

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING AN INCREASE TO THE EXISTING CITY-COUNCIL APPROVED CONSTRUCTION-PERMANENT LOAN COMMITMENT TO FIRST COMMUNITY HOUSING FOR THE SECOND STREET STUDIOS PROJECT BY \$1,500,000 IN HOME INVESTMENT PARTNERSHIP FUNDS FROM \$16,915,713 TO A MAXIMUM OF \$18,415,713

WHEREAS, Second Street Studios is an affordable multifamily rental development located at 1140 South Second Street and Keyes Street that will be a permanent supportive housing project of 135 affordable apartments, with services provided by Abode Services (“Development”); and

WHEREAS, on June 17, 2014, the Council of the City of San José (“City”) approved a City construction-permanent loan of up to \$8,000,000, which amount included a predevelopment loan of \$500,000, to First Community Housing (“FCH”), or its legal affiliate, for the development of the Second Street Studio Apartments to be constructed at 1140 South Second Street and Keyes Street in the City of San José (“Development”); and

WHEREAS, on September 15, 2015, the City Council approved a \$6,452,000 increase to the City’s construction-permanent loan for a total of up to \$14,452,000, approved the early disbursement of \$5,000,000 to refinance an existing acquisition loan, and included in the loan \$500,000 for predevelopment costs; and

WHEREAS, in December of 2016, the construction for the Development closed but was subject to a change in the equity pricing that created a \$4,024,627 shortfall in the

overall budget sources. A restructure of the Development's planned financing and development budget was done to accommodate the equity shortfall; and

WHEREAS, the City's Housing Department, under its Director's delegation of authority, was able to address a portion of the budget shortfall at closing with a \$2.5 million increase, but approximately \$1.5 million remained unfunded; and

WHEREAS, staff recommends an increase to the existing City Council-approved construction-permanent loan commitment to FCH for the Development by \$1,500,000 in HOME investment Partnership Funds to enable FCH to complete the Development;

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

An increase to the existing City Council-approved construction-permanent loan commitment to First Community Housing for the Second Street Studios project by \$1,500,000 in HOME Investment Partnership Funds from \$16,915,713 to a maximum of \$18,415,713 is hereby approved.

ADOPTED this _____ day of _____, 2018, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk