

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 BLOSSOM HILL SENIOR APARTMENTS (“DEVELOPMENT”) RENTS AND INCOME TO INCREASE TO 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 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; AND (B) AUTHORIZING THE DIRECTOR OF HOUSING TO NEGOTIATE AND EXECUTE LOAN DOCUMENTS, AMENDMENTS, AND ALL OTHER DOCUMENTS RELATED TO THE APPROVED CITY LOAN TERMS

WHEREAS, on September 15, 2020, the City of San José (“City”) Council approved a loan to Blossom Hill, L.P., a California limited partnership (“Borrower”) for eligible development costs up to \$17,669,125 during the construction period and up to \$18,375,000 during the permanent period after construction and lease up, both funded from Low and Moderate Income Asset Funds for the construction of a 147-unit affordable rental Blossom Hill Senior Apartment project, with apartments restricted to low and extremely low-income households (“Project or Development”); and

WHEREAS, the City loan will be accompanied by an affordability restriction that is unsubordinated to any deeds of trust, and will run for at least 55 years from the completion of the Development; and

WHEREAS, forty-nine of the units will be Permanent Supportive Housing for “Chronically Homeless” senior residents who have experienced homelessness for at least one year or have experienced at least four episodes of homelessness in the prior three years and also has a disabling condition that prevents them from maintaining employment or housing; and

WHEREAS, the Housing Authority of the County of Santa Clara (“County”) will provide Project Based Vouchers for at least 15 years; and

WHEREAS, the Development will be constructed on a parcel that is currently owned by the Borrower, and will be acquired by the County of Santa Clara (“County”) and leased back to the Borrower for a term of at least 55 years; and

WHEREAS, since the City Loan includes Low and Moderate Income Housing Asset Funds, the City must ensure that the Development includes housing restricted to households at or below low and moderate income levels as required by Health and Safety Code Section 33334.2 and 33334.3; and

WHEREAS, the Borrower has requested that the City allow an increase in the Development’s rents and income up to 60% AMI (low income) for new tenants in subsidized units in the event of expiration or termination of 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 is allowed by other funds, as set forth in the Memorandum from Housing and Finance Departments dated May 11, 2021.

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

- a. A change in City loan terms is hereby authorized in order to allow an increase in the Blossom Hill Senior Apartments (“Development”) rents and income to up to 60% of Area Median Income (low income) for all new tenants in the event of expiration or termination of 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 is allowed by other funds.

- b. The Director of Housing is authorized to negotiate and execute loan documents, amendments, and all other documents related to approved changes to the City loan terms.

ADOPTED this _____ day of _____, 2021, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk