

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE (1) AUTHORIZING THE DIRECTOR OF HOUSING TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH THE HOUSING TRUST SILICON VALLEY TO PROVIDE FUNDING FOR FORGIVABLE LOANS TO HOMEOWNERS IN THE CITY OF SAN JOSE WHO BUILD A LEGAL ACCESSORY DWELLING UNIT AND AGREE TO HOUSE AN INCOME ELIGIBLE HOUSEHOLD FOR A PERIOD OF FIVE YEARS; AND (2) APPROVING THE AWARD OF UP TO \$1,250,000 IN FUNDING TO THE HOUSING TRUST OF SILICON VALLEY THROUGH JUNE 30, 2020 WITH THE OPTION TO EXTEND THE TERM OF THE AGREEMENT THROUGH JUNE 30, 2024 AND INCREASE THE AGREEMENT AMOUNT NOT TO EXCEED \$5,000,000, SUBJECT TO ANNUAL APPROPRIATION OF FUNDS

WHEREAS, in September 2017, Mayor of the City of San José (the City) released the “Responding to the Housing Crisis” memorandum that identified a variety of programs and strategies that the City should undertake to address the housing crisis; and

WHEREAS, one of those strategies included facilitating the development of accessory dwelling units (“ADU”) by streamlining the ADU and garage conversion process and eliminating unnecessary regulations, and while the efforts saw some modest success, the challenge remained in getting ADU’s built and inhabited; and

WHEREAS, on May 22, 2019, the Rules and Open Government Committee approved a memorandum proposing several initiatives to spur the production of ADU’s and directed the City Manager to work with key partners to waive fees and develop a “Yes, In My Backyard” affordable housing program which will provide forgivable loans for homeowners in the City of San José who will build an ADU agree to restrict rents to a

level of affordability that enables the tenancy of a low- to moderate-income household for at least five years; and

WHEREAS, the recommendation also directed the Housing Department to partner with Housing Trust Silicon Valley (“HTSV”) to administer the forgivable loan program with an initial allocation of \$5 million, with the goal of getting ADU’s built and inhabited within the City; and

WHEREAS, on June 25, 2019, the City Council directed the Housing Department to move forward with the development of the loan program with HTSV; and

WHEREAS, the approval of the funding award will allow the HTSV to provide 200 forgivable loans of up to \$20,000 to homeowners in the City to assist in building a legal ADU and will mature six years from loan closing term, but forgivable after five years of occupancy by an income eligible tenant.

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

- a) The Director of Housing is hereby authorized to negotiate and execute an agreement with Housing Trust Silicon Valley to provide funding for forgivable loans to homeowners in the City of San José who build a legal accessory dwelling unit and agree to house an income eligible household for a period of five years as described in the Memorandum of the Director of Housing, Planning, and Budget dated August 19, 2019.
- b) The award of up to \$1,250,000 in funding to the Housing Trust of Silicon Valley through June 30, 2020 with the option to extend the term of the agreement

through June 30, 2024 and increase the agreement amount not to exceed \$5,000,000, subject to annual appropriation of funds is approved.

ADOPTED this ____ day of _____, 2019, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk