

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jacky Morales-Ferrand
Julia H. Cooper

SUBJECT: SEE BELOW

DATE: August 10, 2021

Approved



Date

8/11/2021

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, 2021 THROUGH MARCH 31, 2021.

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 FY 2020-2021 (January 1, 2021 through March 31, 2021). During this reporting period, the Director of Housing approved actions for three (3) multifamily projects. These transactions are listed in Attachment A. During this reporting period, the Director of Housing did not approve any Building Equity and Growth in Neighborhoods Program (BEGIN) loans, Housing Trust Fund grants, or rehabilitation loans. Additionally, during this reporting period, the Director of Finance held three (3) TEFRA hearings on February 4, 2021.

BACKGROUND

On September 4, 1990, 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 to streamline the Housing Department's process of making and adjusting loans and grants.

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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, 2021 through March 31, 2021.

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 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, 2021 through March 31, 2021.

COORDINATION

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

/s/
JACKY MORALES-FERRAND
Director of Housing

/s/
JULIA H. COOPER
Director of Finance

For more information, contact Jacky Morales-Ferrand, Director of Housing, at (408) 535-3855.

Attachment: Attachment A

ATTACHMENT A

1. ACTIONS TAKEN BY THE DIRECTOR OF HOUSING 3rd Quarter FY 2020-21 (January 2021 – March 2021)

#	Date	Action	Muni Code Citation
1	2/1/2021	<p><u>Betty Anne Apartments</u> Approve the following: 1) Change the number or type of Multi-family Dwellings that did not affect more than 10% of the subject project units by adding eight (8) Transition in Place units for the existing affordable units restricted at 30%, 50% and 55% of AMI to be made available upon; and 2) To consent, amend and subordinate to a larger new senior loan to preserve the economic life of the project. The refinancing transaction consists of a new senior permanent loan to be made by Avid Bank in the approximate amount of \$10,600,000.</p>	<p>Municipal Code Section 5.06.335 authorizes the Director to negotiate, execute and enter into contracts, loan and grant documents, other affordable housing program agreements, and agreements for other grant programs administered by the department of housing, consistent with the general parameters. Section 5.06.340 (A)(2) authorizes the Director to amend a contract or loan document where the change will neither exceed nor affect more than ten (10) percent of the originally approved number of units subject to affordability restrictions.</p>
2	3/16/2021	<p><u>Arya</u> Approve the amendment of the term sheet executed on December 28, 2020 to update the unit mix change and change the amount of the City Council approved construction-permanent loan commitment. The unit mix change transfers one (1) studio unit at 50% AMI to one (1) studio unit at 30% AMI with no change in the total number of restricted units. The increase to the construction loan from \$13,414,664 to \$15,021,095 and decrease in the permanent loan from \$16,461,494 down to \$15,599,106, which includes accrued interest of \$578,011, is an update to reflect the February 23, 2021 Council approved construction-permanent loan amounts.</p>	<p>Municipal Code Section 5.06.335 authorizes the Director to negotiate, execute and enter into contracts, loan and grant documents, other affordable housing program agreements, and agreements for other grant programs administered by the department of housing, consistent with the general parameters.</p>

#	Date	Action	Muni Code Citation
3	3/19/2021	<p><u>Gallup-Mesa Apartments</u> Approve the following: 1) Change in the funding source from Affordable Housing Impact Funds (AHIF) to Inclusionary Funds; 2) \$16,067.55 of accrued interest for the \$200,000 predevelopment loan to be capitalized and rolled over to the construction-permanent City loan; and 3) Amendment of the term sheet executed on June 26, 2020 to update the unit and voucher mix change. The unit mix change will be a transfer in one (1) unit from 80% AMI to 30% AMI, eight (8) units from 40% AMI to 30% AMI and one (1) unit from 25% AMI to 30% AMI with no change in the total number of restricted units and loan amount. The eight (8) Section 8 Vouchers will move from 40% AMI to 30% AMI. The 25% AMI affordability type will change to 20% AMI leading to deeper affordability. The City increased funding by an additional 17% of the original loan amount approved by City Council on June 1, 2020 for a construction-permanent loan that will finance the construction of 45 apartments for transitional age youth, seniors and families.</p>	<p>Municipal Code Section 5.06.340 (A)(2)(4)(7) authorizes the Director to amend a contract or loan document for a project previously approved by City Council involving one or more of the following circumstances:</p> <ul style="list-style-type: none"> • 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. • A change in number or type of single-family dwellings or multi-family dwellings subject to the City's affordability restrictions where the change will neither exceed nor affect more than 10% of the originally approved number of units subject to affordability restrictions. • An increase in the principal amount of a loan by no more than 20% of the loan amount.

2. TEFRA HEARINGS HELD BY THE DIRECTOR OF FINANCE 3rd Quarter FY 2020-21 (January 2021 – March 2021)

Project Name	Date	Units	Location	Bond Amount	Mayor's Certificate No.
Arya	2/4/21	87	500 Almaden Boulevard (formerly known as 226 Balbach St), San José, CA 95110	\$34,314,000	2021-01
Blossom Hill Senior Apartments	2/4/21	147	397 Blossom Hill Road, San José, CA 95123	\$45,000,000	2021-02
Immanuel-Sobrato Community	2/4/21	108	1710 Moorpark Avenue, San José, CA 95128	\$40,000,000	2021-03

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.