

HOUSING DEVELOPMENT PROJECT REVIEW

Application Review: 4th and E. Younger Apartments
Borrower: 4th Street San Jose, LP
Address: 1020 N 4th Street, San José CA 95113
Census Tract: 5001.00 **San Jose Council District:** 3 **Supervisorial District:** 2
Developer/Sponsor: PATH Ventures
Residential sq. ft.: 43,390 **Commercial/Office sq. ft.:** 3,000
Construction Type: Type V – Wood frame; 4-story building

4th and E. Younger Apartments



1020 N 4th Street, San Jose

Project Summary:

4th and E. Younger Apartments is an affordable housing development consisting of 94 units on a 0.96-acre site and is being developed by PATH Ventures. The project is located at 1020 N. 4th St. in San José. The proposed development will consist of 93 affordable apartments, comprised of 65 studios and 28 one-bedrooms (plus one manager unit). Ninety-three (93) of the units will be set aside as permanent supportive housing (PSH) for homeless and chronically homeless individuals. The apartments will be constructed in one wood-frame building and will include a landscaped courtyard, designated bicycle parking, laundry facilities and a community room. The community room will feature a teaching kitchen where PATH, the resident service provider, will coordinate volunteers and cooking groups to conduct training that focuses on healthy eating and reducing food insecurity.

Existing Conditions: The property is currently developed with a commercial building and surface parking lot that was the site of the old Dick's Supermarket which is proposed for demolition.

Land Use: The proposed site is located at 1020 N. 4th Street in San José. The site is 0.96 acres and is zoned CP-Commercial Pedestrian District which allows mixed residential/commercial development. The proposed mixed-use project is consistent with the current zoning for the site. The site is currently being considered for eligibility under AB 2162 – Supportive Housing Streamlining Act, and it is anticipated that the approval process will be completed by June 2020.

Green Building: The 4th and E. Younger Apartments will meet LEED Silver standards or equivalent and will feature low-e windows, high quality insulation and a solar photovoltaic system to offset a portion of the building's electrical requirements. Each unit will feature Energy Star appliances, LED lighting, low-flush toilets, and low-flow faucets. The site will incorporate green rainwater management design principles to redirect runoff to landscaped areas and planted trees around the building.

Environmental Review: The proposed project has not obtained entitlements, including but not limited to CEQA clearance. The project is currently being considered for eligibility under AB 2162 – Supportive Housing Streamlining Act, which requires a ministerial approval of project developments that include supportive housing units and meet specific criteria found in Government Code sections 65650. Under AB 2162, the ministerial approval would not constitute a “project” for purposes of CEQA. The County’s commitment to fund will be contingent upon the project obtaining the necessary entitlements and CEQA clearance.

Project-Based Vouchers (PBV’s): PATH Ventures is requesting a reservation of 93 Section 8 Project-Based Vouchers (PBVs) from Santa Clara County Housing Authority.

Services: PATH Ventures has selected People Assisting the Homeless (PATH) as the lead on-site service provider to deliver varied levels of services to all 93 restricted units. The County will be responsible for coordinating services with PATH for the residents at a cost of approximately \$1,023,000 per year.

Project Schedule and Financing:

Milestone	Date of Completion
1. Site Control	August 2019
2. Community Engagement (continuous and ongoing)	April 2019
3. Entitlements/ Land Use Approval	June 2020
4. Submit 9% Tax Credit Application	July 2020
5. Receive reservation of tax credit award	Sept 2020
6. Construction finance closing	March 2021
7. Begin Construction	March 2021
8. Start of Lease-Up Activities	January 2022
9. Complete Construction	June 2022
10. 100% Occupancy	December 2022
11. Permanent Loan Conversion	March 2023

Permanent Source of Funds

Conventional Permanent Loan	\$9,100,000
County of Santa Clara	\$15,000,000
AHP Loan	\$930,000
Other sources	\$552,232
GP Capital	\$100
Tax Credit Equity	\$29,568,305
Total Permanent Source of Funds	\$55,150,637

Use of Funds

Acquisition	\$6,798,000
New Construction	\$33,846,293
Architecture and Engineering	\$2,403,200
Financing Fees	\$,4,545,470
Legal Fees	\$170,000
Soft and Other Costs	\$4,249,960
Capitalized Operating Reserve	\$937,714
Paid Developer Fee	\$2,200,000
Total Use of Funds	\$55,150,637

1. Executive Summary

Construction Type:	<input checked="" type="checkbox"/> New construction <input type="checkbox"/> Rehab <input type="checkbox"/> Both		
Residential Sq. Ft.:	43,390	Commercial Sq. Ft.:	3,000
Project Type:	<input checked="" type="checkbox"/> Type 1 <input type="checkbox"/> Type 2 <input type="checkbox"/> Type 3 (I/DD)		

Unit Summary	No. of PSH	93	No. of Manager Units	1
	No. of Market Rate	0	No. of Total Units	94
	Elevator	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	No. of Parking Spaces	44
Target Population:	93 units set aside for seniors 55+ who are experiencing homelessness or are chronically homeless			
Unit Mix:	Ninety-three (93) residential units will be reserved for seniors ages 55 and up experiencing homelessness, with 47 units reserved for households earning at or below 30% AMI and 46 units reserved for households earning at or below 50% AMI.			

Site Condition:	The parcel size is 41,819 sf or 0.96 acre. The site is currently developed with a vacant commercial building and a surface parking lot. A Phase I ESA was completed May 1, 2019. The report concluded that no evidence of recognized environmental conditions or environmental issues in connection with the subject property and based on that conclusion, the Consultant, recommended that no further investigation of the property is required at the time of the report.		
Environmental:	<input checked="" type="checkbox"/> CEQA Exempt Pending; Under AB 2162 the project is exempt and not considered a "project" for purposes of CEQA	<input checked="" type="checkbox"/> NEPA Required	<input checked="" type="checkbox"/> Phase I dated May 1, 2019
Funding Requirements:	<input checked="" type="checkbox"/> Davis Bacon	<input checked="" type="checkbox"/> Trigger: PBV's from HUD	
Relocation:	N/A		
Zoning:	The site is zoned CP – Commercial Pedestrian which permits mixed use residential/commercial. In an urban village, mixed-use residential/commercial only if the residential portion of the use is 100% deed restricted and affordable to persons of low, very low, and/or extremely low income as defined in California Government Code Section 65915 et seq. and in conformance with all criteria in the general plan for such use. Conditional use permit required outside of Urban Villages; Special use permit in Urban Villages.		
Entitlements:	The project is currently being considered for eligibility under AB 2162 – Supportive Housing Streamlining Act, which requires a ministerial approval for developments that include supportive housing units and meet specific criteria found in government code sections 65650. Under AB 2162, ministerial approval would not constitute a "project" for purposes of CEQA. The County's commitment to fund will be contingent upon the project obtaining necessary entitlements and a final CEQA clearance.		

2. Request

Loan Type:	<input type="checkbox"/> Predevelopment	<input checked="" type="checkbox"/> Acquisition	<input checked="" type="checkbox"/> Construction	<input checked="" type="checkbox"/> Permanent
Interest Rate:	3% simple interest with residual receipt payments			
Amount:	15,000,000			
Term (years):	55 years			

3. Financing & Underwriting

Permanent Sources

Source	Total Amount	Applied for? Yes/No	Committed? Yes/No	Date Expected
CCRC	9,100,000	Yes	Yes	committed
County of Santa Clara	15,000,000	Yes	No	Feb 2020
Other	\$3,000,000	No	No	TBD
Deferred County Loan Interest	\$642,279	Yes	No	Feb 2020
Tax Credit Equity	27,348,527	No	No	Sept 2020
TOTAL	\$55,090,806			

4. Unit Mix and Affordability Chart

Bedroom Size		Affordability Chart							
		AMI Level							
		ELI	Very Low				Low		
PSH	RRH	30%	40%	45%	50%	60%	80%	Total	
0 BR / 1 BA	65	0	0	0	0	0	0	0	0
1 BR / 1 BA	28	0	0	0	0	0	0	0	0
2 BR / 1 BA	0	0	0	0	0	0	0	0	0
3 BR / 1.5 BA	0	0	0	0	0	0	0	0	0
Totals	93	0	0	0	0	0	0	0	0

Tenant Type	Unit Type	Qty	% AMI	Sq. Ft.	Tenant Rents + Rental Subsidy (if any) (Net of Utility Allowance)
Permanent Supportive Housing	0 BR / 1 BA	33	30%	375	\$1,887.00
Permanent Supportive Housing	1 BR / 1 BA	14	30%	500	\$2,234.00
Permanent Supportive Housing	0 BR / 1 BA	32	50%	375	\$1,887.00
Permanent Supportive Housing	1 BR / 1 BA	14	50%	500	\$2,234.00
Unrestricted	Manager's Unit	1	0%	800	

TOTAL 94

WEIGHTED AVERAGE	40%	413	\$1,991.47
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5. Development Team

Developer	PATH Ventures
Co-Developer	n/a
Financial Consultant	California Housing Partnership
General Contractor	
Architect	DAHLIN Group
Property Manager	The John Stewart Company
Service Provider	PATH
Other Government Agency and role	
Other non-profit partners	