

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING AN EXCEPTION TO THE CITY'S POLICY FOR THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS FOR VILLA DEL SOL APARTMENTS (1936 ALUM ROCK AVENUE), MARTHA GARDENS APARTMENTS (802 SOUTH 1ST STREET), MONTEREY ROAD APARTMENTS (4300-4310 MONTEREY ROAD), AND 2880 ALUM ROCK AVENUE APARTMENTS (2880 ALUM ROCK AVENUE) DUE TO SPECIAL CIRCUMSTANCES, THEREBY ALLOWING ISSUANCE FOR THOSE PROJECTS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY AND AUTHORIZING THE DIRECTOR OF FINANCE TO HOLD TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1986 HEARINGS

WHEREAS, the City of San José ("City") lacks enough affordable housing to meet resident's needs, with a severe shortage of adequate affordable housing for extremely low-, very low-, and moderate-income households; and

WHEREAS, the City of San José's ("City") Regional Housing Needs Allocation for the 2023-2031 (sixth cycle) Housing Element is 62,200 housing units. Fifty-five percent of these units must be affordable (i.e., affordable for extremely low-, very low-, and low-, and moderate-income households.); and

WHEREAS, the City adopted a policy for the issuance of Multifamily Housing Revenue bonds in 2002 ("Council Policy 1-16") stating the parameters for when the City will serve as the bond issuer for affordable housing developments; and

WHEREAS, Council Policy 1-16 states that the City shall be the issuer of all bonds financing multifamily housing rental projects within the City, with specified exceptions; and

WHEREAS, one of these exceptions allows an alternate issuer to issue bonds for affordable housing within the City when there are “special circumstances” merited by the circumstances of the project and the financing and in which case the City will not be the issuer of bonds for the project; and

WHEREAS, the City Council Policy 1-16 requires the alternate issuer to assume full responsibility for issuance and ongoing compliance of the bond issue with federal tax and state laws; and

WHEREAS, due to special circumstances, as described in the Memorandum from Housing and Finance Departments dated November 13, 2023, staff recommended an exception to the City Council Policy 1-16 for the following affordable housing developments: Villa Del Sol Apartments, Martha Gardens Apartments, Monterey Road Apartments, and 2880 Alum Rock Avenue Apartments which approval will result in the development of 755 new affordable apartments to our community; and

WHEREAS, California Municipal Finance Authority (“CMFA”) will be the issuer of bonds for Villa Del Sol Apartments, Martha Gardens Apartments, Monterey Road Apartments, and 2880 Alum Rock Avenue Apartments and the City will hold the Tax Equity and Fiscal Responsibility Act of 1986 hearings (“TEFRA hearings”) for the CMFA issuances; and

WHEREAS, approval of the recommended exception to the Council Policy 1-16 will enable the above listed projects to move forward with CMFA as their alternate bond issuer and their current financing plan as set forth in the Memorandum from Housing and Finance Departments dated November 13, 2023; and

WHEREAS, Section 5.06.430 of Chapter 5.06 of the San José Municipal Code provides that the Director of Finance is authorized to hold TEFRA public hearings on the City's

proposed issuance of tax-exempt bonds to finance affordable housing projects on an as-needed basis and in accordance with notice and other requirements established by the Internal Revenue Code of 1986, as amended, including any Internal Revenue Regulations, as amended (“IRS Code”) and that the Director of Finance shall process certificates of compliance executed by the Mayor in connection with those hearings, in accordance with the IRS Code; and

WHEREAS, in the Memorandum from Housing and Finance Departments dated November 13, 2023, staff has also requested that Council authorize the Director of Finance or his or her designee to hold the TEFRA hearings in accordance with the procedures found in Section 5.06.430 of Chapter 5.06 of the San Jose Municipal Code in order to streamline the TEFRA procedure for the above listed projects;

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

1. An exception to the City’s Policy for the issuance of Multifamily Housing Revenue Bonds, is hereby authorized, for the following projects due to special circumstances, thereby allowing issuance for those projects by the California Municipal Finance Authority:
 - a. Villa Del Sol Apartments located at 1936 Alum Rock Avenue;
 - b. Martha Gardens Apartments located at 802 South 1st Street;
 - c. Monterey Road Apartments located at 4300-4310 Monterey Road; and
 - d. 2880 Alum Rock Avenue Apartments located at 2880 Alum Rock Avenue.

2. The Director of Finance or the Director’s designee is hereby authorized to hold the Tax Equity and Fiscal Responsibility Act of 1986 hearings for the above listed projects and conduct such related procedures in accordance with Section 5.06.430 of Chapter 5.06 of the San José Municipal Code.

ADOPTED this _____ day of _____, 202____, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk