

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE (1) APPROVING A TOTAL COMMITMENT OF UP \$16,826,688 FROM THE LOW AND MODERATE INCOME HOUSING ASSET AND THE AFFORDABLE HOUSING IMPACT FEE FUND FOR A CONSTRUCTION-PERMANENT LOAN TO ALLIED HOUSING, INC. OR AN AFFILIATED DEVELOPMENT ENTITY FOR THE PARKMOOR COMMUNITY APARTMENTS, LOCATED 1510-1540 PARKMOOR AVENUE, WHICH IS BEING DEVELOPED TO PROVIDE 79 AFFORDABLE RENT-RESTRICTED UNITS, AND 2 UNRESTRICTED MANAGER UNITS, WHICH COMMITMENT INCLUDES AN AMOUNT NOT TO EXCEED \$11,803,587 IN LOW AND MODERATE INCOME HOUSING ASSET FUND AND \$5,023,101 IN THE AFFORDABLE HOUSING IMPACT FEE FUND; (2) AUTHORIZING A LOAN-TO-VALUE RATIO OF GREATER THAN 100% TO ALLIED HOUSING INC. OR AN AFFILIATED DEVELOPMENT ENTITY; (3) AUTHORIZING THE LOAN TERMS TO ALLOW AN INCREASE IN THE RENTS AND INCOME RESTRICTIONS UP TO 60% OF AREA MEDIA INCOME FOR NEW TENANTS IN PROJECT-BASED VOUCHER SUBSIDIZED UNITS IN THE EVENT OF EXPIRATION OR TERMINATION OF PROJECT-BASED VOUCHERS FOR THE PARKMOOR COMMUNITY APARTMENTS, OR FOR ALL TENANTS IN THE EVENT OR FORECLOSURE, TO THE EXTENT THE CITY HAS DETERMINED SUCH INCREASE IS NEEDED FOR THE FEASIBILITY OF THE DEVELOPMENT AND ALLOWED BY OTHER FUNDS; AND (4) AUTHORIZING THE DIRECTOR OF HOUSING OR DIRECTOR'S DESIGNEE TO NEGOTIATE AND EXECUTE LOAN DOCUMENTS AND ALL OTHER DOCUMENTS, INCLUDING ANY AMENDMENTS THERETO, RELATED TO CITY FINANCING FOR THE PARKMOOR COMMUNITY APARTMENTS**

**WHEREAS**, on December 20, 2021, under the City of San José ("City") Council's direction, the Housing Department issued a \$150 million Notice of Funding Availability ("NOFA") for the development of affordable housing for extremely low, very low, and low

income individuals and families, prioritizing 45% of the funding for extremely low-income housing; and

**WHEREAS**, in response to the NOFA released by the City, Allied Housing, Inc., a California nonprofit public benefit (“Allied Housing, Inc. or Developer”) submitted a proposal with a request for a commitment of funding in the amount of up to \$16,826,688 to be funded through in Low and Moderate Income Housing Asset fund not to exceed \$11,803,587 and the City’s Affordability Housing Impact Fee Fund not exceed \$5,023,101 for the Parkmoor Community Apartments, a new development to be located at 1510-1540 Parkmoor Avenue (“Site”), providing 79 affordable rent-restricted units, consisting of 40 extremely low income units at affordable rents not to exceed 30% of 30% of area median income (“AMI”), 24 very low income units available at affordable rents not to exceed 30% of 50% of AMI, 15 low income units available at affordable rents not to exceed 30% of 60% of AMI, and 2 unrestricted manager units (“Project”); and

**WHEREAS**, Developer is in discussion with the County Housing Authority to secure 40 Project Based Vouchers (“PBV”), made up of 20 vouchers for low income households and 20 specifically designated for chronically homeless individuals and families; and

**WHEREAS**, Allied Housing, Inc. is currently pursuing or has recently been approved for other construction/permanent funding sources for the Project, including City-issued Multifamily Housing Revenue Bonds, as well as County of Santa Clara (“County”) Measure A, County general funds, County No Place Like Home funds, Low Income Housing Tax Credits, and senior bank loans; and

**WHEREAS**, City’s Loan to Value (“LTV”) policy requires that the LTV ratio not exceed 100% in order to mitigate the City’s risk of potential loss associated with a loan; and

**WHEREAS**, there is a possibility of an LTV ratio for the Project in excess of 100%; and

**WHEREAS**, the Developer has also requested that the City allow an increase to 60% AMI for new tenants in project based voucher subsidized units in the event of expiration or termination of the project in the event of foreclosure or expiration or termination of project-based vouchers for the Parkmoor Community Apartments, or for all tenants in the event of foreclosure, to the extent the City has determined such increase is needed for the feasibility of the development and allowed by other funds; and

**WHEREAS**, City staff is recommending this NOFA selected development for funding commitment approval, which will allow Developer to move forward with its Low-Income Housing Tax-Exempt Bond Allocation application to California Debt Limit Allocation Committee in February 2023;

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

- a. A total commitment of up to \$16,826,688 from the Low and Moderate Income Housing Asset fund and the Affordability Housing Impact Fee Fund, is hereby approved, for a Construction-Permanent Loan to Allied, Inc. or an affiliated development entity for the Parkmoor Community Apartments, located at 1510-1540 Parkmoor Avenue, which is being developed to provide 79 affordable rent-restricted units, and 2 unrestricted manager units, which commitment includes an amount not to exceed \$11,83,587 in the Low and Moderate Income Housing Asset fund and not to exceed \$5,023,101 in the Affordable Housing Impact Fee fund, as set forth in the Memorandum from the Housing and Budget Departments, dated as of January 9, 2023.
- b. A loan-to-value ratio of greater than 100% to Allied Housing Inc. or an affiliated development entity, is hereby authorized.

- c. The loan terms, are hereby authorized, to allow an increase in the rents and income restrictions up to 60% of area median income for new tenants in project-based voucher subsidized units in the event of expiration or termination of project-based vouchers for the Parkmoor Community Apartments, or for all tenants in the event of foreclosure, to the extent the City has determined such increase is needed for the feasibility of the developments and allowed by other fund; and
- d. The Director of Housing or Director's designee, is hereby authorized, to negotiate and execute loan documents and all other documents, including any amendments thereto, related to City financing for the Parkmoor Community Apartments.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

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MATT MAHAN  
Mayor

ATTEST:

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TONI J. TABER, CMC  
City Clerk