



HOUSING DEPARTMENT

ACTIONS RELATED TO THE LOAN COMMITMENT FOR THE VALLEY TRANSPORTATION AUTHORITY CAPITOL STATION AFFORDABLE HOUSING DEVELOPMENT

April 7, 2026
City Council

Item 8.2

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NOFA Priorities

- The City's key priorities for gap financing are to:
 - Increase the City's housing stock supply across **all** income levels
 - Fund "**shovel-ready**" developments
 - Provide **gap** financing as the final funding source in a development project
 - **VTA Capitol Station** has been selected as a 2025 Rolling Request for Proposals awardee.

VTA Capitol Housing Development Program

- Located at Capitol Expressway and Narvaez Avenue in Council District 2
- A 10.1-acre site currently serving as a Park-and-Ride lot for VTA Light Rail and Bus rides
- MidPen Housing Corporation was selected by VTA as developer in March 2022 to develop 2.68 acres of the site as affordable housing
- The project will expand the City of San José's housing stock by adding 203 new affordable units serving households at 30–60% AMI



VTA Capitol Station Funding Overview

Developer: MidPen Housing Corp. · **Landowner:** Valley Transportation Authority · **Construction Start:** November 2026

PUBLIC FUNDING SOURCES

| | |
|--|---------------------|
| City of San José Const.-perm. loan | \$8,400,000 |
| County of Santa Clara Const.-perm. loan | \$11,571,000 |
| Bay Area Housing Finance Authority Const.-perm. loan | \$3,000,000 |
| HCD – AHSC Loan | \$35,000,000 |
| Total | \$57,971,000 |

RENTAL ASSISTANCE

Santa Clara County Housing Authority **71 PBVs ***

* **Project-Based Vouchers:** 20 lower-income households and 51 permanent supportive housing households requiring specialized services

TAX CREDITS & BONDS (Anticipated)

Low-Income Housing Tax Credits (LIHTC): \$78,382,201

Tax-Exempt Bonds: \$53,539,297

VTA Capitol Station Per-Unit Economics

Total cost of development

\$835,400

per unit

Total public subsidy *

\$671,700

per unit

Total private capital

\$163,700

per unit

City's public subsidy

\$41,000

per unit

The City's subsidy of \$41k per unit reflects the depth of the multi-agency funding partnership, including HCD, BAHFA, the Housing Authority, and the County each contributing significant resources, allowing the City's gap financing of \$8.4M to go further per household served.

* Includes Federal Tax Credit Equity

Sources of Funding

| Funding Source | Funding Type | Amount | % of Total Development Cost |
|---|---------------------|----------------------|------------------------------------|
| Permanent Loan – JP Morgan Chase | Private | \$33,238,000 | 19.6% |
| California Department of Housing and Community Development’s Affordable Housing and Sustainable Communities Program Loan | Public | \$35,000,000 | 20.6% |
| City of San José | Public | \$8,400,000 | 5.0% |
| County of Santa Clara | Public | \$11,571,000 | 6.8% |
| Bay Area Housing Finance Authority | Public | \$3,000,000 | 1.8% |
| Federal Tax Credit Equity (4%) | Public | \$78,382,201 | 46.2% |
| Total | | \$169,591,201 | 100% |

Unit and Affordability Mix

| Unit Size | 30% AMI | | | 40% AMI | | | 50% AMI | | | 60% AMI | | | MGR | TOTAL |
|---------------|-----------|------------|-------------|-----------|------------|-------------|-----------|------------|-------------|-----------|------------|-------------|----------|------------|
| | Units | Max Income | Rent Limits | Units | Max Income | Rent Limits | Units | Max Income | Rent Limits | Units | Max Income | Rent Limits | | |
| Studio | 0 | \$42,200 | \$1,024 | 7 | \$54,640 | \$1,366 | 12 | \$70,350 | \$1,708 | 12 | \$81,960 | \$2,049 | 0 | 31 |
| 1-BD | 38 | \$45,200 | \$1,098 | 10 | \$58,560 | \$1,464 | 10 | \$75,375 | \$1,830 | 10 | \$87,840 | \$2,196 | 0 | 68 |
| 2-BD | 13 | \$54,250 | \$1,317 | 11 | \$70,280 | \$1,756 | 13 | \$90,450 | \$2,196 | 14 | \$105,420 | \$2,635 | 0 | 51 |
| 3-BD | 6 | \$62,675 | \$1,523 | 12 | \$81,200 | \$2,030 | 23 | \$104,475 | \$2,538 | 10 | \$121,800 | \$3,045 | 2 | 53 |
| TOTAL | 57 | | | 40 | | | 58 | | | 46 | | | 2 | 203 |

Summary

- **Strong Collaborations with:**
 - California Department of Housing and Community Development
 - Bay Area Housing Finance Authority
 - County of Santa Clara
 - Santa Clara County Housing Authority
- Continuing to fund deeply affordable units and prioritizing projects that are ready to start construction



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