

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

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE (1) APPROVING A TOTAL COMMITMENT OF UP TO \$20,000,000 IN MEASURE E FUNDING RESERVED IN THE GENERAL FUND FOR A CONSTRUCTION-PERMANENT LOAN TO FIRST COMMUNITY HOUSING, OR AN AFFILIATED ENTITY, FOR THE MCEVOY APARTMENTS, A NEW AFFORDABLE DEVELOPMENT TO BE LOCATED AT 280 MCEVOY STREET, WHICH IS BEING DEVELOPED TO OFFER 222 RENT-AND INCOME RESTRICTED APARTMENTS FOR EXTREMELY LOW-INCOME, VERY LOW-INCOME, LOW-INCOME AT 80% OF AREA MEDIAN 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, RELATED TO THE CITY FINANCING FOR THE DEVELOPMENT; AND (3) APPROVING A LOAN-TO-VALUE RATIO OF GREATER THAN 100% FOR THIS LOAN**

**WHEREAS**, on June 28, 2021, a Notice of Funding Availability ("NOFA") in the amount of \$75 million was released by the City of San José ("City") that made funding available for housing developers to submit written proposals for affordable multifamily rental housing projects providing housing for extremely low, very low and low income individuals and families; and

**WHEREAS**, in response to the NOFA released by the City, First Community Housing, a California nonprofit public benefit corporation ("Developer") submitted a proposal with a request for a commitment of funding in the amount of up to \$20,000,000 in City funds for the McEvoy Apartments ("Development"), a new affordable rental housing development to be located at 280 McEvoy Street ("Site"), providing 222 units affordable to extremely low, very low and low income at up to 80% of Area Median Income individuals and families and two unrestricted manager's unit; and

**WHEREAS**, the NOFA guidelines stated that the City would allocate funding at \$125,000 per unit and the Development was tentatively awarded \$125,000 per unit for 160 of the 224 units or \$20,000,000 (the maximum amount that a project could request); and

**WHEREAS**, Developer is requesting that the City be the issuer of approximately \$75,655,289 in tax-exempt multifamily housing bonds to, in part, finance the Development and Developer intends to apply for the September 9, 2021 Tax Credit Allocation Committee and California Debit Limit Allocation Committee (“CDLAC”) joint application funding Round, which awards are anticipated to be announced by CDLAC in December 2021, and a County of Santa Clara Measure A Affordable Housing Bond in the expected amount of \$31,020,000 to be approved at the Board of Supervisors meeting on August 31, 2021; 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 Project in excess of 100%; and

**WHEREAS**, staff recommends the approval of a total commitment of up to \$20,000,000 in Measure E funding reserved in the General Fund for a Construction-Permanent Loan to Developer, or an affiliated entity, for the Development, and a loan-to-value ratio of greater than 100% for this loan; and

**WHEREAS**, the approval of the recommended actions will enable the Developer to assemble financing to build affordable housing for 222 households, including 90 apartments for formerly homeless individuals.

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

- a. A total commitment of up to \$20,000,000 in Measure E funding reserved in the General Fund for the financing of up to \$125,000 per unit for up to 222 restricted units is hereby approved for a Construction-Permanent Loan to First Community Housing, or an affiliated entity, for the McEvoy Apartments, a new affordable development to be located at 280 McEvoy Street, which is being developed to offer 222 rent- and income-restricted apartments for extremely low-income, very low-income, low-income at 80% of Area Median Income households and two unrestricted manager's unit ("Development").
- b. The Director of Housing is hereby authorized to negotiate and execute loan documents, amendments and all other documents, related to the City financing for the Development.
- c. A loan-to-value ratio of greater than 100% for this loan, is hereby approved.

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

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