# RESOLUTION NO. _________

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN JOSE (1) CONSENTING TO THE TRANSFER OF OWNERSHIP, RESYNDICATION AND REHABILITATION OF FAIRWAYS AT SAN ANTONIO FROM SAN JOSE FAMILY HOUSING PARTNERS, L.P. TO FAIRWAYS APARTMENTS, L.P., BOTH AFFILIATES OF AFFIRMED HOUSING GROUP, INC.; (2) ACCEPTING FULL REPAYMENT OF A CITY OF SAN JOSE LOAN FROM SAN JOSE FAMILY HOUSING PARTNERS, L.P.; (3) AUTHORIZING REPAYMENT PROCEEDS OF $14,290,497 TO BE ISSUED AS A NEW LOAN TO FAIRWAYS APARTMENTS, L.P.; AND (4) AUTHORIZING THE DIRECTOR OF HOUSING, OR THEIR DESIGNEE, TO NEGOTIATE AND EXECUTE LOAN DOCUMENTS, ANY AMENDMENTS THERETO, AND ALL OTHER DOCUMENTS RELATED TO THE TRANSFER OF OWNERSHIP, RESYNDICATION AND REHABILITATION OF FAIRWAYS AT SAN ANTONIO**

**WHEREAS**, in 2010, the City Council of the City of San José approved a permanent loan commitment of $9,501,778 to Affirmed Housing Group, Inc. through its affiliate San José Family Housing Partners, L.P. (“Existing Borrower”) for the construction of the 86-unit multifamily affordable housing at 305 San Antonio Court in the City of San José known as Fairways at San Antonio (“Development”); and

**WHEREAS**, the existing City loan carries simple interest at 4% per annum and matures on April 8, 2043 with a loan balance through the anticipated payoff date of November 6, 2025 of $14,290,497, with a per diem of $1,041; and

**WHEREAS**, the Development is being sold by Existing Borrower to Fairways Apartments, L.P. (“New Borrower”), and the Administrative General Partner of both

Existing Borrower and the New Borrower is an affiliate of Affirmed Housing Group, Inc.; and

**WHEREAS**, the Development includes 26 units restricted to extremely low-income households, 58 units restricted to very low-income households, and two manager's units restricted to low-income households; and

**WHEREAS**, the Existing Borrower has requested City's approval to resyndicate financing for the rehabilitation the Development, including reissuance of the existing debt, in order to enable approximately $14.6 million in additional investment, including $4.5 million allocated to soft costs and financing fees and $10.1 million in critical building repairs to improve resident living conditions, and enhance sustainability; and

**WHEREAS**, because a modification and assumption of the current loan by the New Borrower would result in an "original issue discount" that would reduce tax credit basis eligibility, which in turn would lower the amount of tax credits and equity available to the New Borrower, the existing City loan cannot be modified or assumed by the New Borrower, and, instead, Existing Borrower has requested City's approval to repay the $14.3 million balance of the existing City loan two weeks prior to closing which repayment funds the New Borrower has requested City to then issue as a new loan of $14.3 million to the New Borrower at closing as is necessary for financial feasibility of the resyndication of financing for the rehabilitation of the Development; and

**WHEREAS**, the City will also issue new, updated loan documents and record a new 55-year Affordability Restriction as required by the Low and Moderate Income Housing Asset Fund that will include updated affordability monitoring and increased loan servicing fees totaling $218 per unit per year, with 3% annual escalation, generating approximately $2.5 million in fees over the 55-year term; and

**WHEREAS**, the new 55-year Affordability Restriction on the property, will ensure the continued provision of affordable rental housing for extremely low-, very low-, and low-income households in San José; and

**WHEREAS**, City staff recommends approval of the loan reissuance and authorization for the Director of Housing, or their designee, to execute all required documents and amendments to facilitate the transfer of ownership, resyndication, and rehabilitation; and

**WHEREAS**, this transaction supports the City's commitment to preserving affordable multi-family rental units for low-income households and promoting long-term asset sustainability, and maintaining affordability in San José;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN JOSE THAT:**

A. The City Council hereby consents to the transfer of ownership, resyndication, and rehabilitation of Fairways at San Antonio from San José Family Housing Partners, L.P. to Fairways Apartments, L.P., both affiliates of Affirmed Housing Group, Inc.; and

B. The City Council hereby accepts full repayment of the City of San José loan to Fairways at San Antonio from San José Family Housing Partners, L.P.; and

C. The City Council hereby authorizes that repayment proceeds of $14,290,497 are issued as a new loan to Fairways Apartments, L.P.; and

D. The City Council hereby authorizes the Director of Housing, or their designee, to negotiate and execute loan documents, any amendments thereto, and all other documents related to the transfer of ownership, resyndication, and rehabilitation of Fairways at San Antonio.

ADOPTED this _____ day of ___________, 2025, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

_________________________
MATT MAHAN
Mayor

ATTEST:

_________________________
TONI J. TABER, MMC
City Clerk



**DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.**