

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE (1) APPROVING A CONSTRUCTION-PERMANENT LOAN COMMITMENT OF UP TO \$8,400,000 IN LOW-AND MODERATE- INCOME HOUSING ASSET FUNDS, OR SUCH OTHER SPECIAL FUNDS AS THE CITY MAY DESIGNATE, TO MIDPEN HOUSING CORPORATION OR AN AFFILIATED DEVELOPMENT ENTITY FOR THE VALLEY TRANSPORTATION AUTHORITY CAPITOL STATION AFFORDABLE HOUSING DEVELOPMENT LOCATED ON THE SOUTHWEST CORNER OF WEST CAPITOL EXPRESSWAY AND NARVAEZ AVENUE; (2) AUTHORIZING LOAN TERMS TO ALLOW AN INCREASE IN THE RENTS AND INCOME RESTRICTIONS UP TO 60% OF AREA MEDIAN INCOME FOR NEW TENANTS IN PROJECT-BASED VOUCHER SUBSIDIZED APARTMENTS IN THE EVENT OF EXPIRATION OR TERMINATION OF PROJECT-BASED VOUCHERS AND FOR SOME OR ALL TENANTS IN THE EVENT OF FORECLOSURE AND TO THE EXTENT THE CITY HAS DETERMINED SUCH INCREASE IS NEEDED FOR THE FEASIBILITY OF THE ABOVE DEVELOPMENTS AND ALLOWED BY OTHER FUNDS; AND 3) AUTHORIZING THE DIRECTOR OF HOUSING OR HIS DESIGNEE TO NEGOTIATE AND EXECUTE LOAN DOCUMENTS AND ALL OTHER DOCUMENTS, INCLUDING ANY AMENDMENTS THERETO, RELATED TO CITY FINANCING FOR THE VALLEY TRANSPORTATION AUTHORITY CAPITOL STATION MULTIFAMILY AFFORDABLE HOUSING DEVELOPMENT**

**WHEREAS**, the City of San José (“City”) is committed to increasing the supply of affordable housing, including transit-oriented development that promotes sustainable land use, access to public transportation, and equitable community development; and

**WHEREAS**, MidPen Housing Corporation (“MidPen Housing”), in partnership with the Santa Clara Valley Transportation Authority (“VTA”), proposes to develop the VTA Capitol Station affordable housing development (“Development”) located along the

southern stretch of Capitol Expressway and will be co-located with the VTA Capitol Transit Station on corner of West Capitol Expressway and Narvaez Avenue; and

**WHEREAS**, the Development will be located within the Capitol Expressway/Highway 87 Light Rail 2040 Growth Area and co-located with the VTA Capitol Transit Station, advancing the City's goals for transit-oriented housing and regional mobility; and

**WHEREAS**, the MidPen Housing Development, in partnership with VTA, will consist of 203 residential units, including 201 affordable rent-restricted units, two unrestricted manager's units, and 51 permanent supportive housing units serving households earning between 30% and 60% of Area Median Income ("AMI"); and

**WHEREAS**, the Development will be constructed on a 2.68-acre site owned by VTA and ground-leased to MidPen Housing or an affiliated entity for a term of 55 years; and

**WHEREAS**, as a condition of City funding, the City will record a minimum 55-year affordability covenant on the Development; and

**WHEREAS**, the Development will receive 71 Project-Based Vouchers from the Santa Clara County Housing Authority to support affordable units and permanent supportive housing, with an initial Housing Assistance Payment contract term of 20 years and options to extend for up to an additional 20 years; and

**WHEREAS**, the total development cost is estimated at \$169,591,201, and the Development includes multiple funding sources, including City funds, County Measure A funds in the amount of \$11,571,000, and State Affordable Housing and Sustainable Communities Program funding consisting of a \$35,000,000 loan and a \$14,339,431 grant; and

**WHEREAS**, approval of Staff's recommendation will allow in the event of foreclosure or loss of PBV's the Development to increase rents and income restrictions (but not exceed 30% of 60% of area median income) to ensure the continued financial feasibility of the Development; and

**WHEREAS**, both increases to rent and income restrictions will apply to new tenants in PBV subsidized units in the event of expiration or termination of subsidy contracts, and for some or all tenants in the event of foreclosure to the extent the City has determined such increases are needed for the financial feasibility of the Development and allowed by other funding sources; and

**WHEREAS**, the City's proposed funding commitment is a construction-permanent loan of up to \$8,400,000 from Low- and Moderate-Income Housing Asset Funds; and

**WHEREAS**, construction financing closing is anticipated by October 2026, with construction expected to begin by November 2026 and be completed approximately 24 months thereafter; and

**WHEREAS**, the City Council desires to support the Development to advance affordable housing production, including permanent supportive housing, and to leverage transit-oriented development opportunities in partnership with VTA and other funding partners;

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

1. The City Council hereby approves a construction-permanent loan commitment in an amount not to exceed \$8,400,000 from Low- and Moderate-Income Housing Asset Funds, or such other special funds as the City may designate, to MidPen Housing Corporation or an affiliated development entity for the Valley

Transportation Authority Capitol Station affordable housing development located on the southwest corner of West Capitol Expressway and Narvaez Avenue; and

2. Loan terms to allow an increase in the rents and income restrictions up to 60% of Area Median Income for new tenants in Project-Based Voucher subsidized apartments in the event of expiration or termination of Project-Based Vouchers and for some or all tenants in the event of foreclosure and to the extent the City has determined such increase is needed for the feasibility of the above developments and allowed by other funds, is hereby authorized; and
3. The Director of Housing, 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 VTA Capitol Station Development.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2026, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

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MATT MAHAN  
Mayor

ATTEST:

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TONI J. TABER, MMC  
City Clerk