

MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
CITY AND COUNTY OF SAN FRANCISCO



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Dream Keeper Initiative Senior Home Repair Program (SHRP) Overview

Program Summary:

The Senior Home Repair Program (SHRP, or the “Program”), administered by the City and County of San Francisco (“City”), Mayor’s Office of Housing and Community Development (“MOHCD”), provides assistance up to \$50,000, in the form of a forgivable loan, to low- to moderate-income senior homeowners residing in historically distressed and underserved neighborhoods in San Francisco, with roof and HVAC repairs as well as accessibility improvements.

Definitions:

The capitalized terms used in this Program overview shall have the following meanings.

Application: The form specified by MOHCD to apply for funds under the Program, which includes, but is not limited to, an applicant’s information and supporting documents needed for MOHCD to determine the applicant’s eligibility for the Program.

Area Median Income or AMI: The median income level as determined and published by MOHCD derived, in part, from the Department of Housing and Urban Development (HUD) on an annual basis for the San Francisco area, adjusted for household size, but not high housing cost area.

Borrower: The applicant and all members of the Household that appear on the Program application, report their income and other qualifying information, and meet the eligibility criteria under the Program.

Closeout Report: A report provided by the Partner Agency upon disbursement of final payment to Borrower’s contractor that lists all final invoices, permits and verification of payments made to Borrower’s contractor.

Closing Documents: This is defined in the “Documentation and Security” section below.

Escrow Company: A third-party company instructed by MOHCD to open an escrow account in order to receive and disburse the loan funds in accordance with the MOHCD’s written instructions.

Low-income Households: Households whose total household income is at or below 80% of AMI.

Household: Any person or persons who holds title and occupies the property as their Primary Residence for the purposes of determining the applicant’s eligibility under the Program.

HVAC: Heating, Ventilation, and Air Conditioning.

Completion Letter: A letter issued by MOHCD to Borrower that includes total funds disbursed and expended by Borrower, remaining loan balance, and the Scope of Work that was deemed completed by MOHCD in its sole discretion.

MOHCD’s Legal Grantee: A non-profit organization that receives grants from MOHCD to provide estate planning education and counseling services to the SHRP participants.

Notice to Proceed: A written notice from MOHCD informing the SHRP applicant that work as outlined in the Scope of Work and construction contract may proceed.

Partner Agency: A local non-profit organization that receives grants from MOHCD to provide application and Program technical assistance as well as project management from inception to completion of project including homeowners applying for a SHRP loan.

Primary Residence: A dwelling where Borrower resides at least ten (10) out of twelve (12) months of each calendar year.

Property Inspection Form: A form created by MOHCD and used by Partner Agency that performs a property inspection to assess the repair needs of the property and determine the eligibility of the repair request from a SHRP applicant.

Scope of Work: A detailed description of the work to be funded by the SHRP loan, including all constructions costs and related soft costs of the rehabilitation or repairs of the Property.

Very Low-income Households: Households whose total household income is at or below 50% of AMI.

Eligible Repairs:

1. Roof Replacement or Repair
 - The loan for stabilization, repair or replacement of damaged or leaking roof and roof vents and gutters.
2. HVAC Replacement or Repair
 - The loan for repair or replacement of damaged HVAC system.
3. Accessibility Modifications

- The loan for accessibility modifications needed to adjust physical barriers within a home for seniors with mobility or other physical impairments.

Eligible repair work under the Program may be combined repairs up to the overall program maximum of \$50,000. Eligible costs include the hard costs of the repairs and improvements, plus permits and fees associated with such improvements. Architectural and design services are an eligible cost, provided that it is necessary and appropriate to the work being done.

Other repairs may be approved by MOHCD on a case-by-case basis, and in its sole discretion.

Property Eligibility:

1. Must be a permanent, residential structure located in the Program defined neighborhoods of Bayview Hunters Point, Western Addition, Hayes Valley, and Oceanview Merced Ingleside of the City and County of San Francisco for the following census tracts: 155, 157.02, 158.01, 158.02, 159, 160, 161.01, 161.02, 162, 163, 168.01, 168.02, 201.01, 202.02, 230.01, 230.03, 231.02, 231.03, 232, 233, 234, 251, 255.01, 257.01, 257.02, 261, 262.01, 262.02, 311, 312.01, 312.02, 313.01, 313.02, 314.01, 314.02, 610, 612, 9806, 9809.
2. Must meet the San Francisco Planning Department's definition of "dwelling unit" and fully conform with Planning Code compliance, and any relevant neighborhood plan controls.
3. Must have between 1-4 units and at least 1 unit must be owner-occupied.
4. Must have and maintain Property Insurance.
5. Must be free of the encumbrances that could jeopardize the City's loan security, including but not limited to:
 - Foreclosure proceedings or a number of late payments on the mortgage that would appear to be in pre-foreclosure status.
 - Bankruptcy that has not been discharged that could involve the applicant's property.
 - Delinquent property taxes, judgements, mechanics liens, or any other items that could encumber the property or could give concern to the continued ownership of the property by the applicant.
6. Properties secured by a reverse mortgage loan are allowed.

Applicant Eligibility:

1. All Household members must appear on the Program application, and report their income and other qualifying information.
2. All Household members must occupy the property as their Primary Residence.
3. At least one Household member must be 55 years of age or older at the time of application, and/or disabled with a documented permanent physical disability.
4. Total Household income does not exceed 120% Area Median Income (AMI).
5. Total Household liquid assets do not exceed \$150,000.
6. For the purposes of determining Household income and assets, all persons on the title who do not occupy the property must agree to sign an Affidavit acknowledging approval for the assistance to be provided and that they do not occupy the property.

All Households meeting the above eligibility criteria may apply for the Program. Applicants are selected based on priority points as outlined below.

Priority Considerations

Because of limited funding, a priority point system has been established for giving preferences to senior residents in underserved communities. The following describes the priority point system, preference categories, and the documentation that an applicant is required to submit if claiming any of the preference categories.

1. Years of Residency (2 points for every 10-year residency)

Eligibility: To qualify under this priority, at least one applicant has been residing in the property for at least 10 years prior to the date of application submittal. An applicant will receive 2 points for every 10 years that they have lived in their property. This priority will also apply to homeowners who acquired the property via inheritance and the prior owner owned and lived in the property for 10 or more years.

Reasonable breaks in residency during the 10 years will be considered, but the total period of residency for the priority-eligible Household member must be at least 10 years.

Documentation: MOHCD will pull a Property Profile to verify years of residency. If the information on Property Profile does not support the years of residency claimed by the applicant, applicants can provide any combination of one or more of the following documents showing the listed person's name and the address given during each 10-year residency period to establish priority:

- Birth Certificate
- School records
- Medical records
- [Census records](#) from Census Bureau
- Lease Agreements
- Federal Income Tax Returns
- Property tax records (from parents or grandparents)
- Real estate records from the San Francisco Recorder's Office
- Court documents
- Documents from government agency

2. Low-income Households (2 points) and Very Low-income Households (4 points)

Eligibility: Low-income Households will be assigned to 2 points. Very Low-income Households will be assigned to 4 points.

Documentation: No additional documentation is required. The priority points will be assigned upon MOHCD's determination of the applicant's income eligibility.

3. Households Displaced in Western Addition or Hunters Point by SFRA (4 points)

Eligibility: To qualify under this priority group, at least one member of the household must have been displaced, or who are descendants of households that were displaced in Western Addition or Hunters Point by the San Francisco Redevelopment Agency (SFRA). An individual holding 'Residential Certificates of Preference' ("COP Holder") as defined in the COP Program Manual is eligible for priority points.

Documentation: No documentation is required for COP holders; COP status will be verified by MOHCD at the time of priority scoring. Applicants not holding a COP must prove at least one member of the household lived at an affected address at the time of displacement with official records that include household member name, the date, and the affected address. To verify if an applicant's past address was affected, visit at <https://sfmohcd.org/certificate-preference#address>.

Official records include:

- School records from the SF Unified School District. [Request SFUSD public records](#) or [transcripts](#)
- Birth certificate. [Request a birth certificate](#)
- Police records. [Request SFPD public records](#)

To request COP search request, fill out the [online record research form](#).

4. Veterans (1 point)

Eligibility: To qualify under this priority, at least one applicant must be a veteran of any branch of the United States military or merchant marine separated with a DD214 release from active duty under honorable conditions.

Documentation: The individual claiming veteran status must submit verification of military status.

5. Persons with Disabilities (1 point)

Eligibility: The priority point will be given to a household that has at least one member of the household with a documented permanent physical disability that impairs mobility or other physical impairments as defined in Section 223 of the Social Security Act (<https://www.hud.gov/sites/documents/74651X3PIHH.PDF>).

Documentation: The individual claiming this status must submit verification from a licensed medical doctor or other government entity documenting permanent disability.

Loan Terms:

1. The SHRP loan balance will be forgiven entirely 3 years after completion of improvements if Borrower meets the following requirements:
 - a. Own and occupy the property during the 3-year period.
 - b. Complete Estate Planning Education and Counseling (as further described below) offered at no cost by MOHCD Grantee Partner (this is a non-profit legal service provider) prior to loan forgiveness.
2. Maximum Loan Amount: \$50,000 (Requests for loan amounts exceeding \$50,000 will be determined by MOHCD on a case-by-case basis and in its sole discretion.)
3. Minimum Loan Amount: \$5,000 not including non-recurring closing costs.

Estate Planning Education and Counseling:

As part of the assets protection under the [Mayor's Dream Keeper Initiative](#), Borrowers will be offered to complete estate planning education and counseling at no cost, which includes a minimum of 90-minute workshop(s) offered by MOHCD Grantee Partner, and a one-on-one counseling session, either in person or by phone or online. The workshop(s) cover key documents of estate planning, including living trust, will, financial power of attorney, and health care directives. The one-on-one counseling provides an opportunity for Borrowers to ask questions specific to their situation. If requested by Borrowers, MOHCD Grantee Partner will assist with setting up an estate plan and provide certain document preparation services charged on a scaling scale.

Documentation and Security:

The following documents (collectively, "Closing Documents") must be executed by Borrower to secure a SHRP loan after satisfaction of all requirements for funding:

- Loan Agreement, executed between the Borrower and the City, setting out the terms and conditions of the loan.
- Deed of Trust, executed by Borrower for the benefit of the City to secure the Promissory Note. The Deed of Trust is subordinate to the first mortgage deed of trust, and any other loans approved by the City.
- Promissory Note, executed by Borrower for the benefit of the City and secured by the Deed of Trust. The Note provides the amount of the loan and the loan terms.
- Request for Copy of Notice of Default, executed by Borrower on behalf of the City.
- Notice of Right to Cancel, executed by Borrower, allowing Borrower 3 business days following the signing of a loan document package to review the terms of the loan and cancel the loan.

Escrow Account for Funds Disbursement and Title Insurance

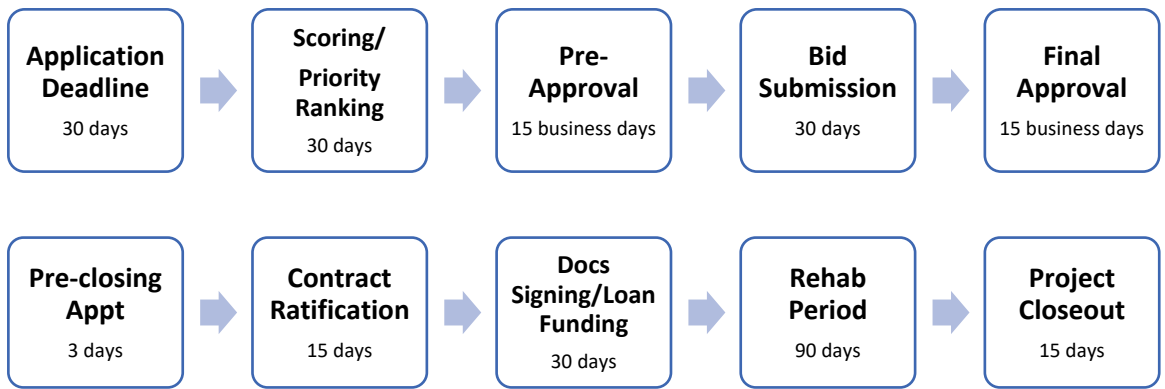
The escrow account will be opened with MOHCD's designated Escrow Company for disbursement of funds held in the account. Loan funds will be deposited by the City into the escrow account at closing to pay the

closing costs (which include escrow and title insurance fees associated with the loan), and the remaining funds will be held in the escrow account throughout the rehab period. Escrow will release funds to pay contractors only after MOHCD approves the repair work as specified in its escrow instructions. Upon disbursement of funds to contractors, any remaining balance in the escrow account will be returned to City and applied towards reduction of loan principal. After all funds are withdrawn, the escrow account will be closed.

Title insurance in the amount of the loan is required at the loan closing.

Application Process and Timeline:

Below is the process and an estimated timeline for obtaining a SHRP loan and completing repairs. The entire process may take up to ten (10) months after the application period opens. All times listed are approximate; the processing times can vary depending on many reasons including the applicant’s priority ranking, additional information required to determine an applicant’s eligibility, the type of repairs needed, and contractor’s availability.



Application Deadline: The Program will be marketed for at least 30 days, during which time interested applicants must complete and submit a complete application packet with all documentation.

- Applicant will complete the **Application** (income & assets; property insurance; government-issued photo ID).
- Partner Agency will provide applicants with a referral to MOHCD’s Legal Grantee and will inform applicants that estate planning education and counseling (described above) is required to be completed by homeowner within 3 years of obtaining a SHRP loan in order to be eligible for loan forgiveness.
- Partner Agency will complete a property inspection and submit a **Property Inspection Form**.
 - During the property inspection, Partner Agency staff will assess whether the property (a) meets the basic property eligibility guidelines; (b) the requested repairs are eligible; (c) the Scope of Work items can be addressed by the available maximum loan amount.

Scoring/Priority Ranking: Within 30 days after the application deadline established by MOHCD, MOHCD will determine scoring based on priority points and establish a list of all completed applications sorted by the number of priority points awarded (“Priority Ranking”).

Pre-Approval: MOHCD will review the application packages in order of Priority Ranking. If the applicant is determined to be eligible for the SHRP loan, MOHCD will issue a pre-approval letter with any applicable conditions and invite the applicant to work with Partner Agency staff to obtain 3 project bids from licensed and bonded contractors (as detailed below under *Notes*).

Bid Submission: Applicants will have up to 30 days to submit 3 project bids and any applicable conditions to MOHCD for final approval. Once MOHCD reviews the bids and determines the amount needed for the performance of the Scope of Work, MOHCD will issue loan disclosures reflecting the SHRP loan amount and costs associated with the loan.

Final Approval: Within 15 business days upon receipt of the executed loan disclosures, MOHCD will issue a final approval letter (“Commitment Letter”) that expires after 30 days and includes the SHRP loan amount as well as instructions to complete a pre-closing appointment.

Pre-Closing Appointment: At the pre-closing appointment the applicant will have a chance to review a draft copy of the Closing Documents.

Contract Execution: Upon completion of the pre-closing appointment, the applicant will select a contractor pursuant to the SHRP Program Overview and deliver a draft copy of the contract between the applicant and the applicant’s contractor for the performance of the Scope of Work to MOHCD for approval. Upon approval of the draft contract by MOHCD, Partner agency will assist the applicant with the review and execution of the contract.

Docs Signing/Loan Funding: Once MOHCD receives and approves the executed contract, MOHCD will instruct the Escrow Company to contact the applicant to schedule an appointment for executing the Closing Documents. Upon approval of the executed Closing Documents, MOHCD will deposit loan funds into the escrow account (as described above under *Escrow Account for Funds Disbursement and Title Insurance*) and issue a **Notice to Proceed** with instructions to commence construction work.

Rehab Period: The rehab period varies depending on the type of repairs needed but shall take no more than 90 days (with an extension to 150 days if approved by MOHCD). During this period, Partner Agency will oversee Borrower’s construction project and verify such project follows the scope of work and process. Partner Agency will (1) confirm with Borrower that all items outlined in the Scope of Work have been completed to the Borrower’s satisfaction, and (2) perform an inspection to verify completion of all work.

Project Closeout: Escrow will be open for no more than 6 months after the date of these instructions, unless extended by MOHCD in writing. Upon disbursement of final payment to the contractor, MOHCD will receive from Partner Agency a Closeout Report listing all final invoices, permits and verification of payments made to contractor. Upon review and verification of the Closeout Report, MOHCD will provide a **Completion Letter** to Borrower with information regarding the total funds used and remaining loan balance. Any remaining loan

balance will be returned to MOHCD and applied towards reduction of the principal loan amount. Escrow will close after all funds are withdrawn or returned to MOHCD.

Notes:

1. Application and technical assistance will be provided by Partner Agency.
2. Work must be performed by a licensed and bonded contractor. Contractors must meet the following criteria:
 - Licensed with the State of California and be active and in good standing with the Contractor's License Board.
 - Contractors will be checked against HUD's federally debarred list of contractors. Funds will not be granted to a Contractor on this list.
https://www.hud.gov/program_offices/general_counsel/limited_denial_participation_hud_funding_disqualifications
 - Contractors must have liability and property damage insurance, worker's compensation, and employer liability insurance to the extent required by State Law.
 - Contractors must agree to comply with all SHRP regulations; and
 - Be fully qualified to perform the required work outlined in the Scope of Work.
3. Contractor will be paid directly by MOHCD designated Escrow Company based on the following schedule:
 - The first disbursement shall be in an amount no greater \$1,000 or ten percent (10%) of the total cost of the Scope of Work whichever is less, unless otherwise approved by the MOHCD.
 - If needed, a second disbursement shall be requested at sixty percent (60%) completion of the Scope of Work as determined by Partner Agency.
 - The final disbursement may be submitted after completion of the Scope of Work as follows:
 - The Scope of Work shall have been completed as determined by Partner Agency;
 - A notice of completion shall have been recorded against the Property within 15 days of completion of the Scope of Work; and
 - The mechanics lien release period shall have expired, and no unreleased mechanics' liens or stop notices shall have been recorded against the Property.
4. Three contractor bids are required.
5. Owner may not serve as his/her contractor.
6. The application packages with all supporting documentation must be submitted by the Partner Agency electronically via the ShareFile link on the MOHCD website.

Rules Not Applicable:

1. Borrower's credit
2. Debt-to income ratio
3. Assets test
4. LTV/CLTV ratio
5. Junior liens approved by MOHCD