



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Maria Öberg
Erik L. Soliván

SUBJECT: See Below

DATE: April 6, 2026

Approved

Date:

4/14/2026

COUNCIL DISTRICT: Citywide

SUBJECT: Amendments to City Council Policy 1-16, Policy for the Issuance of Multifamily Housing Revenue Bonds

RECOMMENDATION

Adopt a resolution amending City Council Policy 1-16, Policy for the Issuance of Multifamily Housing Revenue Bonds.

SUMMARY AND OUTCOME

The proposed policy revisions will streamline and modernize City Council Policy 1-16, Policy for the Issuance of Multifamily Housing Revenue Bonds (Policy), to reduce administrative burden for affordable housing developers and improve staff's ability to efficiently process bond transactions while maintaining compliance with applicable federal and state requirements.

BACKGROUND

The City Council adopted the Policy in 2002 to facilitate the development of affordable housing in the City of San José (City) and to address bond financing-related matters, including permitted issuers, the City's financing process, City fees, credit considerations, and refunding or restructuring of outstanding bonds. On April 29, 2025, City Council approved amendments to the Policy and directed staff to return with a more comprehensive review to ensure it reflects current industry practices and the City's affordable housing production goals.

In response to City Council direction, staff conducted a comprehensive evaluation of the existing bond policy, including a review of procedural requirements, market standards,

and internal administrative processes. This assessment identified opportunities to simplify policy language, eliminate duplicative or outdated provisions, consolidate procedural requirements, and provide clearer authority for staff to administer the program efficiently. The resulting amendments are intended to modernize the Policy, improve clarity for developers, and allow staff to more effectively support time-sensitive affordable housing developments while maintaining appropriate oversight and compliance protections.

ANALYSIS

The proposed amendments are designed to improve clarity, streamline the bond issuance process, and enhance staff flexibility while maintaining appropriate financial and compliance safeguards. Key updates are summarized below.

Streamlined Structure and Modernized Organization

The amended Policy consolidates and reorganizes content to improve readability and provide clarity. Procedural steps will be shifted into an administrative procedures document, allowing staff to make process-based updates more quickly and ensuring the program can adapt efficiently in a fast-changing housing investment environment.

Reduced Barriers for Affordable Housing Developers

The updated Policy clarifies readiness requirements, the selection process for the financing team, and the treatment of private placements and alternative financing structures. These revisions are intended to create greater consistency and remove unnecessary administrative barriers, benefitting affordable housing developments with competitive funding deadlines.

Updated Eligibility, Prioritization, and Compliance Requirements

The amendments modernize development eligibility standards, clarify the permitted uses of bond proceeds, and update prioritization criteria to align with the City's affordable housing goals, including developments that leverage substantial non-City subsidy, preservation of at-risk affordable units, and permanent supportive housing. Compliance requirements are updated to preserve the City's oversight role, while not creating undue administrative burden.

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EVALUATION AND FOLLOW-UP

If approved, staff will update all internal procedures, forms, and timelines to conform to the amended Policy. Additionally, Finance and Housing Department staff will continue to review the Policy periodically to ensure consistency with the City's debt management objectives and industry standards relating to the issuance of multifamily housing revenue bonds, and to maintain compliance with federal and state regulatory requirements.

Staff from the Finance and Housing Departments will be available to answer questions about the Policy at the City Council meeting on April 28, 2026.

COORDINATION

This memorandum has been prepared in coordination with the City Attorney's Office and the City Manager's Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City Council Agenda website for the April 28, 2026 City Council meeting.

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

No board, commission, or committee recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-008, General Procedure and Policy Making resulting in no changes to the physical environment.

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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.



Maria Öberg

Director, Finance Department

/s/

Erik L. Soliván

Director, Housing Department

For questions, please contact Qianyu Sun, Deputy Director of Finance – Debt and Treasury Management, at qianyu.sun@sanjoseca.gov or Banu San, Deputy Director, Housing Department, at banu.san@sanjoseca.gov or.