

HOUSING DEVELOPMENT PROJECT REVIEW

Application Review: The Charles
Borrower: Keyes, L.P.
Address: 551 Keyes Street, San José CA 95112
Census Tract: 5031.12 **San Jose Council District:** 3 **Supervisorial District:** 2
Developer/Sponsor: Charities Housing Development Corporation of Santa Clara County
Residential sq. ft.: 57,928 **Commercial/Office sq. ft.:** 3,852
Construction Type: 5 levels Type III over 1 level Type I basement

The Charles



551 Keyes Street, San José

Project Summary:

The Charles is an affordable housing development consisting of 78 units on a 0.90-acre site and is being developed by Charities Housing Development Corporation of Santa Clara County (“Charities”). The project is located at 551 Keyes Street in San José. The proposed development will consist of 77 affordable apartments, comprised of 10 studios, 28 one-bedrooms, 19 two-bedrooms (plus one manager's unit), and 20 three-bedrooms. Thirty-nine (39) of the units will be set aside as Rapid Rehousing (RRH) units for homeless individuals and families. The remaining 38 units will accommodate individuals and families earning up to 50% of the area median income. The apartments will be constructed in one six-story building. Residential amenities will include but are not limited to resident services and property management offices, laundry facilities, bicycle storage, a community room with an attached kitchen for staff and resident use, outdoor landscaped open space connecting to parking and a walking trail.

Existing Conditions: The site is currently vacant.

Land Use: The proposed site is located at 551 Keyes Street in San José. With a total land area of 0.90 acres, 0.65 acres will be used for the development of the project and 0.25 acres is subject to a public right of way easement granted to the City of San José. The site has a land use designation of Urban Residential under the Envision San José 2040 General Plan and 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 follow the GreenPoint Rated Checklist and Climate Smart San José. Sustainable features include but not limited to a solar photovoltaic system, stormwater control,

all-electric appliances, and high-efficiency irrigation landscaping. Passive design principles such as recessed balconies in different directions that will optimize daylight and provide shade from the high sun angles.

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): Charities is not requesting any project-based vouchers through the County. The project has received a reservation of 25 PBV’s directly from the Santa Clara County Housing Authority.

Services: Charities will deliver on-site resident services to the 77 restricted units. The County will be responsible for coordinating services for 39 RRH units at a cost of \$292,500 per year.

Project Schedule and Financing:

Milestone	Date of Completion
1. Site Control	April 2019
2. Community Engagement (continuous and ongoing)	April 2020
3. Entitlements/Land Use Approval	June 2021
4. Submit 4% Tax Credit Application	March 2022
5. Receive reservation of tax credit award	June 2022
6. Construction finance closing	November 2022
7. Begin Construction	November 2022
8. Start of Lease-Up Activities	May 2023
9. Complete Construction	November 2023
10. 100% Occupancy	July 2024
11. Permanent Loan Conversion	December 2024

Permanent Source of Funds

Conventional Loan	\$11,832,000
County of Santa Clara	\$12,480,000
Other Sources	\$6,396,000
Deferred Developer Fee / GP Equity	\$4,927,609
Tax Credit Equity	\$27,544,350
Total Permanent Source of Funds	\$63,179,959

Use of Funds

Acquisition	\$3,316,945
New Construction	\$41,051,977
Architecture and Engineering	\$1,272,914
Financing Fees	\$4,431,010
Legal Fees	\$130,000
Soft and Other Costs	\$4,553,757
Reserves	\$924,197
Developer Fee	\$7,499,159
Total Use of Funds	\$63,179,959