COUNCIL AGENDA: 4-13-04 ITEM: 4.3



## Memorandum

**TO:** HONORABLE MAYOR AND

CITY COUNCIL

**FROM:** Leslye Corsiglia

SUBJECT: SEE BELOW DATE: April 8, 2004

Approved Date

COUNCIL DISTRICTS: 3 & 7
SNI AREA: Spartan/Keyes

SUBJECT: FUNDING COMMITMENTS FROM THE HOUSING DEPARTMENT'S 2004 FIRST-ROUND NOTICE OF FUNDING AVAILABILITY (NOFA) - SUPPLEMENTAL REPORT

## REASON FOR SUPPLEMENTAL REPORT

In describing the project financing of the Art Ark Housing development in the report to the City Council dated March 22, 2004, the Housing Department misstated the project sponsor's cost to acquire the site. This Supplemental Report corrects that misstatement.

## RECOMMENDATION

It is recommended that the City Council:

- 1. Adopt a resolution approving funding commitments for a loan of up to \$5,671,900 and a conditional grant of up to \$2,300,000 to CORE Development Inc., or its designated affiliate entity, for the development of the 148-unit Art Ark Housing project, located at the northeast corner of South 5<sup>th</sup> and Keyes Streets, to be made affordable to extremely low- and very low-income households.
- 2. Adopt a resolution approving a funding commitment for a loan of up to \$8,378,250 to the County of Santa Clara and the Housing Authority of the County of Santa Clara, or their designated affiliate entity, for the development of the 130-unit Fairgrounds Family Housing project, located at 350 Tully Road, to be made affordable to low- and very low-income households.
- 3. Adopt a resolution approving a funding commitment for a loan of up to \$10,856,800 to the County of Santa Clara and ROEM Development Corporation, or their designated affiliate entity, for the development of the 170-unit Fairgrounds Family Apartments

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project, located at 350 Tully Road, to be made affordable to very low- and low-income households.

- 4. Adopt a resolution finding that the use of 20% Housing Funds for the Fairgrounds Family Housing project and the Fairgrounds Family Apartments project is of benefit to the Redevelopment Project Areas in San Jose.
- 5. Adopt amendments to the annual Funding Sources Resolution and the annual Appropriation Ordinance in the Multi-Source Housing Fund (Fund 448) to:
  - a. Increase Revenue Estimate by \$2,500,000.
  - b. Establish an Extremely Low-Income Housing appropriation to the Housing Department for \$2,500,000.

## **ANALYSIS**

The March 22, 2004, report to the City Council stated that the project sponsor's cost to acquire the Art Ark Housing site would be \$6,500,000. In fact, the actual purchase price will be \$5,200,000, which is supported by the same appraisal noted in the March 22<sup>nd</sup> report. There is no change to the overall development cost or to the total amount of City funding being recommended.

All other sections and recommendations of the report to the City Council dated March 22, 2004, remain unchanged.

LESLYE CORSIGLIA Director of Housing