

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

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE (1) APPROVING A TOTAL COMMITMENT OF UP TO \$8,250,000 IN LOW AND MODERATE INCOME HOUSING ASSET FUNDS AND \$6,750,000 IN INCLUSIONARY FEE FUNDS\_ FOR A CONSTRUCTION-PERMANENT LOAN TO ROEM DEVELOPMENT CORPORATION, OR AN AFFILIATED ENTITY, FOR THE 961 MERIDIAN APARTMENTS, A NEW AFFORDABLE DEVELOPMENT TO BE LOCATED AT 961 MERIDIAN AVENUE, WHICH IS BEING DEVELOPED TO OFFER 231 RENT- AND INCOME-RESTRICTED APARTMENTS FOR EXTREMELY LOW-INCOME, VERY LOW-INCOME, AND MODERATE-INCOME HOUSEHOLDS, AND TWO UNRESTRICTED MANAGER'S UNITS ("DEVELOPMENT"); (2) AUTHORIZING THE DIRECTOR OF HOUSING TO NEGOTIATE AND EXECUTE LOAN DOCUMENTS, AMENDMENTS, AND ALL OTHER DOCUMENTS, INCLUDING ANY AMENDMENTS THERETO, RELATED TO CITY FINANCING FOR DEVELOPMENT; (3) APPROVING A LOAN-TO-VALUE RATIO GREATER THAN 100% FOR THIS LOAN**

**WHEREAS**, on August 31, 2018, following the City of San José ("City") Council's direction, the Housing Department issued a \$100 million Notice of Funding Availability ("NOFA") for the development of affordable housing for extremely-, very low-, and low-income individuals and families, which NOFA prioritized developments that provided housing for homeless households, that achieved cost effectiveness, and that leveraged additional non-City sources of financing; and

**WHEREAS**, in response to the NOFA, ROEM Development Corporation, ("Developer") submitted a development proposal on October 31, 2018 (with an updated request on July 15, 2021) for a funding commitment in the amount of \$15,000,000 to provide 231 affordable apartments ("Development"), which will include 35 units for permanent

supportive housing (“PSH”) with Veterans Affairs Supportive Housing (“VASH”) Project-Based Vouchers (“PBVs”) for homeless veterans; and

**WHEREAS**, all 35 of the PSH units supportive services provided by the Department of Veterans Affairs, and additionally, Developer was awarded 38 PBVs for large-family units (2 or 3 bedrooms) by the Santa Clara County Housing Authority; and

**WHEREAS**, the apartments will be rent restricted as follows: 53 units will be available to households earning up to 30% of the area median income (“AMI”) at rents not to exceed 30% of 30% of AMI, 15 units will be available to households earning up to 40% of AMI at rents not to exceed 30% of 40% of AMI, 42 will be available to households earning up to 50% of the AMI at rents not to exceed 30% of 50% of AMI, 17 units will be available to households earning up to 60% AMI at rents not to exceed 30% of 60% of AMI, and 104 units will be available to households earning up to 80% AMI at rents not to exceed 30% of 80% of AMI; and

**WHEREAS**, the Development will receive supportive services from the Department of Veterans Affairs for the PSH units, and on-site service coordination for all residents from Pacific Housing; and

**WHEREAS**, City’s Loan to Value (“LTV”) policy requires that the LTV ratio not exceed 100% in order to mitigate the City’s risk of potential loss associated with a loan; and

**WHEREAS**, there is a possibility of an LTV ratio for the Development in excess of 100%, but during the permanent period of the proposed city loan, the Development’s net cash flow is projected to be at least 1.15 times the permanent mortgage debt service payment resulting in cash flow to repay the loan; and

**WHEREAS**, the Developer will also pursue, or has obtained, additional supplemental construction and permanent funding sources for the Development from the California Debt Limit Allocation Committee for an allocation of \$73,750,000 in the City tax-exempt multi-family housing revenue bonds, Low-Income Housing Tax Credits from the California Tax Credit Allocation Committee; and

**WHEREAS**, staff recommends approval of a total commitment of up to \$8,250,000, in Low and Moderate Income Housing Asset Funds and \$6,750,000 in Inclusionary Fee Funds for a Construction-Permanent Loan to Developer and approval of a loan-to-value of greater than 100% for this loan; and

**WHEREAS**, approval of the recommended action will enable the Developer to assemble financing to build a new affordable housing development that will provide affordable housing for 231 households, as set forth in the memorandum from the Directors of the Housing and Budget Departments dated as August 18, 2021.

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

1. A funding commitment of up to \$8,250,000 in Low and Moderate Income Housing Asset Funds and \$6,750,000 in Inclusionary Fee Funds for a Construction-Permanent Loan to ROEM Development Corporation, or an affiliated development entity, for the 961 Meridian Apartments, a new affordable development to be located at 961 Meridian Avenue, which is being developed to offer 231 rent- and income-restricted apartments for extremely low-income, very low-income, low-income, and moderate-income households, and two unrestricted manager's units ("Development") consistent with the memorandum from the Directors of the Housing and Budget Departments dated as August 18, 2021, is hereby approved.

2. The Director of Housing is hereby authorized to negotiate and execute loan documents and all other documents, including any amendments thereto, related to City financing for Development.
3. A loan-to-value ratio of greater than 100% for this loan, is hereby approved.

ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2021, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

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SAM LICCARDO  
Mayor

ATTEST:

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TONI J. TABER, CMC  
City Clerk