



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Councilmember Arjun Batra

SUBJECT: SEE BELOW

DATE: May 12, 2023

Approved *Arjun Dev Batra*

Date May 12, 2023

SUBJECT: APPROVAL OF THE ISSUANCE OF A MULTIFAMILY HOUSING REVENUE NOTE AND THE LOAN OF THE PROCEEDS THEREOF AND APPROVING RELATED DOCUMENTS FOR THE FINANCING OF TAMIEN STATION AFFORDABLE AND OF THE INCREASE TO THE CITY CONSTRUCTION-PERMANENT LOAN

RECOMMENDATION

Approve staff recommendation with the following additions:

Direct City of San José Housing Department (CSJHD) to provide an updated “NOFA Summary of Selected Developments” as an attachment every time any project utilizing NOFA funds comes to the City Council for any approvals.

The modifications will provide additional context and transparency to the overall utilization of NOFA funds along with the progress and status of each project.

Examples of modifications include, but not limited to, distinguishing between funds requested and funds allocated and displaying the amounts of NOFA funds remaining after funds have been allocated.

BACKGROUND

- The City of San José Housing Department (CSJHD) periodically makes available funding for gap financing for multifamily affordable housing, including supportive housing, located within specified Growth Areas.
- The funding sources used include the Low- and Moderate-Income Housing Asset Fund, Affordable Housing Impact Fees, Inclusionary Housing Ordinance In-Lieu Fees, HOME, and Measure E.
- The last Notice of Funding Availability (NOFA) released by the Housing Department was on December 20, 2021 in the amount of \$150,000,000

Item 3.4 – Approval of the Issuance of a Multifamily Housing Revenue Note and the Loan of the Proceeds Thereof and Approving Related Documents For the Financing of Tamien Station Affordable and of the Increase to the City Construction-Permanent Loan

- The December 2021 NOFA was open to new construction projects only and the funding is offered in the form of a loan for construction and permanent financing, which may also include acquisition costs.
- CSJHD invited qualified applicants to submit written proposals for new affordable multifamily rental housing projects that will provide housing for extremely low-, very low-, and low- income individuals and families, with 45% of the funding prioritized for ELI housing.
- On May 26, 2022, CSJHD announced that 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.
- Based on the proposals, the selected developments were projected to bring 448 apartments of new supportive housing and 1288 apartments of new affordable housing to San José.
- According to an Informational Memo by Jacky Morales-Ferrand, Director of Housing, on May 26, 2022 (MEMO SUBJECT: 2021 HOUSING NOTICE OF FUNDING AVAILABILITY RESULTS), the selected developments for the 2021 NOFA are summarized in Attachment A below:

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> | | | |

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- Also, according to the NOFA 2021 Round 2 Results Info Memo, the developments placed on a waitlist for the December 2021 NOFA are summarized in Attachment B below:

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 |

- The modified summary will provide additional transparency to the overall utilization of NOFA funds along with the status of the projects.
- Suggestions for additional modifications to the existing data that is already provided include:
 1. Updating the summary to identify developments that have moved forward to City Council for funding commitments, those that have advanced from the waitlist, and those that have been removed from the list of proposals.
 2. Providing a breakdown of NOFA allocations and distinguish between funds requested and funds distributed.
 3. Including actual number of units versus proposed.
 4. Displaying amount of NOFA funds remaining after funds distributed upon closing.
- The modified summary will provide a more comprehensive understanding of the overall progress of the distribution of NOFA funds.