



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Erik L. Soliván

SUBJECT: See Below

DATE: September 29, 2025

Approved

Date:

10/3/2025

COUNCIL DISTRICT: Citywide

SUBJECT: Actions Related to the Agreement with the County of Santa Clara
Office of Supportive Housing for a Homebuyer Down Payment
Assistance Program

RECOMMENDATION

Adopt a resolution authorizing the Director of Housing, or his designee, to:

- (a) Negotiate and execute an Agreement with the County of Santa Clara Office of Supportive Housing, in an amount not to exceed \$9,000,000, using the CalHome (Building Equity and Growth in Neighborhoods) Program funds, to implement a Homebuyer Down Payment Assistance Program for San José low- to moderate-income households at the following developments:
 - (1) Up to \$4,000,000 for East Santa Clara Townhomes developed by the Core Companies, or an affiliated entity, located at 675 East Santa Clara Street; and
 - (2) Up to \$5,000,000 for Branham Lane Homes developed by Charities Housing, or an affiliated entity, located at the Branham VTA Station.
- (b) Negotiate and execute any and all agreements, including amendments and related documents, in connection with the Homebuyer Down Payment Assistance Program.

SUMMARY AND OUTCOME

The Housing Department recommends authorizing the Director of Housing, or his designee, to negotiate and execute an Agreement with the County of Santa Clara (County) Office of Supportive Housing, in an amount not to exceed \$9,000,000, to fund down payment assistance for homebuyers at the East Santa Clara Townhomes and

Branham Station Homes. This action reinforces the City of San José's (City) ongoing commitment to investing in opportunities for extremely low- to moderate-income households to build generational wealth through home ownership.

BACKGROUND

With median sales prices of \$1.74 million for detached single-family homes and \$850,250 for townhomes in the second quarter of 2025,¹ homeownership has been out of reach for a substantial proportion of San José households for the past six quarters per the Housing Department quarterly Housing Market Report.² In 2025, the average annual income required to purchase a home in San José, while spending no more than 30% of income towards monthly housing expenses, was \$408,557.³ The City's 2023-2031 Housing Element includes work item S-34: *Economic Opportunity Strategies*, which supports the development of strategies to establish and increase economic opportunities for self-sufficiency for households and communities. The proposed Homebuyer Downpayment Assistance Program will help advance this goal.

On November 2, 2009, the California Department of Housing and Community Development entered into Building Equity and Growth in Neighborhoods (BEGIN) program, funding agreements with the City's Housing Department totaling approximately \$9,710,000. The BEGIN funds were used to finance affordable homeownership projects and provide down payment assistance for extremely low- to moderate-income households. Through this initial funding, the City provided subordinate down payment assistance loans to 360 households. Loan repayments from this portfolio have reached \$9,000,000 and must continue to be used for down payment assistance under BEGIN program regulations.

ANALYSIS

Potential Developments Funded Through Agreement

Currently, there are two 100% affordable for-sale developments proposed within San José with funding from the County. The proposed Agreement will fund both of these

¹ Santa Clara County Association of Realtors: <https://www.sccaor.com/wp-content/uploads/2025/08/2Q-2025.pdf>

² City of San José Housing Department: Housing Market Quarterly Reports: [Housing Market | City of San José](#)

³ KTVU " Homebuyers need to make more than \$400K in this Bay Area region to afford the 'typical' home, analysis finds": <https://www.ktvu.com/news/homebuyers-need-make-more-than-400k-bay-area-region-afford-typical-home-analysis-found>

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projects. On May 20, 2025,⁴ the County committed \$13,000,000 to Core Companies for the proposed development of 36 townhomes on County-owned land located at 675 East Santa Clara Street. The development will offer 30 three-bedroom units and six four-bedroom units for low-income households earning up to 60% of area median income to moderate-income households earning up to 140% of area median income. In fall 2025, the County intends to bring to its Board of Supervisors a Charities Housing proposal to develop 45 townhomes to be built on Valley Transportation Authority-owned land at the Branham Station. The development will provide 31 three-bedroom units and 14 four-bedroom units for extremely low-income households earning up to 30% of area median income to moderate-income households earning up to 120% of the area median income. Table 1 provides details on the City and County proposed financing for these developments:

Table 1: Homebuyer Public Funding

Development Name	City Contribution	County Contribution*	Total Local Subsidy
East Santa Clara Townhomes	\$4,000,000	\$13,000,000	\$17,000,000
Branham Station Homes	\$5,000,000	\$2,565,000	\$7,565,000
Total	\$9,000,000	\$15,565,000	\$24,565,000

* County contributions to the two developments may be adjusted; however, the County is committed to a total of \$15,565,000 in funding between the developments.

City funds under the proposed Agreement will not be used for construction of these projects. Instead, City resources will be limited to providing downpayment assistance to qualified first-time homebuyers purchasing the affordable townhomes. Each homebuyer will own their home, subject to a resale restriction, and a homeowner's association will own and manage the common areas of the developments. Each townhome will be sold to an eligible homebuyer at an affordable price.

Structure of the Homebuyer Downpayment Assistance Program Agreement

The County will record regulatory agreements, naming the City as a third-party beneficiary, and ensure ongoing affordability, income verification, and compliance monitoring for at least 30 years. City-allocated funds must be used within three years of project approval or returned for reallocation. The County will manage compliance and require annual homeowner verification of occupancy and insurance. The County will provide the City with annual compliance reports and transfer any loan repayments

⁴ Santa Clara County Board of Supervisors Fiscal/Budget Item 124474:

https://sccgov.igm2.com/Citizens/Detail_LegiFile.aspx?Frame=&MeetingID=16801&MediaPosition=10083.743&ID=124474&CssClass=

within 60 days of receipt. BEGIN program rules require owner occupancy, repayment upon vacancy, and allow loan transfers to qualified buyers after five years, with limited exceptions for family or marital transfers.

Staff will also confirm that in alignment with BEGIN regulations, no individual homebuyer will receive more than 20% of the total sales price in downpayment assistance. The City does not currently operate a single-family homebuyer program. Therefore, the department is leveraging the County's program administration and subsidy fund for these developments.

EVALUATION AND FOLLOW-UP

If approved, the Director of Housing, or his designee, will negotiate and execute an Agreement with the County to provide \$9,000,000 to jointly fund the development and down payment assistance of 81 homes, including term and primary investment provisions. The Housing Department's Asset Management team will oversee program implementation and track key performance metrics, including the number of households served, the effectiveness of the program, loan repayments, and overall program outcomes. The City as the grant recipient of the BEGIN funds will continue to submit any required reporting to the State of California.

COST SUMMARY/IMPLICATIONS

The funds will come from the Multi-Source Housing Fund and will be paid back to the City within 60 days of the County's receipt of funds at the time of loan payoff or maturity. \$9,000,000 is available in the Multi-Source Housing Fund from loan repayments that the City provided to 360 households for subordinate down payment assistance. This funding must continue to be used for down payment assistance under BEGIN program regulations.

BUDGET REFERENCE

The following table identifies the funds and appropriations proposed to fund the grant agreements recommended as part of this memorandum.

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Fund #	Appn. #	Appropriation Name	Total Appropriation	Rec. Budget Action	Amount for Contract	2025-2026 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No)
448	3312	CalHome (BEGIN) Program	\$9,239,579	\$0	\$9,000,000	N/A	06/17/25 31230

**The 2025-2026 Adopted Operating Budget was approved on June 10, 2025 and adopted on June 17, 2025 by the City Council*

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the October 21, 2025 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment; and the projects are Exempt per Public Resources Code Section 21080(b)(1) and CEQA Guidelines Section 15369, Ministerial Project pursuant to Government Code Section 65913.4, File No. ER20-109.

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PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/
ERIK L. SOLIVÁN
Director, Housing Department

For questions, please contact Banu San, Deputy Director, Housing Department at Banu.San@sanjoseca.gov.