

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand
Jim Shannon

SUBJECT: SEE BELOW

DATE: February 21, 2023

Approved



Date

3/1/23

COUNCIL DISTRICT: 3

**SUBJECT: ACTIONS RELATED TO THE LOAN COMMITMENT AND LAND
PURCHASE FOR 797 ALMADEN, A NEW AFFORDABLE HOUSING
DEVELOPMENT**

RECOMMENDATION

(a) Adopt a resolution:

- (1) Approving a total Construction-Permanent Loan commitment of up to \$21,350,000 and a land acquisition loan or acquisition funding commitment of up to \$3,590,000 in funds from Measure E Real Property Transfer Tax allocations for Resources for Community Development and Almaden Affordable Housing, L.P. or another affiliate formed by Resources for Community Development for the 797 Almaden development, a new affordable housing development to be located at 771, 777, 787, 797 South Almaden Avenue, which is being developed to offer 98 rent-and income-restricted apartments for extremely-low-income, very-low-income, and low-income households, and one unrestricted manager's apartment;
- (2) Authorizing a loan-to-value ratio of greater than 100% for the 797 Almaden development;
- (3) Authorizing the Director of Housing to acquire the site from the Resources for Community Development and Almaden Affordable Housing, L.P. or another affiliate formed by Resources for Community Development for a price not to exceed \$3,590,000 at the time of transfer, to accept the grant deed, and to enter into a long-term ground lease of the site to the Resources for Community Development and Almaden Affordable Housing, L.P. or another affiliate formed by Resources for Community Development for the 797 Almaden development;
- (4) Authorizing the Director of Housing or the Director's designees to negotiate documents and document amendments related to the acquisition and development of 771, 777, 787, 797 South Almaden Avenue, the ground leasing of the site, and any riders to the ground leases required by government entities;
- (5) Authorizing the loan terms to allow an increase in the rents and income restrictions up to 60% of area median income for new tenants in Project-Based Voucher-subsidized apartments in the event of expiration or termination of Project-Based Vouchers and for all tenants in the event of foreclosure, to the extent the City has determined such increase is needed for the feasibility of the 797 Almaden development and allowed by other funds;

- (6) Authorizing the Director of Housing or the Director's designee to negotiate and execute loan documents and all other documents, including any amendments thereto, related to City financing for the 797 Almaden development;
 - (7) Authorizing the Mayor to execute on behalf of the City Council those letters of support as may be required by the California Housing and Community Development Department in connection with the Resources for Community Development and Almaden Affordable Housing, L.P. or another affiliate formed by Resources for Community Development's applications for Infill Infrastructure Grants or other grants that require no grant participation or commitment by the City; and
 - (8) Making a determination that, consistent with Government Code Section 37364, after acquisition, the site is to be leased by the City to the Resources for Community Development and Almaden Affordable Housing, L.P. or another affiliate formed by Resources for Community Development without first offering the site to the public for any other use, since the site will be restricted so as to provide housing affordable to persons and families of low or moderate income, as defined by Section 50093 of the Health and Safety Code or as defined by the United States Department of Housing and Urban Development or its successors, and that this use is in the City's best interests.
- (b) Adopt the following Fiscal Year 2022-2023 Appropriation Ordinance amendments in the General Fund:
- (1) Decrease the Measure E – 30% Low-Income Households Reserve by \$12,215,510;
 - (2) Decrease the Measure E – 40% Extremely Low-Income Households Reserve by \$12,724,490;
 - (3) Increase the Measure E – 30% Low-Income Households appropriation to the Housing Department by \$12,215,510; and
 - (4) Increase the Measure E – 40% Extremely Low-Income Households appropriation to the Housing Department by \$12,724,490.

SUMMARY AND OUTCOME

In response to the City's \$150 million Notice of Funding Availability (NOFA) released on December 20, 2021, Resources for Community Development (RCD) submitted a development proposal on February 8, 2022 for a funding commitment in the amount of up to \$12,250,000 to provide a total of 99 apartments; 98 affordable units plus one manager's apartment. Twenty-five apartments will be set aside for permanent supportive housing for chronically homeless households. RCD requested an increase in this initial funding amount for a total of \$24,940,000 due to a funding gap created by lower than anticipated funding from the County of Santa Clara (County), and increased construction costs and interest rates.

Approval of the recommended actions will enable RCD and Almaden Affordable Housing, L.P. or another affiliate formed by RCD to assemble financing and build a new affordable development at the site located at 771, 777, 787, 797 South Almaden Avenue (***Attachment A - Site Map of the 797 Almaden Development***) and allow RCD to move forward with a Housing

and Community Development (HCD) Affordable Housing and Sustainable Communities (AHSC) application by March 2023 and a joint application to the California Debt Limit Allocation Committee in early-2024. If funding sources are secured, the construction start date is projected for December 2024. (***Attachment B - Anticipated Development Timeline for the 797 Almaden Development***). Approval of the recommended actions will also allow the Director of Housing or her designee to negotiate terms for the 797 Almaden development that allow an increase in rents and income restrictions up to 60% area median income (AMI). The purpose of this action is to ensure the 797 Almaden development's continued financial feasibility in the unlikely event of foreclosure or loss of project-based vouchers. This potential increase would apply to new tenants in project-based vouchers-subsidized apartments in the event of expiration or termination of subsidy contracts, and for all tenants in the event of foreclosure.

BACKGROUND

San José lacks a sufficient quantity of affordable housing to meet residents' needs, with a severe shortage of adequate, affordable housing for extremely-low-, very-low-, low-, and moderate-income households. The City's sixth cycle Housing Element incorporates the City's official Regional Housing Needs Allocation goal for the need to produce 34,486 affordable homes across these income levels between 2023 and 2031. Staff continues to work to find solutions for affordable housing development to move forward to meet the needs of our community.

On December 20, 2021, the Housing Department issued a \$150 million NOFA for the development of affordable housing for extremely low-, very low-, and low-income individuals and families. The NOFA prioritized affordable multifamily rental housing developments that will provide housing for extremely low-, very low-, and low-income individuals and families, with 45% of the funding prioritized for extremely low-income housing per the City Council's current direction.

In response to the NOFA, RCD submitted a proposal and received a conditional award for the 797 Almaden development. Due to reduced anticipated funding from the County, higher interest rates, and increased construction costs, RCD has requested an additional \$9,100,000 in Construction-Permanent funding from the City to cover the gap as well as \$3,590,000 in acquisition funding for the City to purchase the 771, 777, 787, 797 South Almaden Avenue site. The 797 Almaden development will be subject to the City Ground Lease policy. See ***Table 1*** below for a summary of the City's proposed funding commitments to the 797 Almaden development.

Table 1 – 797 Almaden Development City Funding Commitments

Development Purpose	Source	Award
Construction-Permanent	Measure E	\$21,350,000
Acquisition	Measure E	\$3,590,000
Total		\$24,940,000

The 797 Almaden development will be funded through the City's Measure E Real Property Transfer Tax funds, City issued Multifamily Housing Revenue Bonds, as well as the County's Measure A funds and No Place Like Home (NPLH) funds, a senior bank loan, California HCD AHSC funding, HCD Infrastructure Infill Grant funding, and federal tax credit equity. Staff recommends that the City Council approve a total funding commitment of up to \$24,940,000 to develop a total of 98 apartments for extremely low-, very low-, and low-income individuals and families and one manager's unit.

ANALYSIS

The 797 Almaden development is a new affordable housing apartment community for formerly homeless households and low-income families and individuals. It is being developed by RCD in the Washington-Guadalupe neighborhood of Council District 3. This site is located within the Continued Investment Area portion of the Affordable Housing Siting Policy.

Key Features of the 797 Almaden Development

The proposed 797 Almaden development will be six stories in total with five stories of residential units over the ground floor of approximately 2,300 square feet of community-serving commercial space. (***Attachment C – Anticipated Childcare Center Design for the 797 Almaden development***). The 797 Almaden development is currently exploring the possibility of placing a childcare center in this space and is in discussions with a non-profit affordable childcare provider. This ground floor space could accommodate 12 toddlers and 12 preschoolers at 96 square feet per child with an outdoor activity space. RCD is exploring alternate sources of funding for this plan.

Resident-serving amenities include a multi-purpose community room with a full kitchen for meetings and events, on-site services, two elevators, 92 parking spaces for cars, and an indoor storage room for 127 bicycles. Over 6,000 square feet is designed for open space for residents, given the lack of public parks in the development area and the community's desire to include this amenity on site.

On-site resident services, through a resident services coordinator, will be offered for free to assist residents in obtaining access to local social services, organizing community meetings and events, and accessing classes on topics such as financial literacy, nutrition, health and wellness, educational programs, and youth enrichment programs. RCD will work with the County and the City to develop a robust supportive services plan and will include direct case management and services provided by County partners specifically for the formerly homeless residents residing in the permanent supportive housing apartments.

Due to the constraints of a small infill site, there is not sufficient space for a large food distribution program at the property. However, RCD has previously partnered with organizations such as Meals on Wheels, Mercy Brown Bag, and local food banks. The Developer anticipates similar partnerships for the 797 Almaden development. RCD will engage with residents at the development when they move into a unit, to better understand their needs and develop a food security strategy based on the feedback. RCD has also been in discussions with Santa Maria Urban Ministry about the food distribution and will explore a partnership that could support the resident community. Santa Maria Urban Ministry operates across the street from the 797 Almaden development. The community room also will be accessible from both the building entry and from the open space courtyard at ground level, potentially providing flexibility for hosting food delivery programs on-site.

Affordability Mix/Area Median Income Levels

The 797 Almaden development will provide family housing by offering a variety of apartment sizes. The development includes 30 studio, 24 one-bedroom, 24 two-bedroom, 20 three-bedroom units, and one two-bedroom manager's apartment. As part of consideration for the City's funding, the Developer will record an affordability covenant on the site. The recording of affordability restrictions determine which apartments are eligible for rent to households and individuals based on specified AMI levels at an affordable housing cost.

The proposed affordability restrictions are as follows: 48 of the apartments (49%) at up to 30% AMI levels, 41 of the apartments (42%) at up to 50% AMI levels, and nine of the apartments (9%) at up to 60% AMI levels. One 2-bedroom apartment will serve as the manager's apartment. Twenty-five apartments are proposed as permanent supportive housing for chronically homeless households; 15 of these apartments will be specifically reserved for chronically homeless individuals in need of mental health services and their families and 10 apartments will be provided to chronically homeless households. The 25 permanent supportive housing apartments, along with 10 non-permanent supportive housing apartments, will be supported by project-based vouchers from the Santa Clara County Housing Authority.

Table 2 – 797 Almaden Development Affordability Mix

Apt Size	UP TO 30% AMI			UP TO 50% AMI			UP TO 60% AMI			Mgr Apt	Total
	Apts	Max Income **	Rent Limits	Apts	Max Income**	Rent Limits	Apts	Max Income **	Rent Limits		
Studio	23	\$35,370	\$884	7	\$58,950	\$1,473	N/A	\$70,740	\$1,768		30
1-BD	24	\$37,905	\$947	N/A	\$63,175	\$1,579	N/A	\$75,810	\$1,895		24
2-BD	1	\$45,510	\$1,137	20	\$75,850	\$1,896	3	\$91,020	\$2,275		24
3-BD	N/A	\$52,575	\$1,314	14	\$87,625	\$2,190	6	\$105,150	\$2,628		20
Mgr Apt	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1 *
Total	48			41			9			1	99

*Unrestricted manager's apartment

**Maximum rent limits are based upon Tax Credit Allocation Committee occupancy guidelines of 1.5 persons per bedroom. The illustration of maximum income assumes an actual family size equal to 1.5 persons per bedroom.

Table 3 – 797 Almaden Development Project-Based Vouchers Mix

Apt size and Affordability	Project-Based Vouchers		Total
	30% AMI	50% AMI	
Studio	0	0	0
1-BD	24	0	24
2-BD	1	10	11
3-BD	0	0	0
Total	25	10	35

Financing

RCD does not have any of the anticipated financing sources committed at this time. RCD will pursue an AHSC program loan in the amount of \$20,000,000 in March 2023. RCD will then leverage the City's funding and AHSC funds to submit a California Debt Limit Allocation Committee/California Tax Credit Allocation Committee application for 4% tax credits and bonds in the first quarter of 2024. A hard debt lender has not been identified yet, as the 797 Almaden development is still in the early stages of securing financing commitments.

The 797 Almaden development's initial financing projections included potential soft loans from the County for \$5,400,000 in Measure A funds as well as \$4,000,000 in NPLH funding. However, the development's eligibility for Measure A and NPLH funding has been limited due to a reduced number of apartments set aside for supportive housing in the development and the lack of remaining Measure A funds. Therefore, the County will only seek approval to contribute \$1,000,000 in Measure A funding and \$3,000,000 in NPLH funding. The County will also provide ongoing supportive services for the residents of the 25 permanent supportive housing apartments; its contribution for supportive services will be approximately \$275,000 annually.

The additional funding request of \$3,700,000 will be needed to cover the funding gap created by higher interest rates on senior bank loans and increased construction hard costs that were not estimated during the Developer's previous pricing exercises. At the time of the December 2021 NOFA application, senior bank loan interest rates were around 4%. Interest rates have since increased to 8.1% in early 2023. The impact of the rise in interest rates led to a reduction in the senior bank's permanent loan amount from \$7,025,927 to \$5,477,000.

The construction estimate was revised to include the addition of a flood retaining wall, and a dedicated zone on the roof or overhang for solar readiness, which is a requirement as of January 1, 2023 for new multifamily buildings under California's 2022 Building Energy Efficiency Standards – Title 24, Section 110.10 Mandatory Requirements for Solar Readiness. In response to the higher construction costs, the Developer reduced its developer fee by approximately \$500,000 and increased its request from the Infill Infrastructure Grant Program by approximately \$4,200,000. RCD has also value engineered \$600,000 from hard costs to further reduce the request for gap funding from the City.

Since the NOFA application in December 2021, total development costs have increased from \$83,556,286 to \$110,380,539, resulting in a 34% per unit cost increase from \$833,901 per unit to \$1,114,954 per unit.

Due to the reduction in anticipated Measure A and NPLH funding for the 797 Almaden development, and impact of market conditions, staff recommends the City increase its funding from the initial NOFA award of \$12,250,000 to \$24,940,000. This higher request includes an increase in the Construction-Permanent loan to \$21,350,000 and an acquisition funding of \$3,590,000. See **Table 4** and **Table 5** for a breakdown of the requests for additional gap funding from the Developer. The City's total commitment averages per unit funding to \$215,657 per home for 99 newly built apartments. Construction and permanent sources of financing are detailed in ***Attachment D - Construction/Permanent Funding Sources for the 797 Almaden Development***.

Table 4 - 797 Almaden Development City Construction-Permanent Funding Summary

Development Name	City Initial NOFA Loan Request (dd. 12/2021)	Gap Funding for County Measure A	Gap Funding for County NPLH Fund	Additional Gap Funding for Hard Costs	Total Construction/Perm Funding Request	Total Funding/Apt
797 Almaden	\$12,250,000	\$4,400,000	\$1,000,000	\$3,700,000	\$21,350,000	\$215,657

797 Almaden Development Acquisition

Staff recommends approval of land acquisition funding of up to \$3,590,000. This is the amount appraised for the property as of August 5, 2021. If a City-engaged third-party appraisal yields a lower value prior to acquisition finance closing, the acquisition funding will be for the lesser amount.

The City's acquisition funding will require RCD to execute a long-term ground lease with the City in accordance with City's 2021 underwriting guidelines¹ ground lease policy, Section 8. This policy provides that when a development seeks funding from the City, the City will hold the fee interest in the site and ground lease the site to the developer, ensuring long-term affordability. The City will acquire the 797 Almaden development site shortly before the start of construction.

Table 5 – 797 Almaden Development City Acquisition Funding Summary

Development Name	City's Acquisition Funding	Total Commitment with Acquisition Loan
797 Almaden	\$3,590,000	\$24,940,000

Site Purchase and Ground Lease

A long-term ground lease structure from the City to the 797 Almaden development was a requirement of the NOFA. The City's regular use of land acquisition and ground leases allows the City to have greater control over the long-term provision of affordable housing developments in key locations. In addition, use of ground leases enhances developments' competitiveness for other additional funding sources such as AHSC and State programs. Ground leases also result in

¹ Multi-Family Underwriting and Compliance Manual:

<https://www.sanjoseca.gov/home/showpublisheddocument/40681/637527183320870000>

smaller debt burdens for developments, which improves the repayment ability of the City's construction and permanent loans.

The requested actions in this memorandum will enable the City to take ownership of the 797 Almaden development site and enter into a long-term, low-rent ground lease of the site to the development. The ground lease term will be 60-65 years and may include an option to extend at the Director of Housing's discretion. In no event will there be a total term in excess of 99 years. At the end of the lease term, the City will own the land and the building.

This memorandum requests authority for the Director of Housing or the Director's designees to negotiate and execute documents and amendments that will be needed or be helpful in connection with the City's acquisition, ownership, and long-term leasing of the site for the 797 Almaden development. These may include, but are not limited to, option agreements, grant deed acceptance, rights of entry, purchase and sale agreements, the ground lease, and any required lease riders.

Affordable Housing Siting Policy Analysis

The City Council approved the Affordable Housing Siting Policy on December 6, 2022. The adopted policy seeks to reverse the impacts of segregation in San José when it comes to building affordable housing. Affordable Housing Expansion Areas reflect parts of San José where affordable housing can provide residents access to more economic opportunities and neighborhoods associated with upward mobility, educational attainment, and positive outcomes for children. Continued Investment Areas reflect parts of San José where the City will continue investing in affordable housing due to severe shortage of available housing for existing residents.

The 797 Almaden development is located in a Continued Investment Area based on the Affordable Housing Siting Policy. Investing in this development will further the City's goal to continue developing affordable housing in an area requiring more housing, access to job opportunities, and high-quality transit. The City's commitment will also allow RCD to apply for AHSC funding. If awarded, the AHSC funding will consist of a loan which contributes toward permanent financing for the 797 Almaden development and a grant which funds major transportation improvements in the area that increase sustainable, affordable transportation options for residents to access jobs and amenities.

Loan to Value Ratio

The City's Loan to Value (LTV) policy requires that the combined LTV ratio (all the loans divided by the appraised value of the property) for a development not exceed 100%. The City's commitment is expected to result in a combined LTV that significantly exceeds 100%, which is the City's LTV policy threshold.

The LTV policy is intended to reduce the City's risk of loss associated with its loans; however, the City now builds more deeply affordable developments than it did in the 1990s and early 2000s, so the LTV is not the ideal measure of stability for modern developments. The deeper

affordability of a development increases the need for public subsidies while decreasing a development's market value leading to an increased LTV. An elevated LTV above 100% is not uncommon for public lenders in the affordable housing industry. Developments that have a high LTV are considered acceptable by City staff if the development's projected operating income is expected to be at least 1.15 times the required permanent mortgage payment, known as the debt service coverage ratio. This is a common standard for assessing the financial feasibility of affordable housing developments. The 797 Almaden development is projected to have 55-year cash flow projections resulting in a debt service coverage ratio of 1.15 and over at year one and onwards.

Surplus Lands Act Findings

Under the Surplus Lands Act and its guidelines, the City must follow certain procedures in selling or ground leasing of City-owned property which require the offering of that property to the public, unless the sale or lease falls under an exemption. Once the 797 Almaden development site is acquired by the City it will become City property. The site, to be leased after acquisition, will be restricted for the term of the lease to provide housing affordable to persons and families of low or moderate income, as defined by Section 50093 of the Health and Safety Code or as defined by the United States Department of Housing and Urban Development or its successors. Based on the description of the 797 Almaden development site provided in this memorandum, and the affordability required by the City funding, staff recommends that the City Council make a determination as part of these actions that the site will be used for housing affordable to persons and families of low or moderate income and that these uses will be in the City's best interest.

Climate Smart San José Analysis

The recommendation in this memorandum aligns with one or more of Climate Smart San José energy, water, or mobility goals. The 797 Almaden development will be within a half-mile proximity of transit and be infill development in walkable areas of the City. The 797 Almaden development is incorporating advanced energy efficiency into its design and has more than 100 bicycle parking spaces. If awarded AHSC funding, the 797 Almaden development will further reduce greenhouse gas emissions by collaborating with Santa Clara Valley Transportation Authority to invest in public transportation and infrastructure that make it easier for residents to get out of their cars and walk, bike, or take public transit.

Next Steps

With the City's commitment, the 797 Almaden development will be able to apply for HCD AHSC funding in March 2023. If all necessary funding commitments are obtained for the 797 Almaden development, RCD will apply for California Debt Limit Allocation Committee's Low-Income Housing Tax-Exempt Bond Allocation in early 2024. Construction for the 797 Almaden development is estimated to start by end of 2024 and complete construction by August 2026. *See*

Attachment B - Anticipated Development Timeline for the 797 Almaden Development.**EVALUATION AND FOLLOW-UP**

The Housing Department produces quarterly Information Memoranda regarding the use of the Director of Housing's Delegation of Authority under the San José Municipal Code; therefore, final loan business terms will be summarized in those memoranda. In addition, the Housing Department posts periodic reports on the status of its affordable properties undergoing rehabilitation or construction to its website, www.sjhousing.org. If the recommended actions are approved and the 797 Almaden development successfully closes construction financing, it would be included in these periodic reports.

COST SUMMARY/IMPLICATIONS

1. ESTIMATED COSTS: The table below summarizes project expenditures and funding sources proposed for the recommendations in this memorandum:

Table 6 – Funding Source Implications/Cost Summary

Funding Sources and Uses	Construction/ Permanent	Acquisition	Total
Measure E (40% ELI)	\$10,892,857	\$1,831,633	\$12,724,490
Measure E (30% LI)	\$10,457,143	\$1,758,367	\$12,215,510
Total	\$21,350,000	\$3,590,000	\$24,940,000

2. SOURCE OF FUNDING: General Fund (001) – Measure E
3. FISCAL IMPACT: The actions recommended in this memorandum reallocates \$24,940,000 from the General Fund (Measure E) Reserves for the acquisition of a new affordable housing project that will provide a total of 99 apartments.

BUDGET REFERENCE

The table below identifies the funds and appropriations proposed to fund the actions recommended as part of this memorandum.

Fund #	Appn. #	Appn. Name	Total Appn.	Rec. Budget Action	2022-2023 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
001	8744	Measure E – 40% Extremely Low-Income Households Reserve	\$36,999,655	(\$12,724,490)	941	2/14/2023 Ord. No. 30883
001	8745	Measure E – 30% Low-Income Households Reserve	\$38,110,612	(\$12,215,510)	941	2/14/2023 Ord. No. 30883
001	224L	Measure E – 40% Extremely Low-Income Households	\$12,887,091	\$12,724,490	N/A	1/31/2023 Ord. No. 30881
001	224M	Measure E – 30% Low-Income Households	\$16,380,857	\$12,215,510	N/A	1/31/2023 Ord. No. 30881

COORDINATION

This memorandum has been coordinated with the City Attorney's Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the March 14, 2023 City Council meeting. Outreach was undertaken for this item in addition to the agenda posting described above. These outreach efforts are described below.

RCD has been engaging key community leaders and stakeholders from the earliest discussions about the development concept and designs. The stakeholder committee included representatives from the Guadalupe-Washington Neighborhood Association, Sacred Heart Community Services, Catholic Charities of Santa Clara County, Santa Maria Urban Ministries, the West Division of the San José Police Department, and Washington Elementary School amongst other groups.

The Developer has also hosted two community meetings with residents to receive feedback. RCD held outreach meetings both pre- and post-pandemic and incorporated community feedback into the design of the 797 Almaden development. This included adding additional three-bedroom homes for families, more open space for residents, design elements, and staffed security that address concerns about crime.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA


Exempt per Public Resources Code Section 21080(b)(1) and CEQA Guidelines Section 15369, Ministerial Project pursuant to Government Code Section 65913.4, File No. ER20-109.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

JACKY MORALES-FERRAND
Director, Housing Department



JIM SHANNON
Budget Director

The principal author of this memorandum is Michael Jun, Development Officer in the Residential Development Division. For questions, please contact Rachel VanderVeen, Assistant Director of the Housing Department, at (408) 535-8231.

Attachments

Attachment A:	Site Map of the 797 Almaden Development
Attachment B:	Anticipated Development Timeline for the 797 Almaden Development
Attachment C:	Anticipated Childcare Center Design for the 797 Almaden Development
Attachment D:	Construction/Permanent Funding Sources for the 797 Almaden Development

ATTACHMENT A

Site Map of 797 Almaden Development

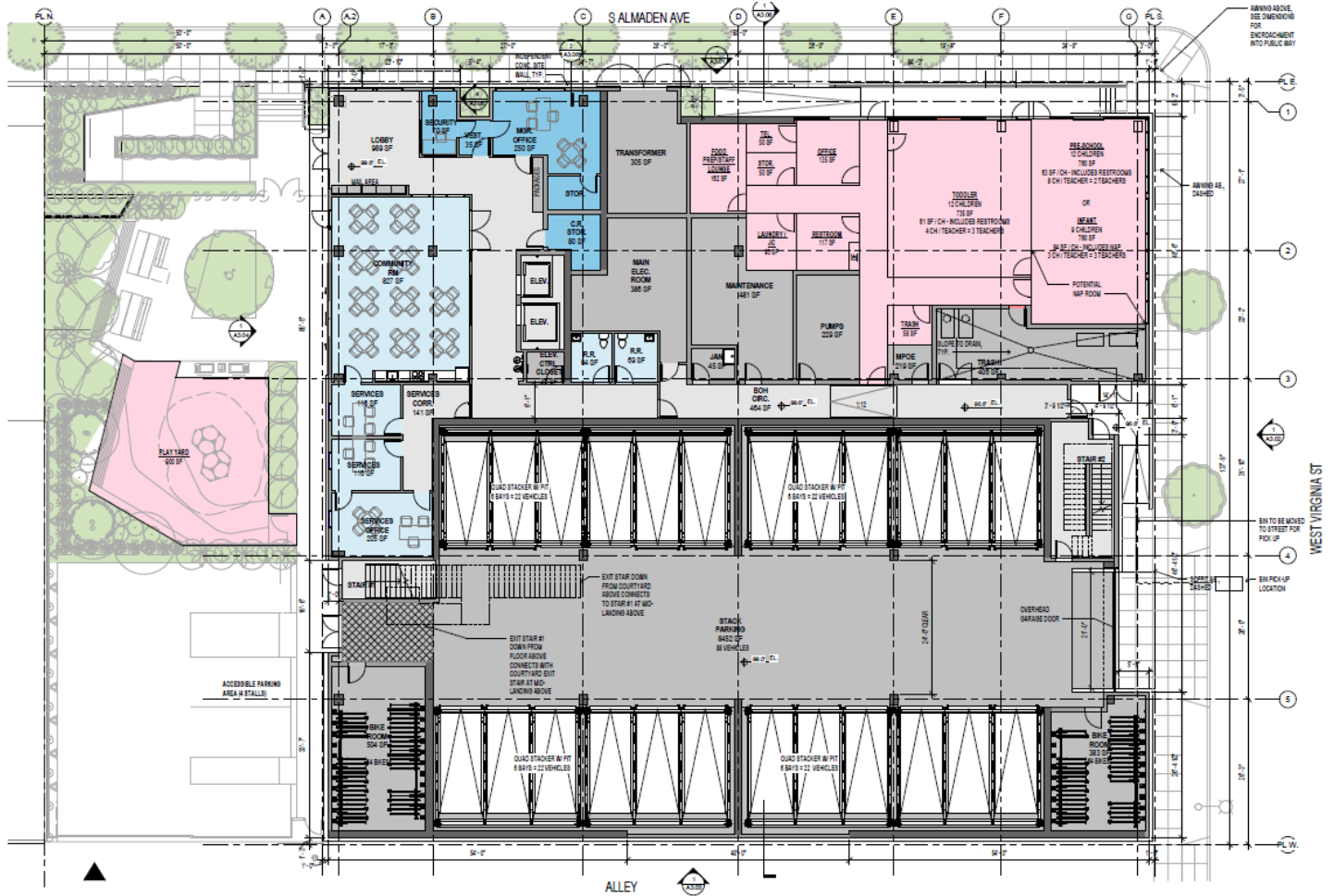


ATTACHMENT B

Anticipated Development Timeline for the 797 Almaden Development

Apply for HCD AHSC	March 2023
HCD AHSC Awards	August 2023
Apply for California Debt Limit Allocation Committee/Tax Credit Allocation Committee	February 2024
Bond Allocation Award	May 2024
Close Financing	November 2024
Start Construction	December 2024
Complete Construction (20 months)	August 2026

Anticipated Childcare Center Design for 797 Almaden Development



ATTACHMENT D

Construction/Permanent Funding Sources for the 797 Almaden Development

CONSTRUCTION SOURCES

SOURCE	AMOUNT
Tax-Exempt Construction Loan	\$55,998,500
Taxable Construction Loan	\$9,174,356
City of San José	\$21,350,000
City of San José Acquisition	\$3,590,000
County NPLH	\$3,000,000
County Measure A	\$1,000,000
Deferred Developer Fee	\$1,800,000
Tax Credit Equity	\$4,715,571
HCD Infill Infrastructure Grant	\$6,270,415
Costs Deferred Until Conversion	\$2,744,283
Accrued Deferred Interest – Soft Lenders	\$591,903
Total Sources	\$110,235,029

PERMANENT SOURCES

SOURCE	AMOUNT
Tax-Exempt Permanent Mortgage	\$5,477,000
City of San José	\$21,350,000
City of San José Acquisition	\$3,590,000
County NPLH	\$3,000,000
County Measure A	\$1,000,000
Deferred Developer Fee	\$1,800,000
Tax Credit Equity	\$47,155,711
HCD Infill Infrastructure Grant	\$6,270,415
HCD Loans – AHSC	\$20,000,000
Accrued Deferred Interest – Soft Lenders	\$591,903
Total Sources	\$110,235,029