recommends that the Agency reserve the use of \$500,000 from the Citywide Tax Increment Housing Program to establish this new fund.
10. Agency authorization of a Revolving Share Loan Program for Limited Equity Cooperatives will facilitate the purchase of homes by very low- and low-income first-time home buyers, which are fiscal activities that would not have any direct physical effects and are exempt pursuant to the California Environmental Quality Act Guidelines Section 15061(b)(3).

RESOLUTION

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

1. the Revolving Share Loan Program for Limited Equity Cooperatives is hereby adopted and approved in the form attached hereto as Attachment A;
2. the Executive Director is authorized to reallocate \$500,000 in Citywide Tax Increment Housing Funds for the Revolving Share Loan Program; and
3. the Executive Director is authorized to approve, deny and to make loans under the Revolving Share Loan Program without the need for further action by the Agency Commission; to enter into any and all ancillary documents and to take any action necessary in connection with making loans contemplated under this Revolving Share Loan Program, up to a total aggregate amount not to exceed \$500,000.

APPROVED AS TO FORM:



for James B. Morales 3/14/09
Agency General Counsel