

RESOLUTION NO.

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING A TOTAL COMMITMENT OF UP TO \$250,000 IN AFFORDABLE HOUSING IMPACT FEE FUNDS TO HABITAT FOR HUMANITY EAST BAY/SILICON VALLEY, INC., A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, FOR THE CONSTRUCTION AND REHABILITATION COSTS OF FOUR OWNER-OCCUPIED “FOR SALE” AFFORDABLE UNITS AT 80% AMI AT THE PROPERTY LOCATED AT THE CORNER OF EAST REED STREET AND SOUTH 4TH STREET; AND AUTHORIZING THE DIRECTOR OF HOUSING TO NEGOTIATE AND EXECUTE LOAN DOCUMENTS, AND ANY AMENDMENTS THERETO, AND ALL OTHER DOCUMENTS RELATED TO THE LOAN AND THE 4TH AND REED DEVELOPMENT**

**WHEREAS**, KT Urban is developing a new mixed-use tower project at the corner of South 1st Street and East Reed Street (“1st and Reed”) in San José; and

**WHEREAS**, currently, the historic Pallesen Apartment building, consisting of four residential units, is located on the 1st and Reed site and is scheduled for demolition in March 2021 unless it can be relocated; and

**WHEREAS**, Habitat for Humanity East Bay/Silicon Valley (“Habitat”) has been working diligently with the Preservation Action Council of San José (“PAC\* SJ”) and the City of San José (“City”) to find a suitable relocation site to save the historic building from the impending demolition; and

**WHEREAS**, Habitat, along with the Office of Economic Development, Real Estate Services, identified City-owned surplus property, an approximately 10,454 sq. ft. lot less than three blocks away at South 4th Street and East Reed Street (“4th and Reed”), and the City has agreed to sell a portion of the lot, approximately 5,100 sq. ft., to Habitat for

\$1.00, subject to various affordability restrictions, with the intent to have Habitat relocate the historic building and rehabilitate the units for affordable for-sale housing; and

**WHEREAS**, Habitat has historically been involved in very small rehabilitation or single family construction projects, and this project involving the construction of a two-story building, consisting of four one-bedroom, one-bath apartments is typical of Habitat's affordable housing model; and

**WHEREAS**, the cost of relocating the apartment building from its current location on 1st and Reed to the 4th and Reed site is estimated to be approximately \$220,000 and the building relocation will need to occur before mid-March, as the tower project at 1st and Reed is scheduled to start construction; and

**WHEREAS**, PAC\*SJ and Habitat have coordinated a fundraising campaign to raise the funds for the move and the City's Housing Department has agreed to loan Habitat \$250,000 in Affordable Housing Impact Fee funds to assist with the completion of the overall project; and

**WHEREAS**, Habitat anticipates selling all of the homes to Low Income at less than 80% AMI as required by the Housing Department for its funding contribution; and

**WHEREAS**, prior to the close of the loan Habitat shall submit to the Housing Department for its approval a final proforma budget reflecting the Habitat's estimated income and operating expense, and the projected cash flow from the sales of the units, for the 4<sup>th</sup> and Reed Development; and

**WHEREAS**, Habitat will apply for additional financing through a construction loan, and other assistance programs to make the project as viable as possible; and

**WHEREAS**, Habitat also plans to contribute private capital and donor funding, with other cash sources including but not limited to the Federal Home Loan Bank of San Francisco's Affordable Housing Program (AHP) Workforce Initiative Subsidy for Homeownership (WISH) Funding; and

**WHEREAS**, the City desires to approve the 4th and Reed development for a funding commitment of \$250,000 from the Affordable Housing Impact Fee Fund to enable Habitat to assemble construction financing to rehabilitate four affordable for-sale units in San José, and to authorize the Director of Housing to negotiate and execute loan documents, amendments thereto, and any other documents related to City financing for the project;

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

- (1) A total commitment of up to \$250,000 in Affordable Housing Impact Fee Funds ("Loan") to Habitat for Humanity East Bay/Silicon Valley, Inc., a California nonprofit public benefit corporation, for the construction and rehabilitation costs of four owner-occupied "For Sale" affordable units at 80% of Area Median Income at the property located at the corner of East Reed Street and South 4th Street ("4th and Reed Development") is hereby approved.
- (2) The Director of Housing is hereby authorized to negotiate and execute loan documents, and any amendments thereto, and all other documents related to the Loan and the 4th and Reed Development.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

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SAM LICCARDO  
Mayor

ATTEST:

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TONI J. TABER, CMC  
City Clerk