

Addendum to the City and County of San Francisco Residential Inclusionary Affordable Housing  
Program Monitoring and Procedures Manual 2007

Condominium Conversion Below Market Rate Program Procedures

Adopted in Conjunction with the San Francisco Subdivision Code Section 1344 by the Board of Supervisors on December 9, 2008.

Background

The City and County of San Francisco Residential Inclusionary Affordable Housing Program Monitoring and Procedures Manual 2007 (Procedures Manual) is adopted in its entirety, including this Addendum, for units subject to Section 1344 of the San Francisco Subdivision Code under the Condo Conversion Below Market Rate (BMR) Program. This includes all owners who purchase a Condo Conversion BMR Unit on or after the effective date of the ordinance and all Condo Conversion BMR owners who purchased prior to the effective date of the ordinance who have agreed through a contract with the City under Section 1344 (i) (b) to opt into an alternative to compliance with Section 1344 and to be bound by this Procedures Manual. While Condo Conversion BMR Units will be largely governed by the Procedures Manual, certain exceptions apply only to Condo Conversion BMR Units, as detailed below. In the event of any conflict between this Addendum and the Procedures Manual, this Addendum shall control.

Exceptions and Clarification for Condo Conversion BMR Units

- 1) Section II – Buyer Qualifications and Restrictions on BMR Ownership Units.
  - Section II (D) (1) – Term of Restriction on BMR Ownership Units. As specified in Section 1344 of the SF Subdivision Code, Condo Conversion BMR Units are to remain **restricted for the life of the BMR Unit**.
  - Section II (D) (4) (b) (i) – Restrictions on Renting BMR Ownership Units. Condo Conversion BMR Units may rent their units in certain hardship cases on a temporary basis for a period of no more than **12 months** with express written approval from MOH. The rent charged can be no more than the sum of all housing expenses or the current year’s affordable rental rate adjusted by unit size and income level as published by MOH, whichever is less. Renters must meet the Program’s qualifications, as specified in subsection (ii).
  - Section II (D) (5) (c) – Pricing Methodology for BMR Units Upon Resale. Subsection (iv) does not apply to Condo Conversion BMR Units. **ALL** Condo Conversion BMR Units will have their **resale prices determined by their base or**

**reset price adjusted by the percentage change in area median income (AMI) from the date of the current owner's purchase or reset date to the date of the resale pricing.**

- Section II (E) (5) – Capital Improvements Cap. At the time of sale, MOH will cap all eligible capital improvements and eligible replacements and repair at **10%** of the resale price of the Condo Conversion BMR Unit.
- 2) Section III – Rental Qualifications and Restrictions on BMR Rental Units.
- This section does not apply to Condo Conversion BMR Units.
- 3) Section IV – Procedures for Project Sponsors, Owners and Property Managers.
- Sections referring to the requirements of Project Sponsors and Property Managers do not apply to Condo Conversion BMR Units, such as initial sales procedures, building standards, construction management, project financing, etc.
  - Sections referring to the BMR owner apply to all Condo Conversion BMR Units, such as ongoing monitoring and recordation of restrictions, as follows:
    - Section IV (A) (1) – Monitoring and Reporting Procedures for BMR Ownership Units. Condo Conversion BMR owners are required to comply with annual monitoring certification, as outlined in this section.
    - Section IV (J) (1-3a, 4-5) – Documentation and Enforcement of Sales Restrictions for BMR Ownership Units. This section applies to all Condo Conversion BMR Units.
    - Section IV (J) (3) (b) (i) – Term of Note and Deed. Subsection (i) does not apply to Condo Conversion BMR Units.
    - Section IV (J) (3) (b) (ii) – Term of Note and Deed. Subsection (ii) applies to all Condo Conversion BMR Units. As specified in Section 1344 of the SF Subdivision Code, Condo Conversion BMR Units are to remain **restricted for the life of the BMR Unit.**