



Memorandum

TO: HONORABLE MAYOR AND

FROM: Mayor Matt Mahan
Vice Mayor Rosemary Kamei
Councilmember Pam Foley
Councilmember David Cohen

CITY COUNCIL

SUBJECT: SEE BELOW

DATE: January 24, 2025

Approved:

Matt Mahan *Rosemary Kamei*
David Cohen *Pam Foley*

SUBJECT: Approval of Exception to the City Council Multifamily Housing Revenue Bond Policy and Authorizing the Finance Department to Hold Tax Equity and Fiscal Responsibility Act of 1986 Public Hearings

RECOMMENDATIONS:

1. Accept the staff recommendation.
2. Direct staff to return to City Council with modifications to City Council Policy 1-16 that will by default allow an affordable housing developer to use any approved bond issuer in the state of California.

BACKGROUND:

San José has consistently supported and prioritized the development of affordable housing through funding initiatives, streamlining planning approval processes, and reducing impact fees for affordable projects. Despite these efforts, affordable housing projects still face significant challenges associated with the multiple streams of funding required to finance development, and layers of governmental review and oversight. The purpose of this memo is to remove one more barrier.

In the case of issuing bonds that finance affordable projects, the City of San José is an outlier by requiring bonds be issued through the City unless a special exemption is granted. With the exception of San Francisco, most cities in the Bay Area do not impose this requirement, which unnecessarily adds delay and increases costs.

External issuers, such as the California Housing Finance Agency (CalHFA), California Statewide Community Development Authority (CSCDA), and California Municipal Finance Authority (CMFA) all specialize in bond issuances for affordable housing. They offer a faster and more cost-effective service.

By removing the requirement for bond issuance through the City, San José can reduce transactional and procedural expenses, enabling affordable housing to be built faster and at a lower cost.

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.