

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING AN INCREASE TO RENTS AND INCOME UP TO 60% AMI (LOW INCOME) FOR THE QUETZAL GARDENS PROJECT FOR NEW TENANTS IN THE EVENT OF FORECLOSURE OR EXPIRATION OF SUBSIDY CONTRACTS, PROVIDED THE CITY HAS DETERMINED THE INCREASE IS NEEDED FOR FEASIBILITY OF THE DEVELOPMENT AND ALLOWED BY OTHER FUNDS; AND AUTHORIZING THE DIRECTOR OF HOUSING TO NEGOTIATE AND EXECUTE LOAN DOCUMENTS, AMENDMENTS, AND ALL OTHER DOCUMENTS RELATED TO THIS ACTION

WHEREAS, on January 8, 2018, the City of San José (“City”) made a funding commitment to the Developer, Quetzal Gardens, L.P., a California limited partnership, of up to \$9,543,469 during the construction period and up to \$9,984,212 during the permanent period for the development of the 71-unit Quetzal Garden Apartments, with 47 extremely low income units for households at 25-30% of area median income (“AMI”), 23 low income (60% of AMI) units, one unrestricted manager’s unit and related improvements (the “Development”); and

WHEREAS, on May 6 of 2019, the Director of Finance held a Tax Equity and Fiscal Responsibility Act hearing regarding the issuance of tax-exempt multifamily housing revenue obligations in an amount not to exceed \$45,000,000 to finance the construction of the Development; and

WHEREAS, on May 16, 2019, the Developer and the City submitted a joint application to the California Debt Allocation Committee for a private activity bond allocation in the amount of \$32,207,500 and to the Tax Credit Allocation Committee for \$2,538,626 in annual 4% Federal low-income housing tax credits;

WHEREAS, the Housing Authority of the County of Santa Clara County will provide project-based vouchers to subsidize 32 units of which 28 units will be permanent supportive housing units under a Santa Clara County supportive/homeless housing initiative;

WHEREAS, the Developer has requested that the City allow an increase to 60% AMI in the event of foreclosure or expiration of subsidy contracts, and staff believes that this is reasonable provided the City has determined the increase is needed for project feasibility, and that the increases are limited to new tenants; and

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

1. A change in City loan terms for the 71 unit Quetzal Gardens Apartments is authorized to allow an increase in the Development's rents and income up to 60% AMI (low income) for new tenants in the event of foreclosure or expiration of subsidy contracts to the extent the City has determined such increase is needed for feasibility of the Development and allowed by other funds .
2. The Director of Housing is authorized to negotiate and execute loan documents, amendments, and all other documents related to this action.

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

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk