

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SAN JOSE APPROVING (1) A TOTAL
PREDEVELOPMENT LOAN COMMITMENT OF UP TO
\$5,000,000 FROM THE LOW-INCOME AND
MODERATE-INCOME HOUSING ASSET FUND AND
THE INCLUSIONARY FEE FUND TO CORE
AFFORDABLE HOUSING, OR AN AFFILIATED
DEVELOPMENT ENTITY; AND (2) AUTHORIZING THE
HOUSING DIRECTOR, OR THEIR DESIGNEE, TO
NEGOTIATE AND EXECUTE LOAN DOCUMENTS AND
ALL OTHER DOCUMENTS, INCLUDING ANY
AMENDMENTS THERETO, RELATED TO CITY
FINANCING FOR THE GATEWAY TOWER
DEVELOPMENT LOCATED AT 445, 465, AND 493
SOUTH FIRST STREET AND 460, 470, AND 480 SOUTH
MARKET STREET**

WHEREAS, Core Affordable Housing (“Core”) proposes to develop, own, and manage The Gateway Tower new construction project located at 445, 465, and 493 South First Street and 460, 470, and 480 South Market Street (“Development”) which qualifies for the City of San José’s (“City”) Downtown High-Rise Incentive Program. The County of Santa Clara’s Office of Supportive Housing is contributing \$25,414,490 to support site acquisition and construction; and

WHEREAS, on March 17, 2025, Core submitted an application for State of California funding, and if awarded, anticipates beginning construction of the Development in the first quarter of 2026; and

WHEREAS, the Development will provide critically needed affordable housing units in the City’s Downtown area, including a new 15-story mixed-use building with two commercial spaces; and

WHEREAS, the Development targets large families and will consist of 218 affordable units and two managers' units. The affordable unit mix is comprised of 30% area medium income (AMI) units, 50% AMI units, 60%, and 70% AMI units, and will consist primarily of one and two bedroom apartments; and

WHEREAS, the Development will benefit from the City's Downtown High-Rise Incentive Program, which was approved by City Council on June 18, 2024, and applies to high-rise residential construction projects located in the Downtown Growth Area with 10 or more residential floors, where the highest occupied floor is 150 feet or more above street level; and

WHEREAS, Core has demonstrated experience partnering with the City to build affordable housing. Notable examples include the Tamien Station affordable development, which began construction in 2023, and Buena Vista Midtown, completed in 2014. The Development builds on this experience and would similarly benefit from Core's demonstrated capacity to manage complex, multi-year housing projects; and

WHEREAS, the City of San Jose approves a \$5,000,000 predevelopment loan to Core to support finalizing building plans, advancing progress toward receiving building permits, and maintaining site control until construction begins. The predevelopment loan will be funded through a combination of Low- and Moderate-Income Housing Asset Funds and Inclusionary Fee Funds; and

WHEREAS, Core estimates a total predevelopment budget of approximately \$7,764,663. To date, the developer has expended \$1,492,116, which has been self-funded by Core. Core is seeking a \$5,000,000 loan commitment from the City to partially fund the remaining estimated \$6,272,547 in anticipated costs expected prior to the start of construction; and

WHEREAS, the City's predevelopment loan will be further secured by a repayment guaranty executed by Core, ensuring the City's ability to receive payment even if the

Development does not proceed. In addition, Core will assign to the City all rights, title, and interest in the architectural plans, engineering drawings, and project specifications. This assignment of the plans and specifications ensures that the City can retain and utilize the project materials to continue or transfer the Development, if necessary. Staff intends to structure the loan so that it is repaid at the time of construction financing close by outside sources secured for the construction of the Development;

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

- (1) A total predevelopment loan commitment of up to \$5,000,000 from the Low and Moderate Income Housing Asset Fund and the Inclusionary Fee fund to Core Affordable Housing, or other such sources as may be needed, or an affiliated development entity, is hereby approved.
- (2) The Housing Director, or their designee, is hereby authorized to negotiate and execute loan documents and all other documents, including any amendments thereto, related to City financing for the Gateway Tower development.

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

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, MMC
City Clerk