

HOUSING DEVELOPMENT PROJECT REVIEW

Application Review: West San Carlos Housing
Borrower: San Jose W. San Carlos L.P.
Address: 750 W. San Carlos St., San Jose
Census Tract: 5019.0 **San Jose Council District:** 6 **Supervisorial District:** 4
Developer/Sponsor: Danco Communities
Total Development Cost: \$51,687,253

West San Carlos Housing



750 W. San Carlos, San Jose

Project Summary:

The West San Carlos Housing is an affordable housing development consisting of 80 units on a 0.41 acre site and is being developed by Danco Communities. The project is located a few blocks from Diridon Transit Station in San Jose. The proposed development will include 79 affordable apartments, comprised of 56 one-bedrooms and 23 two-bedrooms (plus one manager's unit). Forty (40) units will be set aside as permanent support housing for special needs homeless households. The apartments will all be located in one building that is five stories of wood frame over two levels of concrete podium. The residential amenities will include but are not limited to property management and services staff offices, a common lounge, community kitchen, fitness room and laundry facilities.

Existing Conditions: The proposed development will replace a single story run-down commercial building.

Land Use: The Property is located in an R-M (PD) Zoning District and has a land use designation of Transit Residential. Since the developer has proposed that the project be converted to a 100% affordable housing development, the project is entitled to a State Density Bonus and Danco is pursuing an administrative approval of a density increase to 80 units. The planning application has been submitted to the City of San Jose. Danco anticipates receiving approval in December 2018. If the developer is unable able to achieve approval for the proposed 80 units, the project will be brought back before the Board.

Green Building: In addition to energy-efficient design and appliances, this all-electric building design will eliminate the need for natural gas utilities on-site and provide the opportunity to be a net zero energy ready with roof mounted photovoltaic array to offset annual tenant electricity use. The combination of these strategies will result in a building that is energy efficient and maintains minimal utility costs for the residents while exceeding California Title 24 Building Energy Code compliance standards by a high margin.

Environmental Review: Per the approved and certified Envision San Jose 2040 General Plan FEIR and the Addendum to the Diridon Station Area Plan FEIR, an Addendum was prepared for the proposed project and the findings analysis determined that the proposed project would not result in any new impacts not previously disclosed by the FEIRs. The County funding is contingent upon the Project obtaining the necessary entitlements and CEQA clearance.

Project-Based Vouchers (PBV's): Danco is requesting a reservation of 40 Section 8 Project-Based Vouchers (PBVs) from the Santa Clara County Housing Authority.

Services: Resident services will be provided through a combination of service providers whose expertise is focused on supportive services for special needs and homeless populations.

Project Schedule and Financing:

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

Permanent Source of Funds

County of Santa Clara	\$9,300,000
Conventional Loan	\$15,054,985
City Loan	\$9,875,000
Deferred Developer Fee	\$3,463,583
Tax Credit Equity	\$13,993,685
Permanent Source of Funds	\$51,687,253

Use of Funds

Acquisition	\$5,912,500
New Construction	\$30,123,551
Architectural and Engineering	\$1,350,000
Const. Interest, fees and perm financing	\$1,953,625
Other (legal, reserves, etc.)	\$4,653,167
Contingency	\$1,845,194
Developer Fee	\$5,849,216
Total Use of Funds	\$51,687,253