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SENT TO COUNCIL

by Council Liaison's Office

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Leslye Corsiglia

SUBJECT: **PRODUCTION REPORT FOR APRIL 1 – JUNE 30, 2005**

DATE: August 10, 2005

Approved

Date Aug. 12, 2005

COUNCIL DISTRICT: Citywide

INFORMATION

This report covers activity in the Project Development Program for the fourth quarter of the 2004-05 Fiscal Year. The objective of the Project Development Program is to increase, preserve, and improve the supply of affordable housing in San Jose.

The Mayor and City Council have set a target of 10,000 affordable units to be completed or to start construction during the period of January 1, 1999 to December 31, 2006.

To date, 7,506 affordable units have been completed, with an additional 1,383 currently under construction. **Attachment 1** details the status of the nine large, new construction projects that are currently under construction. Funding commitments for 1,082 additional units have been made, while 688 units are seeking City funding. Also, there are 876 potential units in the planning stage (see **Attachment 2**).

Financing Activity

Under the funding strategy for the affordable housing program approved by the City Council on February 24, 2004, the Housing Department has issued four Notices of Funding Availability ("NOFAs"). The fourth NOFA was released on May 12, 2005, and made available $20,000,000. In response to the NOFA, the Housing Department received one funding application from ROEM Development Corporation for the Montecito Vista Family Apartments, a 193-unit, multifamily rental project to serve 172 very low- and 20 extremely low-income households. Unfortunately, the application was deemed incomplete.

Housing and Finance Department staff, in partnership with the City Attorney's Office and the City's financial advisor, completed the issuance of the Series 2005A, B, C and D Tax Allocation Bonds, which closed on June 29, 2005. The Housing Department used the proceeds to repay all

amounts drawn on its operating line of credit, to fund loan commitments currently outstanding, to refund previously issued bonds for savings, and to optimize the Department's existing bond amortization schedule.

City Council Actions

On May 10, 2005, the City Council approved the subordination of the City's existing permanent loan of $6,000,000 to a new senior loan of $12,000,000 to be made by California Housing Finance Agency (CalHFA) to refinance the 138-unit Hillview Glen Apartments project located at the southeast corner of Pearl and Hillsdale Avenues.

On June 28, 2005, the City Council approved an increase in the City's existing permanent loan of $9,486,839 to a new amount of up to $13,405,471 for the 130-unit Pollard Plaza Apartments project, located at the Southeast corner of McLaughlin Avenue and Story Road. Also approved was a change in the project's affordability restrictions such that 115 units formerly affordable to households at or below 60% of Area Median Income (AMI) will be restricted to households at or below 45% AMI.

Additionally, on June 28, 2005, the City Council approved the subordination of the City's existing Bond Regulatory Agreement and Declaration of Restrictive Covenants to the new Bond Deed of Trust and the Letter of Credit Bank Deed of Trust for Timberwood Apartments. On July 22, 2005, the project's new bonds were closed and the City's Affordability Reserve Fund loan in the amount of $618,889 was repaid. The City also received a lump-sum payment of $48,579 which represents the present value of the annual bond administration fee that the City would have otherwise received over the remaining 15-year term of the previous bond issue.

As the need for affordable housing in San Jose continues to grow and as resources remain limited, the Housing Department continues to seek and utilize all available opportunities to meet the affordable housing production goals set by the Mayor and City Council.

LESLYE CORSIGLIA
Director of Housing

cc: Housing Advisory Commission
Attachments:

- Attachment 1 -- Summaries of Projects Currently Under Construction.
- Attachment 2 -- Highlights of Activities since January 1, 1999, to June 30, 2005

ALMADEN FAMILY

District 7

Developer: Almaden Family Housing Partners, L.P.

Location: 1525-1541 Almaden Road

Units: 225 units of family housing: 46 ELI/177 LI/2 unrestricted manager's units

Council Action: Approval on April 1, 2003, of a funding commitment for permanent financing. Approval in October 2003 of a bond issuance and a loan of bond proceeds.

City Funds (Permanent): up to $13,775,000

Subsidy/Unit: $61,771

Estimated Project Cost: $57,097,000

Construction started in April 2005. Completion is anticipated in September 2006.

Photos:

TOP: A view of the Northwest corner of the pad for building B.

MIDDLE: Looking at the footings for building B along the Southwest corner of the property.

BOTTOM: A view of the southeast corner of the project.

ART ARK

District 3

Developer: CORE Development, Inc.

Location: Northeast corner of South 5th and Keyes, within the Martha Gardens Specific Plan boundaries.

Units: 148 units of housing with the marketing of the units targeted to the arts community: 44 ELI/102 VLI/ 2 unrestricted manager's units

Council Action: Approval on April 13, 2004, of a funding commitment for construction and permanent financing, and a grant for ELI units.

City Funds (Permanent): up to $5,671,900 and a conditional grant of up to $2,300,000 of RDA funds

Subsidy/Unit:	$55,607
Subsidy/ELI Unit	$53,273

Estimated Project Cost: $37,001,209

Construction started in April 2005. Completion is anticipated in December 2006.

Photos:

TOP: Looking South at the footings for the whale garage.

MIDDLE: A view of the submarine garage looking Southeast.

BOTTOM: Looking at the future site of the factory buildings; excavation in progress.

BELLA CASTELLO

District 3

Developer: Bella Castello Family Apartments, L.P.

Location: Southeast corner of 12th Street and Keyes Street

Units: 88 units of family housing; 10 ELI/ 58 VLI/ 19 LI/ 1 unrestricted manager's units

Council Action: Authorization on December 16, 2003 for the Director of Housing to negotiate and execute a Disposition and Development Agreement and to approve business terms for acquisition/predevelopment financing not to exceed $4,265,000.

Delegation Action: Approval of construction loan terms in February 2004 and approval of permanent loan terms in December 2004.

City Funds: up to $4,265,000

Subsidy/Unit: $49,023

Estimated Project Cost: $31,253,000

Construction started in December 2004. Completion is anticipated in June 2006.

Photos:

TOP: A view of the project from the corner of 12th and Keyes Streets.

MIDDLE: Looking at the West elevation along 12th Street.

BOTTOM: A view of the South elevation of the project.

CINNABAR COMMONS

District 6

Developer: Cinnabar Commons, L.P. (Seven Hills Properties)

Location: West side of Stockton Avenue between Lenzen Avenue and Cinnabar Street

Units: 245 units of family housing; 49 VLI/ 194 LI/2 unrestricted manager's units

Council Action: Approval on January 14, 2003, of an additional funding commitment of $14,046,000 for construction financing.

Delegation Action: Approval of construction/ permanent loan terms in July 2003. Revised loan terms developed through mediation on September 23, 2004.

City Funds (Permanent): up to $24,056,000

Subsidy/Unit: $98,997

Estimated Project Cost: $70,045,000

Construction started in March 2004. Completion is anticipated in January 2006.

Photos:

TOP: A view of the East elevation of building #2.

MIDDLE: Looking North at the South elevation of buildings #3 and #4 overlooking the future courtyard.

BOTTOM: Looking north at the South elevation along Cinnabar Street.

DELMAS PARK

District 3

Developer: Delmas Park Associates, L.P.

Location: 598 West San Carlos Street

Units: 123 units of family housing; 26 ELI/ 40 VLI/ 56 LI/ 1 unrestricted manager's unit

Council Action: Approval on June 29, 2004, of a funding commitment of up to $10,006,605 for construction and permanent financing. Approval in September 2004 of bond issuance and a loan of the bond proceeds.

City Funds (Permanent): up to $10,006,605

Subsidy/ELI Unit: $107,692
Subsidy/VLI & LI $75,069

Estimated Project Cost: $39,929,260

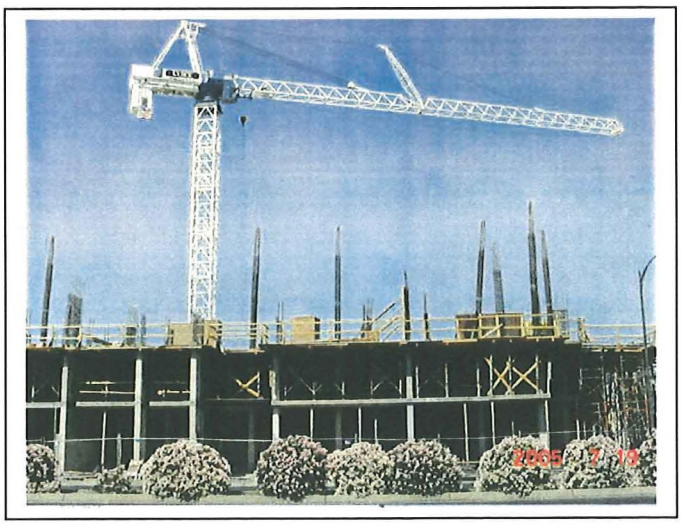
Construction started in October 2004. Completion is anticipated in October 2006.

Photos:

TOP: A view on the North elevation of the building along from San Carlos Street.

MIDDLE: Looking east at the West elevation along Bird Avenue.

BOTTOM: A view of the South elevation of the building along Columbia Avenue.



HENNESSEY PLACE

(formerly YouthBuild Blossom Hill/Croydon)
District 2

Developer: San Jose Conservation Corps (YouthBuild)

Location: Blossom Hill Avenue opposite the terminus of Croydon Avenue

Units: 7 for-sale units

Council Action: Approval on April 8, 2003, of the transfer of City surplus property to the Housing Department.
Approval on May 27, 2003, of a Disposition and Development Agreement.

City Funds: $420,000

Subsidy/Unit: $60,000

Estimated Project Cost: $1,750,000

Construction started in April 2005. Completion is anticipated in September 2006.

Photos:

TOP: Looking Northeast at the project site.

MIDDLE: Frontage of project along Blossom Hill Road.

BOTTOM: A view of the block retaining wall under construction along the East side of the project.

LAS MARIPOSAS

District 5

Developer: Mexican American Community Services Agency (MACSA)

Location: Northeast corner of Alum Rock Avenue and Jose Figueres Drive.

Units: 66 for-sale units.

Council Action: Approval of construction loan and second-mortgage take-out financing February 24, 2004.

City Funds: $4,181,662 including a $630,000 conditional grant from the Redevelopment Agency

Subsidy/Unit: Up to $ 50,000 per homebuyer

Construction started in March 2004 with completion anticipated in August 2005.

Photos:

TOP: View of the South elevation of the project along Alum Rock Avenue.

MIDDLE: Looking East along Jose Figueres Avenue at the West elevation.

BOTTOM: View of the interior courtyard between buildings One and Two.

LAS VENTANAS

(formerly Evans Lane JSM)
District 6

Developer: JSM Enterprises, Inc.

Location: Northerly terminus of Evans Lane (a.k.a., southerly quadrant of Highway 87 and Almaden Expressway interchange)

Units: 239 units of family housing; 35 ELI/ 39 VLI/ 163 LI/ 2 unrestricted manager's units

Council Action: Approval on September 24, 2002, of an increase in grant of ELI funds, for a total grant of $4,025,000, and an increase in the number of ELI units from 24 to 35.

City Funds:	$19,395,949
Subsidy/ELI Unit:	$115,000
Subsidy/VLI & LI Unit:	$77,539
Estimated Project Cost:	$58,444,169

Construction started in July 2003. Completion is anticipated in phases between November 2004 and August 2005.

Photos:

TOP: Looking east at the West elevation of building #1.

MIDDLE: View of the landscaped area between buildings #3 and #4.

BOTTOM: Looking at the East elevation of the project facing Highway 87.

OAK TREE VILLAGE

(Formerly Branham & Monterey)
District 2

Developer: JSM Enterprises, Inc.

Location: Northeast corner of Branham Lane and Monterey Highway

Units: 175 units of family housing; 53 VLI/ 121 LI/ 1 unrestricted manager's unit

Council Action: Approval on May 27, 2003, of a Disposition and Development Agreement – including construction and permanent financing – for the development.

City Funds: $10,540,000

Subsidy/Unit: $60,575

Estimated Project Cost: $50,213,000

Construction started in October of 2003. Completion is anticipated in August 2005.

Photos:

TOP: A view of the West elevation of the project as seen from Monterey Highway.

MIDDLE: Looking North at the South elevation of the project.

BOTTOM: A view of the East elevation of the project overlooking the swimming pool.

Attachment 2

Highlights of Activities -- January 1, 1999 to June 30, 2005

NEWLY CONSTRUCTED AND ACQUISITION/REHABILITATION UNITS

Under Construction	Completed	TOTAL
1,383	7,506	**8,889**

City/RdA Funding Committed	Under Construction	Completed	TOTAL
1,082	1,383	7,506	**9,971**

City Funding Sought	City/RdA Funding Committed	Under Construction	Completed	TOTAL
688	1,082	1,383	7,506	**10,659**

Other Potential Projects	City/ Funding Sought	City/RdA Funding Committed	Under Construction	Completed	TOTAL
876	688	1,082	1,383	7,506	**11,535**

Housing Department-Funded Preservation Units

Planning Stage -- Inclusionary	City/RdA Funding Sought	City/RdA Funding Committed	Under Construction	Completed	TOTAL
0	0	0	0	897	897