

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jacky Morales-Ferrand
Julia H. Cooper

SUBJECT: SEE BELOW

DATE: March 22, 2017

Approved

D. D. Syl

Date

3/23/17

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 OCTOBER 1, 2016 THROUGH DECEMBER 31, 2016

EXECUTIVE SUMMARY

This memorandum details actions taken under the delegation of authority to the Director of Housing and the Director of Finance for the second quarter of FY 2016-17 (October 1, 2016 through December 31, 2016). During this reporting period, the Director of Housing approved the modification of terms for two (2) miscellaneous actions pertaining to multifamily projects and one (1) single family home loan. These transactions are listed in Attachment A.

In addition, the Director of Housing approved nineteen (19) homebuyer loans totaling \$784,000. The Director of Housing did not approve any Housing Trust Fund grants or rehabilitation loans during this quarter. The Director of Finance held one TEFRA hearing 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.

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 October 1, 2016 through December 31, 2016.

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 October 1, 2016 through December 31, 2016.

COORDINATION

Preparation of this report 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
2nd Quarter 2016 – 2017 (Oct. – Dec. 2016)**

#	Date	Action	Muni Code Citation
1	11/15/16	<p>Approved the following for a borrower of a single family home located in the Modern Ice development:</p> <ul style="list-style-type: none"> • Amended loan terms and deferment of interest for a home loan, which originated from the former Neighborhood Housing Services of Silicon Valley (NHSSV); • Granted zero interest from 10/1/2013 to 10/1/2018; and • Granted forgiveness of \$9,500 interest previously accumulated. 	5.06.340 A.9
2	11/17/16	<p>Approved the following business terms for Japantown Seniors Apartments:</p> <ul style="list-style-type: none"> • Changed loan terms at conversion to permanent financing; and • Waived collection of \$400,000 deferred developer fee. <p>These terms allow the developer to take the full fee at completion and conversion which will help the City meet its HOME program income expenditure requirement. In return for satisfying the business terms, the City's net cash flow increases from 60% to 62% annually.</p>	5.06.340 A.9
3	12/12/16	<p>Approved the following business terms for Second Street Studio Apartments:</p> <ul style="list-style-type: none"> • Increased a construction/permanent loan from \$14,452,000 to \$16,915,713; • Agreed to a 55-year term with 0% interest during construction period and 4% interest for permanent period; • Required a Net Cash Flow of 30% annually; and • Agreed to a deposit of available City funds into an escrow account to pay for prefabricated building modules. <p>Second Street Studio Apartments will provide 134 units for chronically homeless residents.</p>	5.06.335 5.06.340.4

ATTACHMENT B

**ACTIONS TAKEN BY THE DIRECTOR OF HOUSING
2nd Quarter 2016 – 2017 (Oct. – Dec. 2016)**

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	8	240,000
CALHOME (HOME Funds)	1	60,000
Inclusionary Program	10	484,000
TOTAL	19	784,000

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

PROJECT NAME	UNITS	LOCATION	BOND AMOUNT	MAYOR'S CERTIFICATE NO.
Villa de Guadalupe	101 Units	2151 Plaza de Guadalupe, San José, CA 95116	\$40,000,000	Certificate No. 2016-2; Executed October 24, 2016