



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: October 27, 2020

Approved 

Date
10/27/2020

COUNCIL DISTRICT: 6

SUPPLEMENTAL

SUBJECT: APPROVAL OF THE ISSUANCE OF TAX-EXEMPT MULTIFAMILY HOUSING REVENUE NOTE AND THE LOAN OF THE PROCEEDS THEREOF FOR THE FINANCING OF PAGE STREET STUDIOS DEVELOPMENT

REASON FOR SUPPLEMENTAL

The purpose of this memorandum is to provide additional information regarding the compliance with replacement housing requirements for the Project as a recipient of a loan funded with Low and Moderate Income Housing Asset Funds and to provide additional financing details.

ANALYSIS

Acceptance of this report will ensure that the City as the Housing Successor continues to comply with the requirements set forth in the Health and Safety Code §33413 ([Link to Health and Safety Code §33413](#)) on its projects funded with Low and Moderate Income Housing Asset Funds.

Demolition and Relocation

The Page Street Studios Development required the demolition of existing structures on three adjacent parcels located at 329-353 Page Street. The Developer brought on Autotemp as a relocation consultant to survey the existing residents and develop a comprehensive implementation plan to ensure that the demolition and relocation was conducted in compliance with all Federal and State Laws.

Below is a summary of the demolished structures from their report dated January 2019:

The proposed project, 329-353 Page Street consists of a single family residence, which was occupied by the owner/occupant along with two “in-law units” one with two-bedrooms and one with three bedrooms; a duplex, with two one-bedroom units; and a tri-plex, with two one-bedroom units and a studio. Currently, three one-bedroom units are occupied, one studio and one three-bedroom in-law unit; for a total of five occupied units.

The Health and Safety Code requires in §33413(a) that:

Whenever dwelling units housing persons and families of low or moderate income are destroyed or removed from the low- and moderate-income housing market as part of a redevelopment project that is subject to a written agreement with the agency or where financial assistance has been provided by the agency, the agency shall, within four years of the destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to persons and families of low or moderate income, an equal number of replacement dwelling units that have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the territorial jurisdiction of the agency (...) When dwelling units are destroyed or removed on or after January 1, 2002, 100 percent of the replacement dwelling units shall be available at affordable housing cost to persons in the same or a lower income category (low, very low, or moderate), as the persons displaced from those destroyed or removed units.

Additionally, subsection (f) of the California Health and Safety Code §33413 provides the following guidance on replacement units:

The agency may replace destroyed or removed dwelling units with a fewer number of replacement dwelling units if the replacement dwelling units meet both of the following criteria:

- (1) The total number of bedrooms in the replacement dwelling units equals or exceeds the number of bedrooms in the destroyed or removed units. Destroyed or removed units having one or no bedroom are deemed for this purpose to have one bedroom.
- (2) The replacement units are affordable to and occupied by the same income level of households as the destroyed or removed units.

The original three parcels contained a total of seven units (14 bedrooms) that were occupied by very low and extremely low-income households and the Page Street Studios development will provide 81 studios which exceeds the number of destroyed units.

A survey conducted by the Borrower's relocation consultant of the existing residents indicated that of the 5 occupied units, 3 of the households were considered Extremely Low-Income and two households were considered Very Low-Income. The income categories of the last households in the other two units are not known, but even in the event that they were Extremely Low-Income, and thus the replacement obligation was for 12 (one bedroom equivalent) Extremely Low-Income units and only two (one bedroom equivalent) Very Low-Income units, the Page Street Studios development would still meet the replacement obligation because it will provide 27 new Extremely Low-Income (ELI) studio units, and 54 Very Low-Income units.

There were eight households living at the Page Street property when Charities purchased the site. Five households received relocation benefits. Two households did not receive benefits, one tenant vacated voluntarily prior to required relocation date, willingly relinquishing any additional relocation benefits. One household was evicted for nonpayment of rent, which prevented them from obtaining any further relocation benefits. The final household was an owner of a single family home and was compensated through the sale of their home.

Additional Financing

The Developer has obtained additional financing from the Apple Housing Fund being administered through the Housing Trust of Silicon Valley.

The Page Street Studios Development was approved for a Construction to Permanent Loan in the amount of \$2,750,000. The loan will bear a 2% interest rate and will mature 20 years from the Closing Date. Page Street L.P. will be the borrower and will make monthly interest payments during the Construction Phase and then will make annual Residual Receipts payments until the maturity date.

The Developer has worked with the other Residual Receipts lenders to determine the following residual receipts split which has been determined based on the percentage of committed permanent financing:

County of Santa Clara:	31%
City of San José:	27%
Housing Trust of Silicon Valley:	8%

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The remaining 33% of residual receipts will go towards the Deferred Developer Fee, then the Sponsor Certificated Credit Sale Loan. Once these two sources have been paid down, the remaining residual receipts would be paid as follows: 30% to the General Partner and 3% to the Limited Partner.

/s/

JACKY MORALES-FERRAND

Director, Housing Department

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

ATTACHMENTS

Attachment A: URA Compliance Letter dated September 11, 2020



Mammoth Lakes (760) 934-4263
Toll-Free (888) 202-9195

September 11, 2020

Kathy Robinson
Charities Housing
1400 Parkmoor Avenue, Suite 190
San Jose, CA 95126

RE: Relocation Implementation Compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, As Amended, Page Street

Dear Ms. Robinson,

Autotemp provides professional services for clients with projects involving redevelopment, relocation assistance, property acquisition and project development and management. As the principal of Autotemp, I have been providing these services to various government agencies, non-profit and for-profit developers along with legal professionals, for over twenty years. Designated a Right of Way Relocation Assistance Certified (R/W-RAC) professional with the International Right of Way Association (IRWA), I am experienced in the interpretation and application of various state and federal relocation assistance rules and programs such as the URA, HUD 104(d) and HOME, FAA, FTA, HCD and other special regulations.

Autotemp prepared and implemented a Relocation Plan for the above referenced project. The Plan and implementation was in accordance with Federal and State laws; specifically California Relocation Assistance Law, California Government Code, Section 7260 et seq; the California Code of Regulations, Title 25, Chapter 6 and the Federal Uniform Relocation Assistance and Real property Acquisition Policies Act of 1970, as well as applicable funding rule and regulations such as HUD 1378.

Should you have any questions or comments, please contact me at (760) 935-4800.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Richman', written over a light gray rectangular background.

David Richman
Principal