



COUNCIL AGENDA: 2-8-05  
ITEM: 4.3

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Leslye Corsiglia

**SUBJECT:** SEE BELOW

**DATE:** January 24, 2005

Approved

Date

1. 25. 05

**COUNCIL DISTRICT:** 3  
**SNI AREA:** N/A

**SUBJECT: FUNDING COMMITMENT FROM THE HOUSING DEPARTMENT'S  
2004 THIRD-ROUND NOTICE OF FUNDING AVAILABILITY**

## RECOMMENDATION

It is recommended that the City Council adopt a resolution approving a funding commitment of up to \$2,275,000 to First Community Housing, a California nonprofit public benefit corporation, or its affiliate or designee, for the development of the 35-unit Gish Apartments project, located at 1410 North First Street, to be made available to extremely low- and very low-income households.

## BACKGROUND

On February 24, 2004, the City Council adopted a resolution approving the Housing Department's proposed Project Selection System for the City's affordable housing development program. On November 17, 2004, the Housing Department issued a \$10 million Notice of Funding Availability (NOFA) to affordable housing developers, setting a December 15, 2004 deadline for submitting applications for funding. The terms of the NOFA conformed to the approved Project Selection System.

In response to the NOFA, on December 14, 2004, the Housing Department received one funding application submitted by First Community Housing for the development of Gish Apartments, a proposed 35-unit housing development located at 1410 North First Street.

## ANALYSIS

The proposed development was reviewed pursuant to the criteria in the Project Selection System for the City's affordable housing development program. The project met all the criteria established in the NOFA, including the minimum score of 70 points. Accordingly, the Housing

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Department is recommending that this project be given a funding commitment by the City Council of up to \$2,275,000.

The proposed site is located at the northeast corner of North First Street and East Gish Road. Gish Apartments is a mixed-use, multifamily transit-oriented development with 35 apartments and approximately 3,800 square feet of ground floor retail. Thirteen (13) of the multifamily units will be dedicated to serving developmentally disabled tenants. The development will also incorporate environmentally sustainable building design features, such as energy-efficient appliances, fluorescent lights, cool-roof technology and fully-sealed cabinets. The development will also include on-site management, common laundry facilities, and programs designated to serve both low-income and special needs families. Additionally, the project will provide 70 parking spaces. The retail space will be operated and maintained by the 7-Eleven Corporation. The commercial portion of the development will be financed with funds from the California Housing Finance Agency (CalHFA).

The proposal was presented to the Housing Department's Loan Advisory Committee on January 19, 2005.

Pursuant to the Delegation of Authority approved by the City Council on June 25, 2002, after Council approval of this funding commitment, the City Manager or his designee will approve the specific business terms of the loan.

### **PUBLIC OUTREACH**

Notices for the public hearing were distributed to the owners and tenants of all properties located within 1,000 feet of the project site. The applicant organized a community meeting, which was held on August 9, 2004 at the Wyndham Hotel located directly south of the project site. Approximately 30-40 persons were in attendance at the meeting.

The NOFA was posted on the Housing Department's website on November 18, 2004. Notice of the posting was transmitted to the Department's list of nonprofit and for-profit developers and other parties who have requested to be on the Department's developer notification list.

### **LEGAL ISSUES**

A 55-year affordability restriction, limiting occupancy of the development to extremely-low and very-low income households, will be recorded on the title of the property. The affordability restriction may be subordinated to a senior lender, as allowed by State Law.

### **COORDINATION**

Preparation of this memorandum was coordinated with the Office of the City Attorney.

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**COST IMPLICATIONS**

Funds for the proposed development in the total amount of \$2,275,000 are available in the Housing Department Fiscal Year 2004-05 Low and Moderate-Income Housing Fund Budget (Fund 443).

**CEQA**

Mitigated Negative Declaration and addenda thereto, File No. PDC02-014 and PDC04-055.

  
LESLIE CORSIGLIA  
Director of Housing

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## ATTACHMENT 1 – FIRST AND GISH APARTMENTS

**Council District:** 3

**SNI AREA:** N/A

**Location:** 1410 North First Street, San Jose

**Project Description:** The proposed project is a 35-unit apartment building serving very-low and extremely-low income households on a .40-acre site located at 1410 North First Street. Thirty-five percent (35%) of the units will be reserved for developmentally disabled special needs households. The development will include on-site management, common laundry facilities, and programs designated to serve both low-income and special needs families. It will also incorporate environmentally sustainable building design features and 70 parking spaces. The development will also include approximately 3,800 square feet of ground floor retail space, which will be operated and maintained by the 7-Eleven Corporation.

The proposed mix of affordability at various percentages of Area Median Income (AMI) by unit size and estimated rents is:

	<b><u>Studio</u></b>	<b><u>2BR</u></b>	<b><u>3BR</u></b>	<b><u>TOTAL</u></b>
ELI (20% of AMI)	5 @ \$348	5 @ \$429	3 @ \$496	13
VLI (40% of AMI)	4 @ \$720			4
VLI (45% of AMI)		4 @ \$1,026	6 @ \$1,186	10
VLI (50% of AMI)		4 @ \$1,145	3 @ \$1,316	7
		1 Manager's Unit		1
<b>TOTAL UNITS</b>	<b>9</b>	<b>14</b>	<b>12</b>	<b>35</b>

**Sponsor:** First Community Housing is a California nonprofit public benefit corporation with seventeen years of experience. To date, the sponsor has built approximately 733 affordable units. All rental projects are leased at 98% and operating successfully. The sponsor has established a track record in developing, leasing, and managing affordable housing projects in the City.

**Project Cost and Financing:** The total estimated project cost is \$13,237,178. In addition to the proposed City loan of \$2,275,000, the project sponsor intends to finance the development through a combination of a conventional loan from CalHFA, Tax Exempt Bonds and Multifamily Housing Program (MHP) Funds from the California Department of Housing and Community Development (HCD). The land purchase price of \$900,000 is supported by the Fillmore Group's appraised value of \$1,220,000 dated December 12, 2004.

**Legal Issues:** A 55-year affordability restriction, limiting occupancy of the development to extremely-low and very-low income households will be recorded on the title of the property. The affordability restriction may be subordinated to a senior lender, as allowed by State Law.

**CEQA:** Mitigated Negative Declaration and addenda thereto, File No. PDC02-014 and PDC04-055.

**Development Timeline**

November 30, 2004	PD Permit acceptance executed
February 8, 2005	Anticipated City Council approval of a funding commitment
March, 2005	Anticipated CDLAC application to be submitted
March/April, 2005	Anticipated State of California MHP Program application date
May, 2005	Anticipated CDLAC application approval date
May, 2005	Anticipated CalHFA initial commitment application date
May/June, 2005	Deadline for 4% Tax Credit applications at California Tax Credit Allocation Committee
June, 2005	Anticipated State of California MHP Program award date
July, 2005	Anticipated closing on acquisition/construction/permanent loan
July, 2005	Anticipated announcement of Tax Credit Allocation
July/August, 2005	Anticipated start of construction
July/August, 2007	Anticipated completion of construction

Attachment #2  
GISH APARTMENTS  
Location Map

