



COUNCIL AGENDA: 9/30/2025
FILE: 25-1038
ITEM: 8.2

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Mayor Matt Mahan
Councilmember Tordillos
Councilmember Cohen

SUBJECT: See below

DATE: 9/26/2025

Approved

SUBJECT: Actions Related to the Loan Commitment and Land Purchase for the Gateway Tower Affordable Housing Development Located at 470 South Market Street

RECOMMENDATION

1. Accept staff recommendation.
2. Direct the City Manager to work with Core Affordable Housing, LLC, to develop and implement a tenant preference system for artists for approximately 10% of the total LIHTC-funded rent-restricted units, giving local artists priority during the application process.
 - a. The preference system should include outreach through local artistic and cultural organizations to SoFA-based artists.

BACKGROUND

Gateway Tower will bring 218 new affordable homes to Downtown San Jose—an exciting development made possible by years of diligent work by our Housing Department and by Core Affordable Housing, as well as funding from our County partners.

We are particularly enthusiastic about the development's placement within the heart of the SoFA District, one of the artistic and cultural epicenters of San Jose. SoFA's museums, galleries, creative firms, and performance spaces bring together artists from across California to create, whether they're painting a mural that tells our city's story, writing a play destined for the stage at the California Theatre, or composing music that reflects San Jose's diverse heritage. These artists and their unique contributions are the cultural lifeblood of our city, but too many are forced to leave San Jose because they simply can't afford to stay.

HONORABLE MAYOR AND CITY COUNCIL

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This is a challenge that has been recognized and addressed at the state level through legislation like AB 812, which authorizes local governments to set aside housing units for artists in cultural districts. While AB 812 isn't directly applicable to 100% affordable developments like Gateway Tower, it offers a valuable model for local governments as we consider innovative approaches to our housing crisis. In Gateway Tower, given its location in a city-recognized cultural district, we have an opportunity to explore launching San Jose's first designated affordable housing for artists in a cultural district.

To that end, we propose that the Housing Department and the developer work together to develop a tenant preference system for 10% of the LIHTC-funded rent-restricted units in Gateway Tower (roughly 10 of 218 units) to offer right of first refusal to local SoFA-based artists. The remainder of the units have financing or regulatory conditions that preclude the implementation of this preference system (for example, project-based vouchers) and will not be subject to a preference for local artists. If, following outreach to the artist community, all designated units are not accepted by artists, the remainder will be offered to the general public. This ensures all units will be made available and become part of our citywide housing stock, and it creates opportunities for a unique form of housing in which artists can live, collaborate, and create in the same communities they bring to life with their art each day.

The preference system proposed in this memo does not mandate that any units must be occupied by artists, guarantees that any of the designated units not occupied by artists will be made available to the general public, and will not in the future displace any residents in favor of artists.

The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.