

**RESOLUTION NO. 74424**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING THE ROLLOVER OF THE EXISTING \$400,000 CITY ACQUISITION LOAN MADE TO TIERRA ENCANTADA, LLC INTO SECOND MORTGAGES TO ASSIST EIGHT MODERATE-INCOME HOMEBUYERS WITH SECOND MORTGAGES OF UP TO \$50,000 EACH AND AN INCREASE OF UP TO \$200,000 IN ADDITIONAL FUNDING FOR THIS PROJECT TO ASSIST UP TO FOUR ADDITIONAL MODERATE-INCOME HOMEBUYERS WITH SECOND MORTGAGES OF UP TO \$50,000 EACH**

**WHEREAS**, on June 25, 2002, the San José City Council approved an acquisition and predevelopment loan of up to \$4,000,000 to Community Housing Developers (“CHD”) for the development of 93 restricted affordable rental units in the Tierra Encantada Apartments as well as the acquisition of the adjacent parcel for the development of 12 affordable for-sale units; and

**WHEREAS**, as the final map for the rental project was not recorded at the closing of that project’s financing, the City of San José (“City”) recorded a \$4,000,000 deed of trust that reflected both the \$3,600,000 City loan for the rental project and the \$400,000 acquisition loan for the for-sale parcel; and

**WHEREAS**, in November 2005, staff released and reconveyed the for-sale parcel from the \$400,000 deed of trust, and recorded separate deeds of trust for the \$400,000 acquisition loan for the for-sale parcel and for the \$3,600,000 permanent loan to secure the rental project; and

**WHEREAS**, the for-sale development, Tierra Encantada Townhomes, is a 12-unit townhome style development with three- and four-bedroom units that are priced at \$490,000 and \$535,000 respectively; and

**WHEREAS**, the City desires to approve downpayment assistance for up to 12 households by a rollover of the existing \$400,000 City acquisition loan into second mortgages to assist eight moderate-income homebuyers with second mortgages of up to \$50,000 each, and an increase

of up to \$200,000 in additional funding for this project to assist up to four additional moderate-income homebuyers with a second mortgage of up to \$50,000 each;

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

1. The rollover of the existing \$400,000 City acquisition loan made to Tierra Encantada Development, LLC, into second mortgages to assist eight moderate-income homebuyers with second mortgages of up to \$50,000 each, as more specifically set forth in the Director of Housing Report dated May 27, 2008, is hereby approved.
2. The increase of up to \$200,000 in additional funding for this project in order to assist up to four additional moderate-income homebuyers with a second mortgage of up to \$50,000 each, as more specifically set forth in the Director of Housing Report dated May 27, 2008, is hereby approved.

ADOPTED this 17<sup>th</sup> day of June, 2008, by the following vote:

AYES: CAMPOS, CHIRCO, CHU, CONSTANT, CORTESE,  
LICCARDO, NGUYEN, OLIVERIO, PYLE, WILLIAMS, REED.  
NONE.

NOES:

ABSENT: NONE.

DISQUALIFIED: NONE.

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CHUCK REED  
Mayor

ATTEST:

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LEE PRICE, MMC  
City Clerk