



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Rosalynn Hughey
Rick Bruneau

SUBJECT: SEE BELOW

DATE: August 28, 2023

Approved

Date

8/29/23

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, 2023 - MARCH 31, 2023

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 Fiscal Year 2022-2023 (January 1, 2023 through March 31, 2023). During this reporting period, the Director of Housing approved actions for three multifamily projects. These transactions are listed in the Attachment. During this reporting period, the Director of Housing **did not** approve any actions for:

- Building Equity and Growth in Neighborhoods Program loans,
- Housing Trust Fund grants, or
- Rehabilitation loans.

Additionally, during this reporting period, the Director of Finance held Tax Equity and Fiscal Responsibility Act hearings for four projects on March 27, 2023.

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 (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.

August 28, 2023

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, 2023 - March 31, 2023

Page 2

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 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, 2023 through March 31, 2023.

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 City 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 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 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, 2023 through March 31, 2023.

COORDINATION

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

/s/
RICK BRUNEAU
Director of Finance

/s/
ROSALYNN HUGHEY
Deputy City Manager and
Acting Housing Director

HONORABLE MAYOR AND CITY COUNCIL

August 28, 2023

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, 2023 - March 31, 2023

Page 3

For more information, contact Rachel VanderVeen, Assistant Director of Housing, at (408) 535-8231.

ATTACHMENT: Actions Taken by the Director of Housing under the Delegation of Authority

ATTACHMENT – ACTIONS TAKEN BY THE DIRECTOR OF HOUSING UNDER THE DELEGATION OF AUTHORITY

1. ACTIONS TAKEN BY THE DIRECTOR OF HOUSING 3rd Quarter Fiscal Year 2022-2023 (January 2023 – March 2023)

#	Date	Action	Municipal Code Citation
1	1/9/2023	<p><u>71 Vista Montana</u> Approve the following: Increase to the predevelopment loan amount and promissory note from \$2,000,000 to \$2,400,000, an increase of \$400,000 for the 71 Vista Montana developed by Charities Housing Development Corporation, under her Delegation of Authority in Section 5.06.340 (A)(4) of the City’s Municipal Code.</p>	<p><u>Municipal Code Section 5.06.340 (A) (4)</u> Authorizes the Director to enter into and execute, on behalf of the city or on behalf of the redevelopment agency, any amendment of a contract or loan document for a project with previously approved general parameters by the City Council, whether before or after the recordation of the loan documents. (4) An increase in the principal amount of a loan by no more than twenty (20) percent of the loan amount, provided the Director has made certain findings based on substantial evidence.</p>
2	3/14/2023	<p><u>Tamien Station</u> Approve the change of funding sources from \$16,750,000 in Low- and Moderate-Income Housing Asset funds to \$4,342,593 in Inclusionary Fee Funds and \$12,407,407 in Low- and Moderate-Income Asset Funds for a construction/permanent loan to Tamien Affordable LP for the Tamien Station Affordable apartments, located at located at 1197 Lick Avenue, to be developed by Core Affordable Housing LLC, under her Delegation of Authority in Section 5.06.340 (A)(7) of the City’s Municipal Code.</p>	<p><u>Municipal Code Section 5.06.340 (A) (7)</u> Authorizes the Director to enter into and execute, on behalf of the city or on behalf of the redevelopment agency, any amendment of a contract or loan document for a project with previously approved general parameters by the City Council, whether before or after the recordation of the loan documents. (7) A change in the source of funding for a loan; provided, however, that the outstanding loan amount is available at the time of the change of the funding source, from the alternate funding sources appropriated to the department.</p>
3	3/20/2023	<p><u>77 West San Carlos</u> Approve the following: Increase the amount and change of funding sources to the construction/permanent loan amount and</p>	<p><u>Municipal Code Section 5.06.340 (A) (4) (7)</u> Authorizes the Director to enter into and execute, on behalf of the City or on behalf of the redevelopment agency, any amendment of a contract or loan document for a project with previously approved</p>

#	Date	Action	Municipal Code Citation
		<p>promissory note from \$19,125,000 to \$22,247,500, an increase of \$3,122,500 for the 77 West San Carlos developed by San José Sunol Street LP, under her Delegation of Authority in Section 5.06.340 (A)(4) and (7) of the City's Municipal Code.</p>	<p>general parameters by the City Council, whether before or after the recordation of the loan documents. (4) An increase in the principal amount of a loan by no more than twenty (20) percent of the loan amount. provided the Director has made certain findings based on substantial evidence. (7) A change in the source of funding for a loan; provided, however, that the outstanding loan amount is available at the time of the change of the funding source, from the alternate funding sources appropriated to the department.</p>

2. TEFRA HEARINGS HELD BY THE DIRECTOR OF FINANCE

Project Name	Date	Units	Location	Bond Amount	Mayor's Certificate No.
777 West San Carlos Apartments	3/27/2023	154	266 Sunol St, 270 Sunol St, and 777 West San Carlos, San José, CA 95126	\$72,700,000	2023-01
The Charles	3/27/2023	99	551 Keyes Street on a parcel bordered to south by Keyes Street situated east of S. 12 th Street, south of Interstate 280 and west and southwest of Coyote, San José, CA 95112	\$55,000,000	2023-02
Tamien Station	3/27/2023	135	1197 Lick Avenue San José, CA 95110	\$75,000,000	2023-03
1860 Alum Rock Apartments	3/27/2023	60	1860 Alum Rock Avenue, San José, CA 95116	\$38,000,000	2023-04

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

There were no Single-Family Rehabilitation and Improvement Loans and Grants during this reporting period.

Homebuyer Loans approved by the Director of Housing

There were no Homebuyer Loans during this reporting period.

Housing Trust Fund Grants approved by the Director of Housing

There were no Housing Trust Fund Grants during this reporting period.