

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jacky Morales-Ferrand
Julia H. Cooper

SUBJECT: SEE BELOW

DATE: May 17, 2017

Approved

D. DSYL

Date

5/19/17

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 JANUARY 1, 2017 THROUGH MARCH 31, 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 third quarter of FY 2016-17 (January – March 2017). During this reporting period, the Director of Housing approved the modification of terms for two (2) miscellaneous actions pertaining to multifamily housing projects. These transactions are listed in Attachment A.

In addition, the Director of Housing approved one (1) homebuyer loan totaling \$30,000. The Director of Housing did not approve any Housing Trust Fund grants or rehabilitation loans during this quarter. The Director of Finance held two 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.

May 17, 2017

Subject: Report on Activities Undertaken by the Director of Housing and the Director of Finance

Page 2

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 January through March 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 January through March 2017.

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
3rd Quarter 2016 – 2017 (Jan. – Mar. 2017)**

#	Date	Action	Muni Code Citation
1	3/10/17	On March 1, 2016, City Council approved a \$3,112,500 construction / permanent loan commitment to 2112 Monterey Road South, L.P., a limited partnership affiliated Charities Housing Development Corporation, for the development of The Metropolitan South Apartments. The Director authorized changes to specific business terms for an increase in the construction and permanent loan from \$3,112,500 to \$3,735,000 resulting in a net increase of \$622,500. The difference between \$622,500 and actual construction loan interest will be applied to reduce the deferred developer fee with any remaining balance added to pay for other project costs.	5.06.340.4 and 5.06.335
2	3/22/17	Approved specific business terms for an acquisition, predevelopment, and demolition loan in the amount of up to \$5,500,000 to Villas on the Park San Jose, LP for the 79-unit Villas on the Park Apartments, an affordable permanent supportive housing rental project, to be constructed at 278 North Second Street developed by a partnership of Affirmed Housing and PATH Ventures. This action was needed to ensure the financial viability of the project and to allow the project to proceed as approved by City Council.	5.06.335

ATTACHMENT B

ACTIONS TAKEN BY THE DIRECTOR OF HOUSING 3rd Quarter 2016 – 2017 (Jan. – Mar. 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	1	30,000
TOTAL	1	30,000

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.
Catalonia Apartments	50	2036 Evans Lane, San Jose, 95125	30,600,000	2017-1
Villas on the Park	84	278 and 286 North 2 nd Street, San Jose, 95112	23,000,000	2017-2