

RESOLUTION NO. 74702

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE RECLASSIFYING \$200,000 OF THE EXISTING FUNDING COMMITMENT TO A PREDEVELOPMENT LOAN FOR THE CORNERSTONE AT JAPANTOWN PROJECT, FORMERLY KNOWN AS 10TH & HEDDING

WHEREAS, on June 24, 2008, the Council of the City of San José (“City”) adopted a resolution approving a funding commitment of up to \$6,300,000 to CORE Affordable Housing LLC for the acquisition and predevelopment of the 10th and Hedding Townhomes project; and

WHEREAS, on September 30, 2008 the City closed its acquisition loan enabling the project’s partnership, Cornerstone at Japantown, L.P., to purchase the land located at 851 and 899 North 10th Street for the 53-unit Cornerstone at Japantown townhomes (“Project”), formerly known as 10th and Hedding Townhomes, to be made available to extremely low, very low, and low income households; and

WHEREAS, a substantial amount of predevelopment “soft costs” are incurred by developers prior to the start of construction, including fees for architectural, engineering and environmental review consultants to prepare drawings and documents necessary to file applications for land use entitlements and building permits; the application fees for those entitlements and building permits; appraisals; market studies; miscellaneous consultant fees; and the sponsor’s overhead costs to administer all of the above; and

WHEREAS, the City desires to reclassify \$200,000 of the Project’s remaining loan funding commitment to a predevelopment loan to Cornerstone at Japantown, L.P., to finance the predevelopment costs of the Project, and the 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 \$200,000 of the project's existing funding commitment to a predevelopment loan to Cornerstone at Japantown, L.P., or its designated affiliate, to finance predevelopment costs for the 53-unit Cornerstone at Japantown townhomes, as more specifically set forth in the Director of Housing report dated November 17, 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