

HOUSING DEVELOPMENT PROJECT REVIEW

Application Review:	Hawthorn Senior Apartments				
Borrower:	Hawthorn Senior Apartments LP				
Address:	118 and 124 N 15 th Street, San José, CA 95112				
Census Tract:	5012.00	San Jose Council District:	3	Supervisorial District:	2
Developer/Sponsor:	Santa Clara Housing Authority				
Residential sq. ft.:	86,708	Commercial/Office sq. ft.:	1,180		
Construction Type:	Type V-A				

Hawthorn Senior Apartments



118 and 124 N 15th Street, San Jose

Project Summary: Hawthorn Senior Apartments is an affordable housing development consisting of 103 units on a 1.11-acre site and is being developed by the Santa Clara Housing Authority (“SCCHA”). The project is located at 118 and 124 N 15th Street in San José. The proposed development will consist of 101 affordable apartments, comprised of 36 studios, 62 one-bedrooms and three two-bedroom units (plus two manager’s unit). The project includes 20 Permanent Supportive Housing (“PSH”) units to help homeless individuals and families with special needs obtain and maintain permanent housing, 27 units for seniors earning up to 30% of area median income (“AMI”), and the remaining 54 units will accommodate senior households earning up to 50% AMI. The residential apartments will be constructed in a single building consisting of four levels with an at grade podium garage. The first floor consists of common areas with a shared computer room and the second floor contains community space, shared laundry areas and an outdoor courtyard for communal events as well as a garden plots for residents.

Existing Conditions: The proposed development replaces an existing underutilized parking lot and is surrounded by single family homes and a mixed-use commercial site across East St. John Street.

Land Use: The proposed site is located in San José along East Saint John Street and covers 0.84 net acres of gross land area of 1.11-acres on a vacant parking lot. The site is in an Urban Residential Land Use area with a zoning designation of Planning Development (PD) within the E. Santa Clara Street (West of 17th Street) Urban Village (30-90 du/ac). The project, as proposed, is consistent with the General Plan and meets the base zoning standards. The entitlement process is expected to be completed in April 2022 utilizing Senate Bill 35 (“SB 35”), an affordable housing planning and zoning streamlining approval process.

Green Building: The proposed development will include sustainable features such as solar system on the roof, Energy Star appliances and all electric heating and air conditioning.

Environmental Review: The project is currently under review for a permit under SB 35 , which requires a ministerial approval process 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 purposes of CEQA. Should the project be approved under SB 35, the approval process is expected to be completed by April 2022.

Project-Based Vouchers (PBV’s): SCCHA has reserved 47 Section 8 PBVs for this project, of which 20 would be set aside for PSH units.

Services: Supportive services for the 20 PSH residents would be provided by the County through one of its approved providers. The County would be responsible for coordinating and providing ongoing onsite supportive services for the residents of the 20 PSH units at a cost of approximately \$220,000 per year.

Project Schedule and Financing:

Milestone	Date of Completion
1. Site Control	April 2017
2. Community Engagement (continuous and ongoing)	September 2021
3. Entitlements/Land Use Approval	April 2022
4. Submit 9% Tax Credit Application	July 2023
5. Receive reservation of tax credit award	September 2023
6. Construction finance closing	January 2024
7. Begin Construction	January 2024
8. Start of Lease-Up Activities	March 2025
9. Complete Construction	June 2025
10. 100% Occupancy	July 2025
11. Permanent Loan Conversion	June 2026

Permanent Source of Funds

Conventional Permanent Loan – Tranche A	\$7,703,000
Conventional Permanent Loan – Tranche B	\$12,566,000
SCCHA Move to Work Loan	\$10,557,833
SCCHA Move to Work Acquisition Loan	\$6,485,945
County of Santa Clara – 2016 Measure A	\$19,550,000
Tax Credit Equity	\$19,094,742
Total Permanent Source of Funds	\$ 76,107,520

Use of Funds

Acquisition	\$6,490,917
New Construction	\$61,558,314
Financing Fees & Interest	\$3,225,125
Legal Fees	\$285,000
Soft and Other Costs	\$1,438,081
Reserves	\$910,082
Developer Fee	\$2,200,000
Total Use of Funds	\$ 76,107,520