TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: Jacky Morales-Ferrand
           Julia H. Cooper

SUBJECT: SEE BELOW
DATE: May 29, 2015

INFORMATION


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 third quarter of FY 2014-15 (January 1, 2015 through March 31, 2015). During this reporting period, the Interim Director of Housing approved the following actions: modifying the terms of two (2) first time homebuyer loans and three (3) miscellaneous actions pertaining to multifamily projects. These transactions are listed in Attachment A.

In addition, the Interim Director of Housing approved: one (1) new rehabilitation loan totaling $60,000 and three (3) Homebuyer Loans totaling $310,334. The Interim Director of Housing did not approve any Housing Trust Fund Grants during this quarter. The Director of Finance held one (1) TEFRA hearing 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.
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, 2015 through March 31, 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 January 1, 2015 through March 31, 2015.

COORDINATION

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

/s/ JULIA H. COOPER /s/ JACKY MORALES-FERRAND
Director of Finance 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

3rd Quarter 2014 – 2015 (January - March 2015)

<table>
<thead>
<tr>
<th>#</th>
<th>Date</th>
<th>Action</th>
<th>Muni Code Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1/12/15</td>
<td>Approved the transfer of the Plaza Maria Housing Project to allow the GP, an affiliate of Mercy Housing, to exercise its option to buy the Project from the current limited partnership and amend the City’s loan documents.</td>
<td>5.06.340.A.9 5.06.340.A.12</td>
</tr>
</tbody>
</table>
| 2 | 1/13/15    | Approved the following for the single family home located on Sugarcreek Drive:  
- Allowed the write off of $65,000 in HOME funds;  
- Reduced deferred income of HOME by $65,000;  
- Reconveyed the City Deed of Trust; and  
- Released the Affordability Restrictions  
The City received information that the homebuyer loan was voided and stripped by order of the United States Bankruptcy Court Northern District of California. Staff has learned that the Bankruptcy Court uses the value from the date that the bankruptcy was filed in 2011 and valued at $275,000. Therefore, despite the fact that the current value has increased to $442,000, the City loan has already been lien stripped and the City loan balance is $0. | 5.06.380 |
| 3 | 2/25/15    | Approved the following modifications to City Homebuyer loans for the sale of a property located at the Las Mariposas project:  
- Forgiveness of interest (approximately $14,000);  
- Acceptance of $81,750 as full payment of the City loan;  
- Reduced the current interest rate from 3% to 0%;  
- Reconveyed the City Deed of Trust; and  
- Released the Affordability Restrictions  
The borrowers bought the property at the height of the market and has always been current on their mortgage, taxes and HOA dues. However, due to a severe medical condition, the borrowers must sell to move closer to their daughter who lives in Fairfield and works in the medical profession. The Program Manager indicated that the interest is eligible to be forgiven under the Federal HOME guidelines. | 5.06.340.A.9 |
| 4 | 3/17/15    | Approved the following for Creekview Inn Apartments (Project):  
- Consent to the investor limited partner’s exit from the King Road Associates Limited Partnership that owns the Creekview Inn Apartments through purchase of the limited partner’s interest by First Community Housing (FCH);  
- Approved the business terms of $920,984 conditional grant to King Road Associates for the rehabilitation by FCH of the Project including modification of ten units for homeless persons; and  
- Change the relative amounts in the two approved funding sources.  
| 5 | 3/17/15    | Approved specific business terms for a construction loan of up to $15,045,000 and permanent loan of up to $15,145,000 to 2112 Monterey Road, L.P. for the 71-units at The Metropolitan North Apartments, an affordable family rental project, to be constructed at 2112 Monterey Road being developed by Charities Housing Development Corporation. | 5.06.335 |
ATTACHMENT B

ACTIONS TAKEN BY THE INTERIM DIRECTOR OF HOUSING AND FINANCE
3rd Quarter 2014 – 2015 (January-March)

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

<table>
<thead>
<tr>
<th>REHABILITATION LOANS AND GRANTS</th>
<th>NUMBER</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rehabilitation Loans</td>
<td>1</td>
<td>$60,000</td>
</tr>
<tr>
<td>Single Family Rehabilitation Grants</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>Mobilehome Rehabilitation Grants</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1</td>
<td>$60,000</td>
</tr>
</tbody>
</table>

Homebuyer Loans approved by the Interim Director of Housing

<table>
<thead>
<tr>
<th>HOMEBUYER LOANS</th>
<th>NUMBER</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEGIN – Loan Program</td>
<td>3</td>
<td>$310,334.00</td>
</tr>
<tr>
<td>Neighborhood Stabilization Program 2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(HOME Funds)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>3</td>
<td>$310,334.00</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>UNITS</th>
<th>LOCATION</th>
<th>BOND AMOUNT</th>
<th>MAYOR’S CERTIFICATE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casa Del Pueblo Apartments</td>
<td>165 Units</td>
<td>200 S. Market Street, San José, CA 95113</td>
<td>$30,000,000</td>
<td>Certificate No. 2015-1; Executed March 10, 2015</td>
</tr>
</tbody>
</table>