

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING (A) A CHANGE IN CITY LOAN TERMS TO ALLOW AN INCREASE IN THE ALUM ROCK FAMILY HOUSING RENTS AND INCOME UP TO 60% AREA MEDIAN INCOME (LOW INCOME) FOR NEW TENANTS IN SUBSIDIZED UNITS IN THE EVENT OF EXPIRATION OR TERMINATION OF PROJECT BASED VOUCHERS, AND ALL TENANTS IN THE EVENT OF FORECLOSURE, TO THE EXTENT THE CITY HAS DETERMINED SUCH INCREASE IS NEEDED FOR FEASIBILITY OF THE DEVELOPMENT AND ALLOWED BY OTHER FUNDS; AND (B) AUTHORIZING THE DIRECTOR OF HOUSING, OR DESIGNEE TO NEGOTIATE AND EXECUTE LOAN DOCUMENTS, AMENDMENTS, AND ALL OTHER DOCUMENTS RELATED TO THIS ACTION

WHEREAS, the City of San José (“City”) has agree to lend to Alum Rock Family Housing, L.P., a California limited partnership (“Borrower”) for eligible development costs up to \$8,415,000 during the construction period and up to \$9,350,000 during the permanent period (the “City Loan”) for the development of the 87-unit Alum Rock Family Housing, with pursuant to the City’s affordability restriction, 51 extremely low income units restricted for households at up to 30% of area median income (“AMI”), 18 very low income units restricted for households at up to 50% of AMI, 16 low income units restricted for households at up to 60% of AMI, two unrestricted manager’s unit and related improvements (the “Development”); and

WHEREAS, the Development will include 29 apartments (the subsidized apartments”) will be supported by project-based Section 8 vouchers (“Project Based Vouchers”) for at least 20 years and made available for individuals who are chronically homeless; and

WHEREAS, on January 14, 2020, the Borrower and the City submitted a joint application to the California Debt Allocation Committee for a private activity bond allocation in the amount of \$36,855,974 and to the California Tax Credit Allocation Committee (“CTCAC”) for \$2,516,925 in annual 4% Federal low-income housing tax credits, and at the same time the Borrower submitted an application to CTCAC for \$4,475,590 in State tax credits; and

WHEREAS, the City loan terms provide that the City’s affordability restriction will not be subordinated to any of the deeds of trust for the Development’s loans; and

WHEREAS, the Developer has requested a change in City loan terms to allow an increase in the Development’s rents and income up to 60% AMI (low-income) for new tenants in subsidized apartments in the event of expiration or termination of Project Based Voucher, and for all tenants in the event of foreclosure of the Development’s loans, and staff believes that this is reasonable provided the City has determined the increase is needed for project feasibility, and that for Project Based Voucher contract expiration or termination, the increases are limited to new tenants as set forth in the Memorandum from Housing and Finance Departments dated September 10, 2020.

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

- a. A change in City loan terms is authorized to allow an increase in the Alum Rock Family Housing (“Development”) rents and income up to 60% Area Median Income (low income) for new tenants in subsidized apartments in the event of expiration or termination of the Project Based Vouchers, and for all tenants in the event of foreclosure, to the extent the City has determined such increase is needed for feasibility of the Development and allowed by other funds.

- b. The Director of Housing is authorized to negotiate and execute loan documents, amendments, and all other documents related to this action.

ADOPTED this ____ day of _____, 2020, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk