

## HOUSING DEVELOPMENT PROJECT REVIEW

**Development Name:** Villas on the Park  
**Borrower:** Villas on the Park San Jose, L.P.  
**Address:** 278 N. 2<sup>nd</sup> Street, San Jose, CA  
**Census Tract:** 5010.00 **San Jose Council District:** 3 **Supervisorial District:** 2  
**Developer/Sponsor:** Affirmed Housing Group Inc. & People Assisting the Homeless  
**Total Development Cost:** \$39,947,606  
**Residential Square Footage:** 62,378 **Commercial/Office Square Footage:** 0

## Villas on the Park



278 N. 2<sup>nd</sup> Street, San Jose

**Project Summary:**

Villas on the Park is a 100% permanent supportive housing development consisting of 84 units on a .355 acre site and is being developed by co-developers Affirmed Housing Group Inc. (“Affirmed”) and People Assisting the Homeless (PATH). The project is located in Downtown San Jose on the easterly side of North 2<sup>nd</sup> Street. The building includes a street level parking garage, a sixth floor outdoor deck and garden area, and a social service and community space. The design features will include: a semi-enclosed outdoor landscaped courtyard with the external access point secured via a decorative metal gate, stepped massing creating space for a rooftop deck with a view of St. James Park, and open-air circulation hallways, maximizing natural light in circulation areas as well as in units.

**Existing Conditions:** The site is currently vacant. A 3,964 square foot commercial building was demolished. There is a commercial building and multi-family residences to the north, a parking lot to the south, a restaurant and multi-family residences to the east, and multi-family residences to the west.

**Land Use:** Affirmed received land use approval for a Conditional Use permit and rezone of the site from General Commercial (CG) to Downtown Core (DC) as part of the entitlement process. The San Jose Planning Commission and the City Council took action on November 16, 2016 and January 10, 2017, respectively.

**Green Building:** Villas on the Park will be designed to LEED Gold standards or equivalent, and will feature photovoltaic and hot water systems on the roof, designed to offset a significant portion of the building’s electrical and water heating requirements.

Environmental Review: The City approved a Mitigated Negative Declaration. Affirmed Housing commissioned a Phase I Environmental Site Assessment with Advantage Environmental Consultants, LLC. The assessment has revealed no evidence of recognized environmental conditions in direct connection with the site.

Project-Based Section 8 Vouchers (PBV's): This project contains 84 PBV's for the initial contract term of 15 years with a one term extension for an additional 15 years.

Services: PATH will provide on-site supportive services such as: Outreach and engagement, orientation & needs assessment, case management, mental health care, Substance abuse treatment, life skills education, community building, eviction prevention, green education, and transportation planning.

Project Schedule and Financing:

Milestone	Date of Completion
1. Site Control	July 28, 2016
2. Community Engagement (continuous and ongoing)	March 23, 2017
3. Planning Commission Land Use Approval	November 2, 2016
4. City Council Land Use Approval	November 29, 2016
5. Submit 9% Tax Credit Application	June 21, 2017
6. Receive reservation of tax credit award	September 20, 2017
7. Construction finance closing	January 20, 2018
8. Begin Construction	March 1, 2018
9. Start of Lease-Up Activities	October 1, 2018
<b>10. Complete Construction</b>	<b>April 1, 2019</b>
11. 100% Occupancy	May 1, 2019
12. Permanent Loan Conversion	October 1, 2019

**Permanent Source of Funds**

Permanent Loan	\$4,200,000
City of San Jose Capital Loan	\$2,699,214
City of San Jose - Acquisition	\$4,500,000
County of Santa Clara	\$7,200,000
Tax Credit Equity	\$20,349,178
<b>Total Permanent Source of Funds</b>	<b>\$38,947,606</b>

**Use of Funds**

Acquisition	\$4,500,000
Land Carry Cost	\$265,000
Demo	\$235,000
New Construction	\$23,174,000
Construction Contingency	\$1,159,000
Soft Cost Subtotal	\$6,832,499
Capitalized Operating Reserve	\$500,000
Soft Cost Contingency	\$430,000
Developer Fee	\$1,852,106
<b>Total Use of Funds</b>	<b>\$38,947,606</b>