RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE (1) APPROVING A CONSTRUCTION-PERMANENT LOAN COMMITMENT OF UP TO $9,898,877 IN LOW- AND MODERATE-INCOME HOUSING ASSET FUNDS, IN ACCORDANCE WITH ALL APPLICABLE CITY OF SAN JOSE GAP FINANCING PROGRAM REGULATIONS, TO AFFIRMED HOUSING GROUP OR AN AFFILIATED ENTITY FOR THE BERRYESSA STATION DEVELOPMENT LOCATED AT 1565 MAYBURY ROAD, WHICH IS BEING DEVELOPED TO PROVIDE 193 AFFORDABLE APARTMENTS, AND TWO UNRESTRICTED MANAGER'S HOMES; AND (2) AUTHORIZING THE HOUSING DIRECTOR, OR HIS DESIGNEE, TO NEGOTIATE AND EXECUTE LOAN DOCUMENTS AND ALL OTHER DOCUMENTS, INCLUDING ANY AMENDMENTS THERETO, RELATED TO CITY FINANCING FOR THE BERRYESSA STATION DEVELOPMENT

WHEREAS, in response to the Housing Department's rolling Request for Proposal ("RFP") released on April 14, 2025, Affirmed Housing Group ("Affirmed") submitted a development proposal for an affordable housing development creating a total of 193 homes for extremely low-, very low-, and low-income individuals and families and two manager's units; and

WHEREAS, the Santa Clara Valley Transportation Authority ("SCVTA") owns the approximately 3.3-acre site of this development and released an RFP to develop the land in 2021 and made an award to Affirmed in 2022 for development a 0.79-acre portion of the SCVTA-owned site ("Site"); and

WHEREAS, the Development will consist of a 10-story building with nine levels of residential units over one level of parking and will include amenities such as on-site resident services, an outdoor terrace, a planting area, a community room, and a computer lab; and

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WHEREAS, the City will place an affordability covenant on the site for a term of no shorter than 55 years, as part of the requirements of the City's Low and Moderate Income Housing Asset Fund ("Low-Mod Funds") funding and the affordability restriction will not be subordinated to any deeds of trust or instruments with a power of sale; and

WHEREAS, Affirmed is in discussions with the Santa Clara County Housing Authority to secure 49 Project Based Vouchers to support the extremely low-income units earning less than 30% AMI; and

WHEREAS, if approved, Affirmed would enter a Housing Assistance Payment Contract with the Santa Clara County Housing Authority that has an initial term of 20 years with a potential option to extend the term up to 20 additional years; and

WHEREAS, additionally, as a transit-oriented development, the Development will provide safe and direct access to the nearby Berryessa Transit Station via dedicated bicycle and pedestrian pathways to create a transit-oriented community; and

WHEREAS, the Development was awarded a total of $38,479,951 in State of California Affordable Housing and Sustainable Communities funds to better serve the multi-modal transportation needs of the community; and

WHEREAS, of the total Affordable Housing and Sustainable Communities awarded amount, $29,000,000 of the funds are set aside specifically for the construction of the Development and the remaining $9,479,951 is set aside for transportation and infrastructure improvements in the form of a grant; and

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WHEREAS, the Development will directly contribute to these improvements by providing transit passes for all residents, creating ample bicycle storage, and facilitating seamless connections to various forms of sustainable transportation; and

WHEREAS, Affirmed and the City shall submit a joint application to the California Debt Limit Allocation Committee (CDLAC) for an allocation of tax-exempt private activity bonds on May 20, 2025 for bond financing for the Development; and

WHEREAS, if the allocation is received when CDLAC announces awards on July 29, 2025, the City will facilitate a construction financing closing by January 2026; and

WHEREAS, if Affirmed is unable to obtain an allocation from the California Debt Limit Allocation Committee to close all funding gaps, it will seek an allocation in a future round at a to-be-announced date; and

WHEREAS, if this staff recommendation is approved, the Housing Director, or his designee, will negotiate additional terms and execute the documents for this development's Low-Mod Fund loan in accordance with the City Council's approval using the authority delegated under section 5.06.335 of the City's Municipal Code;

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

(1) A Construction-Permanent Loan commitment of up to $9,898,877 in Low- and Moderate-Income Housing Asset Funds, in accordance with all applicable City of San José Gap Financing Program Regulations, to Affirmed Housing Group or an affiliated entity for construction of the Berryessa Station development located at 1565 Mabury Road, which is being developed to provide 193 affordable apartments, and two unrestricted manager's homes is hereby approved.

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(2) The Housing Director, or his designee, is hereby authorized to negotiate and execute loan documents and all other documents, including any amendments thereto, related to City financing for the Berryessa Station development.

ADOPTED this _____ day of _____, 2025, by the following vote:

       AYES:

       NOES:

       ABSENT:

       DISQUALIFIED:

_____
MATT MAHAN
Mayor

ATTEST:

_____
TONI J. TABER, MMC
City Clerk

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