

HOUSING DEVELOPMENT PROJECT REVIEW

Application Review: Markham Plaza II
Borrower: Tully Gardens Phase II, L.P.
Address: 2010 Monterey Road, San Jose
Census Tract: 5031.22 **San Jose Council District:** 7 **Supervisorial District:** 2
Developer/Sponsor: The Core Companies
Total Development Cost: \$26,593,698

Markham Plaza II



2010 Monterey Road, San Jose

Project Summary:

Markham Plaza II is an existing 4-story building consisting of 151 affordable housing units and one manager unit on a 1.78 acre site and is developed by the Core Companies. Markham Plaza II is the second phase of a two-phased development constructed in 2004 and shares a courtyard and a detached three-story concrete cast-in-place parking garage. Access to the site is gained via Monterey Road. Each unit has its own bathroom and is fully furnished with a Murphy bed, table and chairs, microwave and refrigerator. All of the units are deed restricted to households earning no more than 30% of the area median income (AMI). Core is proposing to refinance the existing debt and generate one-time capital to improve security systems, upgrade building entries, a security fence and other improvements. Fifty (50) of the units will be reserved as permanent supportive housing to help individuals and families with special needs.

Upon completion of the renovations and the financial restructuring the property will be supported by additional staffing. Specifically, Core will augment the existing property management staff by 0.5 FTE, maintenance staff by 0.3 FTE and resident coordinators by 2 FTE.

Existing Conditions: The parcel is currently improved with a three-story residential buildings containing a total of 152 units.

Land Use: The proposed improvements do not require a change to the existing land use.

Green Building: The proposed improvements do not include any sustainability improvements

Environmental Review: The proposed improvements are minor changes that are ministerial in nature and does not constitute as a project under the California Environmental Quality Act.

Project-Based Vouchers (PBV's): Core has also submitted a request for a reservation of 30 Housing and Urban Development Veterans Affairs Supportive Housing (HUD-VASH) Project-Based Vouchers (PBV's) from the Santa Clara County Housing Authority.

Services: Resident services will continue to be provided by EAH, Inc. Participation by residents is on a voluntary basis and services include but are not limited to: information and referral services, facilitating community building activities such as resident parties and a tenant council, organizing a resident newsletter and specific case management services for persons who request the assistance.

Project Schedule and Financing:

Milestone	Date of Completion
1. Site Control	N/A
2. Community Engagement (continuous and ongoing)	N/A
3. Submit 4% Tax Credit Application	February 2019
4. Receive reservation of tax credit award	May 2019
5. Construction finance closing	September 2019
6. Begin Construction	September 2019
7. Start of Lease-Up Activities	September 2020
8. Complete Construction	October 2020
9. 100% Occupancy	October 2020
10. Permanent Loan Conversion	March 2021

Permanent Source of Funds

County of Santa Clara	\$7,200,000
Seller Carryback Loan	\$5,485,141
City of San Jose	\$4,734,841
Deferred Developer Fee	\$811,694
Existing Reserves	\$812,989
Tax Credit Equity	\$7,549,033
Permanent Source of Funds	\$26,593,698

Use of Funds

Pay-off Existing Permanent Mortgage	\$1,909,170
City of San Jose Existing Loans	\$4,734,841
Seller Carryback Loan	\$5,485,141
Construction	\$7,699,998
Architecture and Engineering	\$941,947
Other Soft Costs	\$2,316,172
Developer Fee	\$3,506,429
Total Use of Funds	\$26,593,698