

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE (A) APPROVING A TOTAL COMMITMENT OF UP TO \$9,~~875415~~,000, WITH \$~~9,3758,915~~,000 IN LOW AND MODERATE INCOME HOUSING ASSET FUNDS AND \$500,000 IN INCLUSIONARY HOUSING POLICY FUNDS, FOR A CONSTRUCTION-PERMANENT LOAN TO FIRST COMMUNITY HOUSING, OR AN AFFILIATED DEVELOPMENT ENTITY, INCLUDING ~~UP TO \$1,000,000 IN PREDEVELOPMENT FUNDING AND~~ THE CAPITALIZATION OF UP TO \$~~570665~~,000 IN CONSTRUCTION PERIOD INTEREST FOR THE ROOSEVELT PARK APARTMENTS, A NEW AFFORDABLE DEVELOPMENT TO BE LOCATED AT 21 NORTH 21ST STREET, IN ORDER TO OFFER RENT- AND INCOME-RESTRICTED APARTMENTS FOR 79 EXTREMELY LOW-INCOME, VERY LOW-INCOME, LOW-INCOME, AND MODERATE-INCOME HOUSEHOLDS, AND ONE UNRESTRICTED MANAGER'S UNIT; (B) AUTHORIZING THE DIRECTOR OF HOUSING TO NEGOTIATE AND EXECUTE LOAN DOCUMENTS AND ALL OTHER DOCUMENTS RELATED TO CITY FINANCING FOR THE PROJECT; AND (C) APPROVING A LOAN-TO-VALUE RATION 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 extremely low, very low and low income individuals and families; and

WHEREAS, in response to the NOFA released by the City, First Community Housing ("FCH") submitted a proposal with a request for a commitment of funding in the amount of up to \$9,~~875415~~,000 in City funds for the Roosevelt Park Apartments, a new

development to be located at 21 North 21st Street (“Site”), providing ~~80-79~~ affordable units including 40 affordable units to be made available as Rapid Rehousing for households earning up to 30% of Area Median Income (“AMI”), 20 unit will be income restricted at 50% AMI, 9 units will income restricted at 60% AMI and 10 units will be income restricted at 80% AMI, with 10 units available to youth aging out of foster care system and 10 units available to intellectually or developmentally disabled individuals (“Project”); and

WHEREAS, FCH is currently pursuing or has recently been approved for other construction/permanent funding sources for the Project, including Measure A Affordable Housing Bond funds from the County of Santa Clara (“County”) in the amount of \$14,400,000 with \$4,400,000 to be used for the County’s acquisition of the land plus related costs; and

WHEREAS, in a related Council action on February 5, 2019, FCH 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, FCH will require that the City issue approximately \$35,707,000 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, 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 \$9,~~875~~415,000, with ~~\$9,375~~8,915,000 in Low and Moderate Income Housing Asset Funds and \$500,000 in Inclusionary Housing Policy Funds, for a Construction-Permanent Loan to FCH, approval of a loan-to-value of greater than 100% for this loan; and authority to the Director of Housing to negotiate and execute all documents, and amendments related to financing of the Project, as set forth in the memorandum to Council from the Director of Housing dated January ~~14~~23, 2019;

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

- a. A total commitment of up to \$9,~~875~~415,000, with ~~\$9,375~~8,915,000 in Low and Moderate Income Housing Asset Funds and \$500,000 in Inclusionary Housing Policy funds, for a Construction-Permanent Loan to First Community Housing or an affiliated development entity, and allowing the capitalization of up to ~~\$570~~665,000 in construction period interest for the Roosevelt Park Apartments, a new affordable development to be located at 21 North 21st Street, in order to offer rent- and income-restricted apartments for 79 extremely low-income, very low-income, low-income and moderate 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, amendments and all other documents related to City financing for the Project.
- c. A loan-to-value ratio of greater than 100% for this loan, is hereby approved.

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

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk