



450-0032024-002

Agenda Item **No. 5(b)**
Meeting of May 21, 2024

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Thor Kaslofsky, Executive Director

SUBJECT: Authorizing an Amended and Restated Memorandum of Understanding with the San Francisco Mayor's Office of Housing and Community Development ("MOHCD") for Administration of the Legacy Foundation Homeownership Grant Program to increase the amount by \$200,000 for an aggregate total in an amount not to exceed \$380,000 from the Community Benefit Fund of Hunters Point Shipyard Phase 1 Disposition and Development Agreement; Hunters Point Shipyard Redevelopment Area

EXECUTIVE SUMMARY

The Legacy Foundation for Bayview Hunters Point ("Legacy Foundation") was created by the Hunters Point Shipyard Phase 1 Disposition and Development Agreement ("Phase 1 DDA") to represent the interests of the greater Bayview Hunters Point ("BVHP") in advising the Office of Community Investment and Infrastructure ("OCII") on the programming of Community Facilities Parcels and the Community Benefits Fund. The Community Benefits Plan of the Candlestick Point and Hunters Point Shipyard Phase 2 Disposition and Development Agreement ("Phase 2 DDA") carried forward the Community Benefits Fund and the role of the Legacy Foundation. The Community Benefits Fund is supported through Phase 1 and Phase 2 Developer contributions. On February 7, 2017, the Commission approved the Legacy Foundation's Five-Year Strategic Plan, which set aside \$180,000 specifically for the purpose of providing homeownership forgivable loans.

On October 20, 2020, the OCII Commission authorized a Memorandum of Understanding ("MOU") with the Mayor's Office of Housing and Community Development ("MOHCD") to administer a total of \$180,000 for the Legacy in Town ("LIT") Program, which is a homeownership assistance program prioritizing low- and moderate-income households from District 10. MOHCD staff utilized the entire amount allocated from the Legacy Foundation for five loans, each totaling \$34,200, to households who reside in District 10.

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MAYOR

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On May 1, 2024, the Legacy Foundation voted to authorize an additional \$200,000 from the Phase 1 Community Benefit fund for homeownership forgivable loans that prioritizes Certificate of Preference holders, who are persons displaced by development actions and their descendants.

Staff recommends approval of an Amended and Restated MOU with MOHCD for the administration of homeownership forgivable loans for Phase 2 of the Legacy In Town Program and the transfer of \$200,000 from the Phase 1 Community Benefit Fund.

DISCUSSION

Legacy Foundation's Mission and Goals

The Legacy Foundation's fundamental mission is to alleviate the impact of poverty in San Francisco's BVHP community. The Legacy Foundation's main purpose is to ensure that a designated portion of net proceeds from the Hunters Point Shipyard development will be used and invested for the benefit of the BVHP community. The entity is charged with making recommendations that guarantee the BVHP area and not just a few individuals, profit from the funds that are intended to be used to: (a) benefit low and moderate-income families, (b) eliminate blight, or (c) meet other urgent community development needs of the BVHP area.

On February 7, 2017, by Resolution No. 04-2017, the Commission endorsed the Legacy Foundation's Five-Year Strategic Plan, which programmed \$1,500,000 to invest in three areas of priority: 1) Community and neighborhood building, 2) Improving education and employment opportunities, and 3) Expanding homeownership opportunities.

MOHCD and OCII

In 2014, OCII entered into a separate services MOU with MOHCD to support implementation of OCII's Affordable Housing Obligations. This agreement includes assisting OCII in fulfilling various housing obligations. In addition to assistance with implementing inclusionary requirements and the Certificate of Preference ("COP") program administration, MOHCD also administers San Francisco's Downpayment Assistance Loan Program ("DALP") and other special funds that include money that can be used toward downpayment for eligible participants. This existing partnership with OCII and administration of similar funds demonstrated MOHCD's expertise and unique qualifications to manage the LIT Program.

2021 Homeownership Assistance MOU

On November 18, 2019, the Legacy Foundation Board voted unanimously to authorize MOHCD as an administrator for the LIT Program, based on their experience and expertise in administration of existing homeownership assistance programs for the City and County of San Francisco. Recognizing OCII as the Legacy's Foundation fiscal agent, the board authorized OCII to enter into an agreement with MOHCD to administer the fund.

On February 18, 2021, MOHCD and OCII executed an MOU for the LIT grant program (“Original LIT MOU”), which provided downpayment assistance in the form of equity contributions that support residents in BVHP who meet the eligibility criteria for Bayview residents in the 94124, 94134, 94170 zip codes. To qualify for assistance, interested residents were required to participate in and complete housing counseling and education programs as established and prescribed by MOHCD. Residents received information about the LIT program through housing counseling organizations providing information and support for first time home buyers and homeownership education, Legacy Foundation community partners, and the Hunter Point Shipyard Citizens Advisory Committee. Each resident was pre-qualified by a mortgage lender.

As previously stated, MOHCD made five grants, at \$34,200 each. MOHCD \$9,000, or 5% of the total amount of LIT Program for administrative costs associated. Since the LIT Program launched during the time MOHCD was accepting applications under the Dream Keeper Downpayment Assistance Loan Program (“DK-DALP”) the LIT Program funds were offered to the DK-DALP buyers; the goal of this coupling was to maximize the buyers’ financing options. The result was all five of the LIT Program recipients are buyers under the DK-DALP. All five homebuyers purchased in the Bayview neighborhood and their loans closed in the summer and fall of 2022.

Amended Homeownership Assistance MOU

On May 1, 2024 the Legacy Foundation voted to reallocate \$200,000 from the College Readiness and Career Grant Program of their Strategic Plan for an amended MOU for a second phase of the LIT Program (“Phase 2 LIT Program”) to support COP holders defined as individuals that have been displaced due to the former San Francisco Redevelopment Agency action or their descendants and have been determined to be eligible under Sections 33411.3, as implemented under the Property Owner and Occupant Preference Program (2008), and 34178.7 of the California Health and Safety Code.

Phase 2 LIT Program Funds will be distributed on a first-come, first-served basis and prioritized in the following order:

- i. COP Holders for the first four (4) years from the Effective Date of the MOU;
- ii. Existing Residents of the Program Area (see definition below) purchasing a home in the Program Area;
- iii. Existing Residents of the Program Area purchasing a home in the City; or
- iv. City residents purchasing a home in the Program Area.

In April 2022, the OCII Commission approved gap financing for 400 China Basin, a 100% affordable homeownership development in Mission Bay South. The 400 China Basin project is affordable to households at 80%-110% Area Median Income, or \$115,300-\$158,500 for a family of four. Because the Commission is especially interested in assisting COP holders become first-time homebuyers, the

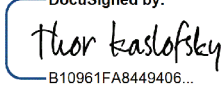
MOU Phase 2 funding will be available only to COP holders for the first four years these funds are available. The intent is for COP holders who may be interested in purchasing at 400 China Basin, have priority to utilize the Phase 2 LIT funding. Currently, the 400 China Basin team is working with approximately 10 COP holders who are interested in purchasing a unit. Any remaining funds will then be made available to low- and moderate-income First Time Homebuyers in District 10 (BVHP) comprised of the areas of 94124, 94134, and 94107 zip codes (the "**Program Area**"). These funds will be disbursed in the form of forgivable loans to assist with a down payment or the non-recurring closing costs for the purchase of a home.

The draft Amended MOU is attached to the Resolution accompanying this memorandum. OCII will pay \$200,000 to MOHCD from the Phase 1 Community Benefits Fund. MOHCD will provide annual written updates to the Legacy Foundation and OCII on the status of the LIT Program funds until all LIT Program funds have been dispersed.

STAFF RECOMMENDATION

Staff recommends that the OCII Commission authorize the Executive Director to enter into an Amended and Restated MOU with MOHCD for the administration of homeownership forgivable loans through Phase 2 Legacy In Town.

(Originated by Pam Sims, Senior Development Specialist and Lila Hussain, Senior Project Manager)

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Thor Kaslofsky
Executive Director