

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Rosalynn Hughey

SUBJECT: SEE BELOW

DATE: February 21, 2024

Approved



Date

2/23/24

INFORMATION

SUBJECT: 2023 AFFORDABLE HOUSING NEW CONSTRUCTION NOTICE OF FUNDING AVAILABILITY RESULTS

The City of San José Housing Department is pleased to announce the selection results for the October 2023 New Construction Notice of Funding Availability (NOFA). The NOFA made \$50,000,000 in funding available to assist with the construction of affordable multifamily rental housing for extremely-low-, very-low-, and low-income individuals and families.

Four proposals were selected from 17 applications to move forward to the City Council for recommended funding commitments pending completion of entitlement review. This will be 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 and veterans; rapid re-housing for people at risk of homelessness; transitional-aged youth housing; and No Place Like Home units for adults with serious mental illness who are experiencing homelessness. The selected developments would bring 338 units of new affordable housing to San José, including 115 new permanent supportive housing units.

BACKGROUND

The NOFA made \$50,000,000 of funds available for the development of new multifamily affordable housing. The 17 applications submitted requested \$257,450,000 in funding, oversubscribing the amount of funding available by over five times. After reviewing all proposals, \$49,950,000 in funding has been reserved for the selected four applicants who exceeded the threshold scores and scored higher with additional points in specific bonus categories of the NOFA.

Each project will be individually assessed to determine that all entitlements and environmental reviews are completed so that they are ready to move forward to the City Council for recommended funding commitment approvals and tax credit allocation applications.

ANALYSIS

Summary of NOFA Process

The NOFA was released on October 10, 2023 and required that all proposals be submitted by November 29, 2023. Proposals were reviewed for threshold requirements, scored, and ranked in order of funding priority by an evaluation panel on December 18, 2023. Comments and clarification questions were sent to applicants prior to publishing final NOFA award recommendations on January 26, 2024.

The NOFA evaluation panel included representatives from the Housing Department, Destination: Home, and the County of Santa Clara Office of Supportive Housing.

NOFA Scoring Criteria

The NOFA 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:

- Permanent supportive housing apartments;
- Overall development costs under \$800,000 per apartment;
- Average affordability mix;
- Leveraging of City funding below \$150,000 per unit; and
- Incentivized family housing by allocating points for developments that provided one or more bedrooms.

Bonus points were awarded for criteria including:

- Onsite childcare facilities;
- A food access plan;
- Maximizing density;
- Innovative financing plans;
- Designing and providing additional accessible apartments in excess of the minimum requirements in the building code;
- Co-developments with emerging, Black, Indigenous, and People of Color (BIPOC) entities; and
- Community-based developers to build the capacity and strength of newer developers in San José.

NOFA Panelist Ranking Process

NOFA panelists reviewed each application for meeting minimum threshold criteria and their responsiveness to the application submission requirements to Section 6 of the NOFA publication. The NOFA scores provide a baseline for the panelists' further evaluation. After the initial scores, the developments are then ranked by the panelists on the following criteria:

- Appropriately addressing the City identified priorities and needs;
- Complying with existing state, county, and city laws, ordinances, regulations, and policies;
- Technical expertise and financial capacity of the sponsor;
- Project timeline feasibility;
- Reasonable and accurate project costs;
- Support services plan appropriately meets needs of the targeted population; and
- Community engagement.

The ranking process is both quantitative and qualitative. Accordingly, upon completion of the ranking process, it is theoretically possible for a waitlisted project to have a higher quantitative score than a project that was ultimately awarded.

The results of the scoring, including panelist ranking of the proposals, as well as the selected developments, are summarized in **Attachment A: Selected Developments in 2023 NOFA**.

Waitlisted Developments

In addition to the four selected developments, Housing Department staff generated a waitlist of projects that require additional documents or revisions to the proposal in order to 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 require 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 recommended funding commitment to the City Council. The Housing Department expects to bring these projects forward to the City Council for recommended funding commitments once proposed projects are assessed for readiness and as staff capacity and additional funding becomes 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: Waitlisted Developments in 2023 NOFA**.

Future NOFA Rounds

The Housing Department anticipates releasing future NOFA rounds as additional funding becomes available. Over 1,500 new affordable homes with over 400 supportive housing units

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could have been funded from this October 2023 NOFA round if additional funding were available.

/s/

ROSALYNN HUGHEY
Deputy City Manager and
Acting Housing Director

For questions, please contact Ragan Henninger, Deputy Director, Housing Department, at (408) 535-8231.

ATTACHMENTS

Attachment A: Selected Developments in 2023 NOFA

Attachment B: Waitlisted Developments in 2023 NOFA

Attachment A

Selected Developments in 2023 NOFA

NOFA Applications to Recommend										
Project Name	Site Address	Developer	Council District	Siting Policy	# of Homes	# of Supportive Housing	Total Cost	NOFA Funds Requested	NOFA Score	Panel Rank
Vista Montana	71 Vista Montana, San Jose, CA 95134	Charities Housing	4	Continued Investment Area	95	24	\$ 75,991,574	\$ 14,100,000	200	1
Hawthorn Senior Apartments	124 N. 15th Street, San Jose, CA 95112	Santa Clara County Housing Authority	3	Continued Investment Area	103	21	\$ 88,914,736	\$ 15,150,000	195	1
Santa Teresa Multifamily	5885 Santa Teresa Blvd, San Jose, CA 95123	Charities Housing	10	Continued Investment Area	49	24	\$ 38,941,929	\$ 7,200,000	195	2
Algarve Apartments	1135 E. Santa Clara St, San Jose, CA 95116	Abode Housing Development	3	Continued Investment Area	91	46	\$ 87,146,846	\$ 13,500,000	188	3
Totals					338	115		\$ 49,950,000		

Attachment B

Waitlisted Developments in 2023 NOFA

NOFA Applications to Waitlist										
Project Name	Site Address	Developer	Council District	Siting Policy	# of Homes	# of Supportive Housing	Total Cost	NOFA Funds Requested	NOFA Score	Panel Rank
Alum Rock East	2920-2928 Alum Rock Avenue, San Jose, CA	Charities Housing	5	Continued Investment Area	63	13	\$ 46,485,033	\$ 9,300,000	205	4
East Santa Clara Senior	675 E. Santa Clara St, San Jose, CA 95112	Eden Housing	3	Continued Investment Area	64	0	\$ 51,148,031	\$ 9,600,000	136	4
Winchester Blvd Apts (Driftwood)	1390 S. Winchester Blvd, San Jose, CA 95128	Charities Housing	1	Continued Investment Area	101	25	\$ 82,290,957	\$ 14,850,000	180	5
501 Almaden	501 S. Almaden Avenue, San Jose, CA 95110	Satellite Affordable Housing Associates	3	Continued Investment Area	53	13	\$ 42,065,011	\$ 7,800,000	195	6
Berryessa Apartments	1565 Mabury Road, San Jose, CA 95133	Affirmed Housing	4	Continued Investment Area	195	94	\$155,852,122	\$ 12,500,000	180	6
Casa De Novo Community Apts	2188 The Alameda, San Jose, CA 95126	Abode Housing Development	6	Continued Investment Area	59	29	\$ 57,693,517	\$ 8,700,000	160	6
E. Santa Clara St Large Family Apts	675 E. Santa Clara St, San Jose, CA 95112	Core Affordable Housing, LLC	3	Continued Investment Area	114	0	\$ 99,154,055	\$ 16,950,000	150	6
VTA Capitol Station	E. Capitol & Narvaez Ave, San Jose, CA 95136	MidPen Housing	2	Affordable Housing Expansion Area	203	51	\$171,212,936	\$ 20,250,000	175	7
Milestone Senior Arts Colony	934-948 East Santa Clara St, San Jose, CA 95116	Milestone Housing Group, LLC / Abode Housing Development	3	Continued Investment Area	103	52	\$ 69,095,948	\$ 15,000,000	160	8
520-544 W. Alma Ave	520-544 W. Alma Ave, San Jose, CA 95125	Resources for Community Development	6	Affordable Housing Expansion Area	91	18	\$ 74,376,876	\$ 13,650,000	155	8
Camden Place	1999 Camden Avenue, San Jose, CA 95124	Abode Communities	9	Affordable Housing Expansion Area	90	23	\$ 88,924,088	\$ 13,500,000	145	8
259 Meridian Family Apartments	259 Meridian Avenue, San Jose, CA 95126	Milestone Housing Group, LLC / Affordable Housing Access, Inc.	6	Continued Investment Area	154	39	\$101,836,886	\$ 18,000,000	180	9
The Gardens at Cathedral of Faith	2315 Canoas Garden, San Jose, CA 95125	Sand Hill Property Company	9	Continued Investment Area	237	48	\$160,141,662	\$ 47,400,000	170	9
Totals					1527	405		\$207,500,000		