



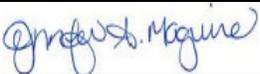
Memorandum

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 East Santa Clara Senior Affordable Housing Development Located at 700 East Saint John Street

RECOMMENDATION

- (a) Adopt a resolution:
 - (1) Approving a Construction-Permanent Loan commitment of up to \$6,800,000 in the Low and Moderate Income Housing Asset funds and Real Property Transfer Tax Funds to Eden Housing, Inc. or an affiliated development entity for the East Santa Clara Senior affordable housing development; and
 - (2) Authorizing the Director of Housing, or his designee, to negotiate and execute loan documents and all other documents, including any amendments thereto, related to City of San José financing for the East Santa Clara Senior affordable housing development.

- (b) Adopt the following 2025-2026 Appropriation Ordinance amendments in the Real Property Transfer Tax Fund:
 - (1) Decrease the Measure E – 40% Extremely Low-Income Households Reserve by \$5,000,000; and
 - (2) Increase the Measure E – 40% Extremely Low-Income Households appropriation to the Housing Department by \$5,000,000.

- (c) Adopt the following 2025-2026 Appropriation Ordinance amendments in the Low and Moderate Income Housing Asset Fund:
 - (1) Decrease the Housing Project Reserve by \$1,800,000; and
 - (2) Increase the Housing Loans and Grants appropriation to the Housing Department by \$1,800,000.

SUMMARY AND OUTCOME

In response to the Housing Department's June 2025 Round 1 Notice of Funding Availability Addendum to the rolling Request for Proposals released on April 14, 2025, Eden Housing, Inc. (Eden) submitted a proposal to develop the East Santa Clara Senior affordable housing development (Development) creating a total of 67 homes for extremely low-, very low-, and low-income seniors¹ and one manager's unit on a 0.76-acre County of Santa Clara-owned site located at 700 East Saint John Street, San José, CA 95112.

East Santa Clara Senior is the first proposal to be awarded from the June 2025 Round 1 Notice of Funding Availability. Approval of the staff recommendation would enable Eden to assemble the financing for the Development and move forward with the closing of construction financing.

BACKGROUND

On April 25, 2019, the County of Santa Clara (County), in collaboration with the Santa Clara County Housing Authority, published the East Santa Clara Master Plan.² The master plan spans across 12 acres on East Santa Clara Street between 14th Street and 17th Street and will consist of over 550 residential units, 320,000 square feet of office space, and 5,200 square feet of retail space, with the goal of creating a highly integrated mixed-use project that promotes health and wellness in the community. The County owns seven acres of the master plan area, and the Santa Clara County Housing Authority owns the remaining five acres. In December 2020, the County issued a Request for Offers to develop affordable housing on its land and selected Eden's proposal for a portion of the master plan. The County intends to develop the remaining county-owned land into affordable large family housing and affordable for-sale townhomes.

Table 1 provides a detailed summary of the City of San José's (City) proposed funding commitment to the Development and its overall cost.

¹ For the East Santa Clara Senior development, "senior" is defined as such: For the general non-HUD assisted units, an individual who is 55 years of age or older at the time of initial occupancy. For the HUD assisted units, an individual who is 62 years of age or older at the time of initial occupancy.

² Final East Santa Clara Master Plan.

Weblink: <https://files.santaclaracounty.gov/migrated/East%20Santa%20Clara%20Master%20Plan.pdf>

Table 1 – Summary of City Funding and Cost for the East Santa Clara Senior Development

Development Name	City Loan Request	City Subsidy Per Unit	Total Units	Project Based Vouchers	Total Development Cost	Cost/Unit
East Santa Clara Senior	\$6,800,000	\$100,000	68	20	\$53,225,817	\$782,733

ANALYSIS

Development Description

This Development will provide housing for seniors in a new four-story building with three levels of residential units over a podium garage. Next to the Development site is the historically significant Building 800³ that will be utilized as an amenity center to serve the residents and the community in the area. The amenity center will include a communal kitchen with a food distribution program.

If the staff recommendation is approved, the City will place an affordability covenant on the site for a term no shorter than 55 years, as part of the requirements of the City’s funding. The affordability restriction will not be subordinated to any deeds of trust or instruments with a power of sale. The County will ground lease the land to Eden or an affiliated development entity. The City’s Deed of Trust will be recorded against the County’s leasehold.

Table 2 provides a detailed summary of the Development’s maximum income and rent limit unit mix.

Table 2 – Summary of East Santa Clara Senior Development’s Maximum Income and Rent Limit Unit Mix

UNIT SIZE	30% Area Median Income			50% Area Median Income			60% Area Median Income			MGR UNIT	TOTAL
	Units	Max Income *	Rent Limits	Units	Max Income*	Rent Limits	Units	Max Income*	Rent Limits		
1-BD	20	\$45,225	\$1,130	43	\$73,375	\$1,884	4	\$90,450	\$1,832	0	67
2-BD	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1
Total	20			43			4			1	68

* Maximum rent and income limits are based on California Tax Credit Allocation Committee occupancy guidelines of 1.5 persons per bedroom.

³ Building 800 (Temple Laundry/IBM Building 800 Structure) is listed on the City’s Historic Resources Inventory List and is an industrial building constructed in 1919 with additions made in 1920 and 1928. A 2008 historic study of the building determined the structure as eligible to be listed as a historic resource and a California landmark.

Development Financing and Assistance

U.S. Department of Housing and Urban Development (HUD) Section 202 Program

HUD has awarded Eden a \$5,877,717 Capital Advance under the Section 202 Supportive Housing for the Elderly⁴ Program for development funding, in addition to rental assistance for 43 units serving very low-income seniors earning up to 50% Area Median Income (AMI). The Capital Advance does not require repayment, provided the units remain available to low-income seniors for at least 40 years. In addition, Eden will enter into a Project Rental Assistance Contract Agreement with HUD to provide rental assistance for the 43 units. The initial term of the agreement is 20 years, with a potential option to extend the term for at least five years, subject to funding availability.

HUD Section 202 Supportive Housing for the Elderly Program Capital Advance funds received by the Development significantly lowers the City's per-unit subsidy funding.

Additionally, the Santa Clara County Housing Authority has committed to providing 20 Project-Based Vouchers to support extremely low-income homeless seniors earning up to 30% AMI. Eden will enter a Housing Assistance Payment Contract with the Santa Clara County Housing Authority with an initial term of 20 years and a potential option to extend the term up to 20 additional years. Refer to Table 3 to view the details of the Development's assisted unit mix.

Table 3 – Details of East Santa Clara Senior Development's Assisted Unit Mix

ASSISTANCE PROGRAM	UNIT SIZE	AMI LEVEL	UNITS
HUD Section 202 Project Rental Assistance Contracts	1-Bedroom	50% AMI	43
Permanent Supportive Housing Project-Based Vouchers	1-Bedroom	30% AMI	20
Total			63

Table 4 provides a detailed summary of the Development's funding sources and uses for the construction and permanent phases.

⁴ Consistent with HUD, occupancy in Section 202 housing is open to any very low-income household composed of one or more persons, one of whom is 62 years of age or more at the time of initial occupancy.

Table 4 – Summary of Development’s Funding Sources and Uses

Construction Period Sources	Entity	Construction Period Amounts	% of Total Development Cost
Tax Exempt Construction Loan	Private	\$9,880,000	19.5%
Taxable Construction Loan	Private	\$22,257,864	43.9%
Bay Area Housing Innovation Fund Construction Loan	Private	\$1,300,000	2.6%
County of Santa Clara Measure A/Local Housing Trust Fund	Public	\$8,300,000	16.4%
City of San José	Public	\$6,800,000	13.4%
Federal Tax Credit Equity	Public	\$2,125,000	4.2%
Total		\$50,662,864	100%

Permanent Sources	Entity	Permanent Amounts	% of Total Development Cost
Tax-Exempt Permanent Loan	Private	\$9,880,000	18.6%
Bay Area Housing Innovation Fund Mezzanine Loan	Private	\$1,300,000	2.4%
HUD Section 202 Capital Advance	Public	\$5,877,717	11.0%
County of Santa Clara Measure A/Local Housing Trust Fund	Public	\$8,300,000	15.6%
City of San José	Public	\$6,800,000	12.8%
Federal Tax Credit Equity	Public	\$21,068,100	39.6%
Total		\$53,225,817	100%

Next Steps

The Development received an allocation of Low-Income Housing Tax Credits by the California Tax Credit Allocation Committee on December 3, 2025, and the City will facilitate a construction financing closing by June 2026. The Development’s construction

phase is estimated to initiate by June 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 Code.⁵

EVALUATION AND FOLLOW-UP

The Housing Department posts a dashboard on the status of its affordable properties undergoing rehabilitation or construction on its website.⁶ 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 \$6.8 million to Eden Housing, Inc. or an affiliated development entity for the Development. The recommended appropriation actions included in this memorandum will reallocate \$5.0 million from the Measure E - 40% Extremely Low-Income Households Reserve to the Measure E - 40% Extremely Low-Income Households appropriation in the Real Property Transfer Tax Fund and \$1.8 million from the Housing Project Reserve to the Housing Loans and Grants appropriation in the Low- and Moderate-Income Housing Asset Fund to fund the loan.

BUDGET REFERENCE

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

⁵ [Section 5.06.335](#) of the San Jose's Municipal Code is the authority to negotiate and execute council-approved loans, grants, and programs.

⁶ Housing Department Affordable Properties Webpage, Web Link: <https://www.sanjoseca.gov/your-government/departments-offices/housing/homelessness-program-dashboard>

Fund #	Appn. #	Appropriation Name	Total Appropriation	Recommended Budget Action	Amount for Loan	2025-2026 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
404	8744	Measure E - 40% Extremely Low-Income Households Reserve	\$24,045,447	(\$5,000,000)	N/A	1029	10/21/2025 31252
404	224L	Measure E - 40% Extremely Low-Income Households	\$21,969,800	\$5,000,000	\$5,000,000	1028	6/17/2025 31230
346	8437	Housing Project Reserve	\$63,800,000	(\$1,800,000)	N/A	1001	10/21/2025 31252
346	0070	Housing Loans and Grants	\$72,856,265	\$1,800,000	\$1,800,000	1000	11/4/2025 31271

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.

In addition, Eden has conducted various community outreach initiatives since December 2021, including a community meeting to introduce the Development to key stakeholders in the community, three community workshops to refine the Development's vision and a focus group to gain insights from the community on design ideas and lived experiences.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

HONORABLE MAYOR AND CITY COUNCIL

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CEQA

Exempt pursuant to 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.

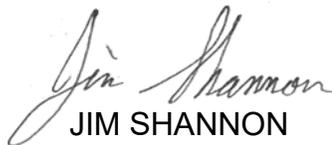
PUBLIC SUBSIDY REPORTING

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.