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City Manager's Office

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Leslye Corsiglia
Julia H. Cooper

SUBJECT: SEE BELOW

DATE: June 12, 2013

Approved

Date

6/12/13

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, 2013 THROUGH MARCH 31, 2013

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 2012-13 (January 1, 2013 through March 31, 2013). During this reporting period, the Director of Housing approved actions modifying the terms of two single-family homes and approving four miscellaneous actions pertaining to multifamily projects. These transactions are listed in Attachment A.

In addition, the Director of Housing approved 33 new rehabilitation loans and grants totaling \$414,530, and five new homebuyer loans totaling \$460,975. The Director of Finance held no TEFRA hearings during this reporting period. This activity is 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 January 1, 2013 through March 31, 2013.

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 1, 2013 through March 31, 2013.

COORDINATION

Preparation of this report has been coordinated with the Office of the City Attorney.

/s/
JULIA H. COOPER
Director of Finance

/s/
LESLYE CORSIGLIA
Director of Housing

For more information, contact Leslye Corsiglia, Director of Housing, at (408) 535-3851.

Attachments A & B

ATTACHMENT A

**ACTIONS TAKEN BY THE DIRECTOR OF HOUSING
3rd Quarter 2012 – 2013 (January - March 2013)**

#	Date	Action	Muni Code Citation
1	2/25/13	<p>Approved the following for the single family home located on Auzerais Avenue:</p> <ul style="list-style-type: none"> ▪ Allowed the short sale and acceptance of the \$13,297.89 as full payment of the City Loan; ▪ Reduced deferred income by approximately \$76,702.11; ▪ Reconveyed the City Deed of Trust; and ▪ Released the Affordability Restrictions. <p>The City received information that the property would be listed for a short sale. Borrower met with the ForeclosureHelp Center and, after review of financial information, determined that the borrower has a financial hardship.</p>	5.06.380
2	2/22/13	<p>Approved an amendment of the loan agreement for the construction/permanent loan for the Belovida at Newbury Park Senior Apartments at conversion to the permanent period. The Director of Housing approved the following modifications:</p> <ul style="list-style-type: none"> ▪ Extended the period for payment of project costs savings and receipt and approval of the final Accounting Report to 60 days after Borrower's receipt of the IRS form 8609, not later than August 31, 2013; and, ▪ Allowed City loan proceeds to be used to repay the Senior Lender's construction bridge loan. <p>The receipt of the 8609 tax credit report from the State is necessary to the calculation of project cost savings and preparation of the final accounting report. Receipt of the 8609 report is delayed due to a backlog at the State.</p>	5.06.340 (A)(9)
3	2/4/13	<p>On June 19, 2012, the City Council approved a predevelopment loan of up to \$500,000 to First Community Housing, or its affiliate, for the development of the project. Approved specific business terms for a predevelopment loan for Japantown Seniors Apartments in the amount of up to \$500,000 to Japantown Apartments, L.P. with a 4% simple interest loan for up to 36 months. The loan shall be evidenced by a Loan Agreement and a Promissory Note secured by an assignment of the Architect's plans and specifications. Upon closing of the City construction/permanent loan, the principal of the City predevelopment loan will be repaid.</p>	5.06.334 (A)(7)
4	1/31/13	<p>Approved a \$40,000 increase in City funding to Unity Care Group for its Roundtable Drive properties. In June 2007, the Council approved a grant of \$2.125 million for the acquisition/rehabilitation of two fourplexes on Roundtable Drive. In July 2011, Youthbuild – a subcontractor for the rehabilitation work on the two fourplexes – informed the City that certain items that were originally planned to be complete using its Department of Labor (DOL) grant were beyond their technical ability to complete. This left a funding gap of approximately \$60,000. The Housing Department and Unity Care agreed to split the cost overrun between them, with the City assuming responsibility for \$40,000 and Unity Care covering the remaining \$20,000.</p>	5.06.340 (A)(4) and (9)
5	1/25/13	<p>Approved specific business terms for a construction/permanent loan in the amount of \$2,114,455 for the Ford and Monterey Family Apartments to Ford Road Family Housing, L.P. including: a 0% interest loan for \$1,770,000 in NSP2 funds; and a 4% interest loan for \$344,455 from the City's Affordable Housing Investment Fund (Fund 346). The construction loan term is 25 months and the permanent loan term is for 55 years. The site, owned by the City, is currently being leased to the Project under a long-term ground lease of 75 years at \$1 per year. The City will share 70%</p>	5.06.335

#	Date	Action	Muni Code Citation
		of net cash flow with the Housing Authority of Santa Clara County and the Housing Trust of Silicon Valley in proportion to the City's share of all soft loans with 30% to be paid to the developer.	
6	1/8/13	<p>Approved the following for the single family home located on Edenvale Avenue:</p> <ul style="list-style-type: none"> ▪ Reconveyed a HOME Deed of Trust to a new NSP2 Deed of Trust in its place; and ▪ Allowed an interest waiver of approximately \$1,400 on the amount of accrued interest on the HOME-funded loan. <p>The City-funded second loan was funded from HOME since the borrowers were believed to be lower-income. However, an internal review indicated the borrowers were ineligible for HOME funds because they exceeded the lower-income limits by \$3,578.64. Therefore, a substitute funding source was required.</p>	5.06.380

ATTACHMENT B

ACTIONS TAKEN BY THE DIRECTOR OF HOUSING
3rd Quarter 2012 – 2013 (January – March 2013)

Single Family Rehabilitation and Improvement Loans and Grants approved by the Director of Housing during the Third Quarter of FY 2012-13.

REHABILITATION LOANS AND GRANTS	NUMBER	AMOUNT
Rehabilitation Loans	7	\$155,000
Single Family Rehabilitation Grants	11	\$79,989
Mobilehome Rehabilitation Grants	15	\$179,541
TOTAL	33	\$414,530

Homebuyer Loans approved by the Director of Housing during the Third Quarter of FY 2012-13.

HOMEBUYER LOANS	NUMBER	AMOUNT
BEGIN – Loan Program	4	\$385,175
Neighborhood Stabilization Program 2 (HOME Funds)	1	\$75,800
TOTAL	5	\$460,975

Housing Trust Fund Grants

There were no Housing Trust Fund Grants approved by the Director of Housing during this quarter.

TEFRA Hearings held by the Director of Finance

There were no TEFRA Hearings held during this quarter.