


Office of the City Manager

ACTION CALENDAR  
October 19, 2004

To: Honorable Mayor and  
Members of the City Council

From:  Phil Kamlarz, City Manager

Subject: HUD Section 108 Loan Guarantee for the Jubilee Village

RECOMMENDATION:

Adopt a Resolution: 1) approving participation in the U.S. Housing and Urban Development (HUD) Section 108 Loan Guarantee Program; 2) authorizing the use of current and future Community Development Block Grant funds to secure a loan for the Jubilee Village development in an amount up to \$3,008,000 and not to exceed eighty percent (80%) of the appraised value of the property; 3) that the findings of HUD's recent monitoring be resolved to the City Manager's satisfaction prior to closing on the Section 108 loan and a report be brought to City Council on November 9, 2004 for final review; and 4) rescinding Resolution No. 62,215-N.S.

SUMMARY

City Council previously adopted Resolution No. 62,215 on September 9, 2003. The Resolution authorized the City to submit an HUD 108 application for the Jubilee Village project proposal. The attached Resolution replaces Resolution 62,215 and authorizes the City Manager to execute the HUD Contract for Loan Guarantee Assistance, Note, and all other documents, agreements and any amendments necessary to secure the HUD 108 Loan for the Jubilee Village development. This specific authorization was not included in the adopted Resolution and is necessary to certify to HUD that the City Manager can enter into the necessary loan agreements with HUD to secure and close on the Section 108 loan.

The Jubilee Village proposal includes the acquisition of a property site at 2612 San Pablo Avenue and the construction of 110 rental units of affordable housing. Jubilee Restoration will purchase the property with HUD 108 loan proceeds. At a future time, Jubilee Restoration will enter into a limited partnership with the Related Companies of California (RCC) to construct the housing development. An appraisal of the property was completed by the Housing Department. The appraisal estimated the value of the property at \$3,760,000 and the HUD 108 loan amount was calculated to be \$3,008,000 of 80% of the appraised value as required by Resolution No. 62,215. A 108 loan application was submitted to HUD in January of 2004 and the City received a funding approval letter in August 2004. The HUD 108 Program requires that the City guarantee the repayment of all HUD 108 loans with the City's current and future CDBG funds.

Any funds under the direct control of the City can be used for repayment. This guarantee requires the City to pledge its future CDBG funds that it will receive and are part of HUD's entitlement to the City. HUD can use all or part of the City's future CDBG entitlement to pay any amounts owing or unpaid to HUD through the loans made through the Section 108 Program if the City's CDBG funds and Program Income are pledged. The City will be pledging its CDBG funds and Program Income if Jubilee Restoration and/or the completed project cannot pay the debt repayment on this HUD 108 loan. The potential risks in guaranteeing the 108 loan for the Jubilee Village development are outlined in the "Current Situation and Its Affects" section of this report.

The Developer forecasts that they will need an additional \$1,900,000 or, if the project is broken into two phases, an additional \$3,049,000 of Housing Trust Funds (HTF) from the City in order to complete the development. The amount of the HTF funds depends upon the timing of the completion of the building improvements as a result of a proposed zone change application for part of the site. In order to close on the HUD 108 loan, the City Attorney's Office must certify to HUD that City Council authorized the City Manager to enter into the HUD 108 loan and execute the loan documents on behalf of the City. This specific authorization clause was not included in the Resolution approved by City Council on September 9, 2003 and must be included in a new Resolution in order to close on the HUD 108 loan.

#### FISCAL IMPACTS OF RECOMMENDATION

Approval of the HUD Section 108 Loan Guarantee in the amount of \$3,008,000 requires the City to use current and future CDBG funds as a loan guarantee in the event the loan cannot be repaid. Using CDBG funds, as security does not require the City to transfer funds to HUD. In the event CDBG funds would be needed, HUD would adjust the City's CDBG current and future allocation accordingly. The 108 Program does not require that any other funding, other than CDBG, be used as security to participate in the program.

The ultimate security for the loan guarantee is a pledge by the applicant (the City) of its current and future CDBG funds. Though the City as the grantee is required to make the loan payments, the funds for the repayment will be the obligation and responsibility of the project developer as with any conventional loan a developer may secure. The 108 Loan can be secured by a first or a subordinate lien on the property and by a pledge of an income stream, such as monthly rents. The Jubilee Village project structure will require that the 108 loan be the first lien on the property or land. When the loan is funded through HUD, a Trust Account is set up locally and all loan funds are wired into the Trust Account and loan payments are placed into the account until such time payment is due to HUD.

The difference in repaying the 108 Program loan and the Housing Trust Fund loan is the 108 Loan will require payments from the project revenues (rents) rather than residual receipts, which is any remaining cash after debt payments and project costs have been covered. Monthly payments would be collected by the City or a designated Fiscal Agent and would provide the revenues to make the quarterly payments to HUD. The City's current and future CDBG funds act as the collateral/guarantee for the Section 108 loans in the case of a default.

Currently, the City of Berkeley could potentially make loans up to \$20,330,000 through the 108 Program. The City has currently closed on two HUD 108 loans and has approved loans to two additional projects. The total amount of these obligations is approximately \$8,700,000. The uncommitted balance of the City's lending capacity through the HUD 108 Program is approximately \$11,630,000.

#### CURRENT SITUATION AND ITS EFFECTS

In early 2003, Jubilee Restoration submitted a \$3,000,000 Housing Trust Fund request that was not recommended as part of the Housing Advisory Commission's (HAC's) June 5, 2003 recommendation to City Council for funding reservation. The HAC members directed the Housing staff to continue to work with the Jubilee staff and to return with a possible financing proposal that might assist Jubilee in purchasing the property using the HUD 108 loan program.

In the following September, City Council adopted a resolution authorizing staff to submit the final Section 108 application to HUD for review and approval based upon loaning a maximum of 80% of the appraised value. A Resolution was approved by City Council in September 9, 2003 and an application was submitted to HUD and subsequently approved. A resolution is now needed to authorize the City Manager to execute the necessary loan documents to secure the 108 financing and close on the loan.

The 108 Program provides loans for qualified project and activities. Loans have a maximum repayment period of 20 years and the City's 108 loans have traditionally had an interest rate of 6% or the interest rate charged on Housing Trust Fund loans. The permanent HUD 108 loan interest rate is similar to the yields on Fannie Mae issued non-callable ten-year notes, with an additional mark-up of between 20 to 50 basis points. This fluctuates based on the market but is 2-3% lower than conventional bank loan rates. Current 10-year bonds have an approximate yield of 4.7%. The Section 108 Loan are initially issued on an interim basis with a floating interest rate that is currently between 2% and 3% and HUD will fix the permanent interest rate at the time the bonds are sold to finance the permanent loan, up to five years after the interim borrowing date. Interest rates on the "interim" borrowings are priced at the three-month London Interbank Offered Rate (LIBOR) plus a markup in the range of 20 basis points. Current LIBOR rates are approximately 2.0%. The Developer plans to draw down on the HUD 108 funds on an interim basis for the first five (5) years of the project. The Developer then will convert the "interim" financing to permanent financing or after construction starts.

The City of Berkeley has assisted nonprofit affordable housing developers with HUD 108 financial loan assistance to develop the commercial space on mixed-use projects that were required to develop retail space as a result of zoning requirements. The federal National Objective for meeting program regulations was justified by meeting the requirement that 51% of new jobs from the new commercial space will benefit low- and moderate- income persons. Once the mixed-use development is completed, HUD 108 Loan assistance is typically provided by "taking out" or "paying off" the construction loan advanced to complete the construction of the commercial space. This take out financing of the construction loan also demonstrates that the HUD 108 funds were used to construct the commercial space and not spent on the construction of the housing.

Under the CDBG Program the construction of new residential housing is an ineligible use of HUD funds and therefore affects the housing activities done under the HUD 108 Program. In order to assist a residential project with Section 108 Loan Guarantee assistance, it is necessary to provide the assistance for the acquisition of the site or at beginning of the project. If the site is already acquired, HUD 108 assistance cannot be used to assist a residential construction project. When meeting with HUD staff to discuss the structuring of the proposed Jubilee Village development, it was determined that the only way to meet Program requirements and assist a residential project is by providing HUD 108 assistance for the acquisition of the land. Jubilee Restoration's purchase agreement has twice been amended for time extensions and the current agreement expires on November 15, 2004. The property owner indicates that no more extensions will be granted and it necessary to close on the HUD 108 financing by the contract deadline. This means that the City must agree to make the loan, enter into a development loan agreement with Jubilee Restoration, draw the interim loan funds from HUD and make the loan to Jubilee Restoration so that Jubilee can make full payment on the land by November 15, 2004 or else the purchase of the site will not take place.

Jubilee Restoration will own the land and will execute the 108 loan documents with the City. At a future time, once Housing Trust Funds are committed and all other necessary financing is in hand, the land improvements will be leased to a partnership comprising both Jubilee Restoration and Related Companies of California (RCC). Since the property will be in the name of Jubilee Restoration, the co-developer, RCC will not be owner of the land will therefore not assume any of the obligations for the 108 loan. Currently there is a Memorandum of Understanding between Jubilee Restoration and RCC concerning some of the details of the development and the management of the completed project.

In the September 2003 memo to City Council, the Administration outlined foreseeable or potential risks in assisting with the acquisition of the property. In order to meet Jubilee Restoration's purchase date deadline and use the HUD 108 funds to acquire the property, the City of Berkeley will assume additional risks. These risks were outlined to City Council in September 2003 and have been updated to include the following:

1. Jubilee Restoration will not secure a conditional use permit by the November purchase date of the property. Jubilee Restoration applied for a Use Permit in May 2004. In June, Jubilee Restoration, RCC, City Planning Staff, and Housing staff met to discuss the difficulties that the MU-LI zoned portion of the property posed in regards to fair housing requirements and the initiation of construction activities. Planning and Housing staff recommends, and the Developer agrees, that it might be expedient to phase the development so that the C-W, or the San Pablo Avenue side of the development site, proceed and that a zone change to MU-R area be requested for the MU-LI portion of the project. Although a zone change would make that portion of the project site more suitable as an affordable housing site, the time constraint posed by the zone change will probably increase project costs and a rejection of the zone change could result in the need to sell the part of the property for either market rate housing or light manufacturing use. Additionally, if the zone change takes an extended time and the front portion of the C-W zoned property were done separately as Phase I, the Developer would need to secure a commitment from State and other program lenders to permit the applicant to carry the Section 108 debt of both Phase I

and II on the Phase I portion, until either Phase II secures funding approval or the portion of the property is sold. This is an unusual request for State program lenders, and it might be necessary to subdivide the property and only allocate the Phase I portion of the HUD 108 loan portion to Phase I in order to proceed with a phased development.

2. Since Council approval of the submission of a HUD 108 application in September 2003, the number of rental proposed units has decreased from 125 to 110. As a result of the ongoing review of the Use Permit application, the estimated number of units of 110 could possibly be reduced and/or unforeseen requirements might have to be met, thereby lengthening the time to both develop and market the apartments and commercial space. Further design modifications could further reduce the number of units permitted and thus reduce the cash flow to potentially repay the HUD 108 loan. This could make it necessary to restructure the project's financing and could result in more financial assistance needed from the City in order to further subsidize and complete the project. Additionally, the initial appraisal was calculated on the value of the property supporting a 125-unit development.
3. If the project is delayed or if the project cannot be completed, the debt service on the \$3,008,000 HUD 108 loan will have to be paid to HUD. If the project is not completed or delayed, there will be no source of rental income from the project to pay the annual debt service. As a result, the City of Berkeley, as a guarantor of the HUD 108 loan, would need to pay the annual debt service out of its CDBG annual entitlement that it receives from HUD until a project that complies with HUD guidelines is completed on the site or until the land is sold and the HUD 108 loan is repaid. Annual debt service will be approximately \$200,000 annually during the "interim" period and will rise to over \$300,000 annually once the loan becomes permanent.
4. Jubilee Restoration was unsuccessful in securing owner financing for an \$800,000 portion of the acquisition costs. Jubilee Restoration, however, did receive a commitment for a Low Income Investment Fund (LIIF) \$550,000 loan to assist in the property purchase financing. Currently the Developer is planning to allocate part of the HUD 108 proceeds to pay for loan closing costs, property maintenance costs, as well as the interim interest that will be accruing on both the LIIF loan and HUD 108 loan proceeds that drawn down. \$2,768,436 of the HUD 108 loans will be initially used towards the purchase price of \$3,375,000 for the property, with the balance made up by the LIIF loan and the \$100,000 deposit made by Jubilee and RCC. The pro forma concludes that there will be enough capitalized interest in the HUD 108 loan to pay for approximately 12 months of interest and other property expenses following the planned November, 2004 loan closing with the City. The LIIF loan will be in a subordinate lien position to the HUD 108 loan. RCC will guarantee 50% of the LIIF loan amount. The current projection shows that if the project does not obtain some portion of its requested HTF funding this year, then Jubilee Restoration will need additional funds to pay the accruing cost of the HUD 108 and LIIF loans.

The Developer expects to start construction on either Phase I or possibly both phases by November 2005. At that time the construction financing would pay off the LIIF loan and the Developer would use part of construction proceeds to pay for the interim interest on the HUD 108 loan. However, if the project is not under construction at that time, the developer will not have sufficient funds to pay the interest payments owing on the 108 loan after November 2005, unless a portion of the HTF funds are approved and are available to pay this interim interest cost.

5. Since the project is currently in the pre-development stage, there are no other financing commitments yet secured to complete the construction. The developer is proposing to use the Federal Home Loan Bank's Affordable Housing Program, the State's Multifamily Housing and California Housing Finance Agency loan programs, and the Low-Income Housing Tax Credit program. The staff has tried to anticipate some of these program requirements, however, the Developer could potentially be rejected for financing approval and have to restructure the project and resubmit loan applications, thereby extending the carrying costs of the property which in turn would increase the HUD 108 obligation.
6. During the first 5 years following loan closing, the Developer has requested that the HUD 108 loan be drawn down on an "interim" basis. As a result, if the project cannot be completed or if the land or any portion of it must be sold, the HUD 108 funds can be prepaid to HUD. To retire the 108 loan during the first five years after loan closing, the loan principal and accrued interest must be paid to HUD. However, once the HUD 108 loan converts to permanent financing, the loan cannot be prepaid during the first 10 years of the 15 years remaining on the 20-year term of the loan. If financing and entitlements are not secured during the first five years, the HUD 108 financing will have to convert to a permanent loan. The City could also end up owning the property if there is a default on the HUD 108 loan. The City would then have to either develop or sell the property.
7. Since the HUD 108 loan proceeds are raised through the sale of tax-exempt bonds, Federal requirements stipulate that other tax exempt financing cannot secure the same collateral as the HUD 108 lien. The HUD 108 lien will be filed on the land. Therefore, if other tax exempt financing is used to fund the construction and/or permanent components of the project, these other lenders cannot lien the land. This is a complicating financing issue that will not likely be resolved prior to closing on the 108 loan.
8. The current owner of the property required its tenant, Clear Channel, to remove a billboard from the property. The property appraiser notified the City of the existence of the lease, after the owner told the company to remove the billboard. Clear Channel subsequently removed the billboard in December of 2003. A relocation payment liability of an unknown amount exists for the City through both State and Federal relocation law. The developer has included a potential relocation cost item of \$25,000 into the project costs.

9. The Developer will be applying for 27 Project Based Section 8 certificates when the Request for Proposals (RFP) is advertised. Sixteen of these certificates would be for Phase I and eleven certificates for Phase II. These 10-year certificates could bring approximately \$350,000 of additional annual revenue to the completed project. This would provide sufficient revenue to pay the permanent annual debt service on the 108 loan for a number of years. To mitigate the City's risk, staff has recommended that the Section 8 income be dedicated to paying the 108-debt service because this is a source of dependable income for the first 10 years of the completed project and could be used to significantly pay down the 108 debt during that time. However, to accomplish this, both RCC and Jubilee must obtain the agreement of the State's CalHFA and MHP programs. This is another complicating financing issue that will not likely be resolved prior to closing on the 108 loan.

### BACKGROUND

In February of 2003, Jubilee Restoration submitted an application in the amount of \$3,000,000 for Housing Trust Funds. Jubilee Restoration is the developer of a proposed project that will be located on a three-parcel site bounded by San Pablo Avenue, Parker Street and 10<sup>th</sup> Street. The site is approximately 68,553 square feet and includes two zoning districts, MU-LI and C-W Districts. The development includes the demolition of 25,500 square feet of warehouse and two vacant single-family residential buildings. The developer is proposing to construct 110 units of two and three-bedroom apartments for low-income families, artisans, crafts persons, permanent housing for graduates from transitional housing programs, and provide retail and parking space on the site. There will be 72 two-bedroom units, and 38 three-bedroom units. The apartments will include both flats and loft style live/work units. The live/work apartments will be constructed on the MU-LI zoned portion of the property. The City's zoning requirements on this site's MU-LI zoned area currently require that one member of each unit's household have a business license and the use of the unit is restricted to occupancy for artisans and crafts persons. Since these license and artisan restrictions would make housing built on this portion of the project site difficult to comply with HUD Fair Housing requirements, the Developer will request a zone change of the MU-LI portion of the property to a MU-R district. The rents on the completed rental units will range from thirty percent (30%) to sixty percent (60%) of the Alameda County Area Median Income.

RCC will have lead responsibility for getting the project financed and built. Jubilee Restoration will own the land and lease the improvements to be constructed on the land to a Partnership of Jubilee Restoration and RCC. As the financial partner with Jubilee Restoration, RCC will provide some of the predevelopment funding and assist Jubilee with securing its needed financing. RCC will also be the property manager for at least the first several years of the project.

In September 2003, City Council also recommended that the following contingencies be required for this project:

- Jubilee should hire an outside financial advisor/consultant to help in the structuring of the financing for the development.

- If HELP funds are used to assist in the acquisition, that the City's HELP loan be conditioned on approval of the HUD 108 financing by City Council.
- Verification of other funding received or attempts to secure funding.
- A written commitment to the project from Related Companies of California.
- That the City undertake an "as is" appraisal of the property to verify the value.
- Where necessary, the appropriate public hearings are held and that the approval of the City Manager and City Council be secured before financing commitments are made.
- That Jubilee provides a copy of all environmental reports to the City staff for their review.
- That both Housing and Jubilee staff continue to work and evaluate other potential financing scenarios to reduce the City's financing for the development.
- As required, demonstration of a 5% (five percent) equity injection for using HELP financing.

Jubilee Restoration has entered into an agreement with Community Economics as an outside financial consultant. It has been decided that HELP loan funds will not be used to assist in the acquisition of the property. The City's Housing Department conducted an appraisal of the property. Jubilee has provided the City with copies of all environmental reports. RCC has submitted a letter outlining its commitment as well as summarizing their financial commitment to the project. The letter from RCC concerning its commitment to the Jubilee Village project is attached to this report.

On October 1, 2004 Jubilee Restoration informed City staff that HUD had frozen Jubilee's funding through the Supportive Housing Program after monitoring the program. HUD has also done this previously with BOSS and the Jobs Consortium for the Homeless. Jubilee stated that they believe the issues can be resolved. HUD staff has stated that the issues are serious and that they will give Jubilee 45 days to respond before finalizing their findings. Since this would be past the November 15<sup>th</sup> deadline for acquisition of the site, it is essential that these issues be dealt with satisfactorily before then. City staff are reviewing Jubilee's records and Jubilee has agreed to provide a letter allowing the City access to the materials collected by HUD so that we can work with HUD to clarify and respond to the issues raised. At the same time, without the authorization provided by the attached resolution, HUD and the City will not be able to prepare the necessary documents to proceed with the loan in the event that satisfactory answers are provided. The City Manager is recommending that an additional contingency be required for this project.

- That the draft findings resulting from HUD's recent monitoring of Jubilee Restoration be resolved to the City Manager's satisfaction prior to City's closing on the Section 108 loan and that a report be brought to Council on November 9, 2004 for final review.

#### RATIONALE FOR RECOMMENDATION

On February 1, 2001, the HAC held a Public Hearing to discuss the City's participation in the HUD Section 108 Program. On March 20, 2001, the City Council approved participation in the Section 108 Loan Guarantee Program thus authorizing the use of current and future CDBG allocations to be used as the ultimate security for the loan guarantee. The CDBG funds would

act as "mortgage insurance" to guarantee the 108 Loan and would be used if all other repayment methods were not successful, such as refinancing, or restructuring of the debt. As an entitlement grantee Berkeley is eligible to participate in the program and is eligible to receive up to five times the latest approved CDBG entitlement amount, or approximately \$20 million.

As with any other CDBG activities, all 108 Program projects and activities must either benefit low-and moderate-income persons, or aid in the elimination of slums or blight, or meet urgent needs of the community. In the case of projects or activities that assist particular persons, such as the homeless, disabled, seniors, or migrant workers, there is a "presumed benefit" and there is no income qualification needed for the project to qualify. The Section 108 Program also requires that (1) an environmental assessment be completed prior to incurring or expending any project costs, (2) all Davis-Bacon requirements be met, and (3) all eligible relocation/displacement provisions as specified under Section 570.606 be met. The HUD 108 has been used in the past to assist projects with the permanent financing needed for the commercial portions of developments. This Berkeley development would be the first HUD 108 project to assist in acquisition of the site and where activities directly benefit low and moderate-income residential households.

The total cost for both phases of this project is currently estimated at \$33,430,000 or \$303,909 per unit. The City's participation through both the HUD 108 and Housing Trust Fund Programs represents \$4,908,000 (15% of the project budget) or \$41,600 per unit. If the two phases are not able to be constructed at the same time, the total cost of the project is estimated to be \$33,855,805. Since additional HTF monies would be needed, the HUD 108 and HTF loans amount to \$6,057,109 (18% of the project budget) or \$55,065 per unit.

#### ALTERNATIVE ACTIONS CONSIDERED


The 108 loan is an alternative action since the original request was for HTF monies. The Housing Department did not have enough resources to assist Jubilee Restoration with such a large amount of financing through Housing Trust Funds for site acquisition. The Developer has requested a total of \$1,900,000 through the Housing Trust Fund application process and up to \$3,049,109 if Phase I and Phase II are constructed at different times rather than at the same time. The Housing Trust Fund Subcommittee of the HAC is currently reviewing this and four other HTF applications as part of the review process. There is approximately \$9,207,000 in requests and the amount of HTF funds available to the five remaining projects is approximately \$2,870,000. However, the HTF funds available could be increased if the City can commit its future 2005 HOME fund allocation to the HTF fund reservations that will be made later this year.

If the City Council does not adopt the Resolution, the City cannot complete the 108 loan documents between HUD and the City. If the property purchase does not take place, RCC and Jubilee Restoration will lose their \$100,000 purchase deposit on the property as well as any architectural and overhead costs expended to date.

CONTACT PERSON

Roger Asterino, Community Development Project Coordinator, 981-5405

Approved By:

  
Stephen Barton, Housing Director

Attachment: October 1, 2004-Letter from The Related Companies of California

RESOLUTION NO. – N.S.

APPROVING PARTICIPATION IN THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SECTION 108 LOAN GUARANTEE PROGRAM; AUTHORIZING USE OF CURRENT AND FUTURE COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS TO SECURE A LOAN FOR THE JUBILEE VILLAGE UP TO THE AMOUNT OF \$3,008,000 AND NOT TO EXCEED EIGHTY PERCENT (80%) OF THE APPRAISED VALUE OF THE PROPERTY; AND RESCINDING RESOLUTION NO. 62,215-N.S.

WHEREAS, the Department of Housing and Urban Development (HUD) has established the Section 108 Loan Guarantee Program (“Program”) in order to provide below-market rate loans for qualified projects that serve the needs of low and moderate incomes persons; and

WHEREAS, the City of Berkeley meets the criteria to participate in the Program as a Grantee, receiving funds through the HUD Community Development Block Grant Program (CDBG); and

WHEREAS, the City Council approved participation in the Program on March 20, 2001, in order to provide funding to be of substantial benefit to low and moderate income persons in Berkeley; and

WHEREAS, the City Manager recommended contingencies included in this Report to City Council be approved with the loan application; and

WHEREAS, the City Council acknowledges the requirement that the City use current and future CDBG funds as the ultimate security to guarantee loans provided through the Program; and

WHEREAS, a public hearing was held on September 4, 2003, before the Housing Advisory Commission to discuss the Jubilee Village development, which is eligible for funding under the Program in accordance with requirements set forth by the Program.

NOW THEREFORE, BE IT RESOLVED that the Council of the City of Berkeley approves the use of Community Development Block Grant funds as the ultimate security to participate in the HUD Section 108 Loan Guarantee Program with a loan application for up to \$3,008,000 and not to exceed eighty percent (80%) of the appraised value of the property for the Jubilee Village development upon clearing all contingencies included in the report from the City Manager.

BE IT FURTHER RESOLVED that the City Council of the City of Berkeley approves the use of Community Development Block Grant funds as the principal subsidy to

participate in the Section 108 Program, and that the City Manager is authorized to determine if Jubilee Restoration has met the contingencies as recommended by City Council and upon finding that Jubilee Restoration has complied with the contingencies, execute the HUD Contract for Loan Guarantee Assistance, Note, and all other documents, agreements and any amendments necessary to secure the HUD 108 Loan for the Jubilee Village development. A record signature copy of said agreement and any amendments to be on file in the Office of the City Clerk.

BE IT FURTHER RESOLVED that Resolution No. 62,215 is hereby rescinded.