



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand
Jim Shannon

SUBJECT: SEE BELOW

DATE: January 9, 2023

Approved

Date

1/19/23

COUNCIL DISTRICT: 9

SUBJECT: ACTIONS RELATED TO THE LOAN COMMITMENT AND LAND PURCHASE FOR THE DRY CREEK CROSSING AFFORDABLE HOUSING DEVELOPMENT

RECOMMENDATION

(a) Adopt a resolution:

- (1) Approving a total Construction-Permanent Loan commitment of up to \$9,450,000 and a land acquisition loan or acquisition funding commitment of up to \$5,200,000 in funds from Measure E Real Property Transfer Tax allocations (Measure E) for Pacific Southwest Community Development Corporation or an affiliated development entity in conjunction with CRP Affordable Housing and Community Development LLC or affiliated entities (collectively, Developer), for Dry Creek Crossing, located at 2388 S. Bascom Ave, which will provide 63 affordable rent-restricted apartments and one unrestricted manager's apartment (Dry Creek Crossing development);
- (2) Authorizing a loan-to-value ratio of greater than 100% for the Dry Creek Crossing development;
- (3) Authorizing the Director of Housing to acquire the 2388 S. Bascom Ave site from the Developer for a price not to exceed \$5,200,000 and to ground lease the site to the Developer for the Dry Creek Crossing development;
- (4) Authorizing the Director of Housing to negotiate and execute documents and document amendments related to the acquisition and development of the site and the ground leasing of the site, including a deed acceptance and any riders to the ground leases required by government entities and to execute lenders' consent to these lease riders;
- (5) Authorizing the Director of Housing to negotiate and execute loan documents and all

other documents, including any amendments thereto, related to City financing for the Development; and

- (6) Making a determination that, consistent with Government Code Section 37364, after acquisition, the 2388 S. Bascom Ave site is to be leased to the Developer without first offering the site to the public for any other use, since the site will be restricted so as to provide housing affordable to persons and families of low or moderate income, as defined by Section 50093 of the Health and Safety Code or as defined by the United States Department of Housing and Urban Development or its successors, and that this use is in the City's best interest.

(b) Adopt the following 2022-2023 Appropriation Ordinance amendments in the General Fund:

- (1) Decrease the Measure E – 40% Extremely Low-Income Households Reserve by \$4,185,714;
- (2) Decrease the Measure E – 30% Low-Income Households Reserve by \$7,906,349;
- (3) Decrease the Measure E – 5% Moderate-Income Households Reserve by \$2,557,937;
- (4) Increase the Measure E – 40% Extremely Low-Income Households appropriation to the Housing Department by \$4,185,714;
- (5) Increase the Measure E – 30% Low-Income Households appropriation to the Housing Department by \$7,906,349; and
- (6) Establish the Measure E – 5% Moderate-Income Households appropriation to the Housing Department in the amount of \$2,557,937.

SUMMARY AND OUTCOME

In response to the City's \$150 million Notice of Funding Availability (NOFA) released on December 20, 2021, the Developer (Pacific Southwest Community Development Corporation (PSCDC) in conjunction with CRP Affordable Housing and Community Development LLC (CRP)), submitted the development proposal for the Dry Creek Crossing development. Staff recommends that the City Council approve a funding commitment totaling \$14,650,000 to develop a total of 63 homes for extremely low-, very low-, low-, and moderate-income individuals and families and one unrestricted manager's unit. The Dry Creek Crossing development will be funded through the City's Measure E Real Property Transfer Tax funds, City-issued Multifamily Housing Revenue Bonds, a Citibank Construction-Permanent loan, and federal and State tax credit equity. *See Table 1* below for a summary of the City's proposed funding commitments to the Dry Creek Crossing development.

Table 1 – Dry Creek Crossing Development City Proposed Funding Commitments

| Development Purpose | Source | Award |
|------------------------|-----------|---------------------|
| Construction-Permanent | Measure E | \$9,450,000 |
| Acquisition | Measure E | \$5,200,000 |
| Total | | \$14,650,000 |

Approval of the recommended actions will enable the Developer to assemble financing and build a new affordable development at the site located at 2388 S. Bascom Ave (*See Attachment A - Site Map*). The City will acquire the site, restrict it for affordable housing, and ground lease it back to the Developer. In addition, staff recommends the City Council authorize the Director of Housing to negotiate and execute documents for a long-term ground lease of the Dry Creek Crossing development site. The actions described in this memorandum will enable the Developer to apply for Low Income Housing Tax Credits, a tax-exempt bond allocation, and other needed development financing tools. Approval of Dry Creek Crossing development’s funding commitment will also allow the Developer to move forward with a joint application to the California Debt Limit Allocation Committee, and California Tax Credit Allocation Committee (TCAC), due on February 7, 2023. As funding sources are secured, the planned start date for construction is projected for January 2024.

The Dry Creek Crossing development is located in an Affordable Housing Expansion Area, based on the Affordable Housing Siting Policy. Approval of this funding commitment will further the City’s goal to expand the development of affordable housing in an area with access to job opportunities, high-achieving schools, and positive environmental factors.

BACKGROUND

San José lacks enough affordable housing to meet residents’ needs, with a severe shortage of adequate, affordable housing for extremely low-, very low-, low-, and moderate-income households. The City’s Housing Element incorporates the City’s official Regional Housing Needs Allocation goal for the need to produce 34,486 affordable homes across these income levels between 2023 and 2031. Staff continues to find solutions for affordable housing development to meet the needs of our community.

On December 20, 2021, under the City Council’s direction, the Housing Department issued a \$150 million NOFA for the development of affordable housing for extremely low-, very low-, and low-income individuals and families. The NOFA prioritized affordable multifamily rental housing developments that will provide housing for extremely low-, very low-, and low-income individuals and families, with 45% of the funding prioritized for extremely low-income housing, per the City Council’s current direction.

In response to the NOFA, the Developer submitted a development proposal for the Dry Creek Crossing development and a request for a commitment of funding in the amount of up to \$9,450,000 to provide 63 affordable apartments and one manager's apartment. Of the 63 affordable apartments, 18 apartments will be available to individuals and families earning up to 30% of the area medium income (AMI), 21 apartments will be available for individuals and families earning up to 50% AMI, 13 apartments will be available for individuals and families earning up to 60% AMI, and 11 apartments will be available for individuals and families earning up to 70% AMI.

CRP also asked for an additional \$5,200,000 in City funding for land acquisition. The City loan or funding will finance the purchase of the land, which was appraised at \$5.2 million as of January 22, 2022, and will allow CRP to execute the current Purchase Agreement with the seller. To receive funding for the Dry Creek Crossing development, CRP will be subject to the City Ground Lease policy.

ANALYSIS

Dry Creek Crossing Development Description

Dry Creek Crossing development is a 64-apartment, affordable, large family development to be built on a 0.63-acre site in West San José. The proposed development will provide 20 one-bedroom units, 25 two-bedroom units, 18 three-bedroom units, and one three-bedroom manager's apartment. The Developer is a limited partnership consisting of PSCDC and CRP, a California limited liability company. PSCDC, a California non-profit public benefit corporation, will be the managing general partner of the partnership, lead developer, and service provider. CRP, a for-profit entity, will be an administrative general partner and co-developer. Proposed site amenities include a business center, clubhouse, courtyard, and laundry.

The location has a General Plan designation of Neighborhood/Community Commercial and is zoned Commercial Pedestrian. It is located within the South Bascom Urban Village plan area. This urban village does not have an adopted plan. Therefore, it must comply with General Plan policy IP-5.12 which allows 100% affordable housing to proceed ahead of the preparation of a plan on Neighborhood/Community Commercial sites. Pursuant to Section 65915 of the California Government Code (State Density Law), the Developer requested a density bonus concession which would eliminate the onsite mixed-use requirement. Instead of commercial retail space, the Dry Creek Crossing development will dedicate 1,048 square feet for resident services (e.g., a leasing office and after-school care). The Dry Creek Crossing development will not derive any income from this proposed resident services space since residents will be able to use the services free of charge.

CRP entered into a memorandum of understanding with PSCDC that authorizes PSCDC to be the provider for resident services. The services plan includes 10 hours a week of after-school programs for children and 60 hours a year of workshops for adults. The food access plan indicates space will be provided for services to address food insecurity and to distribute food. Alternatively, the Developer may consider partnering with an outside organization to provide

congregate meals. Educational events will be provided to residents to help them make informed, healthy food choices.

Since the proposed rental Dry Creek Crossing development will be 100% affordable to lower income individuals and families, and within a half mile of a major transit stop (and therefore the project is considered a transit-oriented development), the Developer also requested a no minimum parking requirement pursuant to State Density Bonus Law as amended by Assembly Bill 1763. However, 27 parking spaces will be provided to residents at the site.

Affordability Mix and Area Median Income Levels

The Dry Creek Crossing development will consist of 20 one-bedroom, 25 two-bedroom, and 19 three-bedroom apartments; one three-bedroom apartment will serve as the management unit. As part of consideration for the City’s funding, the Developer will record an affordability covenant on the site. The recording of affordability restrictions determines which apartments are eligible for rent to households and individuals, based on specified AMI levels at an affordable housing cost. Affordable housing cost limits rents so that eligible households and individuals pay rents at or less than 30% of their income. The proposed affordability restrictions are as follows: 18 of the apartments (29%) at up to 30% AMI levels, 21 of the apartments (33%) at up to 50% AMI levels, 13 of the apartments (21%) at up to 60% AMI levels, and 11 apartments (17%) at 70% AMI (***See Table 2***). None of the apartments are proposed as supportive housing. At least 15% of the apartments will be accessible in accordance with the Americans with Disabilities Act requirements.

Table 2 – Dry Creek Crossing Development Affordability Mix

| APT SIZE | UP TO 30% AMI | | | UP TO 50% AMI | | | UP TO 60% AMI | | | UP TO 70% AMI | | | MGR UNIT | TOTAL |
|----------------|---------------|---------------|-------------|---------------|---------------|-------------|---------------|---------------|-------------|---------------|---------------|-------------|----------|-----------|
| | Apts | Max Income ** | Rent Limits | Apts | Max Income ** | Rent Limits | Apts | Max Income ** | Rent Limits | Apts | Max Income ** | Rent Limits | | |
| 1-BD | 4 | \$37,905 | \$947 | 8 | \$63,175 | \$1,579 | 6 | \$75,810 | \$1,895 | 2 | \$88,445 | \$2,211 | - | 20 |
| 2-BD | 8 | \$45,510 | \$1,137 | 9 | \$75,850 | \$1,896 | 4 | \$91,020 | \$2,275 | 4 | \$106,190 | \$2,654 | - | 25 |
| 3-BD | 6 | \$52,575 | \$1,314 | 4 | \$87,625 | \$2,190 | 3 | \$105,150 | \$2,628 | 5 | \$122,675 | \$3,067 | 1* | 19 |
| Total | 18 | - | - | 21 | - | - | 13 | - | - | 11 | - | - | 1 | 64 |
| % Total | 29% | - | - | 33% | - | - | 21% | - | - | 17% | - | - | - | - |

* Unrestricted manager’s apartment

**Maximum rent limits are based upon TCAC occupancy guidelines of 1.5 persons per bedroom. The illustration of maximum income assumes an actual family size equal to 1.5 persons per bedroom.

Financing

The Dry Creek Crossing development construction financing sources include a \$30,874,506 senior lender construction loan consisting of \$28,500,000 tax-exempt and \$2,374,506 taxable construction loans, \$4,663,171 of federal tax credit equity, \$1,584,815 of State tax credit equity, and a City loan of \$9,450,000. The permanent sources of financing include a \$8,129,982 senior

lender loan, a \$9,450,000 loan from the City, \$23,315,854 of federal tax credit equity, and \$7,924,077 of State tax credit equity. Construction and permanent sources of financing are detailed in *Attachment B – Construction and Permanent Funding Sources*.

CRP asked for an additional \$5,200,000 in City funding for land acquisition. The City funds will finance the purchase of the land, which was appraised at \$5,200,000 as of January 22, 2022, and allow CRP to execute the current Purchase Agreement with the seller. To receive funding for the Dry Creek Crossing development, CRP will be subject to the City Ground Lease policy. *See Table 3* for a summary of City funding.

Table 3 – Dry Creek Crossing Development City Funding Summary

| Development Name | City Initial NOFA Loan Request (dd. 12/2021) | City Funding per Home | City's Acquisition Funding | Total City Commitment with Acq. Loan | City Funding/Home with Acq. Loan | # of Apts |
|--------------------|--|-----------------------|----------------------------|--------------------------------------|----------------------------------|-----------|
| Dry Creek Crossing | \$9,450,000 | \$147,656 | \$5,200,000 | \$14,650,000 | \$228,906 | 64 |

Dry Creek Crossing Development Site Acquisition

Staff recommends approval of a land acquisition loan or through a City purchase and sale agreement up to \$5,200,000, the amount to be paid by the Developer. If a City-engaged third-party appraisal yields a lower value in a future appraisal prior to loan or City purchase and sale agreement closing, the funding will be for the lesser amount. Acquisition funding facilitates long-term ground lease structures in accordance with the City’s 2021 Ground Lease Policy (Section 8 of the City of San José’s Multi-Family Underwriting and Compliance Manual). This policy provides that when a development seeks funding from the City, the City will hold the fee interest in the site and the ground lease to the developer, ensuring long-term affordability. The City will acquire the site shortly before the start of construction.

Construction/Permanent Loan

The City Construction/Permanent loan will be up to \$9,450,000, composed entirely of Measure E Funds. The City’s commitment as a gap lender will fill the development’s financing need of up to \$14,650,000, including the acquisition loan.

Dry Creek Crossing Development Site Purchase and Ground Lease

The NOFA, to which the Developer submitted a funding proposal, required that a long-term ground lease for the City to the Dry Creek Crossing development be executed for the site. The City's regular use of land acquisition and ground leases allows the City to have greater control over the long-term provision of affordable housing developments in key locations. In addition, use of ground leases enhances developments' competitiveness for other

additional funding sources such as Affordable Housing and Sustainable Communities and other State programs. Ground leases also result in smaller debt burdens for developments, which improves the repayment ability of the City's construction/permanent loans.

The requested actions in this memorandum will enable the City to take ownership of the site and enter into a long-term, low-rent ground lease agreement for the Dry Creek Crossing development. The ground lease term will be 65 years, with an option to extend for another 15 years. At the end of the lease term, the City will own the land and the building.

This memorandum requests authority for the Director of Housing to negotiate and execute documents and amendments that will be needed or helpful in connection with the City's acquisition, ownership, and long-term lease of the site for the Dry Creek Crossing development. These may include, but are not limited to, option agreements, grant deed acceptance, rights of entry, purchase and sale agreements, the ground lease, and any required lease riders.

Certain State agencies have additional requirements associated with their funding that apply when the City owns a land and ground leases it for a development. For instance, TCAC will require the City, as the owner of the land, to record a lease rider after conversion to permanent financing and prior to TCAC's final approval of the Dry Creek Crossing development's tax credits. The TCAC rider requires the City to provide warranties regarding, amongst other things, the current status of the City's title, the current compliance of the Developer's physical improvements to the property with local law, State law, federal law, and agreements with public entities. The Developer will be required to provide an updated title report and to execute an estoppel agreement prior to the execution of any lease riders to provide the City with sufficient basis for executing the riders.

Loan to Value Ratio

The City's Loan to Value (LTV) policy requires that the combined LTV ratio (all the loans divided by the appraised value of the property) not exceed 100%. While the appraised value of the property is not known at this time, the appraisal that will be prepared for the senior lender before construction closing is expected to result in a combined LTV that significantly exceeds 100%, which is above the City's LTV policy threshold.

The LTV policy is intended to reduce the City's risk of loss associated with its loans; however, the City now builds more deeply affordable developments than it did in the 1990's and early 2000's, so the LTV is not the ideal measure of stability for modern developments. The deeper affordability of a development increases the need for public subsidies, while decreasing the development's market value, leading to an increased LTV. An elevated LTV above 100% is not uncommon for public lenders in the affordable housing industry. Developments that have a high LTV are considered acceptable by City staff when the development's projected operating income is expected to be at least 1.15 times the required permanent mortgage payment. This is a common standard for assessing the financial feasibility of affordable housing developments.

Surplus Lands Act Findings

Under the Surplus Lands Act and its guidelines, the City must follow certain procedures in selling or ground leasing City-owned property which requires the offering of that property to the public, unless the sale or lease falls under an exemption. Once the Dry Creek Crossing development site is acquired by the City, it will become City property. The site, to be leased after acquisition, will be restricted for the term of the lease to provide housing affordable to persons and families of low or moderate income, as defined by Section 50093 of the Health and Safety Code or as defined by the United States Department of Housing and Urban Development or its successors. Based on the use of the site for the Dry Creek Crossing development as described in this memorandum, staff recommends that the City Council make a determination as part of these actions that this use will be in the City's best interest.

Affordable Housing Siting Policy Analysis

City Council approved the Affordable Housing Siting Policy on December 6, 2022. The policy seeks to reverse the impacts of segregation in San José by implementing a "both/and" approach to building affordable housing. Affordable Housing Expansion Areas reflect areas where affordable housing can provide residents access to more economic opportunities in neighborhoods associated with upward mobility, educational attainment, and positive outcomes for children. Continued Investment Areas reflect areas the City will continue to invest in affordable housing due to ongoing displacement throughout San José and the housing needs of existing residents.

The Dry Creek Crossing development is located in an Affordable Housing Expansion Area. This investment will further the City's goal of investing in affordable housing in areas within our City and will increase housing choices for low-income families to live in areas where very little affordable housing currently exists. The Dry Creek Crossing development is in a neighborhood that ranks high in metrics including access to jobs, high-performing schools, and positive environmental factors.

Climate Smart San José Analysis

The recommendation in this memorandum aligns with one or more of Climate Smart San José energy, water, or mobility goals. The Dry Creek Crossing development will be within a half-mile proximity of transit and be an infill development in walkable areas of the City.

- **Tight Building Envelope:** The new structure will have a tight building envelope including highly rated windows for energy efficiency and insulation. This will allow the building to function in an efficient manner with highly effective HVAC systems that maximize resident comfort combined with efficient energy consumption. The Dry Creek Crossing development is also required to meet the TCAC minimum construction requirements that require an energy consumption analysis and compliance with Title 24 of the California Energy Code.
- **All Electric:** The project will not have a natural gas connection and will use electrical

power as the sole energy source for the building.

- **Heat Pumps and Smart Thermostats:** The building will have individual home climate adjustment via split apartment designs for heating and cooling controlled with smart thermostat technology, assuring optimized use by each apartment's occupants.
- **Solar Panels:** Solar photovoltaic panels will be mounted on the roof of the project with the goal of offsetting up to 15% of the building energy use from the grid.
- **Walkable Neighborhoods:** The location is walkable, so most errands will be accomplishable on foot and biking will be convenient for most trips. Retail amenities will be easily accessible along the S. Bascom Ave corridor from Pruneyard Center to the north and south to the shops at the Union Street intersection. There are also two Santa Clara Valley Transportation Authority bus lines that front the site, including the 26 (West Valley - Eastridge) and 61 (Good Samaritan Hospital – Sierra & Piedmont), both with 15-minute headways during daytime hours.
- **Charging Stations and Bike Storage:** In accordance with San José Municipal Code, at least 10% of parking spaces at the Dry Creek Crossing development shall be electrical vehicle supply equipment spaces, 20% of parking spaces shall be electric vehicle-ready spaces, and 70% of parking spaces shall be electric vehicle-capable spaces. There will also be a secured bike room within the first-floor garage with storage space for 16 bikes (one space per four apartments).

Next Steps

If all necessary funding commitments are obtained for the Dry Creek Crossing development, the Developer will apply for California Debt Limit Allocation Committee's Low-Income Housing Tax-Exempt Bond Allocation in February 2023. Construction for the Dry Creek Crossing development is estimated to initiate by first quarter of 2024, completing construction in September 2025. *See Attachment C - Anticipated Development Timeline.*

EVALUATION AND FOLLOW-UP

The Housing Department produces quarterly information memoranda regarding the use of the Director of Housing's delegation of authority under the San José Municipal Code; therefore, final loan business terms will be summarized in those memoranda. In addition, the Housing Department posts periodic reports on the status of its affordable properties undergoing rehabilitation or construction to its website, www.sjhousing.org. If the recommended actions are approved and the Dry Creek Crossing development successfully closes construction financing, it will be included in these periodic reports.

COST SUMMARY/IMPLICATIONS

Approval of the recommendations in this memorandum will enable the Housing Department to enter agreements committing \$14,650,000 of Measure E resources within the General Fund to the 64-unit affordable housing Dry Creek Crossing development. These actions include both \$5,200,000 for a land acquisition loan and \$9,450,000 for a construction-permanent loan. **Table**

4 summarizes project expenditures and funding sources proposed for the recommendations in this memorandum:

Table 4 – Funding Source Implications/Cost Summary

| SOURCE | Dry Creek Crossing | Dry Creek Crossing (Acquisition) | TOTAL |
|-----------------|--------------------|----------------------------------|---------------------|
| Measure E (ELI) | \$2,700,000 | \$1,485,714 | \$4,185,714 |
| Measure E (LI) | \$5,100,000 | \$2,806,349 | \$7,906,349 |
| Measure E (MI) | \$1,650,000 | \$907,937 | \$2,557,937 |
| Total | \$9,450,000 | \$5,200,000 | \$14,650,000 |

BUDGET REFERENCE

The table below identifies fund and the appropriations proposed to fund the actions recommended as part of this memorandum.

| Fund # | Appn. # | Appn. Name | Total Appn. | Rec. Budget Action | 2022-2023 Adopted Operating Budget Page | Last Budget Action (Date, Ord. No.) |
|--------|---------|---|--------------|--------------------|---|-------------------------------------|
| 001 | 8744 | Measure E – 40% Extremely Low-Income Households Reserve | \$51,226,619 | (\$4,185,714) | 941 | 11/01/2022, Ord. No. 30842 |
| 001 | 8745 | Measure E – 30% Low-Income Households Reserve | \$50,416,961 | (\$7,906,349) | 941 | 10/18/2022, Ord. No. 30833 |
| 001 | 8748 | Measure E – 5% Moderate-Income Households Reserve | \$9,029,590 | (\$2,557,937) | 941 | 10/18/2022, Ord. No. 30833 |
| 001 | 224L | Measure E – 40% Extremely Low-Income Households | \$8,701,377 | \$4,185,714 | N/A | 6/21/2022 Ord. No. 30795 |

| | | | | | | |
|-----|------|---|-------------|-------------|-----|--------------------------|
| 001 | 224M | Measure E – 30% Low-Income Households | \$8,474,508 | \$7,906,349 | N/A | 6/21/2022 Ord. No. 30795 |
| 001 | NEW | Measure E – 5% Moderate-Income Households | \$0 | \$2,557,937 | N/A | N/A |

COORDINATION

This memorandum has been coordinated with the City Attorney's Office.

PUBLIC OUTREACH

- This memorandum will be posted on the City’s Council Agenda website for the January 31, 2023 City Council meeting.
- Outreach was undertaken for this item in addition to the agenda posting described above. These outreach efforts are described below.

The Developer hosted its first community event on October 27, 2022, which provided a platform for community members to voice their thoughts and concerns. The Dry Creek Crossing development team’s objective during this event was to absorb as much feedback as possible to understand the nuanced effects that a new development will have on the surrounding community. To market this initial event, the Dry Creek Crossing development team sent invitations to residents and business owners located within 1,000 feet from the proposed development. In addition, the Developer posted fliers around the neighborhood to encourage increased participation. All invitation and flier materials were produced in multiple languages to ensure cultural and linguistic inclusion. Additional future community engagement meetings may be hosted by the Dry Creek Crossing development team depending on the feedback and attendance garnered in subsequent events.

COMMISSION RECOMMENDATION AND INPUT

- No commission recommendation or input is associated with this action.
- A commission has taken action on this item. The action is described below.

CEQA

Environmental status has been granted by the Planning, Building, and Code Enforcement Department and the appropriate citation is listed below:

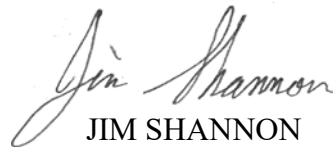
Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

PUBLIC SUBSIDY REPORTING

- This item does not include a public subsidy as defined in Government Code section 53083 or 53083.1 or in the City’s Open Government Resolution. Please note that investments in affordable housing are excluded from these subsidy definitions. Consequently, there are no subsidy reporting requirement for affordable housing investments.
- This item includes a public subsidy of \$100,000 or more as defined in California Government Code section 53083. The Director of the Office of Economic Development and Cultural Affairs has been informed of this subsidy to ensure that it is tracked appropriately. Required information is provided below.
- This item includes a public subsidy of \$100,000 or more to a warehouse distribution center as defined in California Government Code section 53083.1. The Director of the Office of Economic Development and Cultural Affairs has been informed of this subsidy to ensure that it is tracked appropriately. Required information is provided below.
- This item includes a public subsidy as defined in the City’s Sunshine Resolution section 2.2.10 and is in the amount of \$1 million or more. An Informational Memorandum as described in Sunshine Resolution section 2.3.2.6.C was/will be released at least 28 calendar days prior to the City Council meeting at which the subsidy will be considered. The Director of the Office of Economic Development and Cultural Affairs has been informed of this subsidy to ensure that it is tracked appropriately.

/s/

JACKY MORALES-FERRAND
Director, Housing Department



JIM SHANNON
Budget Director

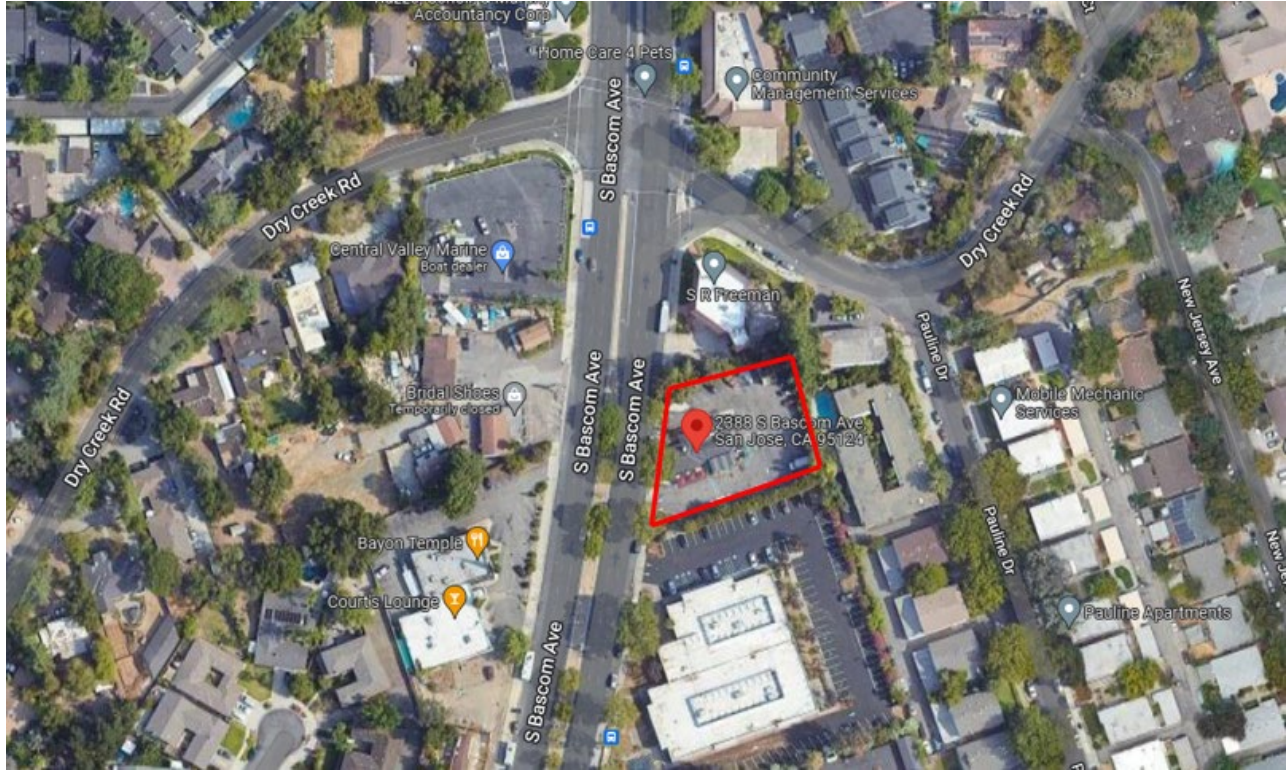
For questions, please contact Rachel VanderVeen, Deputy Director of the Housing Department at (408) 535-8231.

Attachments

- Attachment A: Site Map
- Attachment B: Construction and Permanent Funding Sources
- Attachment C: Anticipated Development Timeline

ATTACHMENT A

SITE MAP OF THE DRY CREEK CROSSING DEVELOPMENT



ATTACHMENT B

DRY CREEK CROSSING DEVELOPMENT

CONSTRUCTION
SOURCES

| SOURCE | AMOUNT |
|---|---------------------|
| Citibank Construction Loan (Tax-Exempt) | \$28,500,000 |
| Citibank Construction Loan (Taxable) | \$2,374,506 |
| Federal Tax Credit Equity | \$4,663,171 |
| State Tax Credit Equity | \$1,584,815 |
| City of San José Loan | \$9,450,000 |
| Deferred Costs | \$6,394,859 |
| Total Sources | \$52,967,351 |

PERMANENT
SOURCES

| SOURCE | AMOUNT |
|---------------------------|---------------------|
| Citibank Permanent Loan | \$8,129,982 |
| Federal Tax Credit Equity | \$23,315,854 |
| State Tax Credit Equity | \$7,924,077 |
| City of San José | \$9,450,000 |
| Deferred Developer Fee | \$2,647,438 |
| GP Equity Contribution | \$1,500,000 |
| Total Sources | \$52,967,351 |

ATTACHMENT C

DRY CREEK CROSSING DEVELOPMENT

ANTICIPATED DEVELOPMENT TIMELINE

| | |
|--|----------------|
| Apply for California Debt Limit Allocation Committee /TCAC | February 2023 |
| Bond Allocation Award | June 2023 |
| Close Financing | December 2023 |
| Start Construction | January 2024 |
| Complete Construction (19 months) | September 2025 |