COUNCIL AGENDA: 12/03/19
FILE: 19-1145
ITEM: 4.2

CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Jacky Morales-Ferrand
Julia H. Cooper

SUBJECT: SEE BELOW

DATE: November 21, 2019

Approved D. DSyl Date 11/21/19

COUNCIL DISTRICT: 5

REPLACEMENT

SUBJECT: APPROVAL OF THE ISSUANCE OF A TAX-EXEMPT MULTIFAMILY HOUSING REVENUE NOTE AND THE LOAN OF THE PROCEEDS THEREOF FOR THE FINANCING OF QUETZAL GARDENS APARTMENTS

REASON FOR REPLACEMENT

The senior lender has recently requested that the Housing Department remove the new tenants only limit on increases to 60% of Area Median Income units for rent and income after foreclosure.

RECOMMENDATION

(a) Adopt a resolution:
- (1) Authorizing the issuance of a tax-exempt multifamily housing revenue note designated as "City of San José, California Multifamily Housing Revenue Note (Quetzal Gardens Apartments), Series 2019E" (the 2019 Note) in a principal amount not to exceed $32,207,500;
- (2) Approving the loan of 2019 Note proceeds to Quetzal Gardens, L.P. a California limited partnership created by Resources for Community Development., a California nonprofit public benefit corporation, to finance the construction of a 71-unit multifamily development known as Quetzal Gardens Apartments located at 1695 Alum Rock Avenue, in San José (the Development);
- (3) Approving in substantially final form the Funding Loan Agreement, the Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program), and Regulatory Agreement and Declaration of Restrictive Covenants (collectively, the 2019 Note Documents); and
- (4) Authorizing and directing the City Manager, Director of Housing, Director of Finance, Assistant Director of Finance, and Debt Administrator, or their designees, to

execute and deliver the 2019 Note Documents together with any documents ancillary to the 2019 Note Documents.

(b) Adopt a resolution:

(1) Authorizing a change in City Loan terms to allow an increase in the Development's rents and income up to 60% AMI (low income) for new tenants in the event of the expiration or termination of subsidy contracts, and for all tenants in the event of a foreclosure, to the extent the City has determined such increase is needed for feasibility of the Development; and

(2) Authorizing the Director of Housing to negotiate and execute loan documents, amendments, and all other documents related to this action.

OUTCOME

The Development will serve some of the most vulnerable populations in San José. It will be restricted to residents with current maximum annual incomes between 25% and 60% of AMI. For example, using the income and rent limits established by the California Department of Housing and Community Development (HCD), the income range for households at 25% to 60% AMI would equate to income levels between $29,275 (25%) and $70,260 (60%) for a household size of two. The Development is designed to serve large families and includes 28 three bedroom apartments and 18 two bedroom apartments. Additionally, the Development will provide 28 permanent supportive homes to the formerly homeless population. Over the course of the past few years, the Borrower has worked closely with the local residents to ensure the Development is an asset to the community. As an example, they are partnering with SOMOS Mayfair to provide community-serving commercial space in the building.

Approval of the recommended actions will enable the issuance of a multifamily housing revenue note for the purpose of financing a portion of the costs to construct the Development, a 71-unit affordable rental apartment project, with apartments restricted too low and extremely low income households, and remaining affordable for a period of at least 55 years following completion.

Approval of the recommendation action will also allow the City loan for the Development to provide for an increase in rents and income restrictions (but not more than 60% AMI) in the event of foreclosure or expiration of subsidy contracts, if needed to ensure the Development's continued financial feasibility. The increase would only impact new tenants.

EXECUTIVE SUMMARY

In accordance with the City's Policy for Issuance of Multifamily Housing Revenue Bonds, Resources for Community Development, a California nonprofit public benefit corporation (the Developer), has requested that the City issue a tax-exempt multifamily housing revenue note (the 2019 Note) in an amount not to exceed $32,207,500. The 2019 Note will be purchased by MUFG Union Bank, N.A. (Union Bank).

The proceeds of the 2019 Note will be loaned to Quetzal Gardens, LP, a California limited partnership (the Borrower) formed by the Developer. These proceeds, together with other funds, will be used by the Borrower to finance the construction of the Development, a 71-unit rental housing rental project to be known as Quetzal Gardens.

The 2019 Note will not be paid from or secured by the general taxing power of the City or any other City asset.

BACKGROUND

Borrower. The Borrower is a California limited partnership consisting of the following entities:

(1) Managing General Partner: RCD GP III LLC, a California limited liability corporation, the sole member of which is the Developer.
(2) Limited Partner: An entity to be formed by Red Stone Equity Partners.

The Developer has requested that the City issue the 2019 Note for the purpose of lending the proceeds to the Borrower. The proceeds of the 2019 Note, together with other funds, will be used by the Borrower to finance the construction of the Development.

Development Overview. The Development involves the construction of 71 one-bedroom, two-bedroom and three-bedroom rental apartments. The unit mix and affordability levels by Area Median Income (AMI) will be as follows:

Unit Size	Up to 25% AMI		Rent	Up to 30% AMI		Rent	Up to 60% AMI		Rent	
	Units	Max Income		Units	Max Income		Units	Max Income		**Total**
1-BD	22	$29,275	$732	3	$35,150	$879	5	$70,260	$1,757	30
2-BD	3	$32,925	$823	6	$39,550	$989	3	$79,020	$1,976	12
3-BD	0	$36,575	$914	13	$43,900	$1,098	15	$87,780	$2,195	28
Unrestricted Mgr Unit	NA	NA		NA	NA		NA	NA		1
Total	**25**			**22**			**23**			**71**

*Max Income based upon HCD guidelines for occupancy, income, and rental limits.

The rental restrictions for the Development will remain for a period of at least 55 years from the completion of construction.

The Development will consist of one six-story residential building with four wood frame (a hybrid of Type 3A and Type 5) stories over two levels of concrete podium serviced by two elevators. The foundation system is mat slab and the exterior will be primarily stucco with some areas of fiber cement siding and exposed concrete.

The first two floors will consist of enclosed parking and two community-serving commercial spaces totaling 6,836 square feet. It is anticipated that the commercial spaces, which will not be funded with Note proceeds, will be leased to SOMOS Mayfair, a nonprofit public benefit corporation, for use as a small business resource center and an incubator program. The top four floors will house the residential portion. The overall building size totals 109,413 square feet of living and community space.

Site amenities include a lobby and property manager's office on the ground floor, a community room, three offices for services, and a courtyard on the third floor, a sixth floor exterior deck, and two laundry rooms. The building will have security fobs and cameras. The Development will be all-electric (no gas) Green Point Rated Platinum and will exceed Title 24 requirements by over 40%. The plans and specifications include energy-efficient fixtures, appliances and systems. Unit amenities include individual water heaters, individual mini-split HVAC systems, kitchen, bathroom, a living room and operable windows.

The County of Santa Clara (County) provided a predevelopment loan to the project in the amount of $1,500,000 in Measure A funds in November of 2018. Because the County provided the predevelopment financing, they will be acquiring the land and leasing the parcel to the Borrower.

The Development will be subject to low income housing tax credit restrictions. The Housing Authority of the County of Santa Clara County will provide project-based vouchers for 32 units, of which 28 units will be permanent supportive housing, which will utilize supportive/homeless services provided and coordinated by the County. The City, County and the California Department of Housing and Community Development (HCD) will also provide funding subject to affordability restrictions.

Construction Schedule. Construction is expected to commence in December 2019 and run through July 2021. Some demolition is needed to remove trees, light poles and a transformer that are currently on the site. No off-site improvements are needed.

Relocation. As the Development site is vacant, no relocation plan is needed.

City Loan for the Project. The City has agreed to lend to the Borrower for eligible Development Costs up to $9,543,469 during the construction period (the City Construction Loan) and up to $9,984,212 during the permanent period after construction and lease up (the City Permanent Loan and, with the City Construction Loan, the City Loan). The increase in the City Permanent Loan amount is attributable to the inclusion of accrued interest on the City Construction Loan. The interest rate on the City Construction Loan and City Permanent Loan is 3%. The City Loan will be accompanied by an Affordability Restriction (the City's Affordability Restriction). The City's Affordability Restriction will run for at least 55 years from the completion of the Development and will not be subordinated to any deeds of trust.

City as Issuer of Multifamily Housing Bonds. The City's Policy for Issuance of Multifamily Housing Revenue Bonds requires the City to be the issuer of tax-exempt multifamily housing revenue obligations in connection with the financing or refinancing of affordable rental housing projects for which it has provided, or will be providing, a loan.

Prevailing Wages. In accordance with City Resolutions No. 61144 and 61716, City prevailing wages policy will apply to the Development and will be overseen by the City's Office of Equality Assurance.

Sources of Project Funding. The 2019 Note will fund a portion of the total Development costs, which are currently estimated to be $64,017,846. During the construction period, the 2019 Note will be outstanding in an estimated aggregate amount of $32,207,500 and bear interest at a variable rate. Following the construction of the Development and its lease-up (at permanent), the 2019 Note will be repaid to a remaining principal amount of approximately $10,065,150 and will bear interest at a fixed rate. The sources or repayment are anticipated to be low income housing tax credits and HCD funds under its Supportive Housing Multifamily Housing Program.

The sources and uses of funding for the Development's construction and permanent phases currently are estimated as follows (actual amounts may vary from these estimates):

City of San José - Quetzal Gardens
Plan of Finance – Sources of Funding

Source	Construction	Permanent
2019 Note	$ 32,207,500	$ 10,065,150
City of San José	9,543,469	9,984,212
Accrued/Deferred Interest (City Loan)	440,743	0
County of Santa Clara Loan	8,930,000	8,930,000
Accrued/Deferred Interest (County Loan)	412,412	412,412
HCD SH MHP Program	0	7,107,082
AHP	700,000	700,000
Tax Credit Equity	6,584,429	24,162,519
GP Contribution	0	1,500,000
Deferred Developer Fee	1,156,471	1,156,471
Other Deferred Costs	4,042,823	0
Total	$ 64,017,846	$ 64,017,846

City of San José - Quetzal Gardens
Plan of Finance – Uses of Funding

Uses	Construction	Permanent

Ground Lease Costs	$ 421,089	$ 421,089
Construction	40,862,191	40,862,191
Architect & Engineering	3,005,540	3,005,540
Contingency	4,573,074	4,573,074
Construction Interest	3,072,678	3,072,678
Reserves	1,721,746	1,721,746
Miscellaneous Financing and Soft Costs	6,361,628	6,361,628
Developer Fee	4,000,000	4,000,000
Total	$ 64,017,846	$ 64,017,846

Financing History of the Project – Key Dates. The following are the key dates relating to the financing history of the Development:

- January 9, 2018 – City Loan for the Development was approved by the City Council.
- May 6, 2019 - The Director of Finance held a TEFRA 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.
- May 16, 2019 - The City submitted a joint application to California Debt Limit Allocation Committee (CDLAC) and California Tax Credit Allocation Commission (CTCAC) for a private activity allocation in the amount of $32,207,500 (CDLAC) and $2,538,626 in annual 4% Federal tax credits (CTCAC).
- May 21, 2019 - The Mayor certified the actions of the Director of Finance.
- July 17, 2019 - The City received a private activity bond allocation from CDLAC for the 2019 Note and a reservation of 4% Federal tax credits in the requested amounts.

ANALYSIS

This portion of the report is divided into several sections to address the items in staff's recommendation to proceed with the financing for the Development. These sections describe the financing structure, financing documents, financing team participants, and financing schedule.

Bond Financing Structure

Overview of the Multifamily Housing Revenue Note Financing

General. Multifamily housing financing historically has involved the issuance of tax-exempt bonds on behalf of private developers of qualifying affordable rental apartment projects. The City would issue tax-exempt bonds and loan the proceeds to the developer/borrower. The advantages of tax-exempt financing to developers include: below-market interest rates and low-income housing tax credits – features that are not available with a conventional multifamily housing mortgage loan.

The 2019 Note operates in a similar manner to tax-exempt multifamily housing bonds. The City Charter provides that the City may issue revenue bonds and execute and deliver revenue notes pursuant to California law. The City is authorized to issue the 2019 Note pursuant to California Health and Safety Code Sections 52075-52098, as amended (the Act), which authorize cities to issue revenue bonds and execute and deliver revenue notes for the purpose of financing the acquisition and construction of multifamily rental housing. Section 52011 of the California Health and Safety Code defines "Bonds" to include notes for purposes of the Act. The 2019 Note uses a portion of the State's annual federal tax-exempt private activity volume cap allocated by CDLAC.

The 2019 Note also allows the Development to qualify for tax credits provided through CTCAC. The 2019 Note is a limited obligation of the City, payable solely from loan repayments by the Borrower and is not secured by the general taxing power of the City or any other asset of the City.

The note financing structure is being utilized because of a ruling of the Office of the Comptroller of the Currency that distinguished loans from bonds for purposes of Community Reinvestment Act credit. For the past several years, banks have been utilizing the note financing approach on the belief that it meets Office of the Comptroller of the Currency's definition of a Community Reinvestment Act loan as well as CDLAC's requirements for tax-exempt financing.

Requirements for Tax-Exemption. For a private activity multifamily housing revenue bond or note to qualify for tax-exemption, federal law requires, among other matters, that one of two restrictions apply: either (1) at least 20% of the units in the housing development must be reserved for occupancy by individuals and families whose income is 50% or less of area median income or (2) at least 40% of the units must be reserved for occupancy by individuals and families whose income is 60% or less of area median income. While this second restriction will be incorporated into the Regulatory Agreement for the 2019 Note, the Development will also be subject to additional restrictions.

Structure of the 2019 Note

Direct Purchase/Funding Structure. The 2019 Note will be structured as a non-rated and non-credit-enhanced obligation that is directly funded and purchased by Union Bank. Pursuant to the City's policies regarding non-credit-enhanced bonds, Union Bank will sign an Investor Letter acknowledging that it is a "qualified institutional buyer" or "accredited investor" that is, a sophisticated investor, as required under the City's Policy for the Issuance of Multifamily Housing Revenue Bonds, who understands and accepts the risks associated with unrated obligations secured solely by the Development rents. If Union Bank wishes to transfer the 2019 Note, the new holder must sign and deliver a similar Investor Letter to the City and Fiscal Agent. The 2019 Note may only be transferred in whole.

Principal Amounts and Terms. Based on current projections, the estimated par of the 2019 Note is $32,207,500. After the Development is constructed and leased up, and conversion to the permanent loan phase occurs (the Conversion Date), the 2019 Note is expected to be paid down to a permanent loan amount that is estimated at $10,065,150. The sources of 2019 Note pay down on the Conversion Date are low income housing tax credit payments and funding from HCD. The Conversion Date is anticipated to occur between 24 to 30 months after 2019 Note closing.

The maturity of the 2019 Note is expected to be approximately 18 years, however, Union Bank will require repayment of the 2019 Note in 15 years after conversion. The 2019 Note will amortize on a 25-year basis.

Interest Rate. During construction, the interest rate on the 2019 Note will be variable and based on one-month LIBOR plus a spread. The interest rate will convert to fixed at permanent based on a LIBOR-based swap rate plus a spread – with the rate set prior to 2019 Note closing. The estimated permanent loan rate is approximately 3.30% in the current market – with the pro forma assuming 3.55%.

Financing Documents

The following is a brief description of the documents the City Council is being asked to approve and authorize its execution. Copies of these documents will be available in the City Clerk's Office on or about November 5, 2019.

Funding Loan Agreement. The Funding Loan Agreement is among the City, Union Bank and U.S. Bank National Association as fiscal agent (the Fiscal Agent). The Funding Loan Agreement will be executed by the Director of Finance, or another authorized officer, on behalf of the City, and attested by the City Clerk. Pursuant to the Funding Loan Agreement, the Fiscal Agent is authorized to receive, hold, invest, and disburse 2019 Note proceeds and other funds established thereunder; to authenticate the 2019 Note; and to apply and disburse payments to the Noteholder. The Funding Loan Agreement allows for the Bank to pursue remedies on behalf of the Noteholder. The Funding Loan Agreement sets forth the guidelines for the administration, investment and treatment of investment earnings generated by each fund and account, and restrictions relating to any subsequent transfer of the 2019 Note. The Loan Agreement (described below) obligates the Borrower to compensate the Fiscal Agent for services rendered under the Funding Loan Agreement.

Loan Agreement. The Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program is among the City, the Bank and the Borrower (the Loan Agreement). The Loan Agreement will be executed by the Director of Finance, or another authorized officer, on behalf of the City. The Loan Agreement provides for the loan of 2019 Note proceeds to the Borrower for the construction of the Development, and for the repayment of such loan by the Borrower. The loan of 2019 Note proceeds will be evidenced by a Borrower note that corresponds to the repayment terms of 2019 Note. The City's rights to receive payments under the 2019 Note will be assigned to the Bank, along with certain other rights under the Loan Agreement and the Borrower note; however, certain reserved rights have been retained by the City, such as the City's right to receive fees and to indemnification.

Regulatory Agreement and Declaration of Restrictive Covenants. The regulatory agreement and declaration of restrictive covenants (the Regulatory Agreement) is between the City and the Borrower. The Regulatory Agreement contains certain covenants and restrictions regarding the Development and its operations intended to assure compliance with the Internal Revenue Code of 1986. The Regulatory Agreement is executed by the Director of Finance and Director of Housing, or other authorized officers, on behalf of the City. The Regulatory Agreement restricts the rental of Development units to low residents for a period of at least 55 years.

Financing Team Participants

The financing team participants for the 2019 Note consists of:

- City's Municipal Advisor: Ross Financial
- Bond Counsel: Quint & Thimmig LLP
- Fiscal Agent: U.S. Bank National Association
- 2019 Note Purchaser: MUFG Union Bank

All costs associated with the Municipal Advisor, Bond Counsel and Fiscal Agent are contingent upon the sale of the 2019 Note and will be paid from 2019 Note proceeds, tax credit equity and/or Borrower funds.

Financing Schedule

The current proposed schedule is as follows:

- Council Approval of 2019 Note/Note Documents December 3, 2019
- Pre-Close 2019 Note December 16, 2019
- Close 2019 Note December 18, 2019
- CDLAC Deadline for 2019 Note Closing January 27, 2020

City Subordinate Financing

The City has agreed to lend up to $9,543,469 during the construction period and up to $9,984,212 during the permanent period after construction and lease up. As authorized by the recommended actions and under her Delegation of Authority, the Director of Housing will negotiate City Loan documents to include the following terms:

- Interest Rate: The fixed interest rate on the City Loan will be 3%.

- Loan Term: the construction loan term will be 30 months with one potential six month extension; the permanent loan term will be 55 years from the completion of the Development.
- Deferred Developer Fee: The capitalized portion of the Developer Fee is $2,500,000, however a portion of the capitalized developer fee will be deferred to the permanent period pursuant to HCD regulations, and repaid from the Developer's share of new cash flow. While the deferred portion of the capitalized developer fee is being repaid, the County and the City have agreed to provide a portion of their shares of net cash flow to the Borrower (up to 12.5% each) toward the repayment of that fee.
- Residual Receipts: (a) 50% of the Development's net cash flow will be allocated among the City, County and HCD and (b) 50% to the Borrower until the deferred portion of the capitalized developer fee is paid in full. After the deferred portion of the capitalized developer fee is repaid, the net cash flow will be shared 25% each by the City, County, HCD and Borrower – subject to consent of HCD.
- Affordability Restrictions: The City will require that 47 units be restricted to households with incomes that do not exceed 30% AMI and 23 units be restricted to households with incomes that do not exceed 60% AMI, subject to further income restrictions with respect to the 32 project-based Section 8 units to be funded by the County. The City will not subordinate these restrictions to the senior lender.
- "Float Up": Development rents and income restrictions are subject to increase (but not more than 60% AMI) for new tenants in the event termination or expiration of subsidy contracts, and for all tenants in the event of foreclosure, to the extent the City has determined the increase is needed to ensure the Development's continued financial feasibility.
- Prevailing Wage: The City's Prevailing Wage policy will apply.

The Senior Lender recently required the resolution be modified to provide that after foreclosure, an increase in the Development's rents and income of the affordable units, be allowed to float up to 60% AMI (Low Income) and apply to all tenants, rather than just new tenants.

Given that foreclosure of affordable housing is a rare occurrence and the senior position of the City Affordability Restriction ensures that the property will remain affordable to low income households in the event of a foreclosure, this requirement can be accommodated.

Variances from the City's Underwriting Guidelines

Project Cost Savings: Under the City's current Underwriting Guidelines, project cost savings, if any, are used to reduce the balance of the City loan. City staff has agreed to split these savings with the County, since the County is also making a construction loan for the Development.

City Issuance and Monitoring Fees

The City's Policy for Issuance of Multifamily Housing Revenue Bonds requires that the issuance fee and annual monitoring fee be calculated as follows:

Issuance Fee is an amount equal to the sum of (a) 0.50% of the first $10,000,000 issued and (b) 0.25% of the remaining par issued.

Annual Fee, applicable to nonprofit borrowers, is an amount equal to 0.125% of the par issued through completion of construction, declining to 0.125% of initial par at permanent for the term of the regulatory period.

Based on a Note par of $32,207,500 at issuance and $10,065,150 at permanent, the City's Policy would require an issuance fee of $105,519 and an annual monitoring fee of $40,259 during the construction and lease up period and $12,581 during the permanent period. The Borrower is obligated to pay the City's annual fee throughout the 55-year Regulatory Agreement term; if the 2019 Note matures or is redeemed prior to maturity, the City has the option to require the Borrower to prepay the annual fee due for the remainder of the Regulatory Agreement term.

CONCLUSION

The recommended actions will enable the issuance of a multifamily housing revenue note for the purpose of financing a portion of the costs to construct the Development with apartments restricted to low and extremely low income households, and remaining affordable for a period of at least 55 years following completion.

The Development will serve residents with current maximum annual incomes between 25% and 60% of area median income (AMI) as adjusted for family size in accordance with the procedures set forth in the table contained in 25 Cal. Code Regulation 6932, as may be amended from time to time. Twenty-eight of the units will be set-aside for formerly homeless individuals and households (permanent supportive housing).

Approval of the recommendation action will also allow the City Loan for the Development to provide for an increase in rents and income restrictions (but not more than 60% AMI) in the event of foreclosure or expiration of subsidy contracts, if needed to ensure the continued financial feasibility of the Development.

EVALUATION AND FOLLOW-UP

This Memorandum presents the set of recommendations related to the City Council's approval of the issuance of the 2019 Note and requires no follow-up to the City Council. Once the 2019 Note closes, anticipated in early December 2019, and the construction of the Development commences, the Housing Department will provide updates in its Quarterly Construction Reports posted at www.sjhousing.org under "Reports & Data."

CLIMATE SMART SAN JOSE

The recommendation in this memo aligns with one or more of Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

The method of notifying the community of the City's intent to issue the tax-exempt private activity Bonds is the Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing. The TEFRA Hearing was held on May 6, 2019 before the Director of Finance. The public hearing notice for this hearing was published in the *San José Post - Record* on April 18, 2019. There were no public comments made at the TEFRA hearing.

This Memorandum and the 2019 Note Documents will be posted on the City's website for the December 3, 2019 meeting.

COORDINATION

This report has been prepared by the Finance Department and the Housing Department in coordination with the City Attorney's Office and the Budget Office.

COMMISSION RECOMMENDATION / INPUT

This item was not heard by the Housing and Community Development Commission, as approvals of affordable development financing do not fall under the functions, powers and duties of the Commission delineated in Section 2.08.2840 of the San José Municipal Code.

FISCAL/POLICY ALIGNMENT

This action is consistent with the City's *Consolidated Plan 2015-2020,* adopted by City Council on May 5, 2015, to provide homes for very low- and extremely low-income households; and with Goal H-2 of the City's *Housing Element 2014-2023,* adopted by City Council on January 27, 2015, to "increase, preserve, and improve San José's affordable housing stock."

COST SUMMARY/IMPLICATIONS

The Borrower will pay all issuance costs from proceeds of 2019 Note, tax credit equity and/or Borrower funds. The 2019 Note will not be paid from, nor secured by, the general taxing power of the City or any other City asset.

The City is expected to receive $105,519 as one-time revenue from the issuance fee, and an annual monitoring fee of $40,259 during construction and $12,581 following construction and lease-up. All issuance costs will be paid from proceeds of 2019 Note, tax credit equity and/or Borrower funds.

Funding in the amount of $9,984,212 has been previously appropriated in the Low and Moderate Income Housing Asset fund for predevelopment activities and a Construction-Permanent Loan. There is no fiscal impact to the General Fund as a result of this action.

CEQA

Categorically Exempt, CEQA Guideline Section 15332, In-fill Development Projects, File No. CP17-009.

/s/	/s/
JULIA H. COOPER	JACKY MORALES-FERRAND
Director of Finance	Director, Housing Department

For questions, please contact Lisa Taitano, Assistant Director of Finance, at (408) 535-7041.

Attachment A: Site Map

ATTACHMENT A – SITE MAP

1695 Alum Rock Avenue, San Jose, CA