



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Leslye Corsiglia

SUBJECT: SEE BELOW

DATE: August 6, 2012

Approved

Date

8/14/12

COUNCIL DISTRICT: 7

SUBJECT: APPROVAL OF A RECONVEYANCE OF A DEED OF TRUST AND AFFORDABILITY RESTRICTIONS ON A PARCEL OF RIPARIAN LAND TO BE TRANSFERRED TO THE SANTA CLARA VALLEY WATER DISTRICT

RECOMMENDATION

It is recommended that the City Council adopt a resolution approving the reconveyance of a deed of trust and rescission of affordability restrictions on an 83,642 square foot parcel of unimproved riparian land known as Parcel 3 to be dedicated to the Santa Clara Valley Water District (SCVWD) and authorize the Director of Housing to execute all documents needed to complete this partial reconveyance and rescission.

OUTCOME

Approval of the recommended action will enable the developer, a joint venture of CORE Development Inc. and Charities Housing Development Corporation to transfer a vacant parcel of undeveloped riparian land, Parcel 3, adjacent to Paseo Senter Phase I and II affordable housing projects and Wool Creek Drive to the SCVWD.

BACKGROUND

On June 29, 2004, the City Council approved a funding commitment for a loan of up to \$6,943,800 and a conditional grant of up to \$200,000 for the 117-unit Paseo Senter Phase I family rental apartment project located approximately 600 feet south of Needles Drive and a second funding commitment for a loan of up to \$5,939,550 for the 101-unit Paseo Senter Phase II family rental apartment project located approximately 850 feet south of Needles Drive.

August 6, 2012

Subject: Approval of Reconveyance on a Parcel to be Transferred to the Santa Clara Valley Water District

Page 2

On December 15, 2005, a parcel map subdividing the Paseo Senter property was recorded in Book 795, of Maps at pages 12 & 13, Santa Clara County Records (Paseo Senter Map). On December 6, 2005, the City Council approved issuance of tax-exempt multifamily housing revenue bonds for the Paseo Senter Phase I and Phase II multifamily rental housing projects.

Parcel 3 is a riparian area along a creek and across the street from Paseo Senter Phase I and II. The parcel contains no housing or project infrastructure. Parcel 3 was part of the Paseo Senter transaction because (a) it was originally part of the larger parcel that was subdivided to create the projects, and (b) as part of that subdivision and permit process, the City was required to do some flood and planting work. Now that the work has been completed, the City needs to remove its restrictions on Parcel 3 so that the developer can transfer the parcel to the Water District.

The Paseo Senter projects have been successfully completed and are operating family apartment complexes.

ANALYSIS

During the development of Paseo Senter Parcel I and II, the Paseo Senter Map was recorded. This map created a public street and three separate parcels as follows:

- Parcel 1 is the location of Paseo Senter I.
- Parcel 2 is the location of and Paseo Senter II.
- Parcel 3 is the remaining parcel extending from Wool Creek Drive to the creek.

On the face of the Paseo Senter Map, Parcel 3 is marked as for future dedication to SCVWD, as required in connection with PD permit (PD04-084). Parcel 3 is riparian area located along a Wool, across the street from the projects.

SCVWD was not prepared to accept the dedication of Parcel 3 prior to the commencement of the projects, so Parcel 3 remained owned by the developer and was included in the recorded deeds of trust for the Paseo Senter I project, the affordability restrictions and the bond documents.

As SCVWD is now ready to accept this parcel, however it will not do so until Parcel 3 is no longer subject to the City's deeds of trust and affordability restrictions.

The Paseo I deeds of trust, and affordability restrictions and the bond documents were recorded against both Parcel 1 and Parcel 3 (SCVWD future dedication). The bond trustee's representative has previously agreed to approve the partial reconveyance of the bond deed of trust and the bond regulatory agreement to remove Parcel 3.

As mentioned, Parcel 3 contains no housing or project infrastructure. Therefore, release of the affordability restrictions imparts no impact to the affordable housing projects and the release of Parcel 3 from the deed of trust has a minimal impact on the City's security.

Approval of this memo will allow the reconveyance of the City's deed of trust and release of the affordability restrictions so the SCVWD can accept the dedication of Parcel 3.

EVALUATION AND FOLLOW-UP

The Director of Housing will execute all documents necessary to complete this partial reconveyance and rescission of affordability restrictions in order to transfer Parcel 3 to the SCVWD.

POLICY ALTERNATIVES

To arrive at this proposal, staff considered the following option:

- Alternative:** *Deny the requested partial reconveyance and release of affordability restrictions.*
- Pros:** Parcel 3 has little value to the City as it cannot be developed.
- Cons:** The City has previously agreed to allow the transfer of Parcel 3 to the SCVWD.
- Reason for not recommending:** Not allowing the transfer of Parcel 3 to the SCVWD is inconsistent with the City's previous representation to transfer this parcel.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item meets none of the criteria set forth above. Nonetheless, this Council report will be posted to the City's website for the August 28, 2012 City Council Agenda.

COORDINATION

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

HONORABLE MAYOR AND CITY COUNCIL

August 6, 2012

Subject: Approval of Reconveyance on a Parcel to be Transferred to the Santa Clara Valley Water District

Page 4

FISCAL/POLICY ALIGNMENT

This expenditure is consistent with the Housing Department's *Five-Year Investment Plan for Fiscal Years 2007/08-2011/12* in increasing the supply of affordable housing, and with the City's *FY 2011-12 Consolidated Plan* in providing units for very low- and extremely low-income households.

CEQA

Mitigated Negative Declaration file number PDC03-057.

/s/

LESLYE CORSIGLIA

Director of Housing

For questions, please contact Leslye Corsiglia, Housing Director at 408-535-3851.

ATTACHMENT ONE

Arial Map

