



*Housing*

# Approval for an Exception to the Bond Policy for Modera The Alameda and TEFRA Hearing

**November 14, 2023**

## **Item 8.1**

**Kemit Mawakana**

Division Manager, Housing Department

**Banu San**

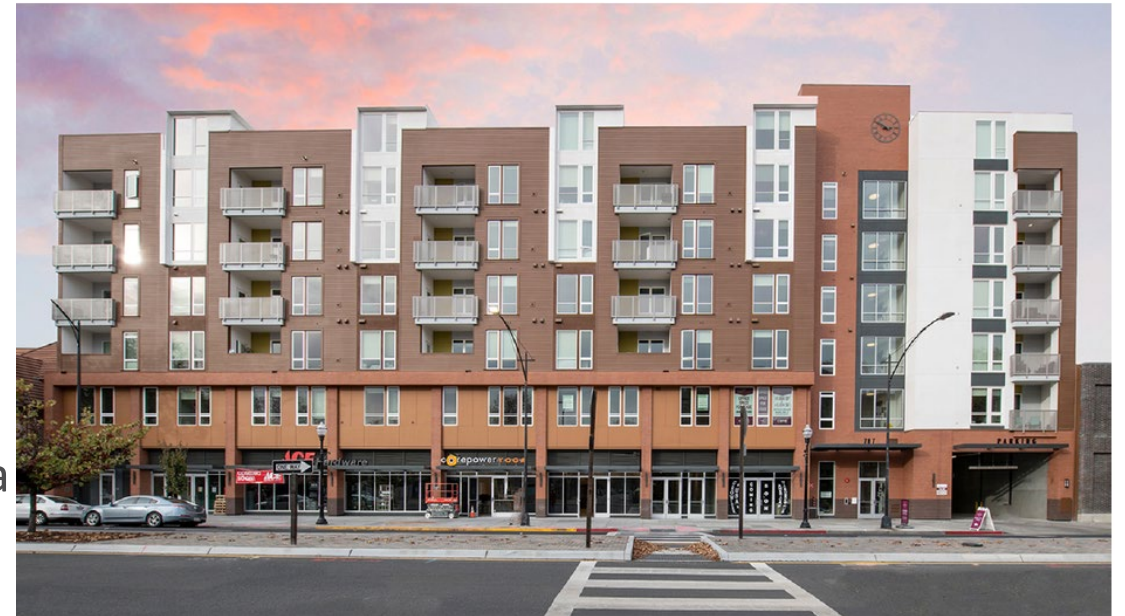
Housing Policy Planning Administrator, Housing Department

**Qianyu Sun**

Deputy Director, Finance Department

# Modera The Alameda

- Existing development located at **787 The Alameda**
- Proposed ownership by Catalyst Impact Fund
- 168** apartments for very low-income and low-income individuals and families
- 64** are 2-bed and 3-bed apartments
- Located in Continued Investment Area and The Alameda Regional Transit Urban Village
- 75-year** affordability restriction with City of San José oversight



# City's Role

- Modera The Alameda is the City's first time authorizing 501(c)(3) bonds
- 501(c)(3) bonds are not subject to state regulation and lack a familiar third-party regulatory framework
- Staff and Developer agreed to the City taking a larger role in the monitoring of the development by being named administrator to the regulatory agreement
  - Staff will conduct ongoing affordability compliance monitoring and building inspections
  - The City will also collect a monitoring fee of \$97.21 per unit



## Exception to Multifamily Housing Revenue Bond Policy

- The City does not provide any subordinate funding to the Modera Development
- The City's Bond Policy requires credit enhancement and minimum "A" rating for public issuance
- The City does not have the capacity to prepare for and manage the bond issuance
- California Municipal Finance Authority ("CMFA") will issue up to \$100,000,000 of unrated tax-exempt 501(c)(3) bonds by public offering
- The City needs to approve the bond issuance by CMFA and hold TEFRA Hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986, when developments are located within the territorial limits of the City





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