

## HOUSING DEVELOPMENT PROJECT REVIEW

**Application Review:** Bascom Apartments  
**Borrower:** Bascom Affordable Housing, L.P.  
**Address:** 3090 S. Bascom Avenue, San Jose CA 95124  
**Census Tract:** 5027.01    **San Jose Council District:** 9    **Supervisorial District:** 4  
**Developer/Sponsor:** Affirmed Housing Group, Inc.  
**Residential sq. ft.:** 45,775                      **Commercial/Office sq. ft.:** 5,909  
**Construction Type:** Type I-A concrete with five levels of Type III-A wood frame structure above

Bascom Apartments



3090 S. Bascom Avenue, San José

### **Project Summary:**

Bascom Apartments is an affordable housing development consisting of 90 units on a 0.64-acre site and is being developed by Affirmed Housing Group, Inc. The project is located at 3090 S. Bascom Avenue in San Jose. The proposed development will consist of 88 affordable apartments, comprised of 53 studios, 17 one-bedrooms, 14 two-bedrooms and 4 three-bedrooms (plus two manager units). Twenty (20) of the units will be set aside as permanent supportive housing (PSH) for homeless and chronically homeless individuals and nine (9) units will be set aside for Rapid Rehousing (RRH). The remaining 59 units will accommodate individuals and families earning from 30% to 80% of the area median income (AMI). The apartments will be constructed in one 6-story building and the ground floor will showcase a large storefront commercial space. There will also be a second-floor courtyard, a community room, and kitchen.

**Existing Conditions:** The site is currently developed with a two-story retail building occupied by Guitar Showcase Showroom.

**Land Use:** The proposed site is located at 3090 S. Bascom Avenue in San José. The site is 0.64 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 August 2020.

**Green Building:** The Bascom Apartments will have LEED Gold standards or equivalent and will feature photovoltaic and hot water systems designed to offset a significant portion of the building's electrical and water heating requirements. Mounted over a cool roof designed to the most progressive cool roof standards, these

arrays will utilize the entire roof area above the 6<sup>th</sup> floor units not otherwise required for other mechanical systems.

Environmental Review: The proposed project has not obtained final entitlements including but not limited to California Environmental Quality Act (CEQA) clearance. 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): Affirmed Housing is requesting a reservation of 20 Section 8 Project-Based Vouchers (PBVs) from the Santa Clara County Housing Authority.

Services: Affirmed Housing Group has selected People Assisting the Homeless (PATH) as the on-site services provider to deliver supportive services for the 20 restricted PSH units and 9 RRH units. The County will be responsible for coordinating services with PATH for the PSH residents at a cost of \$220,000 per year and RRH residents at cost of \$67,500 per year.

Project Schedule and Financing:

Milestone	Date of Completion
1. Site Control	Sept 2019
2. Community Engagement (continuous and ongoing)	Nov 2019
3. Director’s Hearing Land Use Approval	Aug 2020
4. Submit Fed 4% + State Tax Credit Application(s)	Nov 2020
5. Receive reservation of tax credit award	April 2021
6. Construction finance closing	April 2021
7. Begin Construction	May 2021
8. Start of Lease-Up Activities	Oct 2022
<b>9. Complete Construction</b>	<b>Feb 2023</b>
10. 100% Occupancy	Jun 2023
11. Permanent Loan Conversion	Dec 2023

**Permanent Source of Funds**

Conventional Permanent Loan	\$8,182,456
County of Santa Clara	\$15,800,000
City of San Jose Capital Loan	\$9,680,000
Deferred Developer Fee	\$500,000
Tax Credit Equity	\$29,891,858
<b>Total Permanent Source of Funds</b>	<b>\$64,054,314</b>

**Use of Funds**

Acquisition	\$6,252,250
New Construction	\$46,311,250
Architecture & Engineering	\$1,615,000
Financing Fees	\$2,816,269
Legal Fees	\$175,000
Soft and Other Costs	\$3,578,545
Capitalized Operating Reserve	\$306,000
Developer Fee	\$3,000,000
<b>Total Use of Funds</b>	<b>\$64,054,314</b>

**1. Executive Summary**

<b>Construction Type:</b>	<input checked="" type="checkbox"/> New construction <input type="checkbox"/> Rehab <input type="checkbox"/> Both		
<b>Residential Sq. Ft.:</b>	45,775	<b>Commercial Sq. Ft.:</b>	5,909
<b>Project Type:</b>	<input type="checkbox"/> Type 1 <input checked="" type="checkbox"/> Type 2 <input type="checkbox"/> Type 3 (I/DD)		

<b>Unit Summary</b>	No. of PSH	20 PSH + 9 RRH	No. of Manager Units	2
	No. of Market Rate	0	No. of Total Units	90
	Elevator	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	No. of Parking Spaces	34
<b>Target Population:</b>	Of total 90 units, 20 to be set aside for PSH county referrals and 9 set aside for RRH county referrals for those experiencing homelessness.			
<b>Unit Mix.:</b>	(53) Studios, (17) 1-bedroom, (15) 2-bedrooms, (5) 3-bedrooms plus (1) 2-bedroom manager unit & (1) 3-bedroom manager unit.			

<b>Site Condition:</b>	The parcel size is 27,878 sf or 0.64 acre. The Site is currently developed with a two-story retail building occupied by Guitar Showcase Showroom. There is a lease in place between Bascom Affordable Housing, LP & tenant, Showcase Music Corp/dba Guitar showcase. The lease shall expire Sept 30, 2020 with no option to extend. The existing commercial space is 11,811 sf. The City is requiring a commercial designation of a minimum of 5,909 sf or 50% of existing commercial space to be replaced.		
<b>Environmental:</b>	<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/II
<b>Funding Requirements:</b>	<input checked="" type="checkbox"/> Davis Bacon	<input checked="" type="checkbox"/> Trigger: [PBV]	
<b>Relocation:</b>	N/A		
<b>Zoning:</b>	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.		
<b>Entitlements:</b>	The site was acquired in September 2019. The process for environmental clearances and entitlements began in December 2019 and planning approvals are expected to be completed by August 2020 through a Special Use Permit (SUP). The developer is looking to apply for AB 2162 approvals from the City, however the application has not yet been submitted. Pursuant to AB 2162, a supportive housing project is a "use by right" in zones where multifamily and mixed uses are permitted, including nonresidential zones permitting multifamily uses, if the proposed housing development satisfies certain criteria. "Use by right" means that the local government's review of the residential use may not require a conditional use permit, planned unit development permit, or other discretionary local government review or approval that would constitute a "project" for purposes of CEQA.		

**2. Request**

<b>Loan Type:</b>	<input checked="" type="checkbox"/> Predevelopment	<input checked="" type="checkbox"/> Acquisition	<input checked="" type="checkbox"/> Construction	<input checked="" type="checkbox"/> Permanent
<b>Interest Rate:</b>	3% simple interest with residual receipt payments			
<b>Amount:</b>	15,800,000			
<b>Term (years):</b>	55 years			

### 3. Financing & Underwriting

#### Permanent Sources

Source	Total Amount	Applied for? Yes/No	Committed? Yes/No	Date Expected
Permanent Loan	\$8,182,456	Yes	Yes	May 2021
City of San Jose	\$9,680,000	No	No	Jul 2020
County of Santa Clara	\$15,800,000	Yes	No	Feb 2020
State Tax Credit Equity	\$7,658,502	No	No	Feb 2021
Deferred Developer Fee	\$500,000	No	No	TBD
Federal Tax Credit Equity	22,233,356	No	No	May 2021
<b>Total</b>	<b>\$64,054,314</b>			

### 4. Unit Mix and Affordability Chart

Bedroom Size		Affordability Chart							
		AMI Level							
		PSH	RRH	ELI	Very Low			Low	
			30%	40%	45%	50%	60%	80%	
0 BR / 1 BA	20	0	18	0	0	6	9	0	53
1 BR / 1 BA	0	4	5	0	0	0	3	5	17
2 BR / 1 BA	0	5	5	0	0	0	0	4	14
3 BR / 1.5 BA	0	0	1	0	0	0	1	2	4
<b>Totals</b>	<b>20</b>	<b>9</b>	<b>29</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>13</b>	<b>11</b>	<b>88</b>

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	20	30%	375	\$2,103.00
	0 BR / 1 BA	18	30%	375	\$748.00
	0 BR / 1 BA	6	50%	375	\$1,261.00
	0 BR / 1 BA	9	60%	375	\$1,517.00
	1 BR / 1 BA	5	30%	575	\$793.00
Rapid Rehousing	1 BR / 1 BA	4	30%	575	\$793.00
	1 BR / 1 BA	3	60%	575	\$1,617.00
	1 BR / 1 BA	5	80%	575	\$1,946.00
	2 BR / 1 BA	5	30%	750	\$947.00
Rapid Rehousing	2 BR / 1 BA	5	30%	750	\$947.00
	2 BR / 1 BA	4	80%	750	\$2,331.00
	3 BR / 1.5 BA	1	30%	975	\$1,091.00
	3 BR / 1.5 BA	1	60%	975	\$2,233.00
	3 BR / 1.5 BA	2	80%	975	\$2,994
Unrestricted	2 BR/1 BA Manager's Unit	1	0%	0	\$0.00
Unrestricted	3 BR/2 BA Manager's Unit	1	0%	0	\$0.00

TOTAL 90

WEIGHTED AVERAGE

41%	503	\$1,457
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