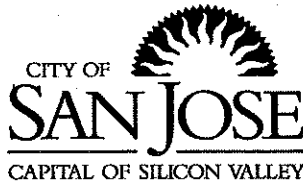


APR 28 2008

by City Manager's Office



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Krutko

**SUBJECT: COMMITMENT OF SECOND
MORTGAGES TO HOMEBUYERS
IN FOR-SALE DEVELOPMENTS**

DATE: April 28, 2008

Approved

Date

4-28-08

COUNCIL DISTRICTS: 1,3,5,6 & 7
SNI AREAS: Burbank/Del Monte,
Washington, Winchester, & 13th Street

INFORMATION

BACKGROUND

On March 4, 2008, the City Council authorized the Department of Housing to publish a Notice of Funding Availability (NOFA) for second mortgage assistance loans to be used to assist low- and moderate-income homebuyers purchase homes in new housing communities throughout the City. The Council also authorized the Director of Housing to establish selection criteria, review and rank applications, reserve funding for homebuyers in individual developments, and fund second mortgages to qualified homebuyers. On March 19th, the Department of Housing issued a NOFA for up to \$10 million dollars and encouraged for-sale housing developers to apply for forward commitments of funds for prospective homebuyers in their developments. The NOFA was advertised to both non-profit and for-profit housing developers and a pre-application conference was held on March 30, 2008. Representatives from six for-sale housing development companies attended the conference.

ANALYSIS

On April 2, 2008, the Department of Housing received eleven applications in response to the NOFA with requests totaling more than \$14,690,000. Housing Department staff ranked and scored each application in conformance with the general parameters and goals approved by the City Council. Those parameters included project location, length and time the project has been on the market, location to transit, level of experience working with low- and moderate-income first-time homebuyers, marketing and outreach efforts to income-eligible households, per-unit commitment requests, and feasibility of proposed sales prices with City funding constraints.

The Department of Housing has made funding awards for income-eligible homebuyers in each of the eleven developments for which applications were submitted and the developers have been notified of the award(s) they received. The per-project funding commitments are as follows:

Project Name	Developer	CC District	Location	2 nd Mortgage Commitment	# Homebuyers to be Assisted
Monte Vista at Cannery Square	KB Homes, South Bay	6	809 Auzerais Avenue	\$2,000,000	40
Jackson Park	Falk Development	5	88 N. Jackson Avenue	\$1,330,000	24
The Works	Barry Swenson Builders	3	125 Patterson St.	\$1,100,000	20
City Heights	Barry Swenson Builders	3	175 West Saint James St.	\$1,000,000	18
Skyline at Tamien	Barry Swenson Builders	3	1375 Lick Avenue	\$1,000,000	18
Crimson Place	CORE	7	265 Lewis Rd	\$850,000	14
Villa Fontanas	Fruitdale Assc., Hudson Properties	6	1445 Fruitdale Avenue	\$800,000	15
Village Square	Summerhill Homes	6	25 Muller Place	\$760,000	19
Villa Valencia	Winchester Mixed Use, LLP	1	3128 Loma Verde Dr.	\$400,000	7
Almaden Walk	Olson Urban Housing Dev.	6	2058 Almaden Rd.	\$400,000	7
One East Julian	Regis Homes	3	1 E. Julian Street	\$360,000	7

TOTALS: \$10,000,000 189

EVALUATION AND FOLLOW-UP

The Housing Department is preparing formal commitment letters for each developer. Department staff will review the status and individual progress of the second mortgage program with each project owner every 90 days. If an individual developer is not making sufficient and measurable progress in attracting qualified low- and moderate-income homebuyers, some or all of the commitment amount reserved for homebuyers in his/her development may be re-allocated to homebuyers in other projects where there is stronger demand for downpayment assistance financing. Conversely, if a developer has a demand for additional funding for homebuyers, the Department will return to the City Council with a recommendation for additional funding.


 LESLYE KRUTKO
 Director of Housing

For questions, or for additional information, please call Brandi Hoffman-Ooka at (408) 535-8232 or Jacky Morales-Ferrand at 408.535.3855.

