



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Leslye Corsiglia

SUBJECT: SEE BELOW

DATE: February 23, 2004

Approved

Date

COUNCIL DISTRICT: 5
SNI AREA: n/a

**SUBJECT: APPROVAL OF CONSTRUCTION AND PERMANENT FINANCING
FOR LAS MARIPOSAS FOR-SALE AFFORDABLE HOUSING
PROJECT - SUPPLEMENTAL REPORT**

REASON FOR SUPPLEMENTAL REPORT

When the original report to the City Council on this matter was prepared, Agency and Housing staff believed that the Redevelopment Agency's \$630,000 contribution was necessary this fiscal year. However, because those funds are to be used for roofing, elevators and offsite improvements, the Agency funds will not be required until Fiscal Year 04/05 when those funds will be made available

RECOMMENDATION

It is recommended that the City Council adopt a resolution approving:

1. A construction loan of up to \$4,181,662 and a grant of \$630,000 to Ketzal Community Development Corporation for the development of the 66-unit Las Mariposas for-sale, affordable housing project located at the northeast corner of Alum Rock Avenue and Jose Figueres Drive.
2. Up to \$2,350,000 in subordinate-position mortgage loans to qualified low- and moderate-income buyers of units in the project.

ANALYSIS

All sections of the report to City Council dated February 18, 2004, remain unchanged except for "Cost Implications" as revised below and the elimination of the Budget Director's certification of the availability of funds for an appropriation increase in Fund 448.

HONORABLE MAYOR AND CITY COUNCIL

February 23, 2004

**Subject: APPROVAL OF CONSTRUCTION AND PERMANENT FINANCING FOR LAS MARIPOSAS
FOR-SALE AFFORDABLE HOUSING PROJECT – SUPPLEMENTAL REPORT**

Page 2

COST IMPLICATIONS

All but \$133,238 of City loan funds for the development have been disbursed from the 20% Low- and Moderate-Income Housing Fund. Funds for the remaining \$133,238 of the City loan – which will reimburse toxic remediation expenses – are available in the Housing Department's Fiscal Year 2003-04 Budget. Funds for the \$630,000 grant are expected to be budgeted by the Redevelopment Agency in its Fiscal Year 2004-05 Budget. Should the \$630,000 not be included in the Redevelopment Agency's 2004-05 Budget, the Housing Department will identify alternative ways of filling this shortfall without increasing the City's funding commitment. Such alternatives would include, among others: (a) eliminating from the project design those specific items that the Agency's funds were going to pay for; (b) finding other cost savings through additional value engineering; and (c) considering higher sales prices for the units if market conditions and allowed income levels so warrant.

LESLYE CORSIGLIA
Director of Housing