

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Erik L. Soliván
Rick Bruneau

SUBJECT: SEE BELOW

DATE: July 2, 2024

Approved



Date

7/3/24

INFORMATION

SUBJECT: REPORT ON ACTIVITIES UNDERTAKEN BY THE ACTING HOUSING DIRECTOR AND FINANCE DIRECTOR UNDER THE DELEGATION OF AUTHORITY ORDINANCE FROM JANUARY 1, 2024 THROUGH MARCH 31, 2024

SUMMARY AND OUTCOME

This memorandum details actions taken under the delegation of authority (DOA) to the Acting Housing Director and the Finance Director during the third quarter of Fiscal Year 2023-2024 (January 1, 2024 through March 31, 2024.)

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

- 1) The Acting Housing Director **did not** approve any actions for multifamily developments.
- 2) The Acting Housing Director approved one action for a rehabilitation grant.
- 3) The Acting Housing Director **did not** approve any actions for the following:
 - Building Equity and Growth in Neighborhoods program loans; or
 - Housing Trust Fund grants.
- 4) The Finance Director held Tax Equity and Fiscal Responsibility Act hearings for four multifamily developments on February 28, 2024.

Additional details about activity during this reporting period are available in the **Attachment – Actions Taken by the Acting Housing Director and Finance Director During the Third Quarter of Fiscal Year 2023 – 2024 (January 1, 2024 – March 31, 2024.)**

BACKGROUND

On September 4, 1990, the City Council adopted Ordinance No. 23589, which delegated to the Housing Director certain specified authorities in the administration of the City's comprehensive, affordable housing program, referred to as the 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 Housing Director, the Finance Director, and the City Manager. Subsequently, the City Manager delegated to the Housing Director 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 San José Municipal Code. This memorandum reports on activities undertaken pursuant to the DOA for the period of January 1, 2024 through March 31, 2024.

During the third quarter of Fiscal Year 2023-2024, a Deputy City Manager served as the Housing Department's Acting Director in addition to her role as Deputy City Manager. Since the reporting period in this memorandum is in connection with the time when she served as the Acting Director, the actions in this memorandum are described as being executed by the "Acting Housing Director." On May 13, 2024, a permanent Housing Director was appointed. As such, this memorandum is signed by the current Housing Director.

ANALYSIS

The DOA authorizes the Housing Director 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) Adjust, within defined parameters, loans and grants previously approved by the City Council; and

July 2, 2024

Subject: Report on Activities Undertaken by the Acting Housing Director and Finance Director Under the Delegation of Authority Ordinance from January 1, 2024 Through March 31, 2024

Page 3

- 1) Make other technical changes.

Further, the DOA delegates jointly to the Housing Director and Finance Director certain authorities to issue inducement declarations to express the City's intent to issue tax-exempt revenue bonds to finance the construction of affordable housing projects and to file applications with the California Debt Limit Allocation Committee to obtain the authorization to issue tax-exempt, private-activity bonds. The DOA also delegates the Housing Director and Finance Director to obtain and place into escrow California Debt Limit Allocation Committee application fees and associated City processing deposits and fees from development entities. The DOA delegates to the Finance Director 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.

COORDINATION

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

/s/
ERIK L. SOLIVAN
Housing Director

/s/
RICK BRUNEAU
Director of Finance

For more information, contact Kemit Mawakana, Division Manager for the Residential Development Division, Housing Department, at kemit.mawakana@sanjoseca.gov.

Attachment – Actions Taken by the Acting Housing Director and Finance Director During the Third Quarter of Fiscal Year 2023 – 2024 (January 1, 2024 – March 31, 2024)

ATTACHMENT

**Actions Taken by the Acting Housing Director and Finance Director During the Third Quarter of Fiscal Year 2023-2024
(January 1, 2024 – March 31, 2024)**

1) MULTIFAMILY DEVELOPMENTS APPROVED BY THE ACTING HOUSING DIRECTOR

a) None

2) LOANS AND GRANTS APPROVED BY THE ACTING HOUSING DIRECTOR

a) Rehabilitation loan or grant amendments approved by the Acting Housing Director: **One.**

Date	Action	San José Municipal Code Citation
3/29/2024	<p><u>Pacific Motor Inn</u></p> <p>Approve the following:</p> <p>Increase the City’s committed grant funding by \$966,690 to PMI Partners LLC for the Pacific Motor Inn redevelopment located at 455 South Second Street under the Housing Director’s Delegation of Authority in Section 5.06.345(A)(3) of the San José Municipal Code.</p>	<p><u>Section 5.06.345(A)(3)</u></p> <p>Authorizes the Housing Director to make amendments to a contract or grant document for a project with previously approved general parameters by the City Council, whether before or after the recordation of the contract or grant documents. (3) An increase in the amount of a grant by no more than 20 percent of the grant amount; provided that the increase is necessary for the project to proceed, does not materially increase the cost or risk to the City unless it is necessary to preserve affordability of the housing project, and funds are available for such an increase.</p>

3) LOANS AND GRANTS APPROVED BY THE ACTING HOUSING DIRECTOR

- a) Homebuyer Loans: **None**
- b) Housing Trust Fund Grants: **None**

4) TAX EQUITY AND FISCAL RESPONSIBILITY ACT HEARINGS HELD BY THE FINANCE DIRECTOR

Development Name	Date	Units	Location	Bond Amount	Mayor's Certificate No.
Martha Gardens Apartments	2/28/2024	166	802 South First Street, San José, CA 95110	\$80,000,000	2024-01
2880 Alum Rock Avenue	2/28/2024	164	2880 Alum Rock Avenue, San José, CA 95127	\$85,000,000	2024-02
Villa Del Sol	2/28/2024	194	1936 Alum Rock Avenue, San José, CA 95116	\$90,000,000	2024-03
Monterey Road Apartments	2/28/2024	426	4300 and 4310 Monterey Road, San José, CA 95111	\$85,000,000	2024-04