

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: August 11, 2021

Approved



Date

8/12/2021

INFORMATION

SUBJECT: 2021 HOUSING NOTICE OF FUNDING AVAILABILITY – ROUND 1 AWARDS

The City of San José Housing Department is pleased to announce the selection results of the first round of the \$75,000,000 Notice of Funding Availability (NOFA) released in June 2021. The NOFA made funding available for housing developers to submit written proposals for affordable multifamily rental housing projects providing housing for extremely low-, very low-, and low-income individuals and families.

One new affordable housing development applied and was selected to move forward to City Council for a funding commitment, followed by closings of financing and construction. The selected development will bring 224 new affordable housing apartments to San José, including 90 new supportive housing units.

ANALYSIS

This information memorandum summarizes the process, criteria and outcome of the NOFA process. The NOFA made \$75,000,000 of funds available for development of new affordable housing. The one application that was submitted requested \$20,000,000. At this time, the one project met the threshold score as well as earned bonus points and will be selected.

Summary of NOFA Process

The NOFA was released on June 28, 2021, requiring that all proposals be submitted by July 19, 2021. The one response was reviewed for threshold requirements and scored by an evaluation panel on July 22, 2021. Comments and clarification questions were sent back to the developers based on the evaluation panel discussion and final scoring was confirmed on August 5, 2021. 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 \$525,000 per unit, leveraging outside resources, and inclusion of apartments with one bedroom or more. The results of the scoring are summarized in the below table.

Outcomes for the San José Community

The new affordable housing development will bring a range of income levels and 90 new supportive housing for transition aged youth, chronically homeless individuals, disabled persons and veterans to the community.

Summary of Selected Development

The one project selected in the NOFA process is summarized below.

McEvoy Apartments (District 6) – This is phase two of a two-phased development proposed by First Community Housing. McEvoy is a 224-unit affordable housing project located in the Diridon Station Area. The proposer is requesting \$20,000,000 in funding from the City to provide gap financing for the development. The proposed project includes 140 studios, 84 one-bedrooms and two manager’s units. Below is a summary of their score from the application:

McEvoy Apartments: 2021 NOFA Round 1 Score

#	Category	Maximum Potential Points	Points Earned
1	Readiness	20	20
2	Cost Effectiveness	20	20
3	Family Housing	50	10
4	Extremely Low-Income Housing	25	25
5	Supportive Housing & Food Access	25	25
Threshold Check: Min. 75pts. Req'd.		140	100
	<i>Bonus Points</i>	<i>60</i>	<i>10</i>
	Total	200	110

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Future NOFA Rounds

The Housing Department expects to release a second round of the NOFA in the fall. This NOFA was geographically limited to only allow projects that were located within approved growth areas to apply. A second NOFA will be released once the siting policy is adopted. This will allow eligible developments located throughout the City to apply.

/s/

JACKY MORALES-FERRAND

Director of Housing

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