

HOUSING DEVELOPMENT PROJECT REVIEW

Project Name: Gateway Senior Apartments
Borrower: Gateway Senior Apartments
Address: Monterey Street (North of Ervin Court)
Census Tract: 5080.030 **San Jose Council District:** N/A **Supervisorial District:** 1
Developer/Sponsor: Danco Communities
Total Development Cost: \$30,413,539
Residential Square Footage: 57,300 **Commercial/Office Square Footage:**

Gilroy Gateway



Monterey Street (North of Ervin Court)

Project Summary:

Gateway Senior Apartments is a new 75-unit affordable senior housing complex on a 1.86 acre site and is being developed by Danco Communities. Thirty-seven of the units will be reserved for special needs seniors and the remaining 37 units will go to income-qualifying seniors. The project is located on the east side of Monterey Street across from Ervin Court. The building consists of four stories with a controlled entrance. Outdoor amenities include a pergola/picnic area and a community garden area with raised beds.

Existing Conditions: The site is currently vacant and located in a mixed-use neighborhood of southern Gilroy. Properties to the west are developed as residential homes including the development along Ervin Court. An auto dismantler and towing facility is located to the north, a flex light industrial/office building and smaller industrial uses are located to the south with the railroad tracks located to the east.

Land Use: The original developer received land use approval on December 7, 2015 and a density bonus under the provisions of the Gilroy City Code and state statute on April 18, 2016.

Green Building: Danco Communities has incorporated green building features that will meet or exceed the 2016 California Green Building Code. All of the units will be provided with energy star appliances and energy star fixtures.

Environmental Review: The City approved a Mitigated Negative Declaration. AMG and Associates, LLC commissioned a Phase I Environmental Site Assessment with KCE Matrix, Inc. The assessment has revealed no evidence of recognized environmental conditions in direct connection with the site.

Project-Based Section 8 Vouchers (PBV's): Danco Communities is requesting thirty-seven (37) PBV's as part of the Supportive Housing Development Program NOFA.

Services: LifeSTEPS will be the services provider for this project for the non-PSH units. The service coordinator will provide services such as information and referral services, assistance to access services, facilitating building social activities and financial literacy workshops.

Project Schedule and Financing:

Milestone	Date of Completion
1. Site Control	August 25, 2017
2. Community Engagement (continuous and ongoing)	March 2016
3. Planning Commission Land Use Approval (RDO Housing Exemption)	November 5, 2017
4. City Council Land Use Approval	April 18, 2016
5. Submit 4% Tax Credit Application	November 17, 2017
6. Receive reservation of tax credit award	January 2018
7. Construction finance closing	March 1, 2018
8. Begin Construction	April 1, 2018
9. Start of Lease-Up Activities	January 1, 2019
10. Complete Construction	June 1, 2019
11. 100% Occupancy	July 1, 2019
12. Permanent Loan Conversion	October 1, 2019

Permanent Source of Funds

County Acquisition Loan	\$3,500,000
County Capital Loan	\$4,000,000
Permanent Loan	\$10,950,000
Developer Note	\$1,589,704
Tax Credit Equity	\$10,373,835
Total Permanent Source of Funds	\$30,413,539

Use of Funds

Acquisition	\$3,600,000
Holding Cost	\$242,253
New Construction	\$16,018,681
Construction Contingency	\$379,989
Soft Cost Subtotal	\$6,408,707
Capitalized Operating Reserve	\$139,375
Soft Cost Contingency	\$221,941
Developer Fee Paid	\$2,500,000
Developer Fee Deferred/Contributed	\$902,593
Total Use of Funds	\$30,413,539