

RESOLUTION NO. 74701

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE RECLASSIFYING \$500,000 OF THE EXISTING FUNDING COMMITMENT TO A PREDEVELOPMENT LOAN FOR THE BELOVIDA AT NEWBURY PARK PROJECT

WHEREAS, on March 18, 2008, the Council of the City of San José (“City”) adopted a resolution approving a funding commitment of up to \$17,925,000 to CORE Affordable Housing, LLC (“CORE”), of which \$9,010,400 was allocated to finance the land acquisition for the development of the Belovida at Newbury Park affordable senior rental project, with the remainder designated as a construction and permanent loan commitment; and

WHEREAS, in March 2008, the City closed its acquisition loan enabling CORE to purchase a 1.97-acre site located on the 25-acre Newbury Park property at the northeast corner of King Road and Dobbin Drive, for the development of the 180-unit Belovida at Newbury Park (“Project”) to be made available to extremely low, very low, and low income households; and

WHEREAS, for profit developers like CORE traditionally obtain commercial loans to finance a project’s predevelopment “soft costs” which include fees for architectural, engineering, appraisal, environmental, and permit related services; and

WHEREAS, the City does not typically provide predevelopment loans to for-profit developers of affordable housing; however, due to the current uncertainty of the market, many commercial lenders are no longer originating such predevelopment loans; and

WHEREAS, without predevelopment funding, Belovida at Newbury Park will be unable to move through the entitlement process, which is a necessary precursor to apply for State funding such as tax credits and to project completion; and

WHEREAS, the City desires to reclassify \$500,000 of the Project's remaining loan funding commitment as a predevelopment loan to CORE which predevelopment loan will be repaid with interest from the City's construction loan;

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

The reclassification of \$500,000 of the remainder of the project's existing funding commitment to a predevelopment loan to CORE Affordable Housing, LLC, or its designated affiliate, to finance predevelopment costs for the 180-unit Belovida at Newbury Park project, as more specifically set forth in the Director of Housing report dated November 18, 2008, is hereby approved.

ADOPTED this 9th day of December, 2008, by the following vote:

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

CHUCK REED
Mayor

ATTEST:

LEE PRICE, MMC
City Clerk