

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: May 26, 2022

Approved



Date

5/27/2022

INFORMATION

SUBJECT: 2021 HOUSING NOTICE OF FUNDING AVAILABILITY RESULTS

The City of San José Housing Department is pleased to announce the selection results for the December 2021 Notice of Funding Availability (NOFA). The NOFA made \$150,000,000 in funding available to assist with the construction of affordable multifamily rental housing for extremely-low-, very-low-, and low-income individuals and families.

Eleven proposals were selected from 19 applications to move forward to City Council for funding commitments pending completion of environmental review, followed by closings of financing and construction. The selected developments all include set-asides for supportive housing units that are restricted as Permanent Supportive Housing for chronically homeless individuals and families; Rapid Re-Housing for people at risk of homelessness; Transitional-Aged Youth housing for young adults; and No Place Like Home units for adults with serious mental illness who are experiencing homelessness. The selected developments will bring **448 apartments of new supportive housing** and more than *1,200 apartments of new affordable housing to San José.*

ANALYSIS

This information memorandum summarizes the process, criteria, and outcome of the NOFA process. The NOFA made \$150,000,000 of funds available for development of new affordable housing. The 19 applications submitted requested \$240,901,951 in funding. After reviewing all proposals, \$145,101,951 in funding has been reserved to the selected 11 grantees that exceeded the threshold scores and scored higher with additional points in specific bonus categories. If the NOFA awards are approved by Council, each project will be individually assessed to determine that all entitlements and environmental reviews are completed and that they are ready to move forward toward funding commitment approvals and tax credit allocation applications.

Summary of NOFA Process

The NOFA was released on December 20, 2021, requiring that all proposals be submitted by February 9, 2022. The responses were reviewed for threshold requirements and then scored by an evaluation panel on March 4, 2022. Comments and clarification questions were sent back to the developers based on the evaluation panel discussion and final scoring was confirmed on March 8, 2022. The evaluation panel included representatives from the City Housing Department, the Santa Clara County Office of Supportive Housing, and the Housing Authority of the County of Santa Clara.

Scoring Criteria

The scoring criteria was designed to be consistent with City Council direction to prioritize project readiness, family housing, supportive housing, cost effectiveness, and leveraging outside funds. Points were awarded for inclusion of supportive housing apartments, overall development costs under \$652,000 per apartment, a food access plan, leveraging of additional outside funding resources, and incentivized family housing by allocating points for developments that provided one or more bedrooms. Additional points were awarded for including onsite childcare facilities, designing and providing additional accessible apartments in excess of the minimum requirements in the building code, and co-developments with a new developer to build the capacity and strength of newer developers in San José. The results of the scoring are summarized in **Attachment A: Summary of Selected Developments**.

Panelist Scoring Process

Panelists reviewed each application and scored developments on the following criteria:

- a. Appropriately addressing the identified priorities and needs;
- b. Technical expertise and financial capacity of the sponsor;
- c. Project timeline feasibility;
- d. Reasonable and accurate project costs;
- e. Support services plan appropriately meets needs of the targeted population; and
- f. Community engagement.

Averages of the panelist scores, where a 1 (highest) equals a strong project proposal and a 3 (lowest) equals a weak project proposal, can be found in the Summary of Selected Developments table.

In addition to the selected developments, Housing Department staff has generated a waitlist of projects that require additional documents or revisions to the proposal before they meet the NOFA criteria. The Housing Department will maintain the waitlist of qualified projects that scored well and met the priorities identified in the NOFA but required additional guidance from staff to ensure the projects would be successful. Some of the proposed developments presented innovative and/or alternative funding strategies that required more analysis and understanding from City staff before presenting a funding commitment to City Council. Prior to the release of

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the next NOFA, the Housing Department expects to bring these projects forward to City Council for funding commitments once staff has completed a more in-depth analysis of the proposed projects and as staff capacity and funds become available. The Housing Department may, at its discretion, extend the waitlisted developments' funding eligibility beyond the release of the next NOFA. Waitlisted developments are summarized in **Attachment B: Summary of Waitlisted Developments**.

Outcomes for the San José Community

The developments will bring 1,288 new affordable housing units to a range of income levels and 448 new supportive housing for transition-aged youth, families at risk of homelessness, chronically homeless individuals, disabled persons, and veterans.

Summary of Selected Developments

The selected developments from the NOFA process are summarized in **Attachment A**.

Future NOFA Rounds

The Housing Department anticipates releasing future rounds of the NOFA as staff capacity and funds become available.

/s/

JACKY MORALES-FERRAND

Director of Housing

For questions, please contact Rachel VanderVeen, Deputy Director, at (408) 535-8231.

Attachments

Attachment A
Summary of Selected Developments in 2021 NOFA Round 2

Project Name	Target Population	Developer	Council District	Siting Policy	# of Units	# of PSH	Funds Requested	NOFA Score	Avg. Panel Score	Special Features
777 W San Carlos	PSH/ Families	Danco Communities	6	2	154	51	\$19,125,000	180	1.00	Childcare Center, Bike Workshop
Parkmoor Community Apartments	PSH/ Special Needs/ Family	Allied/ County	6	2	81	40	\$10,175,000	180	1.00	Childcare, Youth Center
Kooser	PSH/ Families	Affirmed	9	1	190	38	\$19,251,066	175	1.14	
Tamien	PSH/ Families	CORE	3	2	135	67	\$14,125,000	170	1.00	Childcare Center
Dupont	PSH/ Families	FCH	6	2	141	40	\$17,375,000	167	1.00	AHSC (awarded in Round 6)
797 Almaden	PSH/ Families	RCD	3	3	99	25	\$12,250,000	160	2.00	Commercial Ground Floor, Anticipates AHSC
525 N Capitol	PSH/ Families	CDP	5	2	160	40	\$15,000,000	155	1.00	Commercial Ground Floor to include Veggielution lease
The Charles (551 Keyes)	PSH/ Families	Charities	3	3	99	49	\$9,675,885	155	1.29	
Alum Rock Multifamily	PSH/ Families	Charities	5	2	60	30	\$7,500,000	155	1.00	Commercial Ground Floor to include Amigos de Guadalupe
Almaden Apartments	PSH/ Seniors	Affirmed	6	2	80	39	\$9,750,000	146	1.86	
Blossom Hill	PSH/ Families	EAH	10	2	89	29	\$10,875,000	130	1.29	Mixed-Use Transit Oriented Development
<u>Total</u>					<u>1,288</u>	<u>448</u>	<u>\$145,101,951</u>			

Attachment B
Waitlisted Developments in 2021 NOFA Round 2

Project Name	Target Population	Developer	Council District	Siting Policy Category	# of Units	# of PSH	Amount of Funds Requested	NOFA Score	Average Panelist Score	Special Features
Villa Del Sol	Families	Pacific West/ Golden West	5	2	194	0	\$12,000,000	150	2.29	Modular Construction
Dry Creek Crossing	Families	Pacific Southwest/ CRP	9	1	64	0	\$9,450,000	150	1.57	
The Gardens at Cathedral of Faith	Seniors/ Families /Spec. Needs	Sand Hill	9	2	237	69	\$29,625,000	145	2.43	Partnership w/Cathedral of Faith
2350 Bascom	Families	Pacific West/ Maracor	9	1	123	0	\$12,300,000	140	1.71	Modular Construction
2880 Alum Rock	Families	Pacific West/ Golden West	5	2	164	0	\$8,900,000	145	1.86	Modular Construction