

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING AN EXCEPTION TO THE CITY'S POLICY FOR THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS FOR THE AUZERAIS APARTMENTS PROJECT AND FOR MERIDIAN AVENUE AFFORDABLE HOUSING DEVELOPMENT PROJECT, THEREBY ALLOWING ISSUANCE FOR THOSE PROJECTS BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY AND CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY RESPECTIVELY

WHEREAS, the City of San José ("City") Policy for the Issuance of Multifamily Housing Revenue Bonds (City Policy 1-16) states that the City shall be the issuer of all bonds financing multifamily housing rental projects within the City, with specified exceptions; and

WHEREAS, one of these exceptions allows an outside issuer to issue bonds for affordable housing within the City when there are "special circumstances" merited by the circumstances of the project and the financing; and

WHEREAS, in the case that the City is not the issuer of bonds for the project, it is the City's policy to require the issuer to assume full responsibility for issuance and ongoing compliance of the bond issue with federal tax and state laws; and

WHEREAS, the City will, however, hold the Tax Equity and Fiscal Responsibility Act of 1986 Hearing; and

WHEREAS, the 425 Auzerais Apartments ("Auzerais Apartments") will create 130 new affordable apartments in the Diridon Station area, and the development is located a half mile from Diridon Station at the corner of Auzerais Avenue and Delmas Avenue, with

funding secured from outside partners including \$13.2 million in Measure A funds from Santa Clara County, \$5.5 million in Infill Infrastructure Grant funds from the state, which almost half of the apartments (64) will be permanent supportive housing providing a safe and affordable home for unhoused persons; and

WHEREAS, those apartments will be supported by 64 Section 8 project-based vouchers (“project-based vouchers”) as well as an operating subsidy to cover of providing supportive services, and the remaining units will be restricted to households earning 50-60% of the area median income (“AMI”); and

WHEREAS, the Auzerais Apartments proposed housing development come together after the 2018 Notice of Funding Availability (“NOFA”) opened and closed, missing the opportunity to apply for City funding, however the sponsor, Eden Housing, was able to secure sufficient funding from outside sources; and

WHEREAS, the Meridian Avenue Affordable Housing Development developed by the ROEM Development Corporation provides 233 rental homes in the Willow Glen neighborhood with a mix of one-, two-, and three bedroom apartments meeting the needs of both small and large families; and

WHEREAS, the resident population will be a blend of supportive housing for homeless veterans (35 apartments) and housing for families with incomes from 30% AMI to 80% AMI and the development will be supported by 73 project-based vouchers from the Santa Clara County Housing Authority; and

WHEREAS, the Meridian Avenue Affordable Housing Development just recently secured funding sources that allow the development to move forward without a City funding commitment; and

WHEREAS, all sources are in place for both developments and they have recently indicated they are ready to apply for bond allocations from the California Debt Limit Allocation Committee (“CDLAC”) on February 4, 2021, and due to the timing of the upcoming financing round, the City does not currently have capacity to prepare for the issuance of bonds in time for the February application;

WHEREAS, the City received allocation for three projects in December, so the City is currently working to bring to council the authorization to issue bonds for three new affordable housing developments, which are recipients of City funding through the 2018 NOFA, and to prepare the two additional projects with City funding commitments for the February 4, 2021 CDLAC application causing a strain on staff resources to support additional bond issuances; and

WHEREAS, these two affordable housing developments have indicated that they want to compete in the February round to increase their chances for an award and currently Housing Department staff capacity is not available to support these additional applications and issuance of the bonds at this time; and

WHEREAS, these two affordable housing developments have indicated that it is vital that they are able to apply on February 4, 2021 rather than the next application deadline in May due to (1) the current extremely competitive nature of the CDLAC tax-exempt bond allocation process; (2) San José is facing an affordable housing crisis exacerbated by the COVID-19 pandemic and these developments have stated they are ready to move forward and will be able to begin construction sooner if they move forward in the February 4th CDLAC round; and (3) the current demand for CDLAC tax exempt bond allocations is exceeding the availability of allocations for awards; and

WHEREAS, Auzerais Apartments and Meridian Avenue Affordable Housing Development do not have City loans, therefore, consistent with the City’s Policy 1-16, based on the above special circumstances related to the financing of the developments

staff is recommending that the Council approve an exception the policy allowing these developments to move forward with an outside bond issuer; and

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

An exception to the City of San José Policy for Issuance of Multifamily Housing Revenue Bonds for the Auzerais Apartments project and for Meridian Avenue Affordable Housing Development project, thereby allowing issuance for those projects by the California Municipal Finance Authority and California Statewide Communities Development Authority respectively, is hereby authorized.

ADOPTED this ____ day of _____, 2021, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk