Affordable Housing Finance Session 3

REAL LIFE EXAMPLES

Training for City and County Staff

21 Elements

Santa Clara County Planning Collaborative

AGENDA

- **Intros and Overview**
- **Review Session 2 Key Concepts**
- **Real Life Examples**
- **Open Discussion – Q&A**
- **Policy Discussion - What do the elections mean for affordable housing finance?**
- **Wrap-up and Feedback**

OFFICE HOURS AVAILABLE!

- One-on-One sessions
- Deep dive on city-specific issues or challenges, such as:
  - Reviewing project-specific financing
  - Getting feedback on RFPs / RFQs
  - Evaluating city-specific funding opportunities
  - Understanding new state opportunities or legislation related to local housing goals

REVIEW: COMMUNITY LAND TRUSTS

- **Definition & Purpose:** Nonprofits that acquire and hold land to ensure permanent affordability, prevent displacement, and empower communities by keeping land under community control.
- **Funding Sources:** Federal (e.g., CDBG, HOME), local trust funds, philanthropic grants, low-interest loans, resident contributions, and partnerships with governments and developers.
- **Bay Area Examples:** Organizations like SFCLT, OakCLT, and BACLT work to preserve affordable housing, prevent displacement, and convert properties into cooperative ownership models.
- **Notable Projects:** Reed Street Initiative in San Jose (SBCLT) provides homes for low-income, formerly homeless residents; SFCLT's 285 Turk Street project protects immigrant families and empowers tenants through cooperative ownership.

REVIEW: SOCIAL HOUSING

- **Definition & Purpose:** Publicly or community-owned housing ensuring long-term affordability and housing as a universal right, not a market commodity.
- **Key Characteristics:** Non-profit model with mixed-income residents, permanent affordability, government investment, and tenant revenue for sustainability.
- **Global & U.S. Examples:** Vienna's model supports 60% of city residents in high-quality, affordable housing. Seattle’s SSHD (Initiative 135) and California's AB 2881 focus on mixed-income, community-driven solutions.
- **Funding Sources:** Government budgets, housing taxes, bonds, grants, philanthropy, and tenant revenues. Public-private partnerships complement efforts.

REVIEW: MIXED INCOME HOUSING

- **Definition & Benefits:** Integrates market-rate and affordable units in one development, promoting economic diversity, social integration, and financial sustainability.
- **Key Projects:**

  787 The Alameda, San Jose: Catalyst Housing Group converted 168 units to affordable housing, supported by a $10M Crankstart Foundation investment.

  231 Grant Ave, Palo Alto: 110 affordable units for educators earning 60%-140% of County AMI.

Funding & Sustainability: Relies on a mix of market-rate revenue, philanthropic investments, and public funds (e.g., $6M Measure A contribution in Palo Alto).

Challenges: Reduced tax revenue, equity concerns in subsidy distribution, and potential budget strain on cities, impacting essential services.

POP QUIZ!

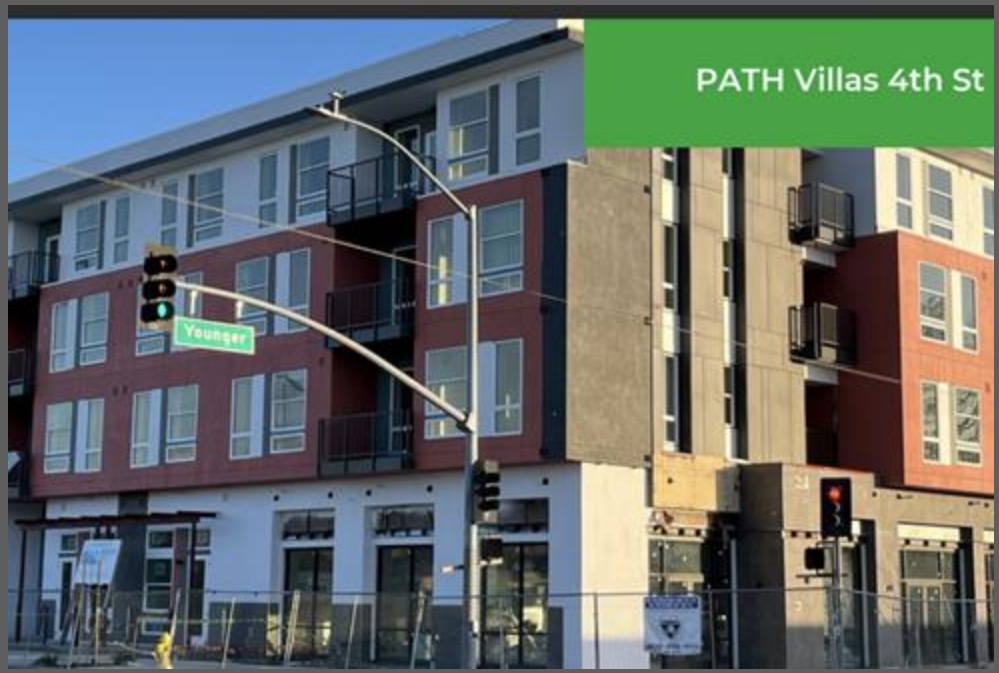
Session 2 Review

PATH Villas at 4th St, San Jose

PATH Villas at 4th Street is a four-story, 94-unit affordable housing development serving seniors 55 years and older who are experiencing homelessness.

It has 65 studios, 28 one-bedroom units, and a 2-bedroom unit serving as a manager's unit.

It was designed to build community among its residents with a landscaped courtyard, a small dog park, community room with a teaching kitchen, an outdoor patio, and onsite programming.



PATH Villas at 4th St, San Jose

Supportive services at PATH Villas at 4th Street are provided by PATH.

Rooted in a low-barrier Housing First approach, PATH relies on collaborative, evidenced-based interventions to support self-determination and provide opportunities for success, stability, and improved quality of life.

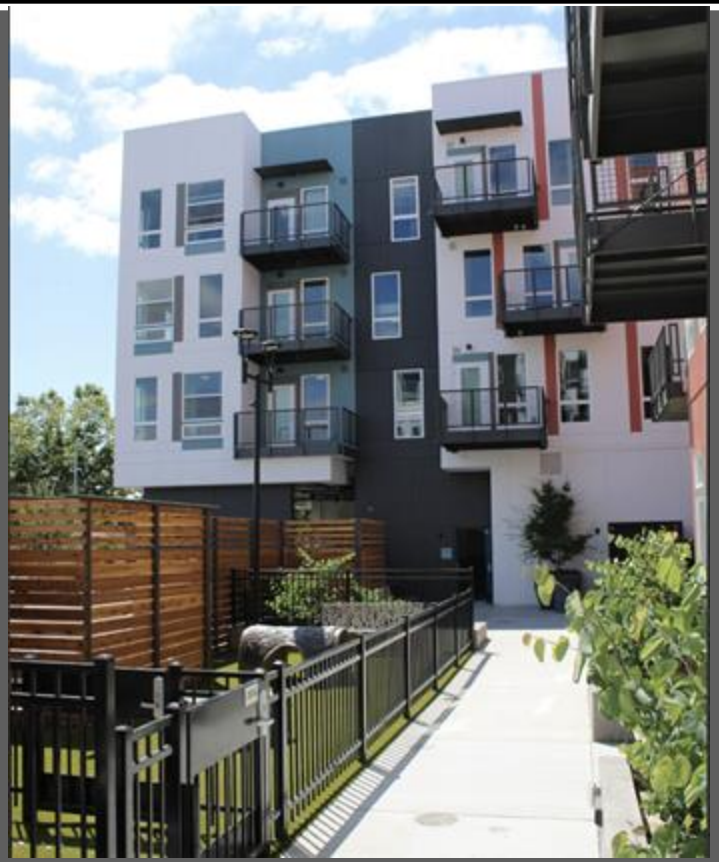
On-site services include individual case management as well as community building activities and linkages to nearby resources to help residents develop a support network and increase life skills.

PATH Villas at 4th St, San Jose

Site of former Dick's Supermarket site at the corner of North 4th Street and East Younger Ave., just north of Japantown.

Obtained approval from the City's Historic Preservation Committee to list the property as a historic site but still allow for demolition despite neighborhood opposition.

Was the City's first AB 2162 Streamlining project, which was critical, and they obtained entitlements just in time to apply and eventually secure 9% Tax Credits in Summer 2020.



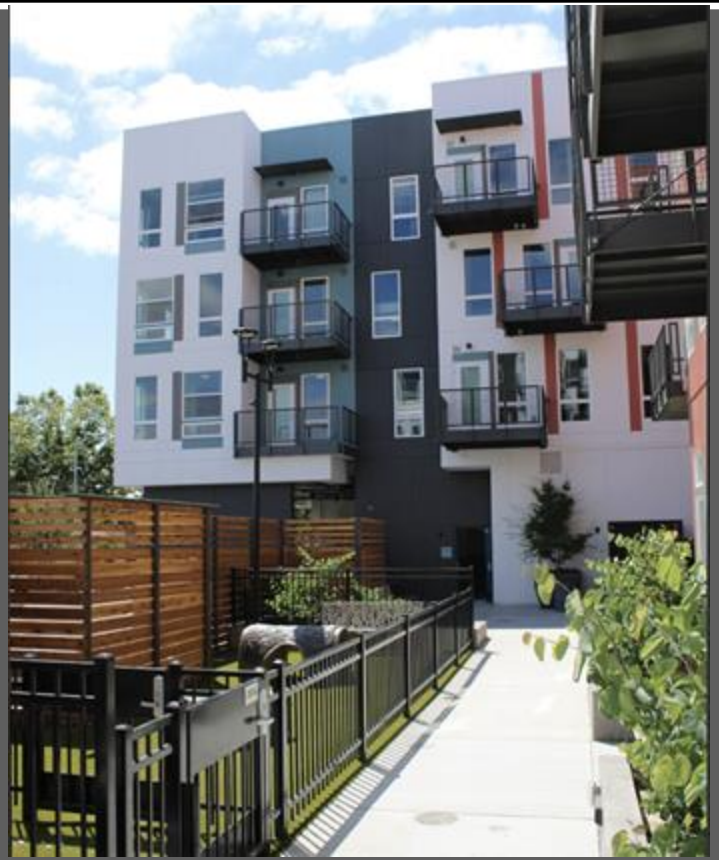
PATH Villas at 4th St, San Jose

Total development cost is $47.8MM.

Acquisition Loan
$7.8MM from Housing Trust Silicon Valley
$1.8MM from Destination: Home

Construction Loan
$30.1MM from Bank of America

Perm Loan
$702,000 from County Measure A
$7.5MM from County NPLH
$3.145MM from HTSV
$9.9M from NEF
Tax Credit of $26MM



Quetzal Gardens, 1695 Alum Rock, San Jose

6-story, 71-unit mixed-use development at 1695 Alum Rock Ave in East San Jose, within the Little Portugal Urban Village.

28 three-bedroom units, 13 two-bedroom units, and 30 one-bedroom units, including 28 units for formerly homeless households.

Third-floor courtyard, community room, laundry facilities, four services offices, and lobby with property management office and elevators.

Sustainability: All-electric, 45% above energy code, targeting Green Point Rated Gold certification, and GreenTrip

Quetzal Gardens, 1695 Alum Rock, San Jose

From the beginning, RCD prioritized alignment with the community's vision for the area by creating a steering committee of representatives from active neighborhood organizations.

The committee met regularly for two years and together offered 10+ opportunities for the surrounding community to engage in the design and planning for the development.

RCD included the community's feedback and significantly transformed the architectural design and commercial space planning to champion the vision for equitable development that fit with the community's long history as a hub for Latinx culture and advocacy.

Quetzal Gardens, 1695 Alum Rock, San Jose

Transit-Oriented: Located in a transit-rich area with a Bus Rapid Transit (BRT) station in front and Alum Rock BART station less than half a mile away.

Ground floor features 4,700 sq. ft. for nonprofit Somos Mayfair and 1,700 sq. ft. for a business incubator/resource center.

Services for formerly homeless residents funded by Santa Clara County, provided by Abode Services, including mental health and resident coordination.

Parking: 61 residential and 25 commercial parking spaces to serve the mixed-use development.

Quetzal Gardens, 1695 Alum Rock, San Jose

East San Jose Development, LLC (ESJD) closed on the land site acquisition on April 5, 2017.

Acquisition of the site was initially funded through a loan from Housing Trust Silicon Valley (HTSV). On April 30, 2018, the County of Santa Clara funded an acquisition loan to ESJD to pay down the HTSV loan and avoid paying interest payments.

Before construction loan closing, the County acquired the site from ESJD and entered into a long term ground lease with Quetzal Gardens L.P. for 65-years at $1/year.

Quetzal Gardens, 1695 Alum Rock, San Jose

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	$ 32,207,500	$ 9,964,061
LIH Tax Credit Equity	$ 6,589,188	$ 24,646,037
Deferred Developer Fee	$ 1,432,161	$ 1,432,161
Deferred Costs	$ 4,221,284	$ 0
County of Santa Clara - Measure A Loan	$ 8,565,534	$ 8,565,534
City of San Jose Loan	$ 9,557,078	$ 9,984,212
FHLB - AHP Loan	$ 700,000	$ 700,000
Accrued Interest	$ 809,953	$ 382,819
HCD SHMHP Program Loan	$ 0	$ 7,107,082
General Partner Contribution	$ 0	$ 1,300,792
Total Sources	$ 64,082,698	$ 64,082,698

Wilton Court, 3705 El Camino Real, Palo Alto, Alta Housing

A 59-unit affordable housing development in Palo Alto, targeting residents earning 30%-60% of the area median income, with rents ranging from $659 to $1,442.

21 units are designated for adults with developmental disabilities.

Palo Alto has committed a total of $20.5 million to the project, making it the largest financial contributor.

The first affordable-housing project that the city approved since 2013 and is the inaugural project for its new Affordable Housing Combining District

Wilton Court, 3705 El Camino Real, Palo Alto, Alta Housing

Project Funding: Total cost is $46.3 million, supported by $16.6 million in low-income housing tax credits, $2.8 million from Santa Clara County, and $1.5 million from state enhanced tax credits.

Challenges Overcome: The city bridged a critical funding gap with a $10.5-million loan after the project failed to secure $10 million in state grants.

Repayment Terms: The city’s loan will be repaid through residual receipts from operating revenue once the development is complete

Wilton Court, 3705 El Camino Real, Palo Alto, Alta Housing

Total Project Cost $46.3 MM

Construction Financing

- $24 MM Wells Fargo Construction Loan
- $20.5 MM City of Palo Alto Loan
- $2.8 MM Santa Clara County Loan

Permanent Funding

- $4.5 MM from Conventional Perm Loan- A Tranche
- $20 MM from City of Palo Alto
- $2.8 MM from County of Santa Clara Supportive Housing Loan
- $16.5 MM 4% tax credits

Green Building Highlights

Meets California Green Building Code, Tier 2, and
Palo Alto Municipal Reach codes

GreenPoint Rated Gold minimum anticipated

- 100% electric
- Rooftop PV and Solar Hot Water panels
- EV Charging on-site
- Drought tolerant landscaping
- Bio-retention stormwater management
- Recycled water for landscape irrigation and irrigation metering
- Large Oak tree saved on site
- Low-flow and water-efficient plumbing fixtures
- Energy efficient appliances
- Reduced cement content concrete
- Recycling stations throughout building
- Low VOC paints and finishes

Wilton Court, 3705 El Camino Real, Palo Alto, Alta Housing

The Palo Alto City Council previously approved a new zoning tool to help loosen development standards for 100% affordable, multi-family housing projects located within a half-mile of a major transit stop, or a quarter mile of a transit corridor.

The “Affordable Housing Combining District” overlay allowed greater density, higher heights, and less parking for below-market-rate housing for residents making up to 120 percent of the area median income (up to $102,000 for a 2-person household).

Workforce Housing Combining District
Approved by Palo Alto City Council 2018

"Workforce housing" - multi-family housing project in which at least 20% are affordable to households earning between 120% and 150% AMI.

Sites must be within ½ mile of major transit center

- More lot coverage
- Increased height - from 35 to 50 feet
- Maximum FAR 2.0

Benefits for city:

- Affordability is deed restricted for 99 years
- Local workforce preference

Affordable Housing Combining District and How It Impacted Wilton Court

Purpose of the AH Combining District: Created to encourage 100% affordable housing projects by relaxing development standards (e.g., density, parking, lot coverage) and enabling both residential-only and mixed-use developments in commercial zones.

Key Impact on Wilton Court: Addressed zoning constraints identified in the 2017 prescreening for Wilton Court by allowing flexibility for the site, including a potential rezoning application for 61 affordable units and ground-floor commercial space.

Streamlined Approval Process: Avoided lengthy and complex processes like Planned Community ordinances, enabling faster action on Wilton Court through zoning changes aligned with the Comprehensive Plan and Housing Work Plan.

Community and Policy Alignment: Integrated housing goals from Palo Alto's Housing Element and Comprehensive Plan, emphasizing transit-oriented, multi-family housing near transit corridors while addressing opposition and community feedback.

Inclusionary Housing - North 40 Los Gatos

The North 40 Specific Plan Area is approximately 44 acres and is bounded by Highway 85 on the north, Lark Avenue on the south, Highway 17 on the west, and Los Gatos Boulevard on the east.
The North 40 Specific Plan mandates a mix of residential and commercial uses, including affordable housing components.

The Town's requirement is to provide a minimum number of Below-Market-Price (BMP) units equal to twenty percent (20%) of the market rate units.

Fifty percent (50%) of the BMP units in a project should be priced to be affordable to Moderate Income Households; and fifty percent (50%) should be priced to be affordable to Low Income Households.

Inclusionary Housing - North 40 Los Gatos

Phase I: Total number of approved housing units is 320, of which 237 are considered to be the baseline market rate units on which the 20% affordable requirement is calculated.

This results in a requirement for 47.4 affordable units. Phase I provides 50 affordable units located at Market Hall, developed by Eden Housing, a nonprofit affordable housing developer—over the 20% requirement.

Phase II: Total of 450 homes, with 90 units designated as affordable housing. This includes 23 units provided by Grosvenor and 67 units by Eden Housing,.

Land Donation for Affordable Development: Grosvenor will donate approximately 1.5 acres of land to Eden for the construction of 67 apartments for individuals and families earning up to 60% of the area's median income.

Federal Funding Opportunities for Climate-Resilient Affordable Housing

HUD's Green and Resilient Retrofit Program (GRRP)

- $840M in grants and $4B in loans available for energy/water efficiency, electrification, and climate resilience in HUD-assisted multifamily properties.
- Free energy and water benchmarking services offered for HUD-assisted multifamily properties
- Use benchmarking data to identify opportunities for GRRP grant/loan eligibility.

Low-Income Communities Bonus Credit

- Boosts the Investment Tax Credit (ITC) by 10–20% for qualified solar and wind energy projects in low-income areas.
- Administered by DOE’s Office of Energy Justice and Equity in partnership with Treasury and IRS.

Guidance for Clean Energy Tax Credits

- New mechanisms (direct pay, transferability) expand access for nonprofits, governments, and businesses.

State and Community-Level Programs for Affordable Housing Development

DOE Home Energy Rebates

- $4.3B for Home Efficiency Rebates.
- $4.5B for Home Electrification and Appliance Rebates.
- States are designing programs; Applications due from states by January 31, 2025.

EPA Community Change Grants Program

- $2B in funding for projects addressing climate resilience, clean energy, and environmental justice.
- Open to partnerships with community-based organizations, Tribes, and local governments; rolling applications until November 21, 2024.

EPA Greenhouse Gas Reduction Fund (GGRF)

- $27B allocated:
- $14B for National Clean Investment Fund (NCIF).
- $6B for Clean Communities Investment Accelerator (CCIA).
- $7B for Solar for All program.

Focus on financing clean energy projects and creating affordable housing in low-income and disadvantaged communities.

2024 ELECTIONS AND HOUSING:
Q&A

NEXT STEPS

All session slide decks are on the SCCPC and 21 Elements websites. ***Email us if you'd like the recordings!***

OFFICE HOURS! Contact kevinzwickconsulting@gmail.com

Would love to hear your feedback!