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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:** November 10, 2011

Approved

Date

11-15-11

## 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 JULY 1, 2010 THROUGH JUNE 30, 2011**

## EXECUTIVE SUMMARY

This memorandum details actions taken under the delegation of authority to the Director of Housing and the Director of Finance for Fiscal Year 2010-2011. During this reporting period, the Director of Housing approved the following: modifications to four existing multifamily loans; business terms for 13 multifamily loans; modifications to nine small business loans; and, miscellaneous actions pertaining to ten existing single family rehabilitation and homebuyer loans. These transactions are listed in Attachment A.

The Director of Housing approved foreclosure actions for loans on 39 single family properties (due to the primary lender's foreclosure action on the homebuyer) with a total dollar loss of \$1,725,000. The Director also approved short sales for eight properties that resulted in a loss of \$134,250. The approved short sales resulted in a recapture of \$130,750.

In addition, the Director of Housing approved 310 new rehabilitation loans and grants totaling \$3,952,767, and 98 new homebuyer loans totaling \$4,925,263, as detailed in Attachment B. Finally, the Director of Housing approved eight housing trust fund grants totaling \$399,434 as detailed in Attachment C. In addition, the Director of Finance held two (2) TEFRA hearings for two projects this period as stated in Attachment D.

## **BACKGROUND**

On September 4, 1990, the 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 Delegation of Authority was amended by Ordinance No. 26127 to clarify certain sections and to add several other provisions. On June 25, 2002, the Delegation of Authority 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 Delegation of Authority 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 Delegation of Authority 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 July 1, 2010 through June 30, 2011.

## **ANALYSIS**

The Delegation of Authority (DOA) ordinance 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 Council; to make adjustments, within defined parameters, to loans and grants previously approved by the Council; and to make other technical changes.

Further, the DOA Ordinance 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 Ordinance also delegates to the Director of Finance the authority to hold 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 Ordinance during the period of June 1, 2010 through June 30, 2011.

HONORABLE MAYOR AND CITY COUNCIL

November 10, 2011

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

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**COORDINATION**

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

  
JULIA H. COOPER  
Acting Director of Finance

  
LESLYE CORSIGLIA  
Director of Housing

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

Attachments A, B, C & D

**ATTACHMENT A**

**ACTIONS TAKEN BY THE DIRECTOR OF HOUSING  
FISCAL YEAR 2010 - 2011**

Date	Action	Muni Code Citation
<i>1<sup>st</sup> Quarter 2010-2011</i>		
7/8/10	Approved the following loan terms for the Orvieto Family Apartments: <ul style="list-style-type: none"> <li>▪ Capitalization of projected accrued City acquisition loan and construction loan interest expense of up to \$847,862 or alternatively, defer unpaid acquisition and construction loan interest to the permanent loan if not paid from other sources of funds ;</li> <li>▪ Decrease the interest rate on the loan from 4% to 3%;</li> <li>▪ Extend the City permanent loan term from 35 years to 38 years.</li> </ul>	5.06.340 (A)(6)
7/12/10	Approved the following actions for Belovida at Newbury Park project: <ul style="list-style-type: none"> <li>▪ The capitalization of up to \$135,634 in interest to be accrued on the City's acquisition and predevelopment loans bringing the total construction loan amount to \$20,627,241;</li> <li>▪ The capitalization of up to \$452,431 in interest to be accrued on the City's construction loan, bringing the construction/permanent loan up to \$21,079,672;</li> <li>▪ A change to the priority of the City lien position from second to sixth position; and</li> <li>▪ Amendment of loan terms.</li> </ul>	5.06.340 (A)(4)
7/28/10	Approved the following terms for the Belovida at Newbury Park Development: <ul style="list-style-type: none"> <li>▪ An increase in the previously approved capitalization of interest on the City's construction loan of \$452,431 by \$486,935, bringing the total capitalized construction period interest to \$939,366 and the City construction/permanent loan to \$21,566,607</li> </ul>	5.06.340 (A)(6)
8/17/10	Approved \$40,000 as full payment of the City loan and a release of affordability restrictions for a single family home on Technology Drive.	5.06.380
8/19/10	Approved the following loan terms for the San Carlos Townhomes for-sale project: <ul style="list-style-type: none"> <li>▪ A three-month construction loan term extension from August 31, 2010 to November 30, 2010, with an additional six-month extension option at City's sole discretion</li> </ul>	5.06.340
8/23/10	Approved the receipt and distribution of a sub-award of Tax Credit Assistance Program (TCAP/ARRA) funds from the California Tax Credit Allocation Committee (CTCAC) under authority granted by the American Recovery and Reinvestment Act of 2009 (ARRA) to Fourth Street Apartments, L.P., the borrowing entity for First Community Housing's (FCH) Fourth Street Apartments project. The TCAP funds will be used for construction expenses and will roll into the project's permanent financing.	5.06.350
8/23/10	Approved the following action for the Rosemary Family project: <ul style="list-style-type: none"> <li>▪ An extension of the acquisition loan term to September 1, 2013, for the previously-approved predevelopment loan to ROEM Development Corporation, or its designated affiliate.</li> </ul>	5.06.340
8/24/10	Approved the following action for the Rosemary Senior Apartments project: <ul style="list-style-type: none"> <li>▪ The extension of the acquisition loan term to September 1, 2013, for the previously-approved acquisition loan to ROEM Development Corporation, or its designated affiliate.</li> </ul>	5.06.340
9/10/10	Approved the following for the single family home located at East Julian Street, which had declined in value from \$344,000 to \$245,000. The borrower could no longer pay the senior mortgage: <ul style="list-style-type: none"> <li>▪ Allowed the short sale and acceptance of \$10,540 as full payment of the City Loans;</li> <li>▪ Reconveyed the City Deeds of Trust and Released the Affordability Restrictions;</li> <li>▪ Wrote off of \$64,460 as a loss;</li> <li>▪ Reduced deferred revenue by \$30,400.</li> </ul>	5.06.380
9/10/10	Approved the following for the single family home located on The Alameda, which had	5.06.380

**ATTACHMENT A**

<b>Date</b>	<b>Action</b>	<b>Muni Code Citation</b>
	<p>declined in value from \$551,000 to \$355,000. The borrower could no longer pay the senior mortgage:</p> <ul style="list-style-type: none"> <li>▪ Allowed the short sale and acceptance of the \$94,000 as full payment of one City Loan and partial collection of deferred revenue;</li> <li>▪ Reconveyed the City Deeds of Trust and Released the Affordability Restrictions;</li> <li>▪ Reduced deferred revenue by \$221,500.</li> </ul>	
9/10/10	<p>Approved the following for the single family home located at Dix Way:</p> <ul style="list-style-type: none"> <li>▪ A temporary hardship waiver allowing temporary rental (for twelve months) to enable the borrower to cover her costs until the housing market improves and she can sell the property or afford to live in it.</li> </ul>	5.06.380
9/10/10	<p>Approved the following actions for the Kings Crossing Development:</p> <ul style="list-style-type: none"> <li>▪ Specific business terms for the construction/permanent loan in the amount of up to \$6,748,465 during construction and up to \$8,408,831 during permanent, comprised of \$3,158,131 of 20% Housing Funds and \$5,250,700 of HOME Funds and a conditional loan in the amount of \$1,220,302 comprised of 20% Housing Funds.</li> </ul>	5.06.335
9/28/10	<p>Approved the following for the single family home located at Don Andres Court, which had declined in value by \$156,000 since its purchase in 2007. The borrower could no longer pay the senior mortgage:</p> <ul style="list-style-type: none"> <li>▪ Allowed the short sale and acceptance of \$3,000 as full payment of the City Loans;</li> <li>▪ Reconveyed the City Deeds of Trust and Released the Affordability Restrictions;</li> <li>▪ Wrote off of \$62,000 as a loss due to short sale.</li> </ul>	5.06.380
9/28/10	<p>Approved the following for the single family home located at San Antonio Place, which had declined in value from \$488,880 to \$202,000. The borrower could no longer afford to pay the senior mortgage.</p> <ul style="list-style-type: none"> <li>▪ Allowed the short sale and acceptance of \$12,000 as full payment of the City Loans and write-off \$18,000 as a loss due to short sale;</li> <li>▪ Reconveyed the City Deeds of Trust and Released the Affordability Restrictions;</li> <li>▪ Reduced deferred revenue by \$104,780.</li> </ul>	5.06.380
9/28/10	<p>Approved the following for the single family home located at Balboa Avenue:</p> <ul style="list-style-type: none"> <li>▪ Allowed the son of the original borrower, who is deceased, to assume the rehabilitation loan in the principal amount of \$15,000;</li> <li>▪ Extend the deferred payment status of the loan for an additional five years, with a re-review of the borrower's finances at that time to determine deferral continuation eligibility.</li> </ul>	5.06.380
<b>2<sup>nd</sup> Quarter 2010-2011</b>		
10/6/10	<p>Approved the following for the single family home located at Auzerais Avenue, which had declined in value from 2008 from \$324,000 to \$241,500. The borrower could no longer afford to pay the senior mortgage.</p> <ul style="list-style-type: none"> <li>▪ Allow the short sale and acceptance of \$12,750 as full payment of two (2) City Loans and write-off \$67,250 as a loss due to short sale;</li> <li>▪ Reconveyance of the City Deeds of Trust and Release of the Affordability Restrictions;</li> <li>▪ Reduce deferred revenue by \$5,000.</li> </ul>	5.06.380
10/6/10	<p>Approved the following for the single family home located at N. 6th Avenue:</p> <ul style="list-style-type: none"> <li>▪ Allowed the daughter of the original borrower, who is deceased, to assume the rehabilitation loan in the principal amount of \$12,000 plus accrued unpaid interest at 3.75% simple per annum.</li> </ul>	5.06.380
10/6/10	<p>Approved the following for the single family home located at N. 21<sup>st</sup> Street:</p> <ul style="list-style-type: none"> <li>▪ Allow the assumption of the loan in the principal amount of \$21,045, plus accrued interest, to the sons of the original borrower, who is deceased.</li> </ul>	5.06.380

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<b>Date</b>	<b>Action</b>	<b>Muni Code Citation</b>
10/6/10	<p>Approved modified loan terms for the Revolving Loan Fund (Economic Development) loan to Elite Dental to:</p> <ul style="list-style-type: none"> <li>▪ Reduce the current interest rate from 6% to 3%</li> <li>▪ Extending the loan terms by an additional twenty-one months, to September 30, 2014</li> </ul> <p>An analysis of financial statements shows that the business has been operating at a loss since it opened in 2008.</p>	5.06.340 (A)(1)
10/6/10	<p>Approved the following for the single family home located on 17<sup>th</sup> Street:</p> <ul style="list-style-type: none"> <li>▪ A temporary hardship waiver allowing temporary rental of the home for six months. The borrower is deceased and her heir needs to rent the property temporarily, as the heir is in the process of rehabilitating her own home in order to sell it.</li> </ul>	5.06.380
10/20/10	<p>Approved the following for the single family home located on S. 14<sup>th</sup> Street:</p> <ul style="list-style-type: none"> <li>▪ Assumption of the loan in the original principal amount of \$74,120 plus accrued unpaid interest at 3% simple interest per annum by the daughter of the deceased couple.</li> </ul>	5.06.380
10/20/10	<p>Approved the following for the single family home located on Makati Circle:</p> <ul style="list-style-type: none"> <li>▪ A temporary hardship waiver allowing temporary rental of the home for 12 months. Due to the current economy, the borrower's father had to move in with the borrower. Because the 550 square-foot condo was too small, the borrower requested a temporary waiver to rent the property until her father could afford his own housing and she could move back.</li> </ul>	5.06.380
10/20/10	<p>Approved the following for the mobilehome located on Oakbridge Drive:</p> <ul style="list-style-type: none"> <li>▪ Conversion of the home repair loan in the principal amount of \$9,455.52, plus accrued interest of \$5,587.40 to a grant. Due to the financial condition of the borrower (age 86), there are not the resources to pay off the loan.</li> </ul>	5.06.340
10/22/10	<p>Approved an amendment to the business terms for a construction/permanent conditional grant of up to \$6,291,000 to Family Supportive Housing, Inc., for the construction and permanent financing of the 36-unit New San Jose Family Shelter. A number of standard business terms were modified due to the very unusual nature of the project, namely: It is a homeless shelter being partially financed through fund-raising; it is being built on a podium structure shared with a conventional affordable housing project; and it is financed partially through a grant funded by the Redevelopment Agency.</p>	5.06.335
10/27/10	<p>Approved specific business terms for a construction/permanent loan in the amount of \$5,297,000 to 90 Archer, L.P for the development of the 42-unit Archer Studios project, an affordable multifamily rental project being developed by Charities Housing Development Corporation in accordance with the increased construction/permanent loan commitment and the commitment of HOME funds approved by the City Council on August 4, 2009.</p>	5.06.340 (A)(3)
11/2/10	<p>Approved business terms regarding site acquisition funding for the total funding commitment of up to \$16,084,579 to Fourth Street Apartments, L.P., the borrowing entity for First Community Housing's Fourth Street Apartments project, as approved by City Council on 8/11/09.</p>	5.06.335
11/16/10	<p>Approved the following actions for the Julian Street Apartments and Lucretia Gardens Apartments:</p> <ul style="list-style-type: none"> <li>▪ Subordination of the Affordability Restrictions and Tax Regulatory Agreements to new cross collateralized, cross defaulted Senior Loans in the total amount of up to \$44,073,828 during construction and up to \$18,100,000 at permanent, which will be secured by Freddie Mac Deed of Trust and a JP Morgan Chase Deed of Trust.</li> <li>▪ Issuance of a letter to the Housing Authority of the County of Santa Clara consenting to the use of federal tax credit/TCAC bedroom/family size assumptions in calculating the project's affordable rents under the Affordability Restrictions.</li> </ul>	5.04.010 (A)
11/23/10	<p>Approved the following for the mobilehome located on Oakland Road:</p>	5.06.340

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<b>Date</b>	<b>Action</b>	<b>Muni Code Citation</b>
	<ul style="list-style-type: none"> <li>▪ Conversion of a home repair loan in the principal amount of \$13,187.50, plus accrued interest of \$8,150.24, to a grant. Due to the financial condition of the borrower (age 80), there are not the resources to pay off the loan.</li> </ul>	
12/6/10	<p>Approved the following actions due to foreclosure for eleven (11) First Time Homebuyer loans:</p> <ul style="list-style-type: none"> <li>▪ Write-off \$260,000 in 20% funds;</li> <li>▪ Reduce HOME funds investment by \$105,000; and</li> <li>▪ Reduce deferred revenue by \$405,876.</li> </ul> <p>In each case, it was determined that the only way that the City could have protected the security for its loan would have been to satisfy the senior lenders, which was not economically feasible given declining property values and that the debt secured by the property exceeded its value.</p>	5.06.380
12/7/10	<p>Approved the following actions due to foreclosure for two (2) First Time Homebuyer loans:</p> <ul style="list-style-type: none"> <li>▪ Write-off \$30,000 in BEGIN funds;</li> <li>▪ Reduce HOME funds investment by \$65,000; and</li> <li>▪ Reduce deferred revenue by \$104,580.</li> </ul> <p>In each case, it was determined that the only way that the City could have protected the security for its loan would have been to satisfy the senior lenders, which was not economically feasible given declining property values and that the debt secured by the property exceeded its value.</p>	5.06.380
12/29/10	<p>Approved the following actions for the single family loan located at Brahms Avenue</p> <ul style="list-style-type: none"> <li>▪ A \$3,000 Z-Loan increase for a rehabilitation loan due to additional work needed identified as the project progressed. Due to tough personal and financial circumstances, the borrower did not have the ability to pay for the additional costs from her own funds.</li> </ul>	5.06.340
<b>3<sup>rd</sup> Quarter 2010-2011</b>		
1/3/11	<p>Approved the following actions with respect to the City Loan to Unity Care Group for the Northrup Apartments:</p> <ul style="list-style-type: none"> <li>▪ Charge 3% simple interest rather than 0% on the \$651,428.57 portion of the loan funded by Prop 46 Funds and charge 0% interest remaining \$868,571.43 portion of the loan funded by Housing Trust funds;</li> <li>▪ Require annual payments of 50% from residual receipts on the \$651,428.57, rather than on the full loan amount of \$1,520,000, after the Heritage Bank loan is paid off or matures;</li> <li>▪ Require no payments on the \$868,571.43 portion only of the loan funded by the Housing Trust Funds;</li> <li>▪ Forgive any outstanding interest and principal due on the \$868,571.43 on the Maturity Date.</li> </ul> <p>When the loan was made, it was inadvertently classified the full amount of \$1,520,000 as repayable – the \$651,428.57 of the loan funded by Prop 46 should have been characterized as repayable and the remaining \$868,571.43 of the loan funded by Housing Trust funds should have been characterized as forgivable.</p>	5.06.340
1/7/11	<p>Approved the following actions for the single family home located on San Antonio Place:</p> <ul style="list-style-type: none"> <li>▪ Allow the short sale and acceptance of the \$10,000 as full payment of the City loan;</li> <li>▪ Allow Reconveyance of the City Deed of Trust and Release of the Affordability Restrictions;</li> <li>▪ Write off \$50,000 as a loss due to short sale.</li> </ul> <p>The value of the property has declined significantly since the purchase in 2008 from \$585,000 to \$305,000. The borrower can no longer afford to pay the senior mortgage.</p>	5.06.380
1/11/11	<p>Approved the following actions due to foreclosure for seven (7) First Time Homebuyer</p>	5.06.380

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<b>Date</b>	<b>Action</b>	<b>Muni Code Citation</b>
	<p>loans:</p> <ul style="list-style-type: none"> <li>▪ Write-off \$35,000 in 20% funds;</li> <li>▪ Write-off \$90,000 in BEGIN funds;</li> <li>▪ Reduce HOME investment by \$130,000; and</li> <li>▪ Reduce deferred revenue by \$122,600.</li> </ul> <p>In each case, it was determined that the only way that the City could have protected the security for its loan would have been to satisfy the senior lenders, which was not economically feasible given declining property values and that the debt secured by the property exceeded its value.</p>	
1/20/11	<p>Approved the following actions in connection with Unity Care Group's rehabilitation projects located on Roundtable Drive:</p> <ul style="list-style-type: none"> <li>▪ Increase in the Low and Moderate Income funding commitment to the project by up to \$200,000 for Rehabilitation expenses;</li> <li>▪ Amend business terms and conditions for the City's existing loan per the attached Term Sheet.</li> </ul> <p>Due to the age and poor condition of each building, the proposed scope of rehabilitation needed to be adjusted during rehabilitation.</p>	5.06.340 (A)(4) and (9)
1/26/11	<p>Approved a settlement of the Revolving Loan Fund (Economic Development) loan to the Penguin Café that:</p> <ul style="list-style-type: none"> <li>▪ Results in the City accepting \$7,642.08, 20% of the total outstanding loan balance of \$38,210.39, including principal interest and late fees. Penguin Café Inc. filed a voluntary petition for relief under Chapter 11 in Bankruptcy Court and has been operating at a loss since November 2008. The business ceased to operate in December 2010.</li> </ul>	5.06.335
1/31/11	<p>Approved the following actions for the mobilehome located at Ford Road:</p> <ul style="list-style-type: none"> <li>▪ Conversion of the loan in the principal amount of \$10,902, plus accrued interest of \$7,403.19, to a grant. This conversion will allow the borrower's spouse (original borrower is deceased) to continue residing in the property and materially reduce the administrative cost to the City.</li> </ul>	5.06.340
2/14/11	<p>Approved modified loan terms for the Revolving Loan Fund (Economic Development) loan to El Observador Publications to:</p> <ul style="list-style-type: none"> <li>▪ Change the current interest rate from 8% to 3%, extend the loan term, and move the payment due date from the first of the month to the fifteenth of the month, with the first modified payment beginning on February 15, 2011 and ending January 15, 2016. An analysis of the 2008 and 2009 year end and 2010 interim financial statements show that the corporation has been operating at a loss.</li> </ul>	5.06.340 (A)(1)
2/14/11	<p>Approved an increase to the acquisition/predevelopment loan commitment by \$100,000 from \$6,780,000 to \$6,880,000 to the 2112 Monterey Road, LP for the 2112 Monterey Road Apartments to cover the real estate taxes and other predevelopment expenses that are due.</p>	5.06.340 (A)(4)
2/14/11	<p>Approved the following actions for the single family home located on Technology Drive:</p> <ul style="list-style-type: none"> <li>▪ Allow the short sale and acceptance of the \$4,000 as full payment of the City loan;</li> <li>▪ Reconveyance of the City Deed of Trust and Release of the Affordability Restrictions;</li> <li>▪ Reduce deferred income by \$36,000.</li> </ul> <p>The value of the property has declined significantly since the purchase in 2007 from \$344,000 to \$160,000. The borrower can no longer afford to pay the senior mortgage.</p>	5.06.380
2/17/11	<p>Approved the following actions due to foreclosure for five (5) First Time Homebuyer loans:</p> <ul style="list-style-type: none"> <li>▪ Write-off \$40,000 in 20% funds;</li> <li>▪ Write-off \$120,000 in BEGIN funds;</li> <li>▪ Reduce HOME investment by \$60,000; and</li> </ul>	5.06.380

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<b>Date</b>	<b>Action</b>	<b>Muni Code Citation</b>
	<ul style="list-style-type: none"> <li>▪ Reduce deferred revenue by \$187,380.</li> </ul> <p>In each case, it was determined that the only way that the City could have protected the security for its loan would have been to satisfy the senior lenders, which was not economically feasible given declining property values and that the debt secured by the property exceeded its value.</p>	
3/10/11	<p>Approved the following actions due to foreclosure for three (3) First Time Homebuyer loans:</p> <ul style="list-style-type: none"> <li>▪ Write-off \$60,000 in 20% funds;</li> <li>▪ Write-off \$30,000 in BEGIN funds;</li> <li>▪ Reduce HOME investment by \$145,000; and</li> </ul> <p>In each case, it was determined that the only way that the City could have protected the security for its loan would have been to satisfy the senior lenders, which was not economically feasible given declining property values and that the debt secured by the property exceeded its value.</p>	5.06.380
3/21/11	<p>Approved modified loan terms for the Revolving Loan Fund (Economic Development) loan to Dream Jewelers to:</p> <ul style="list-style-type: none"> <li>▪ Change the current interest rate from 8% to 3%, extend the loan term from June 1, 2012 to July 1, 2017, and forgive late fees of \$963.13 to reduce the outstanding balance from \$22,251.44, which includes principal, interest and late charges, to \$21,288.31. An analysis of the financial statements show that the gross receipts dropped significantly in 2009.</li> </ul>	5.06.340 (A)(1)
3/21/11	<p>Approved modified loan terms for the Revolving Loan Fund (Economic Development) loan to Juana's Daycare to:</p> <ul style="list-style-type: none"> <li>▪ Change the current interest rate from 7.5% to 3%, extend the loan term from November 20, 2010 to November 1, 2014, and forgive late fees of \$710.57, which reduces the outstanding balance from \$4,868.54, including principal, interest, and late charges, to \$4,157.97. An analysis of the financial statements show that the receipts dropped significantly in the past few years.</li> </ul>	5.06.340 (A)(1)
3/24/11	<p>Approved modified loan terms for the Revolving Loan Fund (Economic Development) loan to Townsend's Automotive to:</p> <ul style="list-style-type: none"> <li>▪ Change the current interest rate from 8% to 3%, extend the maturity date from November 30, 2012 to December 1, 2018, and reduce the outstanding balance of \$42,423.68, including principal, interest and late charges, to \$41,055.77 by forgiving the late fees which total \$1,367.91. Due to an expensive relocation combined with the recession, it devastated the business's bottom line with losses from 2006 – 2009.</li> </ul>	5.06.335
3/24/11	<p>Approved the following actions for the single family home located on Alum Rock Avenue:</p> <ul style="list-style-type: none"> <li>▪ Allow the short sale and acceptance of the \$6,000 as full payment of the City loan;</li> <li>▪ Reconveyance of the City Deed of Trust and Release of the Affordability Restrictions;</li> <li>▪ Write-off \$54,000 as a loss due to short sale.</li> </ul> <p>The value of the property has declined significantly since the purchase in 2006 from \$418,500 to \$225,000. The borrower can no longer afford to pay the senior mortgage.</p>	5.06.380
<b>4<sup>th</sup> Quarter 2010-2011</b>		
4/10/11	<p>Approved the following actions due to foreclosure for two (2) First Time Homebuyer loans:</p> <ul style="list-style-type: none"> <li>▪ Write-off \$85,000 in 20% funds;</li> <li>▪ Write-off \$30,000 in BEGIN funds;</li> <li>▪ Reduce deferred revenue by \$30,400.</li> </ul> <p>In each case, it was determined that the only way that the City could have protected the security for its loan would have been to satisfy the senior lenders, which was not economically feasible given declining property values and that the debt secured by the property exceeded its value.</p>	5.06.380

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<b>Date</b>	<b>Action</b>	<b>Muni Code Citation</b>
4/19/11	<p>Approved the following actions with respect to the City loan to Tierra Encantada Development, LLC, for the Tierra Encantada Townhouses:</p> <ul style="list-style-type: none"> <li>▪ Consent to the refinance of the senior loan with Northern California Community Loan Fund in the amount of up to \$2,700,000;</li> <li>▪ Approve the subordination of the existing City loan of \$400,000 to the NCCLF loan;</li> <li>▪ Extend the City loan maturity date to May 1, 2018;</li> <li>▪ Require loan payments from 50% of net cash flow.</li> </ul>	5.06.340
4/25/11	<p>Approved the following action for the single-family home on Forrestal Avenue:</p> <ul style="list-style-type: none"> <li>▪ Authorized an exception to Council-approved program guidelines by approving a \$240 grant increase to account for increased repairs that exceeded the total funds available to the homeowner.</li> </ul>	5.06.345
5/10/11	<p>Approved modified loan terms for the Revolving Loan Fund (Economic Development) to Los Gallos de Villa to:</p> <ul style="list-style-type: none"> <li>▪ Change the current interest rate from 6% to 3%, extend the loan term from May 1, 2013 to April 1, 2017 and forgive late fees of \$1,004.90 to reduce the outstanding balance from \$37,285.95, including principal, interest and late charges to \$36,281.05</li> <li>▪ Allow six months of interest only payments of \$95.42 per month from May, 2011 until October, 2011.</li> </ul> <p>An analysis of financial statements shows that the business has been operating at a loss.</p>	5.06.335
5/10/11	<p>Approved modified loan terms for the Revolving Loan Fund (Economic Development) to Fil Fil to:</p> <ul style="list-style-type: none"> <li>▪ Change the current interest rate from 8% to 3%, extend the maturity date from June 1, 2012 to July 1, 2016, and reduce the outstanding balance of \$29,925.13, including principal, interest and late charges to \$28,655.89 by forgiving the late fees which total \$1,064.51.</li> </ul> <p>An analysis of the financial statements shows that the business was operating at a loss.</p>	5.06.335
5/10/11	<p>Approved modified loan terms for the Revolving Loan Fund (Economic Development) to Unique Services to:</p> <ul style="list-style-type: none"> <li>▪ Change the current interest rate from 7.5% to 3%, extend the loan term from November 20, 2009 to May 1, 2015, and forgive late fees of \$806.48 to reduce the outstanding balance from \$7,532.19, including principal, interest and late charges to \$6,725.71.</li> </ul> <p>After a new landlord purchased the property and increased the rent three-fold, Unique Services moved out and temporarily operated elsewhere. That landlord eventually faced foreclosure. The original landlord took back the property and offered a location to Unique Services at much more reasonable rental terms.</p>	5.06.335
5/10/11	<p>Approved the following actions for the single family home on Matson Drive:</p> <ul style="list-style-type: none"> <li>▪ An additional \$20,000 Z-Loan from Fund 443. The original amount of the combined loan and grant funding was insufficient to complete all the necessary repairs to bring the property up to code.</li> </ul>	5.06.340 (A)(1)
5/16/11	<p>Approved the following actions for the single family home located on Alum Rock Avenue:</p> <ul style="list-style-type: none"> <li>▪ Allow the short sale and acceptance of the \$9,000 as full payment of the City loans;</li> <li>▪ Write off \$30,000 in BEGIN Funds and \$21,270 in ADDI Funds for a total of \$60,000 as loss due to short sale;</li> <li>▪ Reduce HOME Investment by \$21,000;</li> <li>▪ Reconveyance of the City Deed of Trust and Release of the Affordability Restrictions.</li> </ul> <p>The value of the property has declined significantly since 2005 from \$354,500 to \$150,000. Borrowers can no longer afford to pay the senior mortgage.</p>	5.06.380
5/23/11	<p>Approved the following actions due to foreclosure for four (4) First Time Homebuyer loans:</p> <ul style="list-style-type: none"> <li>▪ Write-off \$110,000 in 20% funds;</li> </ul>	5.06.380

## ATTACHMENT A

Date	Action	Muni Code Citation
	<ul style="list-style-type: none"> <li>▪ Write-off \$30,000 in BEGIN funds;</li> </ul> <p>In each case, it was determined that the only way that the City could have protected the security for its loan would have been to satisfy the senior lenders, which was not economically feasible given declining property values and that the debt secured by the property exceeded its value.</p>	
6/6/11	<p>Approved the following actions due to foreclosure for six (6) First Time Homebuyer loans:</p> <ul style="list-style-type: none"> <li>▪ Write-off \$255,000 in 20% funds;</li> <li>▪ Write-off \$60,000 in BEGIN funds;</li> <li>▪ Reduce HOME investment by \$65,000; and</li> <li>▪ Reduce deferred revenue by \$331,276.</li> </ul> <p>In each case, it was determined that the only way that the City could have protected the security for its loan would have been to satisfy the senior lenders, which was not economically feasible given declining property values and that the debt secured by the property exceeded its value.</p>	5.06.380
6/13/11	<p>Approved the following actions for the single family home located on Alum Rock Avenue:</p> <ul style="list-style-type: none"> <li>▪ Allow the short sale and acceptance of the \$7,000 as full payment of the City loans;</li> <li>▪ Write off \$3,000 in 20% Funds, and \$25,000 in BEGIN Funds for a total of \$28,000 as loss due to short sale;</li> <li>▪ Reconveyance of the City Deed of Trust and Release of the Affordability Restrictions.</li> </ul> <p>The value of the property has declined significantly since 2005 from \$388,500 to \$195,000. Borrowers can no longer afford to pay the senior mortgage.</p>	5.06.380
6/13/11	<p>Approved the following actions for the single family home located on W. Saint James:</p> <ul style="list-style-type: none"> <li>▪ Allow the short sale and acceptance of the \$11,500 as full payment of the City loans;</li> <li>▪ Write off \$103,500 in 20% Funds as a loss due to short sale;</li> <li>▪ Reconveyance of the City Deed of Trust and Release of the Affordability Restrictions.</li> </ul> <p>The value of the property has declined significantly since 2008 from \$400,000 to \$260,000. Borrowers can no longer afford to pay the senior mortgage.</p>	5.06.380
6/15/11	<p>Approved the following actions due to foreclosure for two (2) First Time Homebuyer loans:</p> <ul style="list-style-type: none"> <li>▪ Write-off \$40,000 in 20% funds; and</li> <li>▪ Reduce deferred revenue by \$257,000.</li> </ul> <p>In each case, it was determined that the only way that the City could have protected the security for its loan would have been to satisfy the senior lenders, which was not economically feasible given declining property values and that the debt secured by the property exceeded its value.</p>	5.06.380
6/21/11	<p>Approved the transfer of eight (8) units affordable to ELI households at 35% AMI from InnVision's property at 96 South 10<sup>th</sup> Street (Casa Camino) to InnVision's property at 1759 Hester Avenue enabling InnVision to sell Casa Camino and strengthen its financial position. The Hester property can physically and financially support the addition of eight additional ELI units.</p>	5.06.335
6/23/11	<p>Approved modified loan terms for the Revolving Loan Fund (Economic Development) to Benchmark Inspections to:</p> <ul style="list-style-type: none"> <li>▪ Reduce the outstanding principal, interest and late fees from a total of \$11,563.91 to \$9223.40. This business has continued to operate during recent economic downturn and although a number of payments have been late, the loan is current.</li> </ul>	5.06.335

**ATTACHMENT B**

*Single Family Rehabilitation and Improvement Loans and Grants approved by the Director of Housing during FY 2010-11.*

<b>ACTIVITY</b>	<b>NUMBER</b>	<b>AMOUNT</b>
Rehabilitation Loans	57	\$1,567,300
Rehabilitation Single Family Residents Grants	84	451,012
Rehabilitation Mobilehome Grants	169	1,934,455
<b>TOTAL</b>	<b>310</b>	<b>\$3,952,767</b>

*Homebuyer Loans approved by the Director of Housing during FY 2010-11.*

<b>ACTIVITY</b>	<b>NUMBER</b>	<b>AMOUNT</b>
Teacher Homebuyer Program (20% and HOME)	11	\$505,000
San Jose State University Faculty	0	0
Inclusionary Loans	2	143,560
Other Project Loans (including NOFA)	1	118,167
a) Other – including In-Lieu	0	0
b) Other – including HOME	0	0
BEGIN – Loan Program	33	2,565,503
Welcome Home Loan Program (CalHome and HOME)	40	1,000,000
American Dream Downpayment	0	0
Developer Discount Loans	1	71,833
HOME-HOME Venture (NHSSV)	0	0
NSP 1	10	521,200
<b>TOTAL</b>	<b>98</b>	<b>\$4,925,263</b>

**ATTACHMENT C**

*Housing Trust Fund Grants approved by the Director of Housing during FY 2010-11.*

<b>AGENCY NAME</b>	<b>PROJECT NAME</b>	<b>FUNDED AMOUNT</b>
Loaves and Fishes	Food and Nutrition Project	\$50,000
Martha's Kitchen	Emergency Walk-in Meals	77,000
Applied Survey	Homeless Census	99,000
Next Door	Emergency Shelter Vital Equipment Purchase	4,566
CTA	100K Homes Campaign Registry Week	30,000
County MHD	UPLIFT	40,000
InnVision	One Stop Homelessness Prevention Center	47,750
EHC LifeBuilders	Downtown Outreach Program	\$51,118
<b>TOTAL</b>		<b>\$399,434</b>

## ATTACHMENT D

### TEFRA Hearings

During FY 2011-12, the Director of Finance held a TEFRA Hearing for the following Developments.

<b>Project Name</b>	<b>Units</b>	<b>Location</b>	<b>Bond Amount</b>	<b>Mayor's Certificate No.</b>
Rosemary Family Apartments	184 Units	34, 66, 80 East Rosemary Street, San José, CA	\$33,000,000	Certificate No. 2011-1 Executed March 14, 2011
Taylor Oaks Apartments	59 Units	2726-2738 Kollmar Drive, San José, CA	\$7,500,000	Certificate No. 2011-2 Executed May, 31, 2011

The public had the opportunity to comment on the projects during the TEFRA hearings. Notices for the meetings were published at least fifteen (15) days prior to the hearing date.