



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Erik L. Soliván

**SUBJECT:** See Below

**DATE:** June 13, 2025

Approved

Date:

6/16/25

**COUNCIL DISTRICT: 5**

## **SUPPLEMENTAL**

**SUBJECT: Approval of the Issuance of Multifamily Housing Revenue Notes and the Loan of the Proceeds Thereof for the Financing of the 525 North Capitol Development and Other Related Documents**

## **REASON FOR SUPPLEMENTAL**

This supplemental memorandum provides a modification to the subsection City Loan for the 525 North Capitol Avenue development (Development) in the Background section and Attachment B: Sources and Uses of the original City Council memorandum dated May 27, 2025, due to a change in financing sources for the Development located at 525 North Capitol Avenue.

## **BACKGROUND**

Under the Housing Director's Delegation of Authority as granted under section 5.06.340(A)(4) of the San José Municipal Code, the Housing Director approved a \$5,000,000 increase to the City's construction loan for the Development located at 525 North Capitol Avenue. The additional funding was necessary due to the unexpected last-minute withdrawal of financing from the Housing Trust of Silicon Valley, which had committed a \$5,000,000 construction-permanent loan to the Development. To fill this gap and ensure progress towards construction for the Development, the City has increased its total funding from \$26,500,000 to \$31,500,000. Additionally, Citibank, the senior permanent lender, has also increased its loan from \$21,010,000 to \$25,790,000 to replace the Housing Trust of Silicon Valley's permanent loan portion of funding for the Development.

HONORABLE MAYOR AND CITY COUNCIL

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/s/

Erik L. Soliván  
Housing Director

For questions, please contact Banu San, Deputy Director, Housing Department, at [Banu.San@sanjoseca.gov](mailto:Banu.San@sanjoseca.gov).

**ATTACHMENT:**

**Revised Attachment B:** Sources and Uses

## Revised Attachment B: Sources and Uses

### City of San José – 525 N. Capitol Plan of Finance – Sources of Funding

Source	Construction	Permanent
First Citizens Tax-Exempt Note	\$ 62,535,038	\$ 0
First Citizens Taxable Note	4,588,341	0
Citibank Tax-Exempt Note	0	25,790,000
City of San José Loan	25,000,000	20,000,000
City of San José Land Purchase	6,500,000	6,500,000
County of Santa Clara Loan	8,000,000	8,000,000
Housing & Community Development Infill	4,000,000	4,000,000
Infrastructure Grant		
Department of Developmental Services Loan	1,000,000	1,000,000
Solar Credit	0	213,159
Federal Tax Credit Equity	2,574,829	51,496,585
Deferred Costs	15,828,454	0
Accrued Interest - Soft Loans	0	250,000
Deferred Developer Fee	0	4,883,158
Contributed Developer Fee	0	7,893,760
Total	<u>\$ 130,026,662</u>	<u>\$ 130,026,662</u>

Uses	Permanent
Acquisition Costs/Land	\$ 7,273,732
Construction	79,253,652
Architect & Engineering	3,542,253
Hard and Soft Cost Contingency	6,617,735
Construction Interest and Fees	11,463,745
Other Project Costs	3,558,911
Reserves....	1,931,734
Financing and Soft Costs....	1,407,982
Developer Fee	14,976,918
Total	<u>\$ 130,026,662</u>