



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Jacky Morales-Ferrand  
Julia H. Cooper

**SUBJECT:** SEE BELOW

**DATE:** November 22, 2021

Approved

Date

11/22/2021

**COUNCIL DISTRICT: 6**

**SUBJECT: APPROVAL OF THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE NOTES AND THE LOAN OF THE PROCEEDS THEREOF AND APPROVING RELATED DOCUMENTS FOR VITALIA (FORMERLY THE BASCOM APARTMENTS) PROJECT**

## RECOMMENDATION

Adopt a resolution:

- (a) Authorizing the issuance of a multifamily housing revenue note designated as “City of San José, California Multifamily Housing Revenue Note (Vitalia), Series 2021F-1” (the “2021F-1 Note”) and a multifamily housing revenue note designated as “City of San José, California Multifamily Housing Revenue Note (Vitalia), Series 2021F-2” in an aggregate principal amount not to exceed \$35,672,716 (the “2021F-2 Note”) (together with the 2021F-1 Note, the “2021F Notes”);
- (b) Approving the loan of 2021F Notes proceeds to Bascom Affordable Housing, LP, a California limited partnership, to finance the construction and development of a 79-unit multifamily development known as Vitalia, formerly known as Bascom Apartments located at 3090 South Bascom Avenue in San José (the “Development”);
- (c) Approving in substantially final form the Funding Loan Agreement, the Project Loan Agreement, the Regulatory Agreement and Declaration of Restrictive Covenants, and related documents (collectively, the “2021F Note Documents”); and
- (d) Authorizing and directing the City Manager, Director of Housing, Director of Finance, Assistant Director of Finance, Deputy Director, Debt and Treasury Management or their designees, to execute and deliver the 2021F Note Documents together with any documents ancillary to the 2021F Note Documents.

## **OUTCOME**

Approval of the recommended actions will enable the issuance of multifamily housing revenue notes to finance a portion of the costs to construct the Development, a 79-unit affordable housing project. It will include 39 units set aside for the formerly homeless with 23 reserved for Santa Clara County's Rapid Rehousing program, 11 Permanent Supportive Housing voucher units for Formerly Homeless Veterans. Furthermore, two units have been set aside as managers' units and the remaining 38 units are restricted at very low and low income levels. The apartments will remain affordable for at least 55 years following completion.

The Development will serve residents with current maximum annual incomes between 30% and 60% of area median income at affordable rent in accordance with the City's Regulatory Agreement and Declaration of Restrictive Covenants and the County of Santa Clara's regulatory agreement. The Development will be subject to Low-Income Housing Tax Credit ("LIHTC") restrictions imposed by the California Tax Credit Allocation Commission ("CTCAC"). The County will also provide funding subject to affordability restrictions.

## **EXECUTIVE SUMMARY**

In accordance with the City's Policy for Issuance of Multifamily Housing Revenue Bonds, Affirmed Housing Group, a Delaware corporation (the "Sponsor"), has requested that the City issue the 2021F Notes in an aggregate amount not to exceed \$35,672,716. The 2021F Notes will be purchased by MUFG Union Bank, N.A., dba Union Bank ("Union Bank"), a member of Mitsubishi UFJ Financial Group.

The proceeds of the 2021F Notes will be loaned to Bascom Affordable Housing, L.P., a California limited partnership (the "Borrower") formed by the Sponsor. The Borrower will use these proceeds and other funds to finance the construction of the Development, a 79-unit rental housing project to be known as Vitalia (formerly Bascom Apartments).

The 2021F Notes will not be paid from or secured by the general taxing power of the City or any other City asset.

## **BACKGROUND**

***Borrower.*** The Borrower is a California limited partnership consisting of the following entities:

- **Administrative General Partner:** AHG Bascom, LLC, a California limited liability company
- **Managing General Partner:** Compass for Affordable Housing, LLC, a California limited liability company
- **Limited Partner:** Boston Financial Investment Management, L.P. a Delaware limited partnership or an affiliate

The Sponsor has requested that the City issue the 2021F Notes for the purpose of lending the proceeds thereof to the Borrower. The proceeds of the 2021F Notes, together with other funds, will be used by the Borrower to finance the construction of the Development.

**Development Overview.** The Development involves the construction of (a) 46 studio apartments, (b) 16 one-bedroom apartments, (c) 11 two-bedroom apartments, (d) 4 three-bedroom apartments, and (e) 2 unrestricted manager’s units (1 two-bedroom, 1 three-bedroom). The unit mix and affordability levels by Area Median Income will be as follows:

UNIT SIZE	UP TO 30% AMI			UP TO 40% AMI			UP TO 50% AMI			UP TO 60% AMI			Manager's Unit *	TOTAL
	Units	Max Income **	Rent Limits	Units	Max Income **	Rent Limits	Units	Max Income **	Rent Limits	Units	Max Income **	Rent Limits		
Studio	24	\$34,800	\$870				3	\$58,000	\$1,450	19	\$69,600	\$1,740		46
1-BD	3	\$39,780	\$932	5	\$53,040	\$1,243				8	\$79,560	\$1,864		16
2-BD	5	\$44,760	\$1,119				1	\$74,600	\$1,865	5	\$89,520	\$2,238	1	12
3-BD	2	\$49,710	\$1,292							2	\$99,420	\$2,585	1	5
<b>Total</b>	<b>34</b>			<b>5</b>			<b>4</b>			<b>34</b>			<b>2</b>	<b>79</b>

\* Unrestricted managers’ units

\*\*Maximum incomes limits are based upon Federal TCAC occupancy guidelines use 1.5 persons per bedroom.

**Section 8 Project-Based Voucher Supported Unit Mix**

Unit size	CHDR*	VASH**	Total
	30 % AMI	40 % AMI	
Studios	11	-	11
1-BD	-	5	5
<b>Total</b>	<b>11</b>	<b>5</b>	<b>16</b>

\*Santa Clara County Housing Authority’s Chronically Homeless Direct Referral (CHDR) program, a locally designed voucher referral program for the chronically homeless population of Santa Clara County

\*\* U.S. Department of Housing and Urban Development (“HUD”) and U.S. Department of Veterans Affairs (“VA”) collaborative program combining HUD housing vouchers with VA supportive services to help Veterans who are homeless and their families find and sustain permanent housing

The Development will be constructed on a site measuring 0.64 acres. The Borrower has indicated that the project includes the removal of a vacant, two-story, 11,811 square foot commercial building, twelve trees, and the construction of a five-story mixed-use building. The total gross square footage of the building will be 80,700 sf, which includes approximately 619 square feet of commercial office space. The address for the Development will be changed from 3090 South Bascom Avenue to 3100 South Bascom Avenue upon issuance of the building permit.

The Development will include a community room, computer room, deck, community garden, laundry room, on-site management, garage parking, surveillance cameras, and elevators. The Development will contain 40 vehicular parking stalls in a below-grade parking garage and three parking stalls at grade. The below-grade parking garage will be Type IA concrete construction with the 1<sup>st</sup> through 5<sup>th</sup> floors Type IIIA wood frame construction. The first level above grade includes the 2-story lobby, commercial office space, residential management and service offices, and community-gathering areas. This floor also includes utility spaces and guest parking along the shared drive aisle with the neighboring property. The 2<sup>nd</sup> through 5<sup>th</sup> floors are predominantly residential units with trash and utility spaces. A roof deck is also located on the 5<sup>th</sup> floor.

**Relocation.** The Borrower has indicated that the only tenant of the existing building was the Guitar Showcase. The prior owner owned two buildings on a large lot and subdivided the lot into two parcels with a building on each. They sold one of the lots to Bascom Affordable Housing, L.P. (Affirmed Housing Group), which will be transferred to the County at closing. There was no other relocation.

**Construction Schedule.** Construction is expected to commence in January 2022 and continue through July 2023. Some demolition is needed to the existing commercial building on the site.

**City as Issuer of Multifamily Housing Bonds.** The City's Policy for Issuance of Multifamily Housing Revenue Bonds requires the City to be the issuer of tax-exempt multifamily housing revenue obligations in connection with the financing or refinancing of rental housing projects located in the City.

**Sources of Project Funding.** The 2021F Notes will fund a portion of the total development costs, which are currently estimated to be \$67,124,656. During the construction period, the 2021F Notes will be drawn down over time up to an estimated amount of \$35,152,202. The 2021F Notes will bear interest at a variable rate, but it is expected that the Borrower will enter into a hedge or a swap to fix the rate both during construction and during the permanent period, as described in the Interest Rate section below. Following the completion of construction of the Development and its lease-up ("permanent conversion"), the Series 2021F Notes will be paid down and the remaining principal amount of approximately \$10,570,000 will be termed out into a permanent loan with a 17-year term amortized over 40 years. The primary source of repayment of the 2021F Notes at permanent conversion is anticipated to be LIHTC proceeds from the Borrower's limited partner.

The sources and uses of funding for the Development's construction and permanent phases currently are estimated as follows (actual amounts may vary from these estimates):

<b>City of San José – Vitalia Apartments</b>		
<b>Plan of Finance – Sources and Uses of Funding</b>		
<b>Sources</b>	<b>Construction</b>	<b>Permanent</b>
2021F Notes	\$ 35,152,202	\$ 10,570,000
County of Santa Clara Loan .....	15,800,000	15,800,000
Tax Credit Equity.....	15,672,454	40,254,656
Deferred Developer Fee.....	500,000	500,000
<b>Total</b>	<b>\$ 67,124,655</b>	<b>\$ 67,124,655</b>
<b>Uses</b>		
Land/Acquisition Cost	\$ 6,329,285	
Hard Costs (including contingency) .....	48,770,252	
Soft Costs (including contingency) .....	9,025,118	
Developer Fee.....	3,000,000	
<b>Total</b>	<b>\$ 67,124,655</b>	

**Financing History of the Project – Key Dates.** The following are the key dates relating to the financing history of the Development:

- May 25, 2021 - The City submitted a joint application to the California Debt Limit Allocation Committee (“CDLAC”) and CTCAC for a private activity allocation in the amount of \$35,672,716 (CDLAC) and \$3,051,677 in annual 4% Federal tax credits (CTCAC).
- August 11, 2021 - The City received a private activity bond allocation from CDLAC for the 2021F Notes and the Borrower received a reservation of 4% Federal tax credits in the requested amounts.
- November 2, 2021 - The Director of Finance held a TEFRA<sup>1</sup> hearing regarding the issuance of tax-exempt multifamily housing revenue obligations in an amount not to exceed \$35,672,716 to finance the construction of the Development.

<sup>1</sup> A Tax Equity and Fiscal Responsibility Act (“TEFRA”) hearing is a public inquiry required by the Internal Revenue Service of non-profit borrowers that intend to issue tax-exempt debt. The TEFRA hearing provides the public an opportunity to comment on the use of tax-exempt bond proceeds by the specific borrowing institution to finance their capital needs.

## **ANALYSIS**

### ***Development provides much needed affordable housing in a Category 1 neighborhood***

Bascom Apartments will be a 79-unit affordable housing development serving families in the Cambrian neighborhood of San José in addition to providing housing for formally homeless individuals and families. The California Department of Housing and Community Development determines the number of new homes needed to meet the demand of the Bay Area and publishes its findings as the Regional Housing Needs Assessment. These units will count towards the Regional Housing Needs Assessment's very low and low income housing goals. In addition, these units will meet the City's Housing's Crisis goal and will provide permanent supportive housing to address the homeless crisis. The site falls into one of the High Resource and Transit-accessible areas in the City of San José and is considered Category 1 of the Siting Policy.

The mid-section of the building frontage along Bascom Avenue will display a transparent art wall that connects to the courtyard, providing a connection to the street and enlivening the street frontage. This new development will activate the surrounding streets with a highly desirable commercial and residential street pedestrian presence. Beyond aesthetic improvement, the design of the project respects the Bascom Avenue streetscape, residential adjacencies, and the City's vision for this corridor. The project is located on a site that was previously developed with access to several modes of public transportation. Pedestrian circulation throughout the community will seamlessly connect with surrounding sidewalks and bike lanes to further encourage walking and biking. The project will include measures to facilitate sustainable forms of transportation, such as providing space for bicycle storage and amenities, and electrical car charging infrastructure to transit, jobs, recreation and services.

This portion of the report is divided into several sections to address the items in staff's recommendation to proceed with the financing for the Development. These sections describe the bond financing structure, financing documents, financing team participants, financing schedule, public disclosure report related to conduct revenue obligations, and city issuance and monitoring fees.

## **Bond Financing Structure**

### ***Overview of the Multifamily Housing Revenue Note Financing***

**General.** Multifamily housing financing historically has involved the issuance of tax-exempt multifamily housing bonds on behalf of private developers of qualifying affordable rental apartment projects. The City has for many years issued tax-exempt bonds and loaned the proceeds to the developer/borrower. The advantages of tax-exempt financing to borrowers include below-market interest rates and low-income housing tax credits – features that are not available with a conventional multifamily housing mortgage loan.

The 2021F Notes operate in a similar manner to tax-exempt multifamily housing bonds. The City Charter provides that the City may issue revenue bonds and execute and deliver revenue notes pursuant to California law. The City is authorized to issue the 2021F Notes pursuant to California Health and Safety Code Sections 52075-52098, as amended (the "Act"), which

authorize cities to issue revenue bonds and execute and deliver revenue notes for the purpose of financing the acquisition and construction of multifamily rental housing. Section 52011 of the California Health and Safety Code defines “Bonds” to include notes for purposes of the Act. The Series 2021F Notes use a portion of the State’s annual federal tax-exempt private activity volume cap allocated by CDLAC.

The Series 2021F Notes also allow the Development to qualify for tax credits provided through CTCAC.

The 2021F Notes are a limited obligation of the City, payable solely from loan repayments by the Borrower and are not secured by the general taxing power of the City or any other asset of the City.

The note financing structure has become commonplace and is utilized because of a ruling of the Office of the Comptroller of the Currency (“OCC”) that distinguished loans from bonds for purposes of Community Reinvestment Act (“CRA”) credit. Banks have been utilizing the note financing approach on the belief that it meets OCC’s definition of a CRA loan as well as CDLAC’s requirements for tax-exempt financing.

**Requirements for Tax-Exemption.** For a private activity multifamily housing revenue bond or note to qualify for tax exemption, federal law requires, among other matters, that one of two restrictions apply: either (1) at least 20% of the units in the housing development must be reserved for occupancy by individuals and families whose income is 50% or less of area median income or (2) at least 40% of the units must be reserved for occupancy by individuals and families whose income is 60% or less of area median income. While this restriction will be incorporated into the Regulatory Agreement for the Series 2021F Notes, the Development will also be subject to additional affordability restrictions, including those imposed by CDLAC.

### ***Structure of the 2021F Notes***

**Direct Purchase/Funding Structure.** The 2021F Notes will be structured as non-rated and non-credit-enhanced obligations that are directly funded and purchased initially by MUFG Union Bank, N.A. dba Union Bank (“Union Bank”), a member of Mitsubishi UFJ Financial Group. Pursuant to the City’s policies regarding non-credit-enhanced bonds, Union Bank will sign an Investor Letter acknowledging that it is a “qualified institutional buyer” or “accredited investor” that is, a sophisticated investor, as required under the City’s Policy for the Issuance of Multifamily Housing Revenue Bonds, who understands and accepts the risks associated with unrated obligations secured solely by the Development rents. If Union Bank wishes to transfer the 2021F Notes, the new holder must sign and deliver a similar Investor Letter to the City and the Fiscal Agent. The 2021F Notes may only be transferred in whole to a single transferee. Union Bank may sell, grant or convey participation interests in the 2021F Notes to an “accredited investor” or “qualified institutional buyer” (collectively, a “Qualified Transferee”) that delivers an Investor Letter to the Fiscal Agent. An Investor Letter is not required for transfers of the 2021F Notes to an affiliate of Union Bank.

**Principal Amounts and Terms.** Based on current projections, the estimated principal amount of the 2021F Notes will be \$35,152,202. After the Development is constructed and leased up, and conversion to the permanent loan phase occurs (the “Conversion Date”), the Series 2021F Notes are expected to be paid down to a permanent loan amount that is estimated at \$10,570,000. The source of 2021F Note paydown on the Conversion Date will be Low-Income Housing Tax Credit proceeds. The Conversion Date is anticipated to occur approximately 24 months after 2021F Note closing, subject to one three-month extension.

The maturity of the 2021F Notes is expected to be approximately 17 years after Conversion. The 2021F Notes are expected to amortize on a 40-year basis.

**Interest Rate.** The estimated construction loan rate has not yet been finalized but the lender has provided two options: a variable rate option is estimated at 79% of the Secured Overnight Financing Rate (“SOFR”)<sup>2</sup> published by the Federal Reserve Bank of New York plus 1.65% spread (currently 79% of 0.05% + 1.65% = 1.69%) whereas a fixed rate-lock option is currently estimated at 2.35%; the permanent loan rate is estimated at 2.97% based on the most recent projections provided on November 8, 2021.

### **Financing Documents**

The following is a brief description of the documents the City Council is being asked to approve and authorize for execution. Copies of these documents will be posted on the City’s website for the December 7, 2021 City Council meeting.

**Funding Loan Agreement.** The Funding Loan Agreement is among the City, Union Bank, and Wilmington Trust as fiscal agent (the “Fiscal Agent”). The Funding Loan Agreement will be executed by the Director of Finance, or another authorized officer, on behalf of the City. Pursuant to the Funding Loan Agreement, the Fiscal Agent is authorized to receive, hold, invest, and disburse 2021F Notes proceeds and other funds established thereunder; to authenticate the 2021F Notes; and to apply and disburse payments to Union Bank, as the Noteowner. The Funding Loan Agreement allows for Union Bank to pursue remedies on behalf of itself as the Noteowner. The Funding Loan Agreement sets forth the guidelines for the administration, investment and treatment of investment earnings generated by each fund and account, and restrictions relating to any subsequent transfer of the 2021F Notes. The Project Loan Agreement (described below) obligates the Borrower to compensate the Fiscal Agent for services rendered under the Funding Loan Agreement.

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<sup>2</sup> Secured Overnight Financing Rate (“SOFR”) a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities. SOFR is a secured interbank overnight interest rate and reference rate established as an alternative to LIBOR and it is based on transactions in the U.S. Treasury repurchase market where investors offer banks overnight loans backed by their bond assets.



**Project Loan Agreement.** The Project Loan Agreement is among the City, Union Bank, and the Borrower (the “Project Loan Agreement”). The Project Loan Agreement will be executed by the Director of Finance, or another authorized officer, on behalf of the City. The Project Loan Agreement provides for the loan of 2021F Notes proceeds to the Borrower for the construction of the Development, and for the repayment of such loan by the Borrower. The loan of 2021F Notes proceeds will be evidenced by two promissory notes (the “Project Notes”) that correspond to the repayment terms of the related 2021F Notes. The City’s rights to receive payments under the Project Notes will be assigned to Union Bank, along with certain other rights under the Project Loan Agreement; however, certain reserved rights have been retained by the City, such as the City's right to receive fees, notices and to indemnification.

**Regulatory Agreement and Declaration of Restrictive Covenants.** The Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) is between the City and the Borrower. The Regulatory Agreement contains certain covenants and restrictions regarding the Development and its operations intended to assure compliance with the Internal Revenue Code of 1986 and applicable State law. The Regulatory Agreement is executed by the Director of Finance and Director of Housing, or other authorized officers, on behalf of the City. The Regulatory Agreement restricts the rental of Development units to low-income residents for a period of at least 55 years after 50% of the units in the Development are first occupied.

### **Financing Team Participants**

The financing team participants for the 2021F Notes consists of:

- **City’s Municipal Advisor:** PFM Financial Advisors, LLC
- **Bond Counsel:** Quint & Thimmig LLP
- **Fiscal Agent:** Wilmington Trust, National Association
- **2021F Note Purchaser:** MUFG Union Bank, N.A.

Payment of all costs associated with the City’s Municipal Advisor, Bond Counsel and Fiscal Agent is contingent upon the sale of the 2021F Notes and will be paid from 2021F Notes proceeds, tax credit equity and/or Borrower funds.

### ***Financing Schedule***

The current proposed schedule is as follows:

- Council Approval of 2021F Note Documents December 7, 2021
- 2021F Note Closing Date (estimated) January 15, 2022
- CDLAC Deadline for 2021F Note Closing February 7, 2022

### **Public Disclosure Report Relating to Conduit Revenue Obligations**

The Borrower has prepared the attached public disclosure report pursuant to California Government Code Section 5852.1, providing good faith estimates of certain costs associated with the issuance of the 2021F Notes.

### **City Issuance and Monitoring Fees**

**City Policy.** The City's Policy for Issuance of Multifamily Housing Revenue Bonds requires that the issuance fee and annual monitoring fee be calculated as follows:

Issuance Fee is an amount equal to the sum of (a) 0.50% of the first \$10,000,000 issued and (b) 0.25% of the remaining par issued.

Annual Fee applicable to borrowers with a for-profit sponsor is an amount equal to 0.125% of the principal amount of the tax-exempt obligations issued until the end of term of the Regulatory Agreement.

Based on an aggregate Note par of \$35,152,202 the City's Policy would require an issuance fee of \$112,880.51, an annual monitoring fee of \$43,940.25 throughout the Regulatory Agreement term, which ends 55 years after the conversion to permanent financing. If the 2021F Notes mature or are redeemed prior to maturity, the City has the option to require the Borrower to prepay the annual fee due for the remainder of the Regulatory Agreement term.

As the 2021F Notes do not involve a 'related party' transaction under Federal tax law, the City will be entitled to collect its full fees under the City Policy.

### **CONCLUSION**

The recommended actions will enable the issuance of tax-exempt multifamily housing revenue notes for the purpose of financing a portion of the costs to construct the Development with apartments serving individuals and families with extremely low and very low income. Sixteen units will be supported by Project Based Vouchers for at least 20 years which will allow households with much lower incomes to live in the Development.

### **EVALUATION AND FOLLOW-UP**

This memorandum presents the set of recommendations related to the City Council's approval of the issuance of the 2021F Notes and requires no follow-up to the City Council. Once the 2021F Notes close, anticipated in January 2022, and the construction of the Development commences, the Housing Department will provide updates in its Quarterly Construction Reports posted at [www.sjhousing.org](http://www.sjhousing.org) under "Reports & Data."

## **CLIMATE SMART SAN JOSE**

The recommendation in this memo aligns with one or more of Climate Smart San José energy, water, or mobility goals. Bascom Apartments will be Green Point Rated and 100% electric. The proposed project will incorporate other highly sustainable design features in the mixed-use development.

## **PUBLIC OUTREACH**

The method of notifying the community of the City's intent to issue the tax-exempt private activity Bonds is the TEFRA Hearing. The TEFRA Hearing was held on November 2, 2021, before the Director of Finance. The public hearing notice for this hearing was published in the *San José Post - Record* on October 22, 2021. No public comments were made at the TEFRA hearing.

This memorandum and the 2021F Note Documents will be posted on the City's website for the December 7, 2021 meeting.

## **COORDINATION**

This report has been prepared by the Finance Department and the Housing Department in coordination with the City Attorney's Office and the City Manager's Budget Office.

## **COMMISSION RECOMMENDATION / INPUT**

This item was not heard by the Housing and Community Development Commission, as approvals of affordable development financing do not fall under the functions, powers and duties of the Commission delineated in Section 2.08.2840 of the San José Municipal Code.

## **FISCAL/POLICY ALIGNMENT**

This action is consistent with the City's *Consolidated Plan 2020-2025*, adopted by City Council on August 11, 2020, to provide homes for very low- and extremely low-income households; Goal H-2 of the City's *Housing Element 2014-2023*, adopted by City Council on January 27, 2015, to "increase, preserve, and improve San José's affordable housing stock"; and the Community Plan to End Homelessness goal to "double the number of supportive housing units in Santa Clara County."

**COST SUMMARY/IMPLICATIONS**

The Borrower will pay all issuance costs of the 2021F Notes from tax credit equity and/or Borrower funds. The 2021F Notes will not be paid from, nor secured by, the general taxing power of the City or any other City asset.

The City is expected to receive revenue from the issuance of the 2021F Notes in the amount of \$112,880.51 and annual monitoring in the amounts of \$43,940.25 during construction and \$13,212.50 after construction and lease-up.

**CEQA**

Exempt per Public Resources Code Section 21080(b)(1) and CEQA Guidelines Section 15369, Ministerial Project pursuant to Government Code Section 65913.4, File No. ER20-109.

/s/  
JULIA H. COOPER  
Director of Finance

/s/  
JACKY MORALES-FERRAND  
Director, Housing Department

For questions, please contact Nikolai J. Sklaroff, Deputy Director of Finance, Debt & Treasury Management Division at (408) 535-7832 or Rachel VanderVeen, Deputy Director of the Housing Department at (408) 535-8231.

**Attachment A:** Site Map

**Attachment B:** Public Disclosure Report

**ATTACHMENT A – SITE MAP**

**3100 South Bascom Avenue, San José, CA**



## ATTACHMENT B – PUBLIC DISCLOSURE REPORT

### PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, the borrower (the “Borrower”) identified below has provided the following required information to the City of San José (the “City”) prior to the City’s regular meeting (the “Meeting”) of its City Council (the “City Council”) at which Meeting the City Council will consider the authorization of conduit revenue Note as identified below.

1. Name of Borrower: **Bascom Affordable Housing, L.P., a California limited partnership.**
2. City Council Meeting Date: **December 7, 2021.**
3. Name of Bond Issue / Conduit Revenue Obligations: **City of San José Multifamily Housing Revenue Note (Vitalia) Series 2021F-1 and Series 2021F-2 (the “Notes”)**
4.  Private Placement Lender or Note Purchaser,  Underwriter or  Financial Advisor (mark one) engaged by the Borrower from which the Borrower obtained the following required good faith estimates relating to the Note:

(A) The true interest cost of the Notes, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of the Note (to the nearest ten-thousandth of one percent): **2.6194%**

(B) The estimated finance charges of the Note, which mean the sum of all fees and charges paid to third parties: **\$300,000**

(C) The amount of proceeds received, or deemed received, by the public body for sale of the Note less the finance charges of such Note described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of such Note: **\$33,852,202**

(D) The total payment amount, which means the sum of all payments the Borrower will make to pay debt service on the Note plus the finance charges of the Note described in subparagraph (B) not paid with the proceeds of such Note (which total payment amount shall be calculated to the final maturity of such Note): **\$41,194,257**

This document has been made available to the public at the Meeting of the City Council.

Dated: November 15, 2021