

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE (1) APPROVING A TOTAL COMMITMENT OF UP TO \$7,176,640 IN LOW AND MODERATE INCOME HOUSING ASSET FUNDS FOR A CONSTRUCTION-PERMANENT LOAN TO CHARITIES HOUSING DEVELOPMENT CORPORATION OF SANTA CLARA COUNTY, OR AN AFFILIATED ENTITY, FOR THE PAGE STREET APARTMENTS, A NEW AFFORDABLE DEVELOPMENT TO BE LOCATED AT 329-353 PAGE STREET, IN ORDER TO OFFER RENT- AND INCOME-RESTRICTED APARTMENTS FOR 81 EXTREMELY LOW INCOME AND VERY LOW INCOME HOUSEHOLDS, AND ONE UNRESTRICTED MANAGER'S UNIT; (2) AUTHORIZING THE DIRECTOR OF HOUSING TO NEGOTIATE AND EXECUTE LOAN DOCUMENTS AND ALL OTHER DOCUMENTS RELATED TO CITY FINANCING FOR THE PROJECT; AND (3) APPROVING A LOAN-TO-VALUE RATIO OF GREATER THAN 100% FOR THIS LOAN

WHEREAS, in August 2018, a Notice of Funding Availability ("NOFA") in the amount of \$100 million was released by the City of San José ("City") that made funding available for housing developers to submit written proposals for affordable multifamily rental housing projects providing housing for extremely low and very low income individuals and families; and

WHEREAS, in response to the NOFA released by the City, Charities Housing Development Corporation of Santa Clara County ("CHDC") submitted a proposal with a request for a commitment of funding in the amount of up to \$7,176,640 in City funds for the Page Street Apartments, a new affordable rental housing development to be located at 329-353 Page Street ("Site"), providing 81 studio-units affordable to extremely low and very low income individuals and families including 27 units for

permanent supportive housing and one unrestricted three-bedroom manager's unit. The Project will be supported by Project Based Vouchers and provided supportive services from the County of Santa Clara ("County") ("Project"); and

WHEREAS, CHDC is currently pursuing or has recently been approved for other construction and permanent funding sources for the Project, including Measure A Affordable Housing Bond funds from the County in the amount of \$14,000,000; and

WHEREAS, in a related Council action on February 5, 2019, CHDC is also seeking approval of an Affordable Housing and Sustainable Communities ("AHSC") Program application for the Project, as well as funding for other public improvements for the area surrounding the Site, consistent with the AHSC program; and

WHEREAS, CHDC will request that the City issue approximately \$26,982,000 in tax-exempt multifamily housing revenue bonds for the construction of the Project, which is to be approved through a separate action closer to the submission of an application to the California Debt Limit Allocation Committee; and

WHEREAS, in order to apply for AHSC and Low Income Housing Tax Credits, CHDC must obtain a City loan commitment; 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, staff recommends approval of a total commitment of up to \$7,176,640 in Low and Moderate Income Housing Asset Funds for a Construction-Permanent Loan to

CHDC; approval of a loan-to-value of greater than 100% for these loans; and authority to the Director of Housing to negotiate and execute all documents required to implement development of the Project, as set forth in the memorandum to Council from the Director of Housing dated January 23~~14~~, 2019;

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

- a. A total commitment of up to \$7,176,640 in Low and Moderate Income Housing Asset Funds for a Construction-Permanent Loan to Charities Housing Development Corporation of Santa Clara County, or an affiliated entity for the Page Street Apartments, a new affordable development to be located at 329-353 Page Street, in order to offer rent- and income-restricted apartments for 81 extremely low income and very low income households, and one unrestricted manager's unit, is hereby approved.
- b. The Director of Housing is hereby authorized to negotiate and execute loan documents and all other documents, and any modifications and amendments thereto, for the purpose of providing City financing for the Project.
- c. A loan-to-value ratio of greater than 100% for this loan, is hereby approved.

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

ADOPTED this _____ day of _____, 2019, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk