

HOUSING DEVELOPMENT PROJECT REVIEW

Application Review: Sunol-West San Carlos Apartments
Borrower: San Jose Sunol Street LP
Address: 266 and 270 Sunol Street and 777 West San Carlos Street, San José CA 95126
Census Tract: 5019.00 **San Jose Council District:** 6 **Supervisorial District:** 4
Developer/Sponsor: Danco Communities
Residential sq. ft.: 116,700 **Commercial/Office sq. ft.:** 35,000
Construction Type: 5 levels Type III-A over 1 level Type I-A

Sunol-West San Carlos Apartments



266 and 270 Sunol Street and 777 West San Carlos Street, San José

Project Summary:

Sunol-West San Carlos Apartments is an affordable housing development consisting of 154 units on a 1.22-acre site and is being developed by Danco Communities. The project is located at 266 and 270 Sunol Street and 777 West San Carlos Street in San José. The proposed development will consist of 153 affordable apartments, comprised of 50 studios, 25 one-bedrooms, 39 two-bedrooms, and 39 three-bedrooms (plus one manager's unit). Fifty-one (51) units will be set aside as Rapid Rehousing (RRH) units for homeless individuals and families. Fifty-one (51) units will be set aside for individuals and families earning up to 30% of the area median income (AMI). The remaining fifty-one (51) units will accommodate individuals and families earning up to 80% of AMI. The apartments will be constructed in one six-story building. Residential amenities will include but are not limited to a community room, property management offices, a mail room, a bicycle parking room, a fitness room. Common laundry facilities will be located on each residential floor. There will be two landscaped courtyards, one of which will be a children's play area with play equipment and a splash pad area for children and families, and the other one will be a quiet space and gathering area for adults. The proposed site will also have an affordable daycare as part of the project amenities.

Existing Conditions: The proposed development will replace vacant buildings totaling 15,476 square feet.

Land Use: The proposed site is located at 266 and 270 Sunol Street and 777 West San Carlos Street in San José. The site is 1.22 acres and has a land use designation of Urban Residential under the Envision San José 2040 General Plan. It is zoned R-M Multiple Residence Zoning District, which permits higher density residential-commercial mixed development. The proposed project is currently seeking project approval under the Senate Bill 35 (SB 35) streamlined approval guidelines, which requires a ministerial approval for developments that include a specified level of affordability and comply with objective development standards. The project is expected to be completed by Spring 2021.

Green Building: The proposed development will be designed to have advanced energy-efficient features. Fiberglass insulation for ceilings and walls will be attained through Greenguard Indoor Air Quality Certification. Plumbing fixtures will meet EPA's WaterSense program criteria. Each unit will have an Energy Star refrigerator and dishwasher and an energy monitoring display to track real-time energy usage as each unit will be independently

metered. Efficient, commercial grade washers and dryers as a component of common facilities would save significant amounts of water and energy.

Environmental Review: The County’s commitment to fund will be contingent upon the project obtaining necessary entitlements and California Environmental Quality Act (CEQA) clearance. The proposed project is currently seeking project approval under the Senate Bill 35 (SB 35) streamlined approval guidelines, which requires a ministerial approval for developments that include a specified level of affordability and comply with objective development standards. Under SB 35, the ministerial approval would not constitute a “project” for the purposes of CEQA.

Project-Based Vouchers (PBV’s): Danco Communities is not requesting any project-based vouchers through the County. The project has received a reservation of 16 PBV’s directly from the Santa Clara County Housing Authority.

Services: Danco Communities will deliver on-site resident services to the 153 restricted units. The County will be responsible for coordinating services for 51 RRH units at a cost of \$382,500 per year.

Project Schedule and Financing:

Milestone	Date of Completion
1. Site Control	March 2020
2. Community Engagement (continuous and ongoing)	June 2020
3. Entitlements/Land Use Approval	June 2021
4. Submit 4% Tax Credit Application	September 2021
5. Receive reservation of tax credit award	December 2021
6. Construction finance closing	April 2022
7. Begin Construction	April 2022
8. Start of Lease-Up Activities	August 2024
9. Complete Construction	October 2024
10. 100% Occupancy	December 2024
11. Permanent Loan Conversion	June 2025

Permanent Source of Funds

Conventional Loan	\$21,283,295
County of Santa Clara	\$29,720,215
Deferred Developer Fee	\$5,866,404
Federal Tax Credit Equity	\$58,146,984
State Tax Credit Equity	\$24,046,398
Solar Tax Credit Equity	\$320,320
Total Permanent Source of Funds	\$139,383,616

Use of Funds

Acquisition	\$11,200,000
New Construction	\$99,745,461
Architecture and Engineering	\$1,700,000
Financing Fees	\$5,930,390
Legal Fees	\$150,000
Soft and Other Costs	\$10,149,627
Reserves	\$1,061,734
Developer Fee	\$9,446,404
Total Use of Funds	\$139,383,616