

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE (1) ACCEPTING THE SUMMARY REPORT PURSUANT TO SECTION 33433 OF THE CALIFORNIA HEALTH AND SAFETY CODE FOR THE GROUND LEASING OF 937-943 LOCUST STREET TO THE COUNTY OF SANTA CLARA FOR UP TO FIFTEEN (15) YEARS, APPROVING THE GROUND LEASE IN SUBSTANTIALLY FINAL FORM; MAKING CERTAIN FINDINGS PURSUANT TO THE CALIFORNIA HEALTH AND SAFETY CODE SECTION 33433, (2) AUTHORIZING THE DIRECTOR OF HOUSING TO NEGOTIATE AND EXECUTE DOCUMENTS AND AMENDMENTS RELATED TO THE GROUND LEASE, THE PROJECT, AND THE CITY COMMUNITY DEVELOPMENT BLOCK GRANT-FUNDED \$1.2 MILLION REHABILITATION OF THE EXISTING AFFORDABLE HOUSING

WHEREAS, the City of San José (“City”), as the Housing Successor to the City’s former Redevelopment Agency, owns property acquired with low and moderate income housing funds which is located at 934-949 Locust Street (“Property”) that is improved with two detached buildings restricted as affordable housing; and

WHEREAS, the first of the two buildings is a two-story triplex which contains three 2-bedroom residential units (the “Triplex”), and the second building is a dormitory building, known as “the Haven”, which the City has used as an affordable temporary disaster relief shelter since 2002; and

WHEREAS, on October 17, 2001 the City recorded 30-year affordability covenants, restricting occupancy of the Triplex to low income households and occupancy of the Haven to moderate-income households; and

WHEREAS, the City has determined that the community's interests would best be served if the Haven were available as temporary housing for the homeless, and the Triplex were to continue as permanent low-income housing; and

WHEREAS, the County of Santa Clara ("County") is seeking to operate the Haven as temporary affordable housing facility for the homeless and continue the use of the Triplex as affordable housing; and

WHEREAS, the City's proposed ground lease of the Property to the County would be for a term of five to fifteen years ("Ground Lease") to provide temporary housing at the Haven for persons experiencing homelessness, with income not to exceed 120% of the Area Median Income ("AMI"), and at the Triplex to provide housing for households with income not to exceed 60% of the AMI; and

WHEREAS, the City intends to the rehabilitate the Haven and the Triplex at a total cost not to exceed \$600,000 each, for a total of up to \$1.2 million in federal Community Development Block Grant ("CDBG") funds; and

WHEREAS, Community Redevelopment Law provides in Section 33433 of the California Health and Safety Code that (1) before any property acquired with low and moderate income housing asset funds is sold or leased for development, such sale or lease shall first be approved by the City Council, after a duly noticed public hearing of the City Council, and (2) that a copy of the proposed sale or lease and a summary which describes the financial aspects of the transaction shall be made available for public inspection; and

WHEREAS, a Summary Report has been prepared pursuant to Health and Safety Code Section 33433, containing a summary of the key terms of the project, costs, and other information required by Section 33433, and said report and a copy of the proposed Ground Lease in substantially final form were made available to the public for inspection prior to the hearing, as required by Community Redevelopment Law; and

WHEREAS, the Section 33433 Summary Report finds that the City intends to Ground Lease the Property for the project for the amount of \$63,000 (sixty-three thousand dollars) per year and Property will be used to provide restricted affordable housing for the term of the Ground Lease; and

WHEREAS, the Section 33433 Summary Report concludes that the Property has a nominal reuse value until expiration of its recorded affordability restrictions and thus that the consideration to the City is not less than the fair reuse value of the land based on the current use and with the affordability and other covenants provided under the Ground Lease; and

WHEREAS, a notice of public hearing on the proposed ground lease has been duly published in accordance with the Community Redevelopment Law; and

WHEREAS, the City desires to approve the Summary 33433 Report for the ground leasing and use of the Property; and

WHEREAS, the City desires to authorize the Director of Housing to any negotiate and execute documents and amendments related to the Ground Lease, the County project, and the rehabilitation of existing housing and subject to satisfaction of certain conditions described in the report of the Director of Housing dated November 13, 2018;

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

1. The summary of costs and the findings of the Summary Report pursuant to California Health and Safety Code Section 33433 are accepted; and
2. The consideration that the City will receive for lease of the Property is not less than the fair reuse value for the proposed use, with the covenants and conditions in the Ground Lease; and
3. The project will provide affordable housing for low and moderate income households and is consistent with the 2010-2015 Implementation Plan previously adopted by the City's former Redevelopment Agency; and
4. The Director of Housing or her designee is authorized to set the specific business terms and negotiate and execute documents and amendments related to the Ground Lease, the County of Santa Clara project, and the City Community Development Block Grant funded \$1.2 million rehabilitation of the existing housing as described in the report of the Director of Housing dated November 13, 2018.

ADOPTED this _____ day of _____, 2018, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk