



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Maria Öberg  
Erik L. Soliván

**SUBJECT:** See Below

**DATE:** March 23, 2026

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Approved *[Signature]* Date: 4/2/26

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**COUNCIL DISTRICT: 4**

**SUBJECT: Approval of the Issuance of Tax-Exempt Multifamily Housing Revenue Bonds and the Loan of the Proceeds thereof for the Financing of Berryessa TOD, an Affordable Housing Project, and Related Documents**

**RECOMMENDATION**

Adopt a resolution:

- a) Authorizing the issuance of tax-exempt multifamily housing revenue bonds designated as “City of San José Multifamily Housing Revenue Bonds (Berryessa TOD), Series 2026A” (the 2026A Bonds) in an aggregate principal amount not to exceed \$82,584,672;
- b) Approving the loan of the bond proceeds to Berryessa Affordable Housing, L.P., in order to finance the construction and development of a 195-unit multifamily development currently known as Berryessa TOD, located at 1565 Mabury Road;
- c) Approving substantially final forms of the Transaction Documents (as defined herein);
- d) Authorizing and directing the City Manager, Director of Housing, Director of Finance, Assistant Director of Finance, Deputy Director of Finance – Debt and Treasury Management or their designees, to negotiate, execute and deliver the Transaction Documents together with any and all documents necessary to execute and deliver the Bonds, complete the transaction and implement this Resolution, and ratifying and approving any action heretofore taken in connection with the 2026A Bonds; and
- e) Authorizing the loan terms to allow an increase in the rents and income restrictions up to 60% of Area Median Income for new tenants in Project-Based Voucher subsidized apartments in the event of expiration or termination of

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Project-Based Vouchers and for all tenants in the event of foreclosure, to the extent the City has determined such increase is needed for the feasibility of the above development and allowed by other funds.

## **SUMMARY AND OUTCOME**

In accordance with the City Council Policy 1-16, Policy for Issuance of Multifamily Housing Revenue Bonds,<sup>1</sup> Affirmed Housing Group, Inc., a Delaware corporation doing business in California as Affirmed Housing Partners, has requested that the City issue a tax-exempt multifamily housing revenue bond designated as “City of San José Multifamily Housing Revenue Bonds (Berryessa TOD), Series 2026A” (the 2026A Bonds) in an amount not to exceed \$82,584,672.

The 2026A Bonds will be sold to the public through Lument Securities, LLC, the underwriter (Underwriter).

Approval of the recommended actions will enable the issuance of the 2026A Bonds to finance a portion of the costs to acquire, construct, and develop Berryessa TOD (the Development) located at 1565 Mabury Road, a 195-unit affordable housing project (including two units serving as unrestricted manager’s units and 193 units restricted to lower income households<sup>2</sup>) which will remain affordable for a period of at least 55 years from the completion of construction. Berryessa TOD will be subject to affordability restrictions imposed by the California Tax Credit Allocation Committee as well as the City of San José.

The proceeds of the 2026A Bonds will be loaned to Berryessa Affordable Housing, LP, a California limited partnership (Borrower) and an entity formed by Affirmed Housing Group, Inc.

The 2026A Bonds are limited obligations of the City, payable solely from loan payments by the Borrower, and are not secured by the general taxing power of the City nor any other asset of the City.

In the event of foreclosure or loss of Project-Based Vouchers, approval of staff’s recommended action will also allow the Development to increase rents and income restrictions but not to exceed 30% of 60% of the area median income (AMI) to ensure the continued financial feasibility of the Development. Both increases will apply to new

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<sup>1</sup> [City Council Policy \(#1-16\) for the Issuance of Multifamily Housing Revenue Bonds: https://www.sanjoseca.gov/home/showpublisheddocument/12097/636918784470730000](https://www.sanjoseca.gov/home/showpublisheddocument/12097/636918784470730000)

<sup>2</sup> Lower-income households as defined in accordance with the California Health and Safety Code section 50093.

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tenants in Project-Based Vouchers-subsidized units in the event of expiration or termination of subsidy contracts, and for all tenants in the event of foreclosure.

**BACKGROUND**

***Borrower***

The Borrower is a California limited partnership formed by Affirmed Housing Group, Inc., a Delaware corporation doing business in California as Affirmed Housing Partners. Berryessa Affordable Housing, LP’s organization chart includes AHG Berryessa, LLC, a California limited liability company, as the administrative general partner, CFAH Housing, LLC, as the managing general partner, and Boston Financial Investment Management, L.P. (or an entity formed by it) as the Investor Limited Partner.

Affirmed Housing Group, Inc. requested that the City issue the 2026A Bonds and loan the bond proceeds to the Borrower for the purpose of financing Berryessa TOD. The 2026A Bonds will be subject to the state’s annual federal tax-exempt private activity bond volume cap allocated by the California Debt Limit Allocation Committee (CDLAC).

***Berryessa TOD Overview***

The Borrower proposes to develop, own, and manage Berryessa TOD, which consists of a ten-story development with 193 rent-restricted affordable studios, one-, two-, and three-bedroom units, and two unrestricted manager’s units on an approximately 0.79-acre site owned by the Santa Clara Valley Transportation Authority and to be leased to the Borrower.

The rent limits and maximum incomes for this development are listed in **Table 1**.

**Table 1 – Berryessa TOD’s Rent Limits and Maximum Income**

UNIT SIZE	30% AMI			50% AMI			60% AMI			MGR UNIT	TOTAL
	Units	Max Income *	Rent Limits	Units	Max Income *	Rent Limits	Units	Max Income*	Rent Limits		
Studio	1	\$40,995	\$1,024	44	\$68,325	\$1,708	0	\$81,900	\$2,049	0	45
1-BD	25	\$43,920	\$1,098	18	\$73,200	\$1,830	0	\$87,840	\$2,196	0	43
2-BD	14	\$52,710	\$1,317	1	\$87,850	\$2,196	38	\$105,420	\$2,635	1	54
3-BD	10	\$60,900	\$1,522	29	\$101,500	\$2,537	13	\$121,800	\$3,045	1	53
<b>Total</b>	<b>50</b>			<b>92</b>			<b>51</b>			<b>2</b>	<b>195</b>

\*Maximum rent and income limits are based on California Tax Credit Allocation Committee occupancy guidelines of 1.5 persons per bedroom.

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The Berryessa TOD development will be subject to low-income housing tax credit restrictions. The low-income housing tax credits, awarded by the California Tax Credit Allocation Committee, will be sold to private investors to generate tax credit equity, thereby reducing the amount of debt required and helping to maintain long-term affordability for low-income households. The Borrower has secured 49 Project-Based Vouchers to support the extremely low-income units with households earning less than 30% AMI. **Table 2** below shows the details of the Development's Project-Based Voucher supported unit mix.

**Table 2 – Berryessa TOD's Rent Limits and Maximum Income**

<b>UNIT SIZE</b>	<b>Permanent Supportive Housing Project-Based Vouchers – 30% AMI</b>
<b>Studio</b>	0
<b>1-BD</b>	25
<b>2-BD</b>	14
<b>3-BD</b>	10
<b>Total</b>	49

The Development is to be funded by the 2026A Bond proceeds, tax credit equity, loans from state and local agencies, and other contributions. The financing timeline of this project is provided as Attachment A – Key Financing Dates.

**Construction Schedule**

Construction is expected to commence in May 2026, immediately upon the issuance of the 2026A Bonds and funding of the tax credit equity portion, and be completed by July 2028, 26 months after the bond issuance.

**City Loan for the Berryessa TOD Development**

On May 13, 2025<sup>3</sup>, the City Council approved a construction-permanent loan to the Borrower for eligible development costs of up to \$9,898,877 (the City Loan). The source of funding for the City Loan was the Low and Moderate-Income Housing Asset Fund.

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<sup>3</sup> File: 25-499, Item #: 8.4, Meeting Date: May 13, 2025, Item Title: Actions Related To Loan Commitment for a New Affordable Rental Housing Development – Berryessa Station at 1565 Mabury Road, Web Link: <https://sanjose.legistar.com/View.ashx?M=F&ID=14145281&GUID=B0412CD1-BD56-4DFD-9389-664874288AFC>

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***City as Issuer of Multifamily Housing Bonds***

In accordance with the City Council Policy 1-16 ), the City may issue tax-exempt multifamily housing revenue obligations in connection with the financing or refinancing of qualifying affordable rental housing projects within the City.

***Sources of Berryessa TOD Funding***

The 2026A Bonds will fund a portion of the total development costs, which are currently estimated at \$174,399,479. Based on the Borrower's proforma<sup>4</sup> dated February 11, 2026 during the construction period, the 2026A Bonds will be issued in a principal amount not to exceed \$82,584,672.

The estimated sources and uses of funding for the Development's construction and permanent phases are provided in Attachment B – Sources and Uses to this memorandum.

**ANALYSIS**

***Overview of the Multifamily Housing Revenue Bond Financing***

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

The City Charter allows the City to issue, execute, and deliver revenue bonds pursuant to the California Health and Safety Code Sections 52011 and 52075-52098. In accordance with this, the City is authorized to issue the 2026A Bonds for the purpose of financing the acquisition and construction of multifamily rental housing. The 2026A Bonds are subject to the state's annual federal tax-exempt private activity bond volume cap allocated by the CDLAC.

The 2026A Bonds are limited obligations of the City, payable solely by the Borrower, and are not secured by the general taxing power of the City nor any other asset of the City.

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<sup>4</sup> Proformas are financial projections used to evaluate a project's expected costs, revenues, and financial feasibility.

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**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:

- 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 the 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 the area median income.

While this restriction will be incorporated into the Regulatory Agreement for the 2026A Bonds, Berryessa TOD will also be subject to additional affordability restrictions, including those imposed by CDLAC, the County of Santa Clara Office of Supportive Housing, the State Housing and Community Development Department, and the City, in accordance with the City's Affordability Restriction Agreement.

***Structure of the 2026A Bonds***

The 2026A Bonds will be sold to the public by the Underwriter in a single series with a final maturity of May 1, 2066. The Bonds are anticipated to be rated "Aa1" by Moody's while publicly held.

The proceeds of the 2026A Bonds will be deposited into the 2026A Bond Proceeds Account, held by the Trustee under the Indenture (the Bond Proceeds Account). Simultaneously with the issuance of the 2026A Bonds, Deutsche Bank AG, New York Branch (DB), will make a direct taxable construction loan to the Borrower (the DB Construction Loan). As amounts in the 2026A Bond Proceeds Account are disbursed to pay eligible project costs, a like amount of proceeds of the DB Construction Loan will be drawn and deposited into the 2026A collateral account held by the Trustee under the Indenture (the Collateral Account). Until conversion to permanent financing (Conversion), the 2026A Bonds will be cash-collateralized by amounts in the Bond Proceeds Account and Collateral Account.

The 2026A Bonds are subject to mandatory tender<sup>5</sup> under the Indenture, and the mandatory tender date will be specified in the Official Statement (the Mandatory Tender Date). The 2026A Bonds will be redeemed in full on the Mandatory Tender Date, with funds on deposit in the Collateral Account.

Deutsche Bank Securities Inc. (DB Securities) has agreed to a Permanent Loan Forward Commitment, to facilitate the financing of the project during the permanent phase. Following the mandatory tender, the Bonds will be removed from the book-entry

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<sup>5</sup> Refers to a specific date on which bondholders are required to submit (or "tender") their bonds for repurchase.

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system and converted to a tax-exempt Government Note of the City (the 2026A Note) in an estimated amount of \$41,664,056. At that time, the interest rate on the 2026 Note will convert to a fixed tax-exempt permanent loan rate.

At conversion, which is expected to be May 1, 2029, the Construction Loan will be repaid in full from the proceeds of the Permanent Loan as described above and other sources (e.g., tax credit equity). In the event conversion occurs after May 1, 2029, DB Securities will make a second tax-exempt, Secured Overnight Financing Rate based variable rate loan in an amount equal to the difference between the Permanent Loan and the original par of the Bonds. That loan will be used to pay down the Construction Loan. The portion of the Construction Loan not repaid from the Permanent Loan and the second tax-exempt loan will remain outstanding until all conditions to conversion are satisfied.

**Principal Amounts and Terms**

Based on current projections, the estimated principal amount of the 2026A Bonds will be \$82,584,672.

The Series 2026A Bonds are expected to convert from construction to permanent loan phase on or prior to May 1, 2029, subject to two six-month extensions. The mandatory tender date for the 2026A Bonds is expected to be May 1, 2029.

**Interest Rate**

The 2026A Bonds will be sold to the public by the Underwriter to achieve the lowest interest rates at the time of sale. The 2026A Bonds will be fixed-rate with semi-annual payments through the Mandatory Tender Date. As of the third week of March 2026, the estimated rate of the Series 2026A Bonds is 2.92% per annum during the three-year construction period and 6.34% per annum through end of the permanent loan period.

**Financing Documents**

The following is a brief description of the Trust Indenture, the Loan Agreement, Regulatory Agreement, and Declaration of Restrictive Covenants, Bond Purchase Agreement, Preliminary Official Statement, Funding Loan Agreement, and Borrower Loan Agreement (collectively, the Transaction Documents). The staff recommendation requests that the City Council approve and authorize the execution of these documents. Copies of these documents will be posted on the City's Council Agenda website in advance of the April 14, 2026 meeting.

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*Trust Indenture*

The 2026A Bonds will be issued under a Trust Indenture (the Indenture) between the City (the Issuer) and UMB Bank, N.A., as trustee (the Trustee). The Indenture will be executed by the Director of Finance or another authorized officer, on behalf of the Issuer. Pursuant to the Indenture, the Trustee is authorized to receive, hold, invest, and disburse 2026A Bonds proceeds and other funds established thereunder; to authenticate the 2026A Bonds; to apply and disburse payments to the bondholder(s); and to pursue remedies on behalf of the bondholder(s). The Loan Agreement (described below) obligates the Borrower to compensate the Trustee for services rendered under the Indenture.

The Indenture includes two attachments: a Funding Loan Agreement (the Funding Loan Agreement) among the City, DB Securities, and UMB Bank, N.A., as Fiscal Agent (the Fiscal Agent) and a Borrower Loan Agreement (the Borrower Loan Agreement) among the City, the Borrower, and the Fiscal Agent. After conversion, these documents (described herein) will replace the Indenture and Loan Agreement.

*Loan Agreement*

The Loan Agreement is between the Issuer and the Borrower, corresponding to the Indenture, and executed by the Director of Finance or another authorized officer on behalf of the Issuer. The Loan Agreement provides for the loan of 2026A Bond proceeds to the Borrower for the construction of Berryessa TOD and for the repayment of such loan by the Borrower. The loan of 2026A Bonds proceeds will be evidenced by a promissory note that corresponds to the repayment terms of the 2026A Bond. The Issuer's rights to receive payments under the 2026A Bonds will be assigned to the Trustee, along with certain other rights under the Indenture; however, certain reserved rights have been retained by the Issuer, such as the Issuer's right to receive fees, notices, and indemnification.

*Regulatory Agreement and Declaration of Restrictive Covenants*

The Regulatory Agreement and Declaration of Restrictive Covenants (the Regulatory Agreement) is between the Issuer and the Borrower. The Regulatory Agreement contains certain covenants and restrictions regarding the Berryessa TOD and its operations, intended to ensure compliance with the Internal Revenue Code of 1986 and applicable state law. The Regulatory Agreement is executed by the Director of Finance and the Director of Housing, or other authorized officers, on behalf of the Issuer. The Regulatory Agreement encumbers Berryessa TOD for a period of at least 55 years after 50% of the units in Berryessa TOD are first occupied.

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### *Bond Purchase Agreement*

The Bond Purchase Agreement is among the Issuer, the Underwriter, and the Borrower. The Bond Purchase Agreement describes the principal amount(s), the underwriter's fee, and the coupon(s) and yield(s) of the proposed 2026A Bonds, all of which will be determined at the time of the bond sale. All these factors will be finalized at the time of bond sale and will determine the cost of borrowing, subject to the limitations of the proposed resolution.

### *Preliminary Official Statement*

The Preliminary Official Statement is an informational disclosure document released prior to the sale of the 2026A Bonds and is followed by a final Official Statement after pricing the 2026A Bonds and prior to closing. The Preliminary Official Statement describes the 2026A Bonds, their security and sources for payment, associated risk factors, and other pertinent financial matters. The final Official Statement will be substantially in the form of the Preliminary Official Statement and is to be updated with information that is market dependent, such as the final principal amount of the 2026A Bonds, the interest rate(s) on each maturity, the offering price, the redemption provisions, and delivery date(s).

The distribution of the Preliminary Official Statement and the final Official Statement is subject to the federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the Preliminary Official Statement to include all facts that would be material to an investor in the 2026A Bonds. Information is material if there is a substantial likelihood that the information would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell securities. The Securities and Exchange Commission (SEC), the agency with regulatory authority over compliance with the federal securities laws, has indicated that if a member of a legislative body, like the City Council, has knowledge of any facts or circumstances that an investor would want to know prior to investing in securities, like the 2026A Bonds, whether relating to their repayment, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the Preliminary Official Statement. The steps that a member of the legislative body could take to fulfill this obligation include becoming familiar with the Preliminary Official Statement and questioning staff and other members of the financing team about the disclosure of such facts.

### *Funding Loan Agreement*

The Funding Loan Agreement is among the City, DB Securities, as funding lender, and the 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. Pursuant to

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the Funding Loan Agreement, the Fiscal Agent is authorized to apply and disburse payments to the 2026A noteholder (the 2026A Noteholder). The Funding Loan Agreement includes events of default and allows DB Securities to pursue remedies on behalf of itself as the 2026A 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 2026A Note. The Borrower Loan Agreement (described below) obligates the Borrower to compensate the Fiscal Agent for services rendered under the Funding Loan Agreement.

**Borrower Loan Agreement**

The Borrower Loan Agreement is between the City and the Borrower. The Borrower Loan Agreement will be executed by the Director of Finance or another authorized officer, on behalf of the City. The Borrower Loan Agreement provides for the repayment of the 2026A Notes by the Borrower. The Borrower's obligation to repay the 2026A Note will be evidenced by a promissory note (the Borrower Note). The City's rights to receive payments under the Borrower Note will be assigned to DB Securities, along with certain other rights under the Borrower Loan Agreement; however, certain reserved rights have been retained by the City, such as the City's right to receive fees, notices, and indemnification.

***Restriction After Foreclosure or Loss of Subsidy***

As part of their underwriting, the Construction Loan and Permanent Loan lenders as well as other lenders financing development of this project have requested the increase in rents in the event of foreclosure or loss of Project Based Vouchers, approval of staff's recommended action will also allow the development to increase rents and income restrictions but not to exceed 30% of 60% of area median income (AMI) to ensure the continued financial feasibility of the development. Both increases will apply to new tenants in Project-Based Vouchers-subsidized units in the event of expiration or termination of subsidy contracts, and for all tenants in the event of foreclosure. Without this approval, the other lenders making this request will not be able to underwrite their respective construction and permanent financing for the development.

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### ***Financing Team Participants***

The financing team participants for the 2026A Bonds consist of:

- **City's Municipal Advisor:** Ross Financial
- **Bond Counsel:** Hawkins, Delafield & Wood LLP
- **Trustee/Fiscal Agent:** UMB Bank, N.A.
- **Taxable Lender:** Deutsche Bank AG, New York Branch
- **Underwriter:** Lument Securities, LLC

Payment of all costs associated with the City's Municipal Advisor, Bond Counsel, Trustee, and Underwriter is contingent upon the sale of the 2026A Bonds and will be paid from 2026A Bonds proceeds, tax credit equity, and/or Borrower funds.

### ***Financing Schedule***

The current proposed schedule is as follows:

- Council Approval of 2026A Bond Documents April 14, 2026
- Bond Pricing (tentative) April 21, 2026
- Bond Closing (tentative) April 30, 2026
- CDLAC Deadline for 2026A Bond Closing May 15, 2026

### ***Public Disclosure Report Relating to Conduit Revenue Obligations***

The Borrower has prepared the attached public disclosure report pursuant to California Government Code Section 5852.1, which is provided as Attachment C – Public Disclosure Report to this memorandum, providing good faith estimates of certain costs associated with the issuance of the 2026A Bonds.

### ***City Bond Issuance and Monitoring Fees***

#### **City Policy for the Issuance of Multifamily Housing Revenue Bonds.**

The City's policy for the 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; and
- Annual Monitoring Fee is an amount equal to 0.125% of the original par amount of tax-exempt bonds issued for the 55-year term of the regulatory period.

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Based on the current estimated aggregate 2026A Bonds par<sup>6</sup> of \$82,584,672 as provided in the Borrower's proforma dated February 11, 2026, the issuance fee will be \$231,462. The final fee will be based on the final aggregate par issued, subject to a not-to-exceed amount of \$82,584,672.

**City Annual Bond Monitoring Fee**

The Housing Department is charged with monitoring the project. In general, the City annual monitoring fee typically is equal to 0.125% of the original principal amount of the tax-exempt bonds issued. The annual fee may be reduced for not-for-profit developers to an amount equal to 0.125% of the permanent bond amount at the conversion date, subject to a minimum annual fee of \$7,500. This fee shall apply until the end of the 55-year term of the regulatory period.

Based on the current estimated aggregate 2026A Bonds par of \$82,584,672 as provided in the Borrower's proforma dated February 11, 2026, the City's annual monitoring fee will be \$103,231. The final fee will be based on the final aggregate par issued, subject to a not-to-exceed amount of \$82,584,672. If the 2026A Bonds or successor 2026A Note mature or are 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.

**EVALUATION AND FOLLOW-UP**

This Housing Department produces periodic information memoranda regarding the use of the Housing Director's delegation of authority under the San José Municipal Code; therefore, final bond business terms will be summarized in those memoranda. In addition, the Housing Department posts periodic reports on the status of affordable properties undergoing rehabilitation or construction on its website.<sup>7</sup> If the recommended actions in this memorandum are approved and the 2026A Bonds close, it will be included in these periodic reports.

**FISCAL IMPACTS**

The Borrower will pay all issuance costs of the 2026A Bonds from tax credit equity and/or Borrower funds. The 2026A Bonds will not be paid from, nor secured by, the general taxing power of the City or any other City asset.

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<sup>6</sup> Refers to the principal amount of a bond or the total principal amount of a bond series or issue.

<sup>7</sup> Housing Department affordable properties webpage, Web Link: <https://www.sanjoseca.gov/your-government/departments-offices/housing/homelessness-program-dashboard>

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The City expects to receive revenue from the issuance of the 2026A Bonds in the amount of \$231,462 and annual monitoring in the amount of \$103,231. The revenue received will be deposited into the Housing Trust Fund.

### **COORDINATION**

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

### **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 Hearing. The Tax Equity and Fiscal Responsibility Act Hearing was held on March 26, 2026, before the Director of Finance. The public hearing notice for this hearing was published in the *San José Post-Record* on March 18, 2026. No public comments were made at the Tax Equity and Fiscal Responsibility Act hearing.

This memorandum will be posted on the City Council Agenda website for the April 14, 2026 City Council meeting.

### **BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT**

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

### **CEQA**


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.

### **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.

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Maria Öberg  
Director of Finance

/s/  
Erik L. Soliván  
Director of Housing

For questions regarding the financing plan, please contact Qianyu Sun, Deputy Director of Finance, at [Qianyu.Sun@sanjoseca.gov](mailto:Qianyu.Sun@sanjoseca.gov). For questions regarding the project, please contact Banu San, Deputy Director, Housing Department, at [Banu.San@sanjoseca.gov](mailto:Banu.San@sanjoseca.gov).

**ATTACHMENTS:**

- Attachment A:** Key Financing Dates
- Attachment B:** Sources and Uses
- Attachment C:** Public Disclosure Report

## **Attachment A: Key Financing Dates**

- May 13, 2025 – City Loan of up to \$9,898,877 for the Berryessa TOD development was approved by City Council.
- May 19, 2025 - The Director of Finance and Assistant Director of Housing signed a declaration evidencing the intent to reimburse expenditures with the proceeds of obligation for the Berryessa TOD development in an amount not to exceed \$92,000,000.
- May 20, 2025 - The City and Developer submitted a joint application to the California Debt Limit Allocation Committee and the California Tax Credit Allocation Committee for a tax-exempt private activity bond allocation of \$82,584,672 in annual 4% federal tax credits.
- August 5, 2025 - The City received a tax-exempt private activity bond allocation from the California Debt Limit Allocation Committee for the 2026A Bonds and the Borrower received a reservation of 4% Federal tax credits in the requested amounts.
- November 13, 2025 – The California Debt Limit Allocation Committee approved a request from the Borrower to extend the deadline in which to close the 2026A Bonds by 60 days from March 16, 2026 to May 15, 2026.
- March 26, 2026 - 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 \$82,584,672 to finance the construction of the Berryessa TOD development.
- May 15, 2026 – CDLAC closing date.

## Attachment B: Sources and Uses

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**City of San José – Berryessa TOD**  
**Plan of Finance – Sources and Uses of Funding**

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<b>Sources</b>	<b>Construction</b>	<b>Permanent</b>
2026A Bonds (Tax-Exempt)	\$ 82,584,672	\$ 0
2026A Loan (Tax-Exempt)	0	41,971,200
Taxable Construction Loan	24,970,685	0
City of San José Loan	9,898,877	9,898,877
County of Santa Clara Loan	11,115,000	11,115,000
Bay Area Housing Accelerator Fund Loan	15,312,874	15,500,000
CA Dept. of Housing and Community Development AHSC Loan	0	29,000,000
Tax Credit Equity	13,485,463	51,867,166
Contributed Developer Fee	0	3,000,000
Deferred Costs	10,415,932	0
Deferred Developer Fee	0	3,573,104
Public Bond Interest	7,234,417	7,234,417
Other Sources (Retained Earnings)	0	1,858,155
<b>Total</b>	<b>\$ 175,017,919</b>	<b>175,017,919</b>

**Uses**

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Land/Acquisition Cost	\$ 11,419,554
Hard Costs (including contingency)	111,512,502
Soft Costs (including contingency)	40,012,759
Cash Developer Fee	12,073,104
<b>Total</b>	<b>\$ 175,017,919</b>

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## Attachment C: Public Disclosure Report

### PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, the borrower (the Borrower) identified below has provided the following required information to the City of San José (the City) prior to the City's regular meeting (the Meeting) of its City Council (the City Council) at which Meeting the City Council will consider the authorization of conduit revenue Bond as identified below.

- 1) Name of Borrower: Berryessa Affordable Housing, LP, a California limited company
- 2) City Council Meeting Date: **April 14, 2026.**
- 3) Name of Bond Issue / Conduit Revenue Obligations: **CSJ MHRB (Berryessa TOD) Series 2026A (the Bonds).**
- 4) Private Placement Lender or Bond Purchaser,  Underwriter or \_\_\_ Financial Advisor (mark one) engaged by the Borrower from which the Borrower obtained the following required good faith estimates relating to the Bond:
  - a) The true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of the Bonds (to the nearest ten-thousandth of one percent): **2.92% during the three year construction period and 6.34% through end of permanent loan period.**
  - b) Estimated finance charges of the Bonds which means the sum of all fees and charges paid to third parties: **\$7,348,294 consisting of (a) \$1,342,905 at closing; (b) \$2,221,848 during the term of the Bonds; and (c) \$3,819,541 during the remainder of the CDLAC compliance period**
  - c) The amount of proceeds received, or deemed received, by the public body for sale of the Bond, less the finance charges of such Bonds described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of such Bond: **\$82,584,672**
  - d) The total payment amount, which means the sum of all payments the Borrower will make to pay debt service on the Bonds plus the finance charges of the Bonds described in subparagraph (B) not paid with the proceeds of such Bonds (which total payment amount shall be calculated to the final maturity of such Bonds): **\$142,747,394**

This document has been made available to the public for the April 14, 2026 City Council meeting.