

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE (1) APPROVING A GRANT AWARD TO HABITAT FOR HUMANITY EAST BAY/SILICON VALLEY INC. IN AN AMOUNT OF \$250,000 IN MEASURE E FUNDS FOR DOWNPAYMENT ASSISTANCE TO DECREASE THE SALE PRICE OF FOUR VERY-LOW TO LOW-INCOME FOR-SALE AFFORDABLE UNITS LOCATED AT THE CORNER OF EAST REED STREET AND SOUTH FOURTH STREET; AND (2) AUTHORIZING THE HOUSING DIRECTOR, OR HIS DESIGNEE, TO NEGOTIATE AND EXECUTE GRANT DOCUMENTS, ANY AMENDMENTS THERETO, AND ALL OTHER DOCUMENTS RELATED TO THE SALE OF THE FOUR AFFORDABLE UNITS AND ANY UNDERLYING DOCUMENTS REQUIRED FOR THE CLOSING OF THE CONSTRUCTION FINANCING**

**WHEREAS**, in 2019, the historic Pallesen apartments were scheduled for demolition when the Preservation Action Council of San José and the City identified a relocation site for the development to preserve its architectural heritage and provide an opportunity to develop affordable, owner-occupied units for very low- to low-income families earning below 50% to 80% of the area median household income; and

**WHEREAS**, the Developer led the building relocation efforts and is currently renovating it into four owner-occupied, for-sale affordable units which renovation is anticipated to be completed in June 2025; and

**WHEREAS**, on March 23, 2021, City Council approved a \$250,000 loan commitment from the City's Affordable Housing Impact Fund to support the rehabilitation of the development and provide a second mortgage of \$62,500 to each of the eventual homebuyers; and

**WHEREAS**, on April 13, 2021, the City transferred land ownership to the Developer and recorded a Surplus Land Act Affordability Restriction; and

**WHEREAS**, the Developer led the building relocation efforts and is currently renovating it into four owner-occupied, for-sale affordable units with renovation anticipated to be completed in June 2025; and

**WHEREAS**, upon completion, the units will be sold to income-qualified homebuyers, with eligibility verified by the County of Santa Clara's Office of Supportive Housing; and

**WHEREAS**, the County of Santa Clara, Office of Supportive Housing, is providing construction financing of the development, recording an affordability restriction, as well as providing homebuyer loans to individual homebuyers; and

**WHEREAS**, approval of the grant award would allow the City to enter into a grant agreement with Developer for the reimbursement of up to \$250,000 (equivalent to \$62,500 per unit) after receiving documentation showing that the final sales price of each home has been reduced accordingly, thereby offsetting the cost to the homebuyers and supporting long-term affordability, as set forth in the Memorandum from the Directors of Housing and Budget Departments dated May 19, 2025;

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

- 1) A grant award to Habitat for Humanity East Bay/Silicon Valley Inc. in an amount of \$250,000 in Measure E Funds is hereby approved for downpayment assistance to decrease the sale price of four very-low to low-income for-sale affordable units located at the corner of East Reed Street and South 4th Street; and
- 2) The Housing Director, or his designee, is hereby authorized to negotiate and execute grant documents, any amendments thereto, and all other documents

related to the sale of the four affordable units and any underlying documents required for the closing of the construction financing, as set forth in the Memorandum from the Directors of Housing and Budget Departments dated May 19, 2025.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2025, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

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MATT MAHAN  
Mayor

ATTEST:

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TONI J. TABER, MMC  
City Clerk