



**FOR IMMEDIATE RELEASE:**

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**\*\*\* PRESS RELEASE \*\*\***

**MAYOR LEE & SUPERVISOR COHEN ANNOUNCE \$125 MILLION  
INVESTMENT IN HOME OWNERSHIP OPPORTUNITIES FOR UP TO  
1,500 MIDDLE CLASS FAMILIES**

*In Partnership with San Francisco Retirement System, Mayor's Office Will Invest up to \$125 Million Over Next  
10 Years in Down Payment Assistance Loans for Middle Income Residents to Buy Homes*

**San Francisco, CA** – Today Mayor Edwin M. Lee and Supervisor Malia Cohen announced a resolution calling for an unprecedented investment in homeownership opportunities for San Francisco's middle class, through a structured agreement between the San Francisco Retirement Board & Employee Retirement System (SFERS) and the Mayor's Office of Housing and Community Development (MOHCD) to provide loans for up to 1,500 middle class San Francisco families over the next decade. Under the terms of a resolution to be introduced today by Supervisor Cohen who is also a member of the San Francisco Retirement Board, SFERS will invest up to \$125 million over the next ten years to continually recapitalize the Downpayment Assistance Loan Program (DALP).

"We are in the midst of a housing affordability crisis in San Francisco, and people of every income are struggling to find a place for themselves and their families in our City," Mayor Lee said. "Today's first-in-the-nation investment by our public pension system will bring the dream of homeownership into reach for up to 1,500 middle class families in San Francisco. I appreciate the leadership of Supervisor Malia Cohen and her colleagues on the Retirement Board for investing in our residents and our City, creating a San Francisco where everyone belongs."

"There are many ways to address San Francisco's affordability crisis – and one way is to clear a path for first time homebuyers," said Supervisor Cohen. "Homeownership should not be out of reach for our City's residents and we need to be creative about the tools we are providing in order to keep low and middle income families in San Francisco."

Supervisor Cohen's Retirement Board resolution directs SFERS staff to present a proposal for adoption at the July meeting of the Retirement Board for an initial investment by the San Francisco Retirement Board in MOHCD's Down Payment Loan portfolio. The proposal shall be structured to ensure a reasonable rate of return for SFERS and to provide the Mayor's Office of Housing additional revenue to invest in affordable housing, including downpayment assistance for first-time San Francisco homebuyers. The proposal shall provide an initial investment of approximately \$25 million and provide a structure for future portfolio investments of up to \$10 million per year every year for the next decade.

The DALP is a down payment and closing cost assistance loan to low-moderate income first time homebuyers purchasing a single family home in San Francisco. The DALP is a silent second loan that requires no payments

for 40 years. The principal amount plus an equitable share of the appreciation shall become due and payable at the end of the term, or repaid upon sale or transfer. The DALP has been approved by CalHFA and most other first mortgage lenders. MOHCD reviews and updates these guidelines regularly to reflect changes in the market and better meet the needs of the low to moderate income homebuyers. The Maximum Loan Amount of the existing program is \$200,000 or 15 percent of the purchase price, whichever is less.

The existing DALP program only makes loans up to 120 percent of AMI. But with this new investment, the Mayor's Office is able to expand program eligibility and cover families up to 175 percent of AMI (approximately \$178,300 for a family of four), meaning middle class families will have a better chance at remaining in San Francisco.

Over the life of the DALP program, MOHCD has over made over 1,000 down payment assistance loans to San Franciscans for the purchase their first home. The existing DALP loans are an extremely safe investment, with a loss rate of less than one percent.

In his State of the City address in January 2015, Mayor Lee announced his support of this SFERS investment, spearheaded by Supervisor Cohen. In the past several months, SFERS and Mayor's Office of Housing staff have conducted financial analysis of the existing DALP portfolio and assessed the future demand for the loan program. Having largely completed this underwriting, SFERS can now take action as early as the July meeting to effectuate the agreement and immediately transfer funds, allowing for new loans to be made this summer.

Mayor Lee is also convening recent first-time homebuyers, mortgage lenders, and real estate agents who represent buyers with the goal of making process improvements to the DALP program, ensuring that these new funds are drawn down efficiently and that they allow middle class homebuyers to effectively compete in today's hot housing market. These homebuyer focus group meetings will begin immediately, so that any policy recommendations that result can be implemented this summer, coinciding with the new availability of funding.

Last year, Mayor Lee laid out an ambitious plan to build and rehabilitate 30,000 new housing units by 2020, with more than half within the reach of San Francisco's low- and middle-income families. Since then, the City has seen an unprecedented level of housing construction, resulting in over 4,300 new and rehabilitated homes.

Mayor Lee is committed to investing \$1.1 billion over the next five years as part of the affordable housing response plan, which includes the \$300 million Affordable Housing Bond currently before the Board of Supervisors, to address the City's ongoing affordability crisis that will build, rehabilitate and preserve over 10,700 permanently affordable homes for low and middle income families.

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