

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Rosalynn Hughey  
Rick Bruneau

**SUBJECT:** SEE BELOW

**DATE:** March 15, 2024

Approved



Date

3/22/24

## INFORMATION

**SUBJECT: REPORT ON ACTIVITIES UNDERTAKEN BY THE ACTING DIRECTOR OF HOUSING AND THE DIRECTOR OF FINANCE UNDER THE DELEGATION OF AUTHORITY ORDINANCE FOR THE PERIOD OF JULY 1, 2023 THROUGH SEPTEMBER 30, 2023**

## SUMMARY AND OUTCOME

This memorandum details actions taken under the delegation of authority to the Acting Director of Housing and the Director of Finance for the first quarter of Fiscal Year 2023-2024 (July 1, 2023 through September 30, 2023).

A summary of activity during this reporting period is outlined below.

- 1) The Acting Director of Housing approved actions for two multifamily developments.
- 2) The Acting Director of Housing **did not** approve any actions for the following:
  - Building Equity and Growth in Neighborhoods program loans;
  - Housing Trust Fund grants; or
  - Rehabilitation loans.
- 3) The Director of Finance held Tax Equity and Fiscal Responsibility Act hearings for two multifamily developments on August 31, 2023.

Additional details about activity during this reporting period are available in the **Attachment** – Actions Taken by the Acting Director of Housing First Quarter of Fiscal Year 2023 – 2024 (July 2023 – September 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). 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 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 San José Municipal Code. This memorandum reports on activities undertaken for the period of July 1, 2023 through September 30, 2023.

## **ANALYSIS**

The Delegation of Authority authorizes the Director of Housing to conduct the following:

- a) Develop and implement additional guidelines for housing programs;
- b) Adjust terms on housing loans and grants;
- c) Change the funding sources of a loan;
- d) Convert loans to grants;
- e) Loan or grant housing and homeless funds, predevelopment funds, and housing rehabilitation program funds;
- f) Negotiate and execute grant agreements necessary to implement City Council-approved programs adopted in the Annual Action Plan of the Consolidated Plan;
- g) Provide management for, and/or dispose of, properties acquired through direct purchase, foreclosure, or deed-in-lieu proceedings;
- h) Formalize City Council's policies and procedures regarding housing loan defaults;
- i) Apply for federal or state funding;
- j) Determine, within defined parameters, various terms and conditions of loans and grants previously approved by the City Council;
- k) Make adjustments, within defined parameters, to loans and grants previously approved by City Council; and
- l) Make other technical changes.

Further, the Delegation of Authority 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 Delegation of Authority also delegates to the Director of Finance the authority to hold Tax Equity and Fiscal Responsibility

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Act hearings on the City's proposed issuance of tax-exempt bonds to finance affordable housing projects.

### **COORDINATION**

This memorandum has been coordinated with the Office of the City Attorney.

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

/s/  
RICK BRUNEAU  
Director of Finance

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

**Attachment** – Actions Taken by the Acting Director of Housing First Quarter of Fiscal Year 2023 – 2024 (July 2023 – September 2023)

**ATTACHMENT**

**ACTIONS TAKEN BY THE ACTING DIRECTOR OF HOUSING FIRST QUARTER OF FISCAL YEAR 2023-2024  
(JULY 2023 – SEPTEMBER 2023)**

**1. MULTIFAMILY DEVELOPMENTS APPROVED BY THE DIRECTOR OF HOUSING**

#	Date	Action	San José Municipal Code Citation
1	7/28/2023	<p><b><u>Alum Rock Family Housing (Vela)</u></b></p> <p>Approve the following:</p> <p>Increase to the permanent loan amount and promissory note from \$9,350,000 to \$9,650,000, an increase of \$300,000 for the Vela Apartments developed by Affirmed Housing Group, Inc. under her Delegation of Authority in Section 5.06.340 (A)(4) of the City’s Municipal Code.</p>	<p><b><u>Municipal Code Section 5.06.340 (A) (4)</u></b></p> <p>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	8/14/2023	<p><b><u>DeRose Gardens Apartments</u></b></p> <p>Approve the following:</p> <p>Amend and restate the existing Amended and Restated Affordability Restriction to correct the conflicts in that document, memorialize the “Moderate Income” rent standards before 1991 to be equivalent to the post-1991 very low-income standard, and extend the loan term to October 1, 2026, under her Delegation of Authority in Section 5.06.340 of the City’s Municipal Code.</p>	<p><b><u>Municipal Code Section 5.06.340 (A) (9)</u></b></p> <p>Authorizes the Director to make changes to loans on behalf of the City which authorizes a change in either the interest rate, interest calculations method, repayment schedule, or other loan terms, that does not materially increase the cost or risk to the City, and that results from requirements of other lenders, a need to make technical corrections to loan documents, a remedy of loan default, or in advance of a loan default.</p> <p><b><u>Municipal Code Section 5.06.340 (A) (1)</u></b></p> <p>Authorizes the Director to make changes to loans based on Council-approved general parameters such as a change in the loan repayment or loan maturity as a result of requirements from other lenders or in advance of a loan default.</p>

**2. LOANS AND GRANTS APPROVED BY THE DIRECTOR OF HOUSING**

- a) Single-Family Rehabilitation and Improvement Loans and Grants approved by the Acting Director of Housing: None;
- b) Homebuyer Loans approved by the Acting Director of Housing: None;
- c) Housing Trust Fund Grants approved by the Acting Director of Housing: None.

**3. TAX EQUITY AND FISCAL RESPONSIBILITY ACT HEARINGS HELD BY THE DIRECTOR OF FINANCE**

<b>Project Name</b>	<b>Date</b>	<b>Units</b>	<b>Location</b>	<b>Bond Amount</b>	<b>Mayor's Certificate No.</b>
Dry Creek Crossing	8/31/2023	64*	2388 South Bascom Avenue San José, CA 95124  Also known as 2388 South Bascom Avenue, Campbell, CA 95008	\$35,000,000	2023-05
Parkmoor Community Apartments	8/31/2023	81*	1510-1540 Parkmoor Ave San José, CA 95126	\$46,000,000	2023-06

\*Dry Creek Crossing includes one unrestricted manager unit and Parkmoor Community Apartments includes two unrestricted manager units.