March 4, 2015

Ms. Maria F. Cremer, Director of CPD  
U.S. Dept. of Housing and Urban Development  
Office of Community Planning and Development  
600 Harrison Street, 3rd Floor  
San Francisco, CA 94104

Dear Ms. Cremer:

RE: Grant Agreement # B-09-CN-CA-0054 Technical Amendment

The Housing Trust Silicon Valley (HTSV) requests approval of the following technical amendment to the Action Plan of its Neighborhood Stabilization Program 2 (NSP2), Grant Agreement # B-09-CN-CA-0054:

**Technical Amendment:** Request to decrease Eligible Uses B and Administration by $2,479,575 of unexpended funds and to transfer and increase Eligible Use E with these funds for a total of $5,270,605, for development, construction and activity delivery costs of the Metropolitan Apartment North Phase, a 71 unit multi-family development.

**Rationale:** The Housing Trust Silicon Valley (HTSV) requests a technical amendment to the San Jose NSP2 Consortium’s Action Plan under Activity E - Development of Vacant Land, to include the development of the Metropolitan Apartment North Phase project. The North Phase consists of a 71-unit apartment complex that will serve low-income families with incomes at or below 60% of the Santa Clara County Area Median Income limit, as posted by the U.S. Department of Housing and Urban Development (HUD).

The Consortium continues to look for opportunities to increase the number of units assisted by NSP2, particularly in this current housing market where the availability of affordable residential housing is weak. The proposed Metropolitan Apartment North Phase project will further increase the overall program net unit count from 243 to 313.

**Project Site Background:** The Metropolitan Apartments North Phase is located at 2112 Monterey Road, San Jose, CA. The Borrower is 2112 Monterey Road L.P., a California limited partnership with 2112 Monterey Road, LLC as general partner of the partnership with Charities Housing Development Corporation of Santa Clara County ("Charities Housing") as its sole member/manager. The subject property is a
2.03-acre vacant site, (APN 477-23-021), generally bounded by similar multifamily housing to the north, mobile home park to the west, as well as The Plant Shopping Center which includes a variety of retail stores to the east and grocery stores to the south. The property is also along a public transportation route. The site is located in an eligible NSP2 census tract.

On December 11, 2014, Housing Trust Silicon Valley Program and Policy Committee approved a construction loan of up to $5 million in NSP2 funds for the Metropolitan Apartment North Phase, and later approved by the San Jose NSP2 Steering Committee on February 10, 2015. It is anticipated that construction will begin in April 2015.

**Metropolitan Apartment North Phase Project Overview:** Borrower will utilize approximately 2.03 acres to develop 71 units of multifamily housing. The entire development site is 2.86 acres and is intended to accommodate a total of 102 multifamily rental units. This development will be constructed in two phases; a North Phase of 70 affordable units and a South Phase of 30 affordable units. Each phase will have an unrestricted management unit. The North Phase will be constructed first and is the subject of this Technical Amendment, independent of the South Phase. The North Phase Housing affordability mix includes:

<table>
<thead>
<tr>
<th>Unit sizes and Affordability</th>
<th>30% AMI</th>
<th>45% AMI</th>
<th>Unrestricted</th>
<th>Total</th>
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<tbody>
<tr>
<td>Studios</td>
<td>11</td>
<td>0</td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>1-BR</td>
<td>2</td>
<td>23</td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>2-BRs</td>
<td>2</td>
<td>11</td>
<td></td>
<td>13</td>
</tr>
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</tr>
<tr>
<td>Manager 2BRs</td>
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<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>18</td>
<td>52</td>
<td>1</td>
<td>71</td>
</tr>
</tbody>
</table>

The L-shaped building design, which ranges in height from 2-4 stories, incorporates design characteristics, program features, and elements appropriate for the families. Other amenities include two offices for property management and resident services, fitness center, laundry room, trash room for each floor, parking spaces for 168 autos, 25 motorcycles and 53 bicycles. The density ratio of units per acre is 35:1.

**Leveraging of Funds:** Charities Housing has successfully secured over $39 million in funding, including a $15.8 conventional construction loan, $15.4 million in City of San Jose capital funds, $517,000 in Santa Clara County Affordable Housing Fund, $1.4 million in deferred costs, and $1 million in tax credit equity. Approval of this technical amendment will provide the remaining $5 million to complete the construction funding package that will realize an additional 70 low-income units. The conventional construction and NSP2 loans will be paid off at conversion with $20.8 million in LIH Tax Credits.

**Impact of the Amendment to the Original NSP2 Application Score:** In September 2010, HTSV submitted a technical amendment to add Eligible Use E – Development of Vacant Land, which included the approval of a LH-25 multifamily rental housing project. This technical amendment will not negatively impact the original score received on our application, as the site is located in an eligible and approved census tract. We feel this requested amendment enhances our original proposal by providing an additional development that increases affordable rental housing for families at or below 60% AMI.
This technical amendment, in addition to previous amendments, will increase the number of affordable units from the original commitment of 205 to 313, a 52% increase. This amendment will not (1) change the target geography/census tracts of our NSP2 activities; (2) result in a reduction or change in the beneficiaries to be assisted with NSP2 funds; or (3) add any activities that were not originally proposed in our application and Action Plan, as amended.

Thank you in advance for your prompt consideration of our request. Should you have any questions or require additional information, please do not hesitate to contact me at 408-436-3450 x225 or by email at kevin@housingtrustsv.org. Alternatively, you may contact Sandra Murillo, Director of Grants Administration, at 408-436-3450 x228 or by email at sandra@housingtrustsv.org.

Sincerely,

[Signature]

Kevin Zwick
Chief Executive Officer

CC: Celia M. Jones, HUD  
    Jacky Morales-Ferrand, CSJ  
    Matt Huerta, NHSSV  
    Sandra Murillo, HTSV