

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE (1) AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO ACCEPT THE GRANT OF THE CALIFORNIA STRATEGIC GROWTH COUNCIL AND/OR CALIFORNIA DEPARTMENT (“HCD”) OF \$18,908,818, AWARDED UNDER ROUND 4 LOAN OF THE AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM FOR THE BALBACH SITE; AND (2) AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO ACCEPT THE GRANT OF \$3,577,755, AWARDED BY HCD UNDER THE INFILL INFRASTRUCTURE GRANT PROGRAM (“IIG”) PREVIOUSLY AUTHORIZED BY COUNCIL FOR NEW CONSTRUCTION CAPITAL IMPROVEMENT PROJECTS IN SUPPORT OF QUALIFYING INFILL PROJECTS OR QUALIFYING INFILL AREAS, NEGOTIATE, ENTER INTO, EXECUTE AND DELIVER THE STANDARD AGREEMENT FOR THE GRANT IN CONNECTION WITH ARYA PROJECT, AND ALL OTHER DOCUMENTS REQUIRED OR DEEMED NECESSARY OR APPROPRIATE TO COMPLY WITH IIG GRANT AND PROGRAM REQUIREMENTS

WHEREAS, the Affordable Housing and Sustainable Communities or “Cap and Trade” (“AHSC”) program was established with a passage of Senate Bill 182 to implement Assembly Bill 32, the California Global Warming Solutions Act 2006; and

WHEREAS, the purpose of the AHSC Program is to reduce Greenhouse Gas emissions through coordinated projects that implement land-use, housing, transportation, and urban greening or land preservation practices supporting infill and compact development near transit; and

WHEREAS, projects awarded funding through this highly competitive grant program, are only the most viable and impactful statewide and must support a broad array of coordinated public policy objectives; and

WHEREAS, on November 1, 2018, the State of California, Strategic Growth Council ("SGC") and Department of Housing and Community Development ("HCD"), issued a Notice of Funding Availability ("NOFA"), under the AHSC Program established under Division 44, Part 1 of the Public Resources Code, commencing with Section 75200; and

WHEREAS, on February 11, 2019, the Housing Department and the Department of Transportation submitted a joint application with Satellite Affordable Housing Associates, a California nonprofit public benefit corporation ("Developer" or "SAHA") for AHSC funds in response to the AHSC NOFA for an amount of up to \$20,000,000 under Round 4 of AHSC program to provide funding for (a) Construction and development of an affordable housing project at the development site (the "Balbach Site" or "Arya"), and; (b) sustainable transportation infrastructure and transportation-related amenities (the "Infrastructure Development"); and (c) the provision of program grant costs (the "Transit Program"); and

WHEREAS, on July 8, 2019, HCD and SGC awarded SAHA and the City of San José ("City") an AHSC program award in the amount of \$18,908,818, constituted of an AHSC Loan of \$12,777,880 for housing funding and an AHSC grant of \$6,130,938 for infrastructure and transit development; and

WHEREAS, the Infill Infrastructure Grant ("IIG") Program is a competitive grant program that awards funding between \$500,000 and \$5 million, and by providing financial assistance, the grant program supports infrastructure improvements to facilitate new infill housing development; and

WHEREAS, the grant program serves to aid in new construction and rehabilitation of infrastructure that supports higher-density affordable housing in locations designated as infill; and

WHEREAS, on February 18, 2020, SAHA, along with the City as a co-applicant, applied for funding from the HCD IIG Program, proposing the construction of an affordable housing development, site and environmental improvements;

WHEREAS, on June 23, 2020, the program awarded the development an IIG Program of 2019 Large Jurisdiction award in the amount of \$3,577,755; and

WHEREAS, the Arya development is the result of over eleven years of collaboration and engagement in the Market-Almaden neighborhood, which brought together multiple departments at the City, City Council, the Santa Clara Valley Transportation Authority, SAHA and a Community Advisory Group, all working with the greater community to envision the project; and

WHEREAS, SAHA and the City collaborated to successfully secure an AHSC loan and grant, as well as an IIG grant, combined providing \$22,486,573 million to the Arya development.

WHEREAS, the AHSC loan and grant will support 86 units of affordable housing in downtown San José, which would include artist studios, a community room, and gallery space on the ground floor, with the transportation components concentrated on key bike and pedestrian gap closures, including a protected bikeway that would connect the Convention Center to the neighborhoods to the south, and urban greening improvements would be added to a proposed active transportation corridor, in addition to sidewalk improvements and protected bikeways, which directly connects to transit and other amenities; and

WHEREAS, the AHSC loan will be directly disbursed to the sponsor, and the AHSC grant funds will be disbursed as reimbursement progress payments that will be set forth

in a disbursement agreement, which reimbursement payments will be made based on progress milestones outlined in the standard agreement.

WHEREAS, SGC has indicated to staff that they will propose amendments to the Rounds 3, 4, and 5 AHSC guidelines which apply to the Arya development to extend project delivery milestones by one year; and

WHEREAS, the IIG grant award will provide \$3,577,755 for the award's scope of work consisting of the development and construction of the Arya as well as Capital Improvement Project ("CIP") work which includes site preparation, site utilities, surface improvement, landscape, sewer, storm water treatment, bicycle facilities, and environmental remediation; and

WHEREAS, the IIG grant will be disbursed as progress payments outlined in a disbursement agreement to SAHA upon completion of specific milestones and the CIP work, and SAHA will request an extension from HCD on the milestones that are delayed; and

WHEREAS, staff recommends acceptance of the \$22,486,573 in AHSC and the IIG program funding which will provide the Arya with the funds necessary to create 86 new affordable apartments and improvements such as urban greening, bike and pedestrian pathways and electric buses to reduce greenhouse gas emissions and benefit the citizens of San José; and

WHEREAS, these grants not only bring much needed affordable housing to our community, but also provide improvements to our local neighborhoods;

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

The City Manager or his designee is hereby authorized to:

- a. accept the grant of the California Strategic Growth Council and/or California Department of Housing and Community Development (“HCD”) of \$18,908,818, awarded under Round 4 of the Affordable Housing and Sustainable Communities program for the Balbach Site; and
- b. accept the grant of \$3,577,755, awarded by HCD under the Infill Infrastructure Grant Program (“IIG”) previously authorized by Council for new construction capital improvement projects in support of Qualifying Infill Projects or Qualifying Infill Areas, negotiate, enter into, execute and deliver the Standard Agreement for the grant in connection with Arya project , and all other documents required or deemed necessary or appropriate to comply with IIG grant and program requirements.

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

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk