

RESOLUTION NO. 74719

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING THE DIRECTOR OF HOUSING TO NEGOTIATE AND EXECUTE A CONDITIONAL GRANT TO INNVISION THE WAY HOME FOR THE INNVISION VILLAS

WHEREAS, in June 1999, InnVision purchased the site located at 184 South Eleventh Street for use as a 26-room Single Room Occupancy housing project ("Project"), named InnVision Villas, serving women and children at high risk of becoming homeless or making the transition from homelessness to self-sufficiency; and

WHEREAS, the City of San José ("City") provided a 30-year, zero percent, deferred payment obligation in the amount of \$757,000 from 20% Housing Funds to partially finance the purchase and rehabilitation of the Project, secured by a first-lien priority deed of trust, repayable at the end of the loan term in 2029, and the loan currently has a balance of \$625,333; and

WHEREAS, in September 2004, InnVision obtained a \$700,000 loan at 5.5% interest from United Services Bank in order to retire an existing privately funded loan at a higher interest rate, the new loan was secured by a deed of trust behind the City loan, with monthly payments of \$5,305, a principal balance of approximately \$590,000, and a balloon payment of \$509,000 due in October, 2011; and

WHEREAS, the clients at InnVision Villas have a limited ability to pay market-rate rent and makes it hard for the Project to support debt, and InnVision is currently using fund-raising proceeds and other grants to cover the gap in the monthly debt service payment on the United Services Bank loan; and

WHEREAS, the City desires to authorize the Director of Housing to grant up to \$600,000 in additional funding for the InnVision Villas property to ensure its continued operation, to negotiate and execute an amendment to the terms of the existing City loan from being repayable to be forgivable at the end of the term of the loan, and to negotiate and execute and amendment to the existing affordability restrictions to extend the term of affordability by an additional 55 years;

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

The Director of Housing is hereby authorized to negotiate and execute:

1. A conditional grant of up to \$600,000 to InnVision-The Way Home for the InnVision Villas, a 26-unit Single Room Occupancy housing project targeted to very low income households, as more specifically set forth in the Director of Housing report dated November 24, 2008.
2. An amendment of the terms of the existing Housing Department loan from being repayable to be forgivable at the end of the term, as more specifically set forth in the Director of Housing report dated November 24, 2008.
3. An amendment of the affordability unit mix from 26 very low-income to 6 very low-income and 20 extremely low-income units, and extending the term of affordability by an additional 55 years, as more specifically set forth in the Director of Housing report dated November 24, 2008.

ADOPTED this 16TH day of December, 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