[Administrative Code Revision, Chapter 35]

AMENDING PART I OF THE SAN FRANCISCO MUNICIPAL CODE (ADMINISTRATIVE CODE), BY REPEALING CHAPTER 35 (HOME-OWNERSHIP ASSISTANCE PROGRAM) IN ITS ENTIRETY

Note: Additions are underlined; deletions are in ((double parentheses)).

Be it ordained by the People of the City and County of San Francisco:

Section 1. The San Francisco Administrative Code is hereby amended by repealing Chapter 35, Sections 35.1 through 35.73, in its entirety.

((SEC. 35.1. PURPOSE. This Chapter provides for the establishment, administration, and financing of the home-ownership assistance program of the City and County of San Francisco. The Board of Supervisors finds and declares that it is of vital importance to San Francisco to increase owner-occupancy of housing units among low-income persons and the elderly, and that the following public purposes will be served by this home-ownership program:

(a) It will promote home-ownership opportunities for persons who might otherwise be denied such opportunities due to insufficient funds to make a down payment on housing.

(b) It will decrease long-term housing costs for low income and elderly persons.

(c) It will increase owner-occupancy of residential buildings.

(d) It will improve the quality of living conditions in the City and County by encouraging property and neighborhood maintenance.
The methods to be used in carrying out the purposes of this program consist of down payment assistance loans, emergency loan supplements, home-ownership counseling services, and publicity on the nature and benefits of the program.

The Board of Supervisors recognizes the innovative nature of the program, and acknowledges the difficulties associated with its initial implementation. In this regard, the Board declares that this is a pilot program which shall be instituted on a trial basis in a specially designated program area.

**((SEC. 35.2. REFERENCE TO PUBLIC OFFICIALS AND PUBLIC AGENCIES.**

Unless otherwise indicated, all public officials and public agencies named in this Chapter are officials and agencies of the City and County.

**((SEC. 35.3. DEFINITIONS. (a) “Director of Property” means the head of the Real Estate Department and his or her designee.**

(b) “Program” means the home-ownership assistance program established in this Chapter.

(c) “Program loan” means either a down payment assistance loan or an emergency loan supplement.

(d) “Residential property” means a living unit which is to be the residence of the holder of a program loan. The residence may be a single family dwelling or a condominium unit, a community apartment, or a stock cooperative as follows:
(1) A community apartment is an estate in real property consisting of an undivided interest in common in a parcel of real property and the improvements thereon coupled with the right of exclusive occupancy of any apartment located therein.

(2) A condominium is an estate in real property consisting of an undivided interest in common in a portion of a parcel of real property together with a separate interest in space in a residential building on the real property.

(3) Stock cooperative is a corporation which is formed or availed of primarily for the purpose of holding title to improved real property if all or substantially all of the shareholders of such corporation receive a right of exclusive occupancy in a portion of the real property, title to which is held by the corporation, which right of occupancy is transferable only concurrently with the transfer of the shares of stock in the corporation held by the person having the right of occupancy.)

SEC. 3.5. SEVERABILITY. If any provision of this Chapter, or the application thereof to any person or circumstances, is held invalid, the validity of the remainder of the chapter and the applicability of such provision to other persons and circumstances shall not be affected thereby.)

SEC. 3.10. ELIGIBILITY EVALUATION. There shall be two levels of evaluation for eligibility for financial assistance under the program:

(a) The preliminary evaluation which shall establish whether an applicant is eligible for preliminary involvement in the program, such as pre-loan social services and home-ownership counseling, receipt of information regarding available residential property, and receipt of information regarding sources of mortgage financing; and
((SEC. 35.11. ELIGIBILITY FOR PRELIMINARY INVOLVEMENT. To be eligible for preliminary involvement in the program, an applicant should satisfy the following requirements:

(a) Be a resident in the program area as defined in Section 35.12 for at least one year;

(b) Be either an individual who is part of an elderly household or a low-income household as these terms are defined in Sections 35.13, 35.14 and 35.15;

(c) Establish proof of steady income as defined in Section 35.16 for the previous year; and

(d) Agree to participate in the counseling element of the program.))

((SEC. 35.12. "PROGRAM AREA." For the purposes of this chapter, "program area" means the geographical area known as the Haight-Ashbury neighborhood, which is the area generally bounded by Fulton Street, Baker Street, Buena Vista Avenue West, Upper Terrace, Seventeenth Street, and Stanyan Street. Program area shall also mean any additional area designated for participation in this program in an ordinance appropriating funds for the program.))

((SEC. 35.13. "HOUSEHOLD." For the purposes of this Chapter, either of the following groups of persons living together in a single-living unit constitutes a "household":

(a) One person, or two or more persons related by blood, marriage, adoption or by legal guardianship, and not more than three boarders; or

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(b) A group of not more than five persons unrelated by blood, marriage, adoption or
by legal guardianship.)

((SEC. 35.14. “ELDERLY HOUSEHOLD.” For the purposes of this Chapter, an
“elderly household” consists of either:
(a) A single person aged 62 or older; or
(b) A household in which the head of the household is aged 62 or older.))

((SEC. 35.15. “LOW-INCOME HOUSEHOLD.” For the purposes of this Chapter, a
“low-income household” is a household where the total combined incomes of the occupants
do not exceed 80 percent of the median income for San Francisco as established by the
Regional Office of the United States Department of Housing and Urban Development (HUD)
in connection with administration of the Housing and Community Development Act 1974, P.L.
93-383; except that the Director of Property shall make appropriate adjustments to the HUD
figures to take into account the number of persons in the household. Income shall be
calculated from all sources of each person residing in the household, except that there shall
be excluded:
(a) The annual income of any member of the household (other than the head of the
household or his or her spouse) who is under 18 years of age, or is a full-time student;
(b) The first $300 of the annual income of a secondary wage earner who is the
spouse of the head of the household;
(c) An amount equal to $300 for each member of the household (other than the
head of the household or his or her spouse) who is 18 years of age or older and is disabled or
handicapped, or a full-time student;
(d) Nonrecurring income;
(e) Five percent of the household’s gross income (10 percent in the case of elderly households);

(f) Such extraordinary medical or other expenses as the Director of Property approves for exclusion; and

(g) An amount equal to the sums received by the head of the household or his or her spouse from, or under the direction of, any public or private nonprofit child placing agency for the care and maintenance of one or more persons who are under 18 years of age and were placed in the household by such agency.))

(SEC. 35.16. “STEADY INCOME.” For the purposes of this Chapter, “steady income” shall be defined as income derived on a periodic basis and may include income from employment, investments, public assistance, or social security.))

(SEC. 35.20. DOWN PAYMENT ASSISTANCE LOAN. The purpose of a down payment assistance loan is to enable low-income and elderly persons to make a down payment on residential property.))

(SEC. 35.21. MAXIMUM AMOUNT OF DOWN PAYMENT ASSISTANCE LOAN. A down payment assistance loan shall equal the personal down payment investment of the recipient of the loan, on a matching basis, up to a maximum of $3,500.))

(SEC. 35.22. REPAYMENT OF A DOWN PAYMENT ASSISTANCE LOAN. A down payment assistance loan shall be interest-free with repayment of the principal amount of the loan amortized over a period of not less than five years or more than 10 years. The exact term of the loan shall be determined on a case by case basis by the Director of Property who shall

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give due consideration to the financial ability of the borrower of the loan and to the objective of
keeping the borrower’s total monthly housing cost equal to or less than the housing cost prior
to purchasing the unit.))

(SEC. 35.23. LENGTH OF OWNERSHIP. Recipients of a down payment assistance
loan must retain ownership of the residential property for a minimum of five years. In the event
the unit is sold or transferred within five years from the date the loan was made, 50 percent of
any capital gain earned as a result of the sale or transfer of the property subject to the loan
shall be due and payable to the program, as well as the outstanding balance due on the loan.
Capital gain shall be considered as being the remainder of the net recipients from the sale of
the property after deducting both the acquisition costs to the borrower and costs of any
improvements subsequently made.))

(SEC. 35.24. INSPECTION FOR COMPLIANCE WITH HOUSING CODES. All
residential property being proposed for purchase with a down payment assistance loan shall
be inspected for compliance with the San Francisco Housing Code prior to the granting of the
loan. The Real Estate Department shall be responsible for securing qualified persons to
perform the inspection at no cost to the applicant. Qualified persons shall mean construction
inspectors, civil engineers or architects who shall be licensed by the State of California. The
inspection report shall describe the work necessary to bring the property into code compliance
and shall include an estimate of the cost of that work.))

(SEC. 35.25. ABATEMENT OF CODE VIOLATIONS. Code violations which
constitute life hazards as defined by the Abatement Appeals Board must be abated within six
months of the date of the purchase of the property subject to a down payment assistance
loan. Code violations other than life hazards must be abated within the time limits set by the 
Abatement Appeals Board. Life hazards include but are not limited to the following: (a) a
missing egress, (b) serious electrical hazards; (c) structural deficiencies; (d) unvented or
unapproved gas appliances; and (e) lack of life sanitation facilities.))

SEC. 35.26. APPROVAL OF DOWN PAYMENT ASSISTANCE LOANS. The
Director of Property may approve a down payment assistance loan if he or she determines
that the following criteria are met:
(a) Residential property in the program area has been located for purchase and
inspected pursuant to Section 35.24;
(b) The applicant agrees in writing to undertake and complete a prescribed
counseling program;
(c) With the down payment assistance loan, the applicant will have sufficient funds
for the down payment required to purchase the property;
(d) There has been no change in the applicant’s eligibility for preliminary
involvement as set forth in Section 35.11; and
(e) Abatement of life hazards and code violations can be accomplished as required
in Section 35.25, and that there will be sufficient funds therefor.))

SEC. 35.30. EMERGENCY LOAN SUPPLEMENT. The Director of Property shall
establish an emergency loan fund to provide additional financial assistance to the holder of a
down payment assistance loan when the condition of hardship as defined in Section 35.31
occurs. The emergency loan fund shall be maintained by the Director of Property in amounts
necessary to satisfy the anticipated demands for these loans by the holders of down payment
assistance loans.))

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((SEC. 35.31. “CONDITION OF HARDSHIP.” The “condition of hardship” exists when
the holder of a down payment assistance loan is temporarily unable to meet the monthly
financial obligation of mortgage payments, down payment assistance loan payments,
insurance or taxes due to a loss or reduction of income because of illness, unemployment, or
other similar circumstances.))

((SEC. 35.32. MAXIMUM AMOUNTS OF EMERGENCY LOAN SUPPLEMENT. The
emergency loan supplement shall not exceed the amounts needed each month for mortgage
payments, insurance, and taxes, and shall be disbursed on a monthly basis for a maximum
period of three months. Holders of a down payment assistance loan may continue to apply for
emergency loan supplements until the maximum amount is outstanding.))

((SEC. 35.33. REPAYMENT OF AN EMERGENCY LOAN SUPPLEMENT. An
emergency loan supplement shall be interest-free. Repayment of the loan shall be pursuant to
a schedule established by the Director of Property who in establishing the repayment
schedule shall give due consideration to the financial situation of the borrower and to the
objective of enabling the borrower to retain the property subject to a program loan, provided,
however, any loan repayments to be made after the down payment assistance loan is paid
shall be in an amount at least equal to the monthly payments the borrower was making on the
down payment assistance loan except that the Director of Property may waive this
requirement when waiver is necessary to enable the borrower to retain the property.))

((SEC. 35.40. PREPAYMENT PENALTY. There shall be no penalty for prepayment of
a program loan.))

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((SEC. 35.41. SECURITY FOR A PROGRAM LOAN. Every program loan shall be secured by a deed of trust naming the City and County of San Francisco as beneficiary of the trust. Said deed of trust shall include provision for recapture of 50 percent of capital gain in the event of early resale of the property as provided in Section 35.23.))

((SEC. 35.42. PROPERTY INSURANCE. So long as any program loan, or portion thereof, is outstanding, the holder of the loan shall carry adequate insurance on the property.))

((SEC. 35.43. TRANSFER OF A PROGRAM LOAN. The unpaid amount of a program loan shall be due and payable upon sale or transfer of the ownership of the property, or death of the holder of the loan. Assignment of the unpaid amount of a program loan to a purchaser or a transferee may be permitted when the Director of Property determines that the prospective owner qualifies for the loan on the basis of prevailing loan eligibility standards.))

((SEC. 35.44. OWNERSHIP OCCUPANCY. Holders of a program loan must occupy the dwelling unit on which the program loan is secured. Use of property subject to a program loan for rental, lease, or other income purposes, except during temporary absences which shall not exceed a period of one year, will be grounds for termination of the loan at the discretion of the Director of Property.))

((SEC. 35.45. PARTICIPATION IN COUNSELING SERVICES. Every person found eligible for preliminary involvement in the program under Section 35.11 and every holder of a program loan shall be required to participate in counseling appropriate to his or her needs.))
unless the Director of Property gives the person a written waiver from this requirement on the
grounds that no counseling is needed.)

(SEC. 35.46. TERMINATION OF LOAN. If the holder of a program loan fails to
comply with the terms of this Chapter, with program regulations, or with the terms of the loan
agreement, the Director of Property may declare the outstanding amount of the program loan
immediately due and payable.)

(SEC. 35.50. PURPOSES OF COUNSELING SERVICES. The purpose of the
counseling services component of the home-ownership assistance program is to aid
participants in all aspects of home-ownership in order to improve and maintain the financial
stability and self-sufficiency of each assisted household.)

(SEC. 35.51. COORDINATION. The Real Estate Department shall coordinate
counseling services through agreements with either paid or volunteer community services or
counseling organizations. It shall be the policy of the Real Estate Department to reduce the
cost of providing counseling services to program participants by facilitating the use of free or
reduced fee counseling services wherever possible.)

(SEC. 35.52. SCOPE OF COUNSELING SERVICES. Every effort shall be made to
include as part of the counseling available counseling in areas relevant to the responsibilities
of home-ownership, including legal services, mortgage financing, real estate and tax
information, family financial management, and home maintenance training.)
((SEC. 35.60. COMMUNITY LOAN BOARD — MEMBERSHIP. There shall be a
Community Loan Board for each program area consisting of 13 members, who are selected in
the following manner:
(a) Two members of the Community Loan Board shall be appointed by the Director
of Property; one shall be experienced in the field of real estate lending and financing, and one
shall be a permanent employee of the Real Estate Department.
(b) Eleven members of the Community Loan Board shall be appointed by the Board
of Supervisors, based on nominations to be submitted by each supervisor. Members of the
Community Loan Board shall serve a term of two years. All appointees shall be residents of
the program area for at least six months prior to their appointment. Nominations shall be
solicited by the Board of Supervisors from the program area.
(c) All nominations, appointments, and elections necessary to carry out the purpose
of this Section shall be in accordance with the rules and regulations promulgated by the
Director of Property.))

((SEC. 35.61. COMMUNITY LOAN BOARD — FUNCTIONS. The functions of the
Community Loan Board include the following:
(a) Consult with the Director of Property regarding appropriate rules and regulations
for governing the implementation of the program;
(b) Develop by-laws for the operation of the Community Loan Board, which by-laws
shall be subject to the approval of the Director of Property;
(c) Review final loan applications and make advisory recommendations to the
Director of Property for approval or denial of program loans; and
(d) Such other duties as may from time to time be assigned by the Director of
Property.))

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((SEC. 35.62. DENIAL OF PRELIMINARY INVOLVEMENT OR OF A PROGRAM
LOAN. Denial of an application for preliminary involvement or for a program loan shall be in
writing and shall include a brief description of the basis for the denial.))

((SEC. 35.63. APPEAL FROM DENIAL OF PRELIMINARY INVOLVEMENT OR A
PROGRAM LOAN. When an application for preliminary involvement or for a program loan
has been denied by the Director of Property, the applicant may appeal the denial to the
Community Loan Board which shall review the application and make a recommendation to the
Director of Property whose decision after review of the Community Loan Board's
recommendation of the application is final.))

((SEC. 35.64. EQUAL OPPORTUNITY. Participation in the program shall be open to
all persons regardless of race, religion, color, ancestry, age, sex, sexual orientation, physical
disability, place of birth, marital status, or the presence or absence of children.))

((SEC. 35.65. EQUAL OPPORTUNITY APPEAL. Any applicant who feels that his or
her participation in the program has been denied by the Director of Property in violation of the
equal opportunity provisions in Section 35.64 may appeal the denial to the Human Rights
Commission. If the applicant appeals the denial to the Human Rights Commission, the Human
Rights Commission shall investigate the matter and the Director of the Human Rights
Commission shall recommend, in writing, findings and action to the Director of Property who
shall make the final decision on the appeal.))
((SEC. 35.70. RESPONSIBILITY FOR ADMINISTRATION OF THE PROGRAM.))

Responsibility for the administration of the program shall rest with the Real Estate Department. The Director of Property shall have authority to make final determinations on all aspects of the program, but shall appoint a Program Coordinator to whom the Director shall delegate responsibility for day-to-day administration of the program. Administration of the program includes, but is not limited to, the following:

(a) Determining the eligibility for preliminary involvement in the program and approving or denying applications for program loans;

(b) Coordinating the counseling services component of the program by utilizing existing community service organizations or by establishing new counseling programs as necessary;

(c) Making all necessary factual determinations in connection with the administration of the program;

(d) Developing and maintaining a current list of properties in each program area that would be appropriate for purchase under the program;

(e) Assisting applicants for a down payment assistance loan in obtaining home-purchase financing at the lowest possible interest rates;

(f) Coordinating volunteers who wish to assist in carrying out the purposes of the program; and

(g) Maintaining records and establishing procedures to measure and promote the effectiveness of the program in carrying out its purposes.))

((SEC. 35.71. RULES AND REGULATIONS. The Director of Property shall promulgate such rules and regulations as are necessary to carry out the provisions of this program. The rules and regulations developed pursuant to this Section shall be developed...))
after consultation with the Community Loan Board. Both draft and final rules and regulations shall be available for review by the public at places and at times to be determined by the Director of Property.))

((SEC. 35.72. PROGRAM PUBLICITY. In order to recruit eligible applicants for down payment assistance loans and to attract potential property sellers, the Director of Property shall publicize the home- ownership assistance program in program areas. Interested groups or organizations should be used in disseminating information concerning the existence, purposes, benefits, and availability of the program.))

((SEC. 35.73. COMMUNITY VOLUNTEER STAFF. The Director of Property may be assisted in carrying out his or her administrative functions by a volunteer staff, the members of which shall serve at the pleasure of, and be responsible to, the Director of Property.))

APPROVED AS TO FORM:
LOUISE H. RENNE, City Attorney

By: ___________________________
   THOMAS J. OWEN
   Deputy City Attorney

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File Number: 992152 Date Passed:

Ordinance amending Administrative Code by repealing Chapter 35 (Home-ownership Assistance Program) in its entirety.

January 24, 2000 Board of Supervisors — PASSED, ON FIRST READING
Ayes: 11 - Ammiano, Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Teng, Yaki, Yee

January 31, 2000 Board of Supervisors — FINALLY PASSED
Ayes: 11 - Ammiano, Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Teng, Yaki, Yee
I hereby certify that the foregoing Ordinance was FINALLY PASSED on January 31, 2000 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young
Clerk of the Board

FEB 11 2000
Date Approved

Mayor Willie L. Brown Jr.