

## HOUSING DEVELOPMENT PROJECT REVIEW

**Application Review:** The Algarve Apartments

**Borrower:** RCP 1135 East Santa Clara Street, LLC

**Address:** 1135 East Santa Clara Street, San José, CA

**Census Tract:** 5014.01 **San José Council District:** 3 **Supervisorial District:** 2

**Developer/Sponsor:** Reed Community Partners, LLC and Allied Housing

**Residential sq. ft.:** 65,432 **Commercial/Office sq. ft.:** 0

**Construction Type:** Reinforced concrete steel frame with modular building components

The Algarve



1135 East Santa Clara Street, San José

### **Project Summary:**

The Algarve Apartments is an affordable housing development consisting of 91 units on a .40-acre site and is being developed by Reed Community Partners, LLC and Allied Housing. The project is located at 1135 East Santa Clara Street in San José. The proposed development will consist of 90 affordable units, comprised of 42 studios, 20 one-bedrooms and 28 two-bedrooms (plus one manager unit). Forty-six (46) of the units will be set-aside as permanent supportive housing (PSH) for homeless and chronically homeless individuals. The remaining 44 units will accommodate individuals and families earning up to 50% of area median income (AMI). The apartments will be constructed in one eight-story reinforced concrete steel frame with modular building components and will include a bicycle storage space and workshop, laundromat, children's recreational space and a community room with a no-cost pantry for residents.

**Existing Conditions:** The site is currently developed with an approximately 3,000 square-foot vacant building

**Land Use:** The project is located at 1135 East Santa Clara Street in San José. The .40-acre site has a land use designation of Urban Village and is zoned Commercial Pedestrian (CP) which permits multifamily and mixed uses. The parcel's current zoning will accommodate the proposed project; therefore, the parcel will not require rezoning or an amendment to any of the City's land use regulations for this development. The project is currently under review for a site development permit under Assembly Bill (AB) 2162 – Supportive Housing Streamlining Act.

**Green Building:** The project will be LEED certified.

Environmental Review: The proposed project has not obtained final entitlements. The project is currently under review for a site development permit under AB 2162 – Supportive Housing Streamlining Act, which requires a ministerial approval for housing developments that include supportive housing units and meet specific criteria found in government code section 65650. Under AB 2162 the ministerial approval would not constitute a “project” for purposes of CEQA.

Project-Based Vouchers (PBV’s): Reed Community Partners, LLC is requesting a reservation of 46 Section 8 Project-Based Vouchers (PBVs) from the Santa Clara Housing Authority.

Services: Reed Community Partners, LLC has selected Abode Services as the on-site service provider to deliver supportive services for the 46 restricted PSH units. The County will be responsible for coordinating services with Abode Services for residents at a cost of approximately \$506,000 per year.

Project Schedule and Financing:

Milestone	Date of Completion
1. Site Control	October 2018
2. Community Engagement (continuous and ongoing)	January 2019
3. Director’s Hearing	June 2020
4. Submit 4% Tax Credit Application	August 2020
5. Receive reservation of tax credit award	October 2020
6. Construction finance closing	January 2021
7. Begin Construction	February 2021
8. Start of Lease-Up Activities	April 2022
<b>9. Complete Construction</b>	<b>May 2022</b>
10. 100% Occupancy	July 2022
11. Permanent Loan Conversion	October 2022

**Permanent Source of Funds**

Permanent Loan	\$8,872,292
County of Santa Clara	\$11,500,000
City of San José	\$10,500,000
Deferred Developer Fee	\$2,328,993
Tax Credit Equity	\$17,417,655
<b>Total Permanent Source of Funds</b>	<b>\$50,618,940</b>

**Use of Funds**

Acquisition Costs	\$3,465,000
Hard Costs	\$29,400,600
Other Construction Costs	\$8,635,347
Construction Interest & Fees	\$1,317,000
Permanent Financing	\$105,000
Legal Fees	\$770,000
Reserves	\$862,000
Other Project Costs	\$1,120,000
Developer Costs	\$4,943,993
<b>Total Use of Funds</b>	<b>\$50,618,940</b>