

RESOLUTION NO. 74267

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING THE CREATION OF A \$10,000,000 SECOND-MORTGAGE LOAN COMMITMENT PROGRAM TO BE USED TO ASSIST HOMEBUYERS TO PURCHASE HOMES IN NEW CONSTRUCTION DEVELOPMENTS, UNDER THE WHICH THE DIRECTOR OF HOUSING IS AUTHORIZED TO ESTABLISH PROJECTION SELECTION CRITERIA; PUBLISH A NOTICE OF FUNDING AVAILABILITY (NOFA); REVIEW AND RANK APPLICATIONS; RESERVE FUNDING FOR HOMEBUYERS IN INDIVIDUAL DEVELOPMENTS; AND FUND SECOND MORTGAGES TO INCOME-QUALIFIED BUYERS.

WHEREAS, the Redevelopment Agency of the City of San Jose (the "Agency") has the obligation of providing assistance for low and moderate income housing (20% Housing Funds) using funds allocated under California Health and Safety Code Sections 33334.2 and 33487; 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, on behalf of the Agency, has a program to administer and distribute 20% Housing Funds; 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 affordable 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

WHEREAS, since 2006 the for-sale housing market in San Jose has experienced price reductions in some neighborhoods and a large unsold inventory of newly constructed ownership units; and

WHEREAS, the recommended second mortgage commitment will provide homebuyer assistance to 166 or more low- and moderate-income households and will

assist developers to successfully market for-sale housing units with forward commitments; and

WHEREAS, staff recommends approval of \$10,000,000 for second mortgage commitments, as more specifically set forth in the Director of Housing Report dated February 11, 2008.

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

The creation of a \$10 million second-mortgage loan commitment program to be used to assist homebuyers to purchase homes in new construction developments, under which the Director of Housing is authorized to establish project selection criteria; publish a Notice of Funding Availability; review and rank applications; reserve funding for homebuyers in individual developments; and fund second mortgages to income-qualified buyers, as more specifically set forth in Director of Housing Report dated February 11 , 2008, is approved.

ADOPTED this 4th day of March, 2008, by the following vote:

AYES:	CAMPOS, CHIRCO, CHU, CONSTANT, CORTESE, LICCARDO, NGUYEN, OLIVERIO, PYLE, WILLIAMS, REED
NOES:	NONE
ABSENT:	NONE
DISQUALIFIED:	NONE

CHUCK REED
Mayor

ATTEST:

LEE PRICE, MMC
City Clerk