



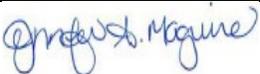
Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Erik L. Soliván
Jim Shannon

SUBJECT: See Below

DATE: February 2, 2026

Approved  Date: 2/3/26

COUNCIL DISTRICT: 3

SUBJECT: Actions Related to the Trillium Senior Apartments Housing Development Located at 675 East Santa Clara Street

RECOMMENDATION

- (a) Adopt a resolution approving a Construction-Permanent Loan commitment of up to \$9,050,000 in Low and Moderate Income Housing Asset Funds to Santa Clara County Housing Authority or an affiliated development entity for the Trillium Senior Apartments affordable housing development.
- (b) Adopt the following 2025-2026 Appropriation Ordinance amendments in the Low and Moderate Income Housing Asset Fund:
 - (1) Decrease the Housing Project Reserve appropriation by \$9,050,000; and
 - (2) Increase the Housing Loans and Grants appropriation to the Housing Department by \$9,050,000.

SUMMARY AND OUTCOME

City Council approval of the staff recommendation would enable Santa Clara County Housing Authority (SCCHA) or an affiliated development entity to develop the Trillium Senior Apartments (Development), an affordable housing development located at 675 East Santa Clara Street, which would provide 64 affordable rent-restricted apartments and one unrestricted manager’s unit.

BACKGROUND

The Development is located in the East Santa Clara Street Urban Village along the eastern stretch of Downtown San José’s main avenue, within walking distance to public transportation. Table 1 provides a detailed summary of the City of San José’s (City) proposed funding commitment to the Development and its overall cost.

Table 1 – Summary of City Funding and Cost for Trillium Senior Apartment

Development Name	City Funding Request	City Funding Per Unit	Total Units	Project Based Vouchers	Total Development Cost	Cost/Unit
Trillium Senior Apartments	\$9,050,000	\$139,231	65	36	\$58,119,005	\$894,139

ANALYSIS

Development Description

SCCHA proposes to develop and own Trillium Senior Apartments. The Development will consist of 65 homes for seniors (64 affordable rent-restricted homes and one unrestricted manager’s home) on a 0.57-acre site. As part of the consideration for the City’s funding, SCCHA has been allocated a 9% Tax Credit Allocation Committee and an award from Measure A from Santa Clara County.

If staff’s recommendation is approved, the City will record a minimum 55-year affordability covenant on the property as a condition of funding. This covenant will remain senior and will not be subordinated to any deeds of trust or other instruments with a power of sale.

The Development will reserve 36 units at the 30% Area Median Income (AMI) level, consisting of 35 1-bedroom units and one 2-bedroom unit, to be supported through Project-Based Vouchers. These Project-Based Voucher units will serve a combination of permanent supportive housing households and senior households requiring specialized supportive services to maintain independent living. The SCCHA will enter into a Housing Assistance Payment Contract for these units with an initial term of 20 years, with an option to extend the contract for up to an additional 20 years. Table 2 provides a summary of the Development’s maximum income and rent limit unit mix, and Table 3 provides detailed information on the Development’s Project-Based Voucher-supported unit mix.

Table 2 – Trillium Senior Apartments Development’s Maximum Income and Rent Limit Unit Mix

UNIT SIZE	30% AMI			40% AMI			45% AMI			50% AMI			MGR	TOTAL
	Units	Max Income	Rent Limits											
1-BD	35	\$43,920	\$1,098	9	\$58,560	\$1,464	9	\$65,880	\$1,647	9	\$73,200	\$1,830	0	62
2-BD	1	\$52,710	\$1,317	0	\$70,280	\$1,757	0	\$79,065	\$1,976	1	\$87,850	\$2,196	1	3
Total	36			9			9			10			1	65

Table 3 – Trillium Senior Apartments Development’s Project Based Voucher Supported Unit Mix

Unit sizes and affordability	General Affordable 30%	PSH 30% AMI	Special Needs 30% AMI	Total
0-BD	0	0	0	0
1 BD	2	19	12	33
2-BD	2	1	0	3
Total	4	20	12	36

Financing

The total development cost is \$58.1 million. If the Development is approved, the City will commit up to \$9,050,000, or \$139,231 per unit, for a Construction-Permanent loan composed of Low- and Moderate-Income Housing Asset funds.

The City’s commitment will leverage additional funding sources, including County of Santa Clara funds, SCCHA funds, federal and state tax credit equity, and private construction and permanent financing, as shown in Table 4 below.

Table 4 – Trillium Senior Apartments Development’s Funding Sources

Construction Period Sources	Funding Type	Percentage of Funding	Construction Amounts
Construction Loan	Private	47.2%	\$26,514,596
City of San José	Public	0.3%	\$150,000
County of Santa Clara	Public	16.1%	\$9,050,000
Santa Clara County Housing Authority	Public	32.0%	\$17,950,000
Tax Credit Equity	Public	4.4%	\$2,477,720
Total			\$56,142,316

Permanent Sources	Funding Type	Percentage of Funding	Permanent Amounts
Permanent Loan	Private	7.3%	\$4,247,000
City of San José	Public	15.6%	\$9,050,000
County of Santa Clara	Public	15.6%	\$9,050,000
Santa Clara County Housing Authority	Public	15.6%	\$9,050,000
Tax Credit Equity	Public	45.5%	\$26,422,005
Deferred Developer Fee	Private	0.5%	\$300,000
Total			\$58,119,005

Next Steps

The City would facilitate a construction financing closing by March 2026. Construction on the development is estimated to begin in March 2026 and conclude approximately 18 months later.

If the staff recommendation is approved, the Housing Director, or his designee, will negotiate additional terms and execute documents for this development’s loan in accordance with the City Council’s approval, using the authority delegated under Section 5.06.335 of the San José Municipal Code¹.

EVALUATION AND FOLLOW-UP

The Housing Department posts a dashboard on the status of its affordable properties undergoing rehabilitation or construction on its website.² If the recommended actions in this memorandum are approved and the Development successfully closes construction financing, the Development will be included in the dashboard.

COST SUMMARY/IMPLICATIONS

The recommendations in this memorandum would provide a construction-permanent loan commitment of \$9,050,000 to the SCCHA or an affiliated development entity for the Development. The City loan will be funded through the Low and Moderate Income Housing Asset Fund. The appropriation actions included in this memorandum will reallocate \$9,050,000 from the Housing Project Reserve to the Housing Loans and Grants appropriation to fund the City loan.

¹ [Section 5.06.335](#) of the San José Municipal Code is the authority to negotiate and execute council-approved loans, grants, and programs.

² Housing Department affordable properties webpage, Web Link: <https://www.sanjoseca.gov/your-government/departments-offices/housing/homelessness-program-dashboard>

BUDGET REFERENCE

The table below identifies the fund and appropriations to fund the loan amount recommended as part of this memorandum.

Fund #	Appn. #	Appropriation Name	Total Appropriation	Recommended Budget Action	Amount for Loan	2025-2026 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
346	8437	Housing Project Reserve	\$63,800,000	(\$9,050,000)	\$0	1001	31252 10/21/2025
346	0070	Housing Loans and Grants	\$72,856,265	\$9,050,000	\$9,050,000	1000	31271 11/4/2025

COORDINATION

This memorandum has been coordinated with the City Attorney's Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the February 24, 2026 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Exempt per Public Resources Code Section 21080(b)(1) and CEQA Guidelines Section 15369, Ministerial Project pursuant to Government Code Section 65913.4, File No. ER20-109.

HONORABLE MAYOR AND CITY COUNCIL

February 2, 2026

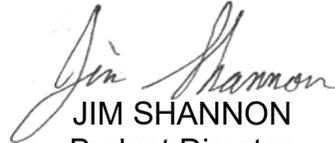
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PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/
ERIK L. SOLIVÁN
Director, Housing Department


JIM SHANNON
Budget Director

For questions, please contact Banu San, Deputy Director, Housing Department, at Banu.San@sanjoseca.gov.