



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Erik L. Soliván

SUBJECT: See Below

DATE: May 26, 2026

Approved

Date:

6/3/26

COUNCIL DISTRICT: 7

SUBJECT: Revisions to Affordability Restriction for the Paseo Senter Family Housing Project (Phases I and II) Following Parcel Subdivision and Legal Description Updates

RECOMMENDATION

Adopt a resolution authorizing the Housing Director, or his designee, to negotiate and execute an amendment to the existing agreement regarding the implementation of Health and Safety Code Section 33413(b)(2) "Restrictions", for the Paseo Senter Family Housing Project to:

- (a) Reflect the subdivision of the original Paseo Senter Family Housing Project parcel into Phase I and Phase II parcels;
- (b) Correct and update the legal descriptions of the affected parcels;
- (c) Allocate affordability and related regulatory obligations to the appropriate subdivided parcels consistent with their respective phases;
- (d) Update ownership structure to reflect current or successor owners, including PSI Rehab, LP and PSII Rehab, LP, as applicable; and
- (e) Execute and record all ancillary documents and take all actions necessary to implement the updates to the Restrictions.

SUMMARY AND OUTCOME

Authorizing the Housing Director, or his designee, to modify the Redevelopment Agency Affordability (RDA) Restriction for the Paseo Senter Family Housing Project to address changes resulting from subdivision of the original parcel into Phase I and Phase II. The modifications to the RDA are needed to update legal descriptions, reflect new ownership arrangements (including designated Phase I owner and designated Phase II

HONORABLE MAYOR AND CITY COUNCIL

May 26, 2026

Subject: Revisions to Affordability Restriction for Paseo Senter Family Housing Project (Phases I and II) Following Parcel Subdivision and Legal Description Updates

Page 2

owner), and properly allocate affordability obligations between the two parcels, under the RDA approved by the City Council.

BACKGROUND

On June 16, 2004, the City Council approved the development of the Paseo Senter II. Paseo Senter II is a 101-unit affordable housing development located at 1908 Senter Road in San José, California, and is subject to a 55-year affordability restriction expiring December 21, 2060. The housing development was completed in 2008 by CORE Developers. Paseo Senter II currently operates as a 100% affordable housing development, consisting of 31 units restricted at 30% area median income, 68 units restricted at 50% area median income, and two manager units.

At the time the RDA Restriction was recorded on Paseo Senter I and Paseo Senter II, in August 2004, the land at the intersection of Wool Creek Drive and Senter Road (Land) was an undeveloped bordering parcel. The subdivision of the Land into Phase I and Phase II was finalized and recorded in December 2005. The RDA Restriction, however, was not updated to reflect the separate legal descriptions for each subdivided parcel.

In order to comply with the California Community Redevelopment Law requirements for redevelopment plan area, on August 1, 2004, a Regulatory Agreement was executed with Paseo Senter, LP, implementing Health and Safety Code Section 33413(b)(2) in favor of the City and the former Redevelopment Agency for the City. The agreement was recorded on the Land.

The regulatory agreement was required to be recorded under California Health and Safety Code Section 33413 because the Land upon which Paseo Senter Family Housing Projects I and II is situated is located within the Strong Neighborhood Redevelopment Area and the Tully/Senter Planning Area.

California Health and Safety Code Section 33413 and Subsection 33413(b)(2) require that at least 15% of all new or rehabilitated dwelling units developed within the Tully/Senter Planning Area by public or private entities other than the former Redevelopment Agency shall “be available at affordable housing cost to persons and families of low or moderate income” and that at least 40% of that 15% of dwelling units shall be available at affordable housing costs to very low-income households, as such income levels are defined in California Health and Safety Code Sections 50093 and 50105. The City Policy on Implementation of the Inclusionary Housing Requirement of Health and Safety Code Section 33413(b)(2), as amended September 30, 2003, increases the Health and Safety Code requirement, providing that at least 20% of dwellings are affordable to low-income households, with 40% of that 20% available to very low-income households. Paseo Senter Family Housing Projects I and II are currently 100% affordable and meet the requirements of California Health and Safety

Code Section 33413 and the City Policy on Implementation of the Inclusionary Housing Requirement of Health and Safety Code Section 33413(b)(2).

After the parcel was subdivided into Phase I and Phase II parcels, each parcel is held by different ownership entities PSI Rehab, LP and PSII Rehab, LP. As a result of the subdivision and transfer of interests, the affordability obligations under the existing RDA Restriction should be updated to reflect the current project structure. Specifically, the obligations should be divided and allocated to each parcel in a manner that corresponds to its respective ownership and phase of the development. This ensures that each property owner is solely responsible for compliance with the affordability requirements applicable to its parcel, consistent with the intent of the original RDA Restriction framework and the current configuration of the Paseo Senter Family Housing Projects I and II.

ANALYSIS

Although the staff memorandum of June 16, 2004 approved by the City Council, noted the Phase I and Phase II development of the site, it did not contain sufficient language to permit the Housing Director to apply the RDA Restriction to the Phase II developed under a separate legal entity.

The proposed actions will update the RDA Restriction to reflect current project conditions by replacing the current legal description that reflects the Land prior to subdivision with the new legal descriptions for the subdivided Phase I and Phase II parcels and rescinding, removing, and replacing the existing RDA Restriction against the adjacent parcel that was originally subject to the restriction.

The RDA Restriction will be assigned by Paseo Senter, LP to PSI Rehab, LP and PSII Rehab, LP pursuant to an assignment and assumption agreement, under which Paseo Senter, LP will assign all of its respective rights and obligations under the RDA Restriction to PSI Rehab, LP and PSII Rehab, LP.

The Housing Department seeks the City Council's authorization to replace the existing legal description for the RDA Restriction with the legal descriptions for the subdivided parcels through a rescission, amendment and restatement of the existing RDA Restriction and recording of the amended and restated RDA Restriction against each subdivided parcel. This will ensure that the RDA Restriction remains effective against the entire Land that was originally subject to restriction by the August 1, 2004 recording. Further, updating the agreement to reflect the current owners of Paseo Senter Family Housing Projects I and II ensures continued enforceability. These actions are administrative and do not change the underlying Tully/Senter Planning Area and California Community Redevelopment Law affordability requirements but clarify their application and maintain enforceability.

HONORABLE MAYOR AND CITY COUNCIL

May 26, 2026

Subject: Revisions to Affordability Restriction for Paseo Senter Family Housing Project (Phases I and II) Following Parcel Subdivision and Legal Description Updates

Page 4

EVALUATION AND FOLLOW-UP

City staff will negotiate and execute documents with CORE Developers and any amendments thereto, and all other related documents.

COORDINATION

This memorandum was coordinated with the City Attorney's Office and the City Manager's Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City Council Agenda website for the June 16, 2026 City Council meeting.

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

No board, commission, or committee recommendation or input is associated with this action.

CEQA

Mitigated Negative Declaration for the Paseo Center at Coyote Creek Project, File Nos. PDC03-057/PD04-084.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/
Erik L. Soliván
Director, Housing Department

For questions, please contact Banu San, Deputy Director, Housing Department, at Banu.San@sanjoseca.gov.