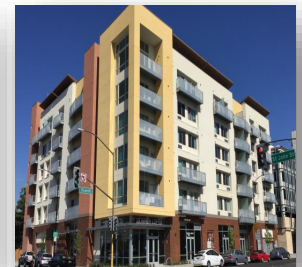




**City of San José Department of Housing**

# **Actions Related to the Multifamily Underwriting Guidelines**

**August 28, 2018 City Council  
Item 4.1**



# Underwriting Guidelines – Goals

- **10,000 Units** - Streamline underwriting practices
- **Notice of Funding Availability (NOFA)** - Release a Call for Projects NOFA

# Underwriting Guidelines – Outcomes

- Clarity for Developers
- Expedited Closing Process



# Underwriting Guidelines – Components

- 
- |   |  |
|---|--|
| • <b>Loan Terms</b>                             | Maximum \$125,000 per unit   |
| • <b>Permanent Supportive Housing (PSH)</b>     | Set development standards  |
| • <b>Project Development Costs</b>              | Incentivizes cost effective construction   |
| • <b>Ground Lease</b>                           | When City has a significant investment; City will own land and lease back to the project |
| • <b>Tax Credit Allocation Committee (TCAC)</b> | Align with TCAC  |
| • <b>Developer Fee</b>                          | City must approve developer fee over \$2.5 million                                       |
-

# Notice of Funding Availability (NOFA)

## Tentative Issuance Dates

- |  |                   |
|--|-------------------|
| • NOFA Issue Date                              | August 31, 2018   |
| • Deadline for Applications to be Considered   | October 31, 2018  |
| • Recommendation/ Notification of NOFA Funding | November 30, 2018 |

## Approved Funding Priorities

- |                                    |  |
|------------------------------------|--|
| • Project Readiness                | Projects with entitlements and financing secured                                   |
| • Investment in Supportive Housing | For formerly homeless individuals and families                                     |
| • Project Cost Effectiveness       | Keeping project costs as low as possible   |
| • Leverage                         | Leverage of Affordable Housing and Sustainable Communities funding & other funding |

## **4.1 Recommendation: Actions Related to the Multifamily Underwriting Guidelines**

- (a) Accept the staff report on the proposed underwriting guidelines and update regarding the upcoming Notice of Funding of Availability; and
- (b) Adopt a resolution approving the Underwriting Guidelines proposed by the Housing Department for use in underwriting and structuring affordable housing transactions



# City of San José, Department of Housing

