

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jacky Morales-Ferrand
Julia H. Cooper

SUBJECT: SEE BELOW

DATE: August 18, 2015

Approved

D. D. SyL

Date

8/21/15

INFORMATION

SUBJECT: REPORT ON ACTIVITIES UNDERTAKEN BY THE INTERIM DIRECTOR OF HOUSING AND THE DIRECTOR OF FINANCE UNDER THE DELEGATION OF AUTHORITY ORDINANCE FOR THE PERIOD OF APRIL 1, 2015 THROUGH JUNE 30, 2015.

EXECUTIVE SUMMARY

This memorandum details actions taken under the delegation of authority to the Interim Director of Housing and the Director of Finance for the fourth quarter of FY 2014-15 (April 1, 2015 through June 30, 2015). During this reporting period, the Interim Director of Housing approved the following actions: modifying the terms of three (3) miscellaneous actions pertaining to multifamily projects. These transactions are listed in Attachment A.

In addition, the Interim Director of Housing approved three (3) homebuyer loans totaling \$267,832.00. The Interim Director of Housing did not approve any Rehabilitation Loans and Grants or Housing Trust Fund Grants during this quarter. The Director of Finance held two (2) TEFRA hearings during this 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 April 1, 2015 through June 30, 2015.

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 1, 2015 through June 30, 2015.

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
Interim Director of Housing

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

Attachments A & B

ATTACHMENT A

**ACTIONS TAKEN BY THE INTERIM DIRECTOR OF HOUSING
4th Quarter 2014 – 2015 (April - June 2015)**

#	Date	Action	Muni Code Citation
1	4/28/15	<p>Approved the following amendments of the City's affordability restrictions on the Canoas Terrace Project located at 300 Sands Drive:</p> <ul style="list-style-type: none"> • added an affordability restriction monitoring fee of \$19.50 per unit per year (increasing annually at 3%) and late fee provisions; • amended the affordability restriction to ensure the following rights remain after repayment of the Loan: various operating and reporting covenants, a requirement for consent to certain transfers, and City inspection rights; and • clarified the affordability restriction with respect to HOME regulations and household occupancy assumptions. 	<p>5.06.340.A.9 5.06.340.A.12</p>
2	6/5/15	<p>Approved the addendum to the 10/15/14 Memorandum for Villa Hermosa Apartments Year-15 Limited Partner Buyout to include the affordability restrictions term. This project closed on June 30, 2015 and the affordability restrictions were extended from August 3, 2054 to September 3, 2055. All other analysis and findings from the 10/15/14 DOA Memorandum remain unchanged.</p>	<p>5.06.340.A.9 5.06.340.A.12</p>
3	6/18/15	<p>Approved a modification of the Promissory Note for the Ford Family Project to include the following terms for loan servicing and affordability monitoring fees:</p> <ul style="list-style-type: none"> • an annual loan servicing fee of \$19.50 per unit paid in advance to the City during the term of the loan, due on July 1, 2015, which shall increase by 3% annually on July 1; and • an annual affordability restriction monitoring fee of \$19.50 per unit paid in advance to the City until expiration of the affordability restriction. 	<p>5.06.340</p>

ATTACHMENT B

**ACTIONS TAKEN BY THE INTERIM DIRECTOR OF HOUSING AND FINANCE
4th Quarter 2014 – 2015 (April - June)**

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

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

Homebuyer Loans approved by the Interim Director of Housing

HOMEBUYER LOANS	NUMBER	AMOUNT
BEGIN – Loan Program	2	\$235,332
Neighborhood Stabilization Program 2 (HOME Funds)	1	\$32,500
TOTAL	3	\$267,832

Housing Trust Fund Grants approved by the Interim 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.
Canoas Terrace Apartments	112 units	420 Sands Drive, San Jose, CA 95125	\$27,000,000	Certificate No. 2015-2; Executed April 24, 2015
Town Park Towers	216 units	60 North 3rd Street, San Jose, CA 95112	\$50,000,000	Certificate No. 2015-3; Executed May 22, 2015