



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Jacky Morales-Ferrand

**SUBJECT:** SEE BELOW

**DATE:** March 5, 2020

Approved

*D. D. SyL*

Date

*3/6/2020*

**COUNCIL DISTRICT: 7**

## SUPPLEMENTAL

**SUBJECT: TEFRA HEARING FOR CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY'S ISSUANCE OF TAX-EXEMPT MULTIFAMILY REVENUE BONDS TO ACQUIRE AND REHABILITATE THE VALLEY PALMS APARTMENTS**

## REASON FOR SUPPLEMENTAL

The resolution approving the issuance of the bonds recites that the current owner of the Development, KDF and Valley Palms 2018, LP ("**Borrower**"), have agreed to comply with certain conditions requested by the City in conjunction with this approval in order to provide assurances to the City Council that the community concerns regarding the Development will be addressed. This supplemental memorandum lists the City conditions intended to address community concerns that have been raised in connection with the proposed bond issuance. These conditions have been under discussion between staff, KDF, and the Borrower, as an addition to the proposed bond regulatory agreement. A final regulatory agreement will be executed by the Issuer, California Statewide Community Development Authority ("**CSCDA**"), and the Borrower.

Additionally, the original CEQA reference has been updated to reflect the addition of the City conditions.

## ANALYSIS

In response to concerns from the community regarding issues of safety and quality service at Valley Palms, the City has developed conditions that include measurable outcomes for specific action items. For example, the installation of security cameras and exterior lighting must be completed within six months of the bond issuance. Additionally, the conversion of the tennis

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courts to a soccer field, and the expansion of the family resource center must be completed within twelve months of the bond issuance. KDF will also take recommendations from the Police Department to increase the safety and security of the site and will collaborate and share information with the Police Department in the future. Minimum security staffing levels will be maintained.

In response to the community concerns regarding challenges with both the property management company and the onsite service provider, staff has proposed to add City conditions to the bond regulatory agreement and KDF has agreed. Of the proposed conditions, a critical change will be the replacement of the current property management company with a goal of completing the transition within six months, but no longer than twelve months of the bond issuance. KDF will continue to negotiate with the County of Santa Clara to address the challenges of providing onsite access to service providers at Valley Palms. Additionally, a resident grievance process and tenant participation plan will be incorporated into the property management plan for the site. A survey will be completed to ensure the services align with resident needs and form lease documents will be translated into Spanish and Vietnamese.

Finally, CSCDA has agreed that the City may serve as administrator for monitoring the safety and security of the property, allowing the City to complete inspections ensuring ongoing maintenance.

The conditions that have been discussed are outlined in **Attachment A**.

### **CEQA**

Categorically Exempt, CEQA Guidelines Section 15301, Existing Facilities, File No. PP20-010.

/s/

JACKY MORALES-FERRAND

Director, Housing Department

For questions, please contact Rachel VanderVeen, Deputy Director, at (408) 535-8231.

### **Attachments**

Attachment A: Exhibit E – City of San José Requirements

EXHIBIT E

CITY OF SAN JOSE REQUIREMENTS

- a. The Owner must ensure that the installation of security cameras and exterior lighting described in the agreement with Safe and Sound Security [Security Installation Contractor] is complete and operational within six months of the recording of this Regulatory Agreement. The Owner agrees that cameras and lighting and their placement will be consistent with the written recommendations provided by the San Jose Police Department after the February 26, 2020 walk through.
- b. The Owner must ensure that the construction of the expanded family resource center and soccer field as described in the scope of work in agreement with Flex Ground [General Contractor] is complete within twelve months of the recording of this Regulatory Agreement.
- c. The Owner must replace the current property manager a new property management company from a list of City-approved property management companies, or other property manager experienced with successfully managing projects with security concerns in San José and approved by the City with a goal to complete the replacement within six months, but in no event later than twelve months, after the recording of this Regulatory Agreement.
- d. The Owner must negotiate in good faith with the County of Santa Clara (and any successor public entity services funder) regarding access to the Project for resident service provider, including hours of access and minimum insurance coverage. The Owner agrees to participate in mediation provided by the City if the Owner and County are unable to resolve these issues within 14 days from City Council approval of the issuance.
- e. The Owner must contract for and maintain with the on-site security contractor at a staffing level that is sufficient to provide security for the Project with at least six dedicated armed security guards patrolling the Project on site between the hours of 3pm and 2am, seven days per week. The Owner must provide additional patrols in the summer (May 1 to September 15) which shall include a minimum of two additional security personnel to assigned to patrol the Project site. In the event that the Project's security needs have decreased according to a written evaluation by the County of Santa Clara Probation Department or the San José Police Department that is provided to the City, the Owner may decrease the staffing level as indicated by the evaluation. If a subsequent evaluation requires the original staffing level to be resumed, the Owner agrees to reinstate such minimum staffing.
- f. The Owner must ensure that the project manager and project's onsite security contractor collaborates with the San Jose Police Department and agrees to share data and surveillance footage on an ongoing basis.
- g. The San Jose Police Department (SJPD) conducted a walk through on February 26, 2020 to evaluate the security of the site. The Owner, the Owner agrees to respond to the February 26 evaluation in writing to the City within five days, to future evaluations within ten days. In the response, the Owner must state whether the Owner will comply with each recommendation within six months, and to provide explanations regarding any recommendations that the Owner does not agree to implement within six months.
- h. The Owner must incorporate the following into the property management plan: a resident grievance process, a tenant participation plan, a procedure for handling late rent payments, a procedure for residents to request use of the community facilities and a protocol for access to the project for resident service providers. The Owner must provide a copy of the property management plan to the City for

approval within 12 months of the recording of this Regulatory Agreement. The Owner must ensure that the tenants receive 30 days notice of policy changes.

- i. The Owner must conduct an anonymous resident survey regarding the services provided by Project Access, and develop a plan for improvement.
- j. The Owner shall obtain and maintain translations of the current form lease/rental agreement into Spanish and Vietnamese and make these documents readily available to any requesting resident.
- k. The Owner agrees to maintain the Project, or cause the Project to be maintained, during the term of this Regulatory Agreement (i) in a safe and secure condition and (ii) in good repair and good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof such that the Project is safe and in good repair and operating condition, and the City shall serve as the Administrator for this condition, and the requirements of this Exhibit E. The Owner agrees the City may inspect the Project on reasonable notice to the Project Manager and may request reports and documents as the City determines are needed to document compliance annually, and that the Owner will promptly provide such documentation within 30 days of the request.