

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE (1) APPROVING A TOTAL COMMITMENT OF UP TO \$2,200,000 OF AFFORDABLE HOUSING IMPACT FEE FUNDS TO HABITAT FOR HUMANITY EAST BAY/SILICON VALLEY, INC., A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION FOR AN ACQUISITION LOAN FOR A NEW AFFORDABLE ‘FOR SALE’ HOUSING DEVELOPMENT AT THE 101 S JACKSON (“101 S JACKSON DEVELOPMENT”) AND; (2) AUTHORIZING THE DIRECTOR OF HOUSING TO NEGOTIATE AND EXECUTE LOAN DOCUMENTS AND ALL OTHER DOCUMENTS RELATED TO THE LOAN AND THE 101 S JACKSON DEVELOPMENT

WHEREAS, the severe shortage of affordable housing home in the San Francisco Bay Area has been a critical issue as far back as the late 1990s, and since 2012, rents and home prices have steadily climbed, particularly in the City of San José where only 1 in 8 families in San José Metropolitan Area can afford to own a median priced single-family home, which median home price in San José in 2018-19 was \$1,145,000; and

WHEREAS, following the loss of redevelopment and the scarcity of State funds, the City of San José (“City”) Housing Department began developing one-year investment plans to obtain City Council direction on how to allocate its scarce resources; and

WHEREAS, on May 22, 2017, the Community and Economic Development Committee "approved the FY2016/17 – FY 2017/18 Affordable Housing Investment Plan (“Investment Plan”) which prioritized completing funding commitments for developments already identified for permanent supportive housing, and the Investment Plan also proposed that moderate-income housing programs, including homeownership, would be fully explored in the Moderate-Income Housing Strategy, that was presented to City Council mid-2019; and

WHEREAS, the majority of funding sources used by the Housing Department to finance affordable housing are limited to assisting residents between 30% and 60% Area Median Income (“AMI”), and residents earning 61% to 80% (\$63,000 to \$75,000 for a two-person household) are considered Low-Income but do not qualify for the majority of affordable housing in San José because of the limitations of the tax credits; and

WHEREAS, additionally, Moderate-Income residents earning 81% to 120% AMI struggle to afford housing, that combined, these group make up the “Missing Middle” and Moderate-Income households that earn too much to benefit from affordable housing programs, but earn too little to comfortably afford market rate housing; and

WHEREAS, the affordable development proposed by Habitat for Humanity East Bay Silicon Valley, a California nonprofit public benefit corporation (“Habitat for Humanity”) will be located at 101 South Jackson Avenue (Assessor Parcel Number 481-22-067) will consist of 14 attached single-family townhomes with two to four bedrooms, a small community common area, associated parking areas and landscape improvements, for sale to Low-Income and Moderate-Income residents (“Development/Project”); and

WHEREAS, Habitat for Humanity has been building homes in the East and South Bays since being founded in 1986, and while Habitat for Humanity has historically been associated with rehabilitation or single-family construction projects, some of the organization’s most recent developments have involved the constructions of townhomes and

WHEREAS, Habitat for Humanity affordable housing model requires eligible households to participate in the construction or rehabilitation, to accrue sweat-equity in their future home and community, and homeowner are also required to participate in a series of training on topics like financial management, leadership development, conflict

resolution, and communication, which prepares homeowners for managing a Homeowners Association and collectively maintaining their communities; and

WHEREAS, Habitat for Humanity employs construction staff and contracts with building professionals like any other typical housing developer, they also rely on dedicated volunteers and donations to offset the costs of construction and to keep costs affordable, and with deed restrictions on every home, Habitat for Humanity also ensures that when homes are resold, they are resold at an affordable price to another income eligible family or individual; and

WHEREAS, the City will restrict all homes to Moderate-Income households, but it is the Developer's intent and goal to provide the deeper level of affordability by serving Lower-Income households; at this point, the Developer is restrict up to 12 townhomes for Lower-Income households earning between 50-80% of AMI; and

WHEREAS, a loan of \$2,200,000 from the City will enable Developer to acquire the land and, in doing so, advance the work to develop the townhomes; and

WHEREAS, staff recommends the Development for approval of \$2,200,000 from Affordable Housing Impact Fee Fund to create the 14 new affordable 'For-Sale' townhomes in San José, and the approval of the proposed loan supports the City's Moderate-Income Housing Strategy and will enable Developer to purchase the property; and

WHEREAS, the City desires to (1) approve a total commitment of up to \$2,200,000 of the Affordable Housing Impact Fee Funds to Habitat for Humanity for an acquisition loan of the Development and, (2) authorize the Director of Housing to negotiate and execute loan documents and all other documents related to the loan and the Development.

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

- 1) A total commitment of up to \$2,200,000 of Affordable Housing Impact Fee Funds to Habitat for Humanity East Bay/Silicon Valley, Inc. a California nonprofit public benefit corporation for an acquisition loan for a new affordable 'For-Sale' housing development at 101 S Jackson ("101 S Jackson Development") is hereby approved; and
- 2) The Director of Housing is hereby authorized to negotiate and execute loan documents and all other documents related to the loan and the 101 S Jackson Development.

ADOPTED this _____ day of _____, 2020, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk