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August 23, 2012

Ms. Maria F. Cremer, Acting Director of CPD
U.S. Dept. of Housing and Urban Development
Office of Community Planning and Development
600 Harrison Street, 3rd Floor
San Francisco, CA 94104

Dear Ms. Cremer:

RE: Grant Agreement # B-09-CN-CA-0054 Technical Amendment

The Housing Trust of Santa Clara County (HTSCC) requests approval of the following technical amendment to the Action Plan of its Neighborhood Stabilization Program 2 (NSP2), Grant Agreement # B-09-CN-CA-0054:

Technical Amendment: Request to decrease Eligible Use B by \$2,000,000 and to transfer and increase Eligible Use E with these funds for development of the Ford Road Family Housing, a 75 unit multi-family development, to meet the NSP2 25% Set-Aside requirement.

Rationale: The Housing Trust of Santa Clara County (HTSCC) requests a technical amendment to the San Jose NSP2 Consortium's Action Plan to include Phase II of the Ford and Monterey project. Phase II consist of a 75-unit apartment complex that will serve extremely low (ELI) and very low-income (VLI) families. The Ford Road Family Housing project is adjacent to the previously funded Ford and Monterey Phase I project – Ford Road Supportive Housing, a 20-unit complex for people with special needs. Under Eligible Use E, development of vacant, non-residential properties is an eligible activity if developed to satisfy the 25% Set-Aside requirement.

In September 2010, HTSCC submitted a technical amendment to add Activity E, after the decision was announced by HUD to allow the development of vacant land for housing purposes as an eligible activity. Approval of the technical amendment, which included the Ford Road Supportive Housing (Phase I) project, increased the total unit count from 205 to 229, which resulted in a net increase of 25% Set-Aside units from 41 to 77, or a 187% increase.

The Consortium continues to look for opportunities to increase the number of units assisted by NSP2, particularly in this current housing market where the availability of NSP-eligible single family residential units is weak. The proposed Ford Road Family Housing (Phase II) project will further increase the overall program net unit count to 279, of which 151, or 54%, are 25% Set-Aside units.

The funding structure is under development, and the City and HTSCC would like to further support Phase II.

Project Site Background: The City of San Jose currently owns the subject 3.06-acre vacant site, APN 678-53-004, located on the north side of Ford Road, approximately 535 feet northeast of Monterey Road, San Jose, CA. The City of San Jose Housing Department purchased the site from the State of California Department of Transportation (CalTrans) after City Council approval on June 9, 2006. The Housing Department purchased the site to develop affordable housing for lower-income households, and to assist in the formation of a cohesive neighborhood in the Ford Road area. This site is located one block east of the Blossom Hill Caltrain Station. It is zoned (PD) Planned Development Zoning District to allow development of 95 affordable multifamily residences.

On July 16, 2010, the Director of Planning, Building and Code Enforcement issued a Planned Development Permit for the project. The subject site is located in a neighborhood that has a mix of single family housing and commercial uses. The site is generally bounded by single-family detached residences to the east and to the south across Ford Road, as well as the Monterey Plaza Shopping Center, which includes a grocery store and drug store, to the west and north. In addition, the site is a NSP2 targeted geography located approximately 2,300 feet south of the Edenvale/Great Oaks Strong Neighborhoods Initiative (SNI) area.

In September 2010, the Housing Trust received approval by Technical Amendment, to include Eligible Use E in the San Jose NSP2 Consortium Action Plan.

In June 2012, construction on Phase I began. The funding structure for Phase II is currently under development. With the approval of this amendment, construction of Phase II is anticipated to begin in January 2013. The projected construction completion date is July 2014 with an additional three months for lease-up. This new project may impact the NSP2 program close out period.

Ford and Monterey Request for Qualifications (RFQ): On April 16, 2008, the Housing Department issued a Request for Qualifications (RFQ) for development of affordable multifamily rental housing project located on the 3.06-acre vacant site adjacent to the Edenvale/Great Oaks SNI area. The RFQ specified that the project should incorporate significant green building features into the design. At least 25% of the units should be targeted to extremely low-income households. A minimum of 15% of the units should be targeted to special needs households. The RFQ also stated the proposal must be a financially viable development with an architectural design and function that would enhance the existing neighborhood. Six proposals were received from local developers. Following an evaluation of the proposals, the Housing Department recommended the City Council select Eden Housing Inc. (Eden) as the developer for the project based on their experience and financial capacity.

Ford and Monterey Family Housing Project Overview: Eden will utilize approximately 2.4 acres of the 3.06-acre development site, located approximately 535 feet east of the intersection of Ford Road and Monterey Road in San José, California (APN 678-53-004), to develop 75 units of Family Housing as Phase II of a two-phase affordable housing development. Phase I will utilize the remaining 0.6 acres. The total development will include 95 units (75 units for families and 20 units for special needs individuals, including 2 Manager units). The Ford and Monterey Family Housing affordability mix includes:

- Two 15% AMI units
- Five 20% AMI units
- Thirteen 30% AMI units

- Twelve 45% AMI units
- Forty-two 50% AMI units

The building design incorporates design characteristics, program features, and elements appropriate for the families. The unit mix includes 12 1BR/1BA units, 40 2BR/1BA units, and 23 3BR/2BA units, including 1 Manager unit. Other amenities include 9,435 sq. feet of public areas including a community room and circulation, and a 27,350 sq. foot parking garage. The density ratio of units per acre is 31:1.

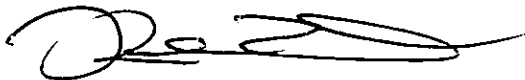
Leveraging of Funds: Eden has successfully secured over \$30 million in funding, including \$12.9 million in LIH Tax Credits, \$6.5 million in local housing authority funds, \$4.5 million in City of San Jose and Redevelopment capital funds, \$1 million in Santa Clara County MHSA capital funds, \$4.2 million in permanent financing, and \$1.2 million in pre-development and development loans from other funding sources. Approval of this technical amendment will provide the remaining \$1.770 million to complete the funding package and will realize an additional 74 LH 25% Set-Aside units.

Impact of the Amendment to the Original Application Score: HTSCC does not anticipate that the requested technical amendment would negatively impact the original score received on our application. We feel this requested amendment enhances our original proposal by providing an additional development that increases affordable rental housing for families at 50% or below AMI.

In addition, we do not anticipate that the requested amendment would change the ability of the Consortium to meet the NSP2 NOFA requirements to (1) return a minimum of 105 abandoned or foreclosed homes back to productive use or otherwise eliminate or mitigate the negative effects on the stability of the target geography; or (2) ensure that the target geography in which we intend to carry out NSP2 activities has an average combined Needs Index score of 18 or greater. Furthermore, the requested amendment will not (1) change the target geography/census tracts of our NSP2 activities; (2) result in a reduction or change in the beneficiaries to be assisted with NSP2 funds; or (3) add any activities that were not originally proposed in our application.

Thank you in advance for your prompt consideration of our request. Should you have any questions or require additional information, please do not hesitate to contact me at 408-436-3450 x225 or by email at kevin@housingtrustscc.org. Alternatively, you may contact Sandra Murillo, Grants Administrator, at 408-436-3450 x228 or by email at sandra@housingtrustscc.org.

Sincerely,



Kevin Zwick
Executive Director

CC: Rebecca Blanco, HUD
Jacky Morales-Ferrand, CSJ
Matt Huerta, NHSSV
Sandra Murillo, HTSCC