

RESOLUTION NO. 73353

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE 1) ACCEPTING THE 33433 SUMMARY REPORT AND RE-USE APPRAISAL FOR THE PROPERTY LOCATED AT 525 SOUTH NINTH STREET; 2) APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT FOR THE SALE AND CONVEYANCE OF CITY PROPERTY TO FIRST COMMUNITY HOUSING AND JOHN STEWART COMPANY OR THEIR DESIGNATED AFFILIATE FOR \$1,260,000.00; 3) APPROVING A LOAN COMMITMENT OF UP TO \$1,000,000.00 TO THE DEVELOPER FOR THE DEVELOPMENT OF AN AFFORDABLE HOUSING PROJECT ON THE PROPERTY; 4) APPROVING AN AMENDMENT TO THE OPTION AGREEMENT FOR THE PROPERTY; 5) AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO EXECUTE THE CITY DOCUMENTS AND ANY AMENDMENTS REASONABLY NECESSARY TO EFFECTUATE THE INTENT OF THIS RESOLUTION

WHEREAS, the Redevelopment Agency of the City of San Jose ("Agency") is presently engaged in redevelopment activities in the Strong Neighborhoods Initiative Redevelopment Project Area ("Project Area"); and

WHEREAS, the Agency and the City entered into that certain Agreement dated September 28, 1990 in which the Agency delegated to the City authority to administer the 20% Housing Funds including the authority to make findings that use 20% Housing Funds in connection with certain housing projects outside a redevelopment area are of benefit to the Agency's project areas; and

WHEREAS, the City acquired the property located at 525 South Ninth Street ("Property") as a result of a foreclosure sale on September 8, 2004; and

WHEREAS, On March 1, 2005, the City entered into an Option Agreement with FCH and JSC to sell the Property for \$2,388,642.00, subject to the HCD loan, and take back a promissory note for the difference between the purchase price and the HCD loan which was amended on February 15, 2006 to extend the term of the Option Agreement to August 15, 2006 to allow sufficient time to complete and close the construction financing for the project;

WHEREAS, the City now desires to transfer the Property to a partnership to be created by First Community Housing (FCH) and John Stewart Company (JSC) or their designee (the "Partnership") for the purpose of developing a 60 unit affordable housing project on the Property ("Project"); and

WHEREAS, FCH and JSC have requested an amendment to the purchase price and an extension of the Option Agreement and a City loan in the amount of up to \$1,000,000.00 for the development of the affordable housing project to make the project more affordable to extremely low income households; and

WHEREAS, Community Redevelopment Law provides in Section 33433 that (1) before any property acquired, in whole or in part, with tax increment monies is sold or leased for development pursuant to a redevelopment plan, such sale or lease shall first be approved by the City Council, after a duly noticed public hearing of the City Council, and (2) the Agency shall make available for public inspection a copy of the proposed sale or lease and a summary which describes the financial aspects of the transaction; and

WHEREAS, a Summary Report and Reuse Appraisal has been prepared pursuant to Health & Safety Code Section 33433 for one of the properties, containing a summary describing the cost of the transaction to the Agency, the value of the property to be conveyed and other information required by Section 33433, and said report and copies of the proposed DDA were made available to the public for inspection prior to the hearing, as required by Community Redevelopment Law; and

WHEREAS, notice of a public hearing by the City Council on the proposed DDA has been duly published in accordance with the Community Redevelopment Law; and

WHEREAS, the public hearing of the City Council was held on this date; and

WHEREAS, in order to attract capital investment, eliminate blight and achieve other redevelopment objectives there is a need to encourage and assist housing of all income levels throughout the City; and

WHEREAS, the provision of low and moderate income housing throughout the City near jobs will serve to facilitate employment opportunities for all citizens of the City, revitalize neighborhoods that are near or adjacent to redevelopment areas and generally assist efforts in redevelopment areas; and

NOW THEREFORE BE IT RESOLVED THAT THE COUNCIL OF THE CITY OF SAN JOSE HEREBY:

1. Accepts the 33433 Summary Report and Re-Use Appraisal and finds that the disposition of the property will assist in the elimination of blight, is consistent with the Implementation Plan for the Strong Neighborhoods Initiative Redevelopment Project Area and that the consideration for the property is not less than the fair reuse value for the proposed use, with the covenants and conditions and development costs authorized by the DDA

2. Approves disposition of the Property to FCH and JSC or their designated affiliate for \$1,260,000.00 for the development of a 60 unit affordable housing project under the terms of the Development and Disposition Agreement and as set forth in the report of the Director of Housing dated July 26, 2006 and the Supplemental Report dated August 4, 2006 (collectively "Report"):

3. Approves an amendment to the Option Agreement for the Property to modify the purchase price and extend the expiration date as set forth in the Report;

4. Approves a funding commitment of up to \$1,000,000.00 to FCH and JSC or their designated affiliate for the development of the affordable housing project as set forth in the Report.

5. Authorizes the City Manager or his designee to negotiate and execute the DDA, the Option Agreement and any other document reasonably necessary to effectuate the intent of this resolution.

ADOPTED this 15th day of August, 2006, by the following vote:

AYES: CAMPOS, CHIRCO, CORTESE, LeZOTTE, NGUYEN,
REED, WILLIAMS, YEAGER, CHAVEZ

NOES: NONE

ABSENT: PYLE; GONZALES

DISQUALIFIED: NONE

CINDY CHAVEZ
Vice Mayor

ATTEST:

LEE PRICE, MMC
City Clerk