

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jacky Morales-Ferrand
Julia H. Cooper

SUBJECT: SEE BELOW

DATE: August 30, 2017

Approved

D. D. S. L.

Date

9/1/17

INFORMATION

SUBJECT: REPORT ON ACTIVITIES UNDERTAKEN BY THE DIRECTOR OF HOUSING AND THE DIRECTOR OF FINANCE UNDER THE DELEGATION OF AUTHORITY ORDINANCE FOR THE PERIOD OF APRIL 1, 2017 THROUGH JUNE 30, 2017

EXECUTIVE SUMMARY

This memorandum details actions taken under the delegation of authority to the Director of Housing and the Director of Finance for the fourth quarter of FY 2016-17 (April – June 2017). During this reporting period, the Director of Housing approved the modification of terms for four (4) miscellaneous actions pertaining to multifamily housing projects. These transactions are listed in Attachment A.

In addition, the Director of Housing approved two (2) homebuyer loans totaling \$60,000. The Director of Housing did not approve any Housing Trust Fund grants or rehabilitation loans during this quarter. The Director of Finance did not hold any TEFRA hearings during this period. These activities are summarized in Attachment B.

BACKGROUND

On September 4, 1990, the City Council adopted Ordinance No. 23589, which delegated to the Director of Housing certain specified authorities in the administration of the City's comprehensive affordable housing program (the "Delegation of Authority" or "DOA"). On May 23, 2000, the DOA was amended by Ordinance No. 26127 to clarify certain sections and to add several other provisions. On June 25, 2002, the DOA was further amended by Ordinance No. 26657 to add several provisions delegating additional authority to the Director of Housing, the Director of Finance, and the City Manager. Subsequently, the City Manager delegated to the Director of Housing the contract authority granted to the City Manager. Effective July 26, 2007, the DOA was further amended by Ordinance No. 28067 to modify certain provisions in order to streamline the Housing Department's process of making and adjusting loans and grants.

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The DOA is codified in Chapter 5.06 of the Municipal Code. This Memorandum reports on activities undertaken pursuant to the Administration's delegated authority for the period of April through June 2017.

ANALYSIS

The DOA authorizes the Director of Housing: to develop and implement additional guidelines for housing programs; to adjust terms on housing loans and grants; to change the funding sources of a loan; to convert loans to grants; to loan or to grant Housing and Homeless funds, Predevelopment funds, and Housing Rehabilitation Program funds; to negotiate and to execute grant agreements necessary to implement Council-approved programs adopted in the Annual Action Plan of the Consolidated Plan; to provide management for, and/or dispose of, properties acquired through direct purchase, foreclosure or deed-in-lieu proceedings; to formalize the City Council's policies and procedures regarding housing loan defaults; to apply for federal or State funding; to determine, within defined parameters, various terms and conditions of loans and grants previously approved by the City Council; to make adjustments, within defined parameters, to loans and grants previously approved by the City Council; and to make other technical changes.

Further, the DOA delegates jointly to the Director of Housing and Director of Finance certain authority related to the City's issuance of tax-exempt, private activity bonds to finance the development of affordable housing projects. The DOA also delegates to the Director of Finance the authority to hold Tax Equity and Fiscal Responsibility Act (TEFRA) hearings on the City's proposed issuance of tax-exempt bonds to finance affordable housing projects.

Attached are charts that detail the actions taken under the DOA during the period of April through June 2017.

COORDINATION

This memorandum has been coordinated with the Office of the City Attorney.

/s/
JULIA H. COOPER
Director of Finance

/s/
JACKY MORALES-FERRAND
Director of Housing

For more information, contact Jacky Morales-Ferrand, Director of Housing, at (408) 535-3855.

Attachments A & B

ATTACHMENT A

**ACTIONS TAKEN BY THE DIRECTOR OF HOUSING
4th Quarter 2016 – 2017 (Apr. – Jun. 2017)**

#	Date	Action	Muni Code Citation
1	4/11/17	<p>Approved the following action for Donner Lofts Apartments:</p> <ul style="list-style-type: none"> • Subordination of deed of trust and affordability restrictions for the HOME program to \$5.6 million from the Department of Housing and Community Development (HCD). <p>The HCD subordination requirement is fulfilled by the City's \$3.1 million lien for its construction/permanent loan amount, its project-specific affordability restrictions, and its HOME affordability restriction. The development is a 102-unit complex and is targeted to extremely low- and very low-income households located on St. John Street.</p>	5.04.010(A) 5.06.340
2	4/13/17	<p>Approved the following business terms for the construction/permanent loan for Metropolitan North Apartments:</p> <ul style="list-style-type: none"> ▪ Decreased the funding in the construction/permanent loan from \$15,045,000 to \$13,432,969; and ▪ Increased the loan interest rate from 2% to 4%. <p>Changes to the construction/permanent loan document will benefit the development from its senior loan debt being retired earlier and the decrease risk from the need to refinance a small loan amount with a high interest rate removed. This approval allowed the project to close its permanent financing in a manner consistent with the general parameters of the City Council's approval of its loan for this property.</p>	5.06.340(A)(9)
3	4/17/17	<p>Approved changes of a conditional grant that was approved by the City Council on March 15, 2016 for the Plaza Hotel project.</p> <ul style="list-style-type: none"> • Decreased CDBG (source 441) by \$250,000; and • Increased Housing Trust Fund (source 440) to \$250,000. <p>Certain project costs were determined to be ineligible for the CDBG funding resulting in these costs being reallocated to the Housing Trust Fund. The Plaza Hotel, a 48-unit single room occupancy hotel, is being renovated to house homeless individuals for no longer than five years.</p>	5.06.345(A)(4)
4	5/1/17	<p>Approved the extension of an \$800,000 predevelopment loan for North San Pedro Apartments. Specific terms include:</p> <ul style="list-style-type: none"> • Approval of Tax Credits resulting with CalHFA providing financing and being designated as the Issuer; and • Interest rate of 4%; and • Revised the maturity date from October 22, 2016 to December 31, 2017. <p>North San Pedro Apartments is a 135-unit affordable rental project being constructed by First Community Housing.</p>	5.06.340

ATTACHMENT B

**ACTIONS TAKEN BY THE DIRECTOR OF HOUSING
4th Quarter 2016 – 2017 (Apr. – Jun. 2017)**

Single Family Rehabilitation and Improvement Loans and Grants approved by the Director of Housing

There were no Rehabilitation Loans or Grants approved by the Director of Housing during this quarter.

Homebuyer Loans approved by the Director of Housing

HOMEBUYER LOANS	NUMBER	AMOUNT
BEGIN – Loan Program	2	60,000
TOTAL	2	60,000

Housing Trust Fund Grants approved by the Director of Housing

There were no Housing Trust Fund Grants during this quarter.

TEFRA Hearings held by the Director of Finance

There were no TEFRA Hearings during this quarter.