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LEED Accredited Professional

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Santa Clara County

**Carol S. Wagner, CPA**  
Principal  
Abbott, Stringham & Lynch

**Sandra Soellner**  
Neighborhood Representative

September 18, 2015

City of Sunnyvale Housing Division  
Attn: Katrina Ardina, Housing Programs Analyst  
456 West Olive Avenue  
Sunnyvale, CA 94088-3707

**RE: Orchard Gardens Redevelopment**, Response to Request for  
Proposals for Housing Mitigation and Below Market Rate In-Lieu Funds

Dear Ms. Ardina:

First Community Housing is pleased to present this application for \$6,000,000 in Housing Mitigation and/or Below Market Rate In-Lieu funds to redevelop the Orchard Gardens Apartments, a 62-unit development located at 245 W Weddell Drive in Sunnyvale. The proposed development would demolish 32 existing units in two phases to minimize displacement of existing tenants, substantially rehabilitate the remaining 30 existing units, and construct a new 56-unit highly sustainable building. The redeveloped property will include a total of 86 units, increasing the amount of affordable housing on the site, with 50% of the units serving developmentally disabled households. In support of this application, please find the following:

- One original and two copies of the proposal, including all attachments
- One USB drive with all application materials

Please contact Senior Project Manager, Regina Celestin Williams at 408-291-8650 x 11 or myself should you require any additional information or should you have questions.

Sincerely,

**Geoffrey Morgan**  
President & CEO

*Enclosures*

**PART I: APPLICATION FORM****PROJECT APPLICANT****1. Project Applicant:**Applicant Name (Organization/Agency): First Community HousingPrincipal (with Power of Attorney): Geoffery MorganPrimary Contact Person: Regina Celestin WilliamsAddress: 1300 East Santa Clara Street, Suite 1300, San Jose, CA 95113Phone No.: (408) 291-8650 x 11 Fax No.: (408) 993-9098E-Mail: reginacw@firsthousing.org Federal Tax ID No.: 77-0119210What is the role of the Applicant in the project? (*check all that apply*):

- Ownership Entity  
 Managing Partner or Managing Member  
 Sponsoring Organization  
 Developer  
 Other (describe):

**2. Legal Status of Applicant:**

- General Partnership       Limited Partnership       Corporation  
 Joint Venture<sup>1</sup>       Nonprofit Organization  
 Other (specify):

**3. Status of Organization:**

- In good standing  
 Other (describe):

**4. Name(s) of individual(s)/entities who will be General Partner(s) or Principal Owner(s):**

(you have only 6 lines worth of text in this box)

First Community Housing

<sup>1</sup> If the Applicant is a Joint Venture, a Joint Venture Agreement is required, clearly describing: the roles and responsibilities of each partner. Explain who is the lead partner, or if the responsibilities are approximately equally split between the partners.

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**PROJECT DESCRIPTION**

5. **Project Name:** Orchard Gardens Redevelopment  
**Project Address:** 245-251 West Weddell Drive, Sunnyvale, CA 94089  
**Assessor's Parcel No.:** 110-12-093  
**Census Tract:** 5048.03

6. **Project Type (check all that apply):**

Rental                       Ownership                       SRO/Studio Apartments  
 Family                       Special Needs  
 Senior                       Other (describe):

7. **Project Activity (check all that apply):**

Acquisition  
 Rehabilitation  
 Redevelopment  
 New Construction  
 Expiring Tax Credit/Section 8 Property  
 Mixed Income  
 Mixed Use  
 Other (please specify):

8. **Project Description:**

No. Units: 86  
No. Res. Bldgs.: 3  
No. Stories: 4  
Land Area: 1.739 acres  
Residential Floor Area: 71,030 SF  
Community Room(s) 1  
Floor Areas: 71,030 SF  
Other Uses (specify):

Commercial/Office Uses (specify):

None

Commercial Floor Area: 0  
Office Floor Area: 0  
Elevators: 1

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9. **Parking:**

Total Parking Spaces: 79  
 Parking Type: \_\_\_\_\_  
 \_\_\_\_\_  
 Residential Spaces and Ratio: 77  
 Guest Spaces: 2  
 \_\_\_\_\_  
 Commercial Spaces and Ratio: 0  
 Office Spaces and Ratio: 0  
 \_\_\_\_\_

10. **Number of Housing Units by Income Category:**

Category	Number of Units	Percentage of Units
0% to 30% AMI (Extremely Low-Income)	18	21
31% to 50% AMI (Very Low-Income)	36	42
51% to 80% AMI (Low-Income)	31	36
Unrestricted	1	1

11. **Unit Amenities (air conditioning, laundry in unit, balconies, etc.):**

All units in the new construction building will have bicycle storage hooks, exterior balconies, oversized in-unit storage closets, full-sized kitchens and accessible bathrooms.

12. **Number of Unit Types:**

Studio 0  
 1 Bedroom 51  
 2 Bedroom 25  
 3 Bedroom 10

**PROJECT NARRATIVE**

13. **Project Description:**

Provide a brief narrative summary of the proposed project. Please include location, project type (new versus rehab), target population and any unique project characteristics.

The redevelopment of Orchard Gardens in Sunnyvale will demolish 32 of the existing 62 affordable units, construct 56 new units targeted to households between 30% and 60% AMI, and rehabilitate 30 existing affordable units. 50% of the 86 total units will be for developmentally disabled residents.

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**14. Project Design:**

Provide a description of the project's architectural and site plan concepts and how these concepts address the opportunities and limitations of the site and location.

The demolition of a portion of the existing 62-unit property and construction of a new 4-story, 56-unit building will unify the site architecturally, replace hardscape surface parking with ecologically-restorative, permeable areas for residents and vehicles, and add additional affordable units.

**15. Green Building Features:**

Describe the green building features that will be incorporated into the project.

LEED Platinum certification will include: local recycled content materials, non-toxic finishes; a tight building envelope, energy efficient windows, solar shading, LED lighting, solar hot-water & PV; water saving fixtures, low-impact development site design with rain gardens & a living roof.

**16. On-Site Amenities:**

Describe any on-site amenities, including any project characteristics that address the special needs of the population you intend to serve.

On-site bicycle storage room and repair station, laundry room, community room and lounge, computer lab, gym with workout equipment, and meeting spaces for the on-site provision of supportive services to residents with developmental disabilities by the Housing Choices Coalition.

**17. Neighborhood/Off-Site Amenities:**

Describe the property location, neighborhood, transportation options, local services and amenities within 1/4-mile and 1/2-mile of the site.

The property is located within a ¼ mile radius from the following neighborhood services and amenities: Grocery Store: Guadalajara Market; Gym: Sunnyvale Health & Fitness; Park: Orchard Gardens Park; Grocery Store: Haldiram Foods; Daycare: Little Sprouts Daycare; Bus Stop: #54 Mathilda & Ross Dr.; Bus Stop: #54 Mathilda & Almanor. And within a ½ mile radius from: Community Center: Columbia Community Center; School: Columbia Middle School; Park: Columbia Park; Bus Stop: #54 Mathilda & Almanor; Clinic: Mayview Community Health Center; Pedestrian / Bike Overpass Bridge; VTA Light Rail: Moffett Park Station.

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18. **Potential Development Obstacles:**

Are there any known issues or circumstances that may delay or create challenges for the project? If yes, list issues below, including an outline of steps that will be taken and the time frame needed to resolve these issues.

Because the project is an existing affordable housing development owned by a subsidiary of the applicant, there are no known issues that would delay the project. We have already begun to discuss an exit for the existing Investor Limited Partner since the 15-year compliance period has ended.

**SITE INFORMATION**19. **Site Control:**

- a. Site control must be obtained by the time that the proposal is submitted. What is the level of site control currently held by the applicant?

Parkview Apartment Associates, L.P. currently owns the property and the general partner is a wholly owned subsidiary of First Community Housing. According to the partnership agreement, the applicant has an option to purchase the property from the limited partnership.

- b. Will site acquisition be a purchase or long-term lease?

Site acquisition will be a purchase.

- c. What is the purchase price of the land?  
(For proposed leaseholds, indicate the amount of the annual lease payment, the term of the lease, and the basis for determining the annual payment amount).

The new limited partnership will acquire the property from the existing limited partnership for the greater of fair market value or existing debt plus exit taxes. The purchase price is currently estimated at the existing debt amount of approximately \$5.5 million.

- e. What is the appraised value of the site? Briefly describe the type of valuation cited.

The appraised value is \$9,680,000 as determined by a income approach appraisal, which converts anticipated benefits to be derived from the ownership of property into a value estimate. Anticipated future income and/or reversions are discounted to a present value through the capitalization process.

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- f. Who is the current property owner and what is their address and contact information?

Parkview Apartment Associates, L.P.  
 75. E. Santa Clara Street, Suite 1300  
 San Jose, CA 95113  
 Contact: Michael Santero, (408) 291-8650 x 12; michael@firsthousing.org

20. **Site Information:**

- a. Total square footage of site: 75,750
- b. Existing uses on the site and the approximate square footage of all structures:

Site is currently occupied by two pairs of low rise apartment buildings, restricted to households with 50% and 60% AMI levels.

- c. Planned use of on-site existing structures:
  - Demolish                       Rehabilitate
  - Other (describe):
- d. Provide the following information for each on-site building to be retained as part of this project:

Square Footage: 24,170                      Date Built: April 12, 2000                      No. of Stories: 3

- e. Provide a brief description of the condition of any buildings to be rehabilitated.

The buildings to be retained are in average condition needing updates to the HVAC systems, replacement of exterior electrical fixtures, refinishing and waterproofing of external walkways, refurbishing of railings, spot roof and siding repairs, and replacement of doors.

- f. Describe unique site features (Heritage trees, parcel shape, etc.).

The Orchard Gardens site is bounded on one side by a large park with mature redwood trees and Caltrans easement. On the eastern site boundary, we share an access easement to the adjacent property.

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g. Identify problematic site conditions (high noise levels, ingress/egress issues, etc.).

The site is tucked between US Highway 101 and State Route 237. As such it receives high levels of noise and air pollution that are generated by both highways.

h. Is the site in a floodplain? Yes  No  Map used:

If yes, type of floodplain (number of years): 500 years

i. Describe adjoining land uses:

West: Quality Inn Hotel & a small apartment building

East: Garden style apartment complex

North: Orchard Gardens Park/ John W. Christian Greenbelt

South: Bayshore Freeway, U.S. Route 101

21. Zoning:

a. What is the current zoning of the project site? R-4-PD

b. Is the proposed project consistent with the existing zoning status of the site?

Yes  No (explain)

c. Indicate any discretionary review permits required for the project (Special Development Permit, Design Review Permit, etc.).

Special Development Permit

d. If rezoning is required, identify the requested zoning district for the project.



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22. **Community Priorities:**

- a. Explain how this project meets the objectives of the housing goals and priorities identified in this RFP and the goals and objectives of the Housing Element of the City's General Plan.

This redevelopment will maximize the allowed site density by creating 24 new units on the site for residents at or below 50% AMI with 43 units set-aside for the developmentally disabled. Also it will incorporate sustainable design through LEED platinum certification and encourage transit ridership.

**PROJECT FUNDING**

23. **Project Budget:**

- a. City Funds Requested: \$ 6,000,000 City Funds Per Assisted Unit: \$ 69,767
- b. Total Project Cost: \$ 33,747,216 Total Cost Per Assisted Unit: \$ 397,026
- c. Other Sources of Permanent Financing (not including private bank loans):

Type of Funding	Amount
<input checked="" type="checkbox"/> 9% Low-Income Housing Tax Credits	<u>17,741,125</u>
<input type="checkbox"/> 4% Low-Income Housing Tax Credits	<u>                                    </u>
<input checked="" type="checkbox"/> CalHFA/Conventional Lender	<u>7,595,991</u>
<input type="checkbox"/> Tax-Exempt Multi-Family Bonds	<u>                                    </u>
<input type="checkbox"/> Multi-Family Housing Program (MHP)	<u>                                    </u>
<input checked="" type="checkbox"/> Affordable Housing Program (AHP)	<u>850,000</u>
<input type="checkbox"/> County of Santa Clara, Office of Affordable Housing	<u>                                    </u>
<input type="checkbox"/> Santa Clara County Housing Trust	<u>                                    </u>
<input checked="" type="checkbox"/> Other:	<u>1,560,000</u>

- d. How will the requested City funding be used?

We are requesting that \$500,000 of the requested funds be made available prior to start of construction as predevelopment financing to cover architectural and engineering fees associated with the design of the project and that the total City funding requested be used for costs associated with building rehabilitation and new construction, including design.

e. Amount of developer fee and percentage of project cost:

\$2 million, 6%

f. Assess the chances of the project securing required funding and steps that will be taken to make the project competitive. What is the self-scored nine percent (9%) tax credit tie breaker score for the project (if applicable)?

The project is designated as a special needs project with 50% units set-aside for developmentally disabled, which is the key to the project's competitiveness. Securing a commitment of City of Sunnyvale funds is essential to a strong tiebreaker (36%). The next step will be securing FHLB AHP funds.

**DEVELOPER EXPERIENCE**

*Developers must have successfully completed a minimum of three affordable housing projects of similar size and complexity as the proposed project to qualify for this RFP.*

**24. Provide a summary of affordable housing experience:**

Years Experience:	29
Number of Projects:	19
Number of Projects in Santa Clara County:	16
Average Size of Projects:	77
Number of Units Placed in Service:	1,391

**25. Describe awards given to projects completed in the last 10 years.**

The American Institute of Architects  
 2014 Outstanding Achievement in Sustainability – Salinas Gateway Apartments  
 2010 AIA Housing Award for Multifamily Housing – Gish Apartments  
 2009 Top Ten Green Projects Award, Committee on the Environment– Gish Apartments  
 2008 Exceptional Residential Bay Area Design Awards – Gish Apartments  
 2008 Honor Award for Gish Apartments  
 Gold Nugget Awards  
 2005 Award of Merit Best Affordable Project – Craig Gardens Apartments

Governor’s Environmental & Economic Leadership Awards  
 2010 Casa Feliz Studios

Santa Clara Valley Water District  
 2015 Water Saving Heroes – Rincon De Los Esteros  
 2008 Site Design for Storm Water Pollution Prevention Award– Casa Feliz Studios

**City of Sunnyvale 2015 HMF/BMR Funds RFP**

**APPLICATION FORM**

**34. Scoring**

Please provide a description of your proposal's attributes for each of the categories below. You have 5 lines of text in each box. You may attach up to one page of additional supporting material for each category. For categories 5 and 6, simply fill out the blanks provided. The category descriptions and maximum points available are provided in the "Scoring Sheet" on page 8 of the RFP.

**Category:**

**1. Organizational Capacity and Relevant Experience**

First Community Housing is an award-winning California 501(c)(3) Non-Profit, Public Benefit Housing Development Corporation located in San Jose, California. Since 1986, FCH has created housing for more than 2,200 low-income residents in 18 affordable rental housing developments (over 1,390 units) throughout the San Francisco Bay Area. Each of our developments is thoughtfully designed to complement its unique community, neighborhood and environmental context, as well as respond to the needs of the people we serve.

**2. Project Need**

This proposal advances several of Sunnyvale's goals and policies, as set forth in the 2015-2023 Housing Element:

Policy A.8 - Encourage developers to use State density bonus incentive when applicable to provide affordable housing units.

Goal B - Maintain and enhance the condition and affordability of existing housing in Sunnyvale.

Policy F.4 - Continue to address the special needs of persons with disabilities through provision of

**3. Project Design and Readiness**

First Community Housing owns the site in the form of a limited partnership with the original tax credit investor and is in the process of pursuing a buyout of the current limited partner's interest in the property. The design of the project is currently in the very early schematic phases of development. At the recommendation of City Housing Staff, FCH submitted a preliminary review with the Planning Department and understand the steps for attaining entitlements on the project so the proposed design has been vetted as feasible and cost-effective in producing additional affordable housing units.

**4. Budget and Financial Management**

First Community Housing has a clean audit record. Our auditors have consistently had no significant findings. Nor have we ever defaulted under any of the regulatory agreements that govern the operation of our housing portfolio. Enclosed with this application are audited financial statements of FCH for 2012, 2013, and 2014. FCH is a non-profit organization that specializes in the development and long term ownership of income restricted affordable housing, exclusively. First Community Housing has used many different sources of financing to develop its portfolio of affordable housing.

**5. Percentage of Matching Funds (Leverage)**

Total Project Cost* as stated in Project Budget: \$	34,279,862
* Include capital costs only, not long-term operating costs	<u>6,000,000</u>
Amount of City HM Funds Requested:	<u>28,279,862</u>
Amount of Matching Funds (Project Cost - City HM Funds Requested) =	<u>6,000,000</u>
Percentage of Matching Funds ( Matching Funds / Project Cost) =	<u>83%</u>

**6. Affordability Level**

86

Total # of Units in Project:			
# units affordable to ELI households	<u>18</u>	=	<u>21</u> % of total units in Project
# units affordable to VLI households	<u>36</u>	=	<u>42</u> % of total units in Project

Please round all numbers provided to the nearest whole number or percentage (i.e., 15%, not 15.34%).

## City of Sunnyvale 2015 HMF/BMR Funds RFP

## APPLICATION FORM

**Applicant Certification**

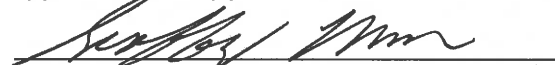
I certify that the information submitted in this application and all supporting materials is true, accurate and complete to the best of my knowledge. I acknowledge that if facts and/or information herein are found to be misrepresented, it shall constitute grounds for disqualification of my proposal.

I further certify that all of the following statements are true, except if I have indicated otherwise on this certification:

- a. I have not sold any of the projects listed on the "10-Year Projects" list;
- b. No mortgage on a project listed on this application has ever been in default, assigned to the government or foreclosed, nor has mortgage relief by the mortgagee been given;
- c. I have not experienced defaults or noncompliance under any contract or regulatory agreement nor issued IRS Form 8823 on any Low-Income Housing Tax Credit (LIHTC) project on the "10-Year Projects" list;
- d. To the best of my knowledge, there are no unresolved findings raised as a result of Agencies' audits, management reviews or other investigations concerning me or my projects for the past ten years;
- e. I have not been suspended, debarred or otherwise restricted by any state agency from participating in the LIHTC program or other affordable housing programs; and
- f. I have not failed to use state funds or LIHTC allocated to me in any state.

Statements above (if any) to which I cannot certify have been deleted by striking through the words with a pen. I have initialed each deletion (if any) and have attached a true and accurate signed statement (if applicable) to explain the facts and circumstances which I think helps to qualify me as a responsible principal for participation in this RFP.

Applicant Name(s)



Signature/Date

Geoffrey Morgan, President and CEO

Print Name and Title

*This application and all supporting material are regarded as public records under the California Public Records Act.*

## 34. Scoring – Additional Supporting Material

### Category:

#### 1. Organizational Capacity and Relevant Experience

First Community Housing (FCH) is an award-winning California 501(c)(3) Non-Profit, Public Benefit Housing Development Corporation located in San Jose, California. FCH was founded in 1986 by David Neale and John Brezzo, both successful developers in San Jose. They created a Board of Directors with a unique set of qualifications – professionals with a direct knowledge of the housing development process and the financial service industry. This unusual depth of knowledge provides a broad perspective on housing issues coupled with a positive approach to problem-solving and the desire to arrive at workable solutions, and is an invaluable asset when building high-quality affordable housing for local communities.

Since 1986, FCH has created housing for more than 2,200 low-income residents in 18 affordable rental housing developments (over 1,390 units) throughout the San Francisco Bay Area. Each of our developments is thoughtfully designed to complement its unique community, neighborhood and environmental context, as well as respond to the needs of the people we serve. FCH has been a pioneer of the integrated design-build process, leading to innovative design and sustainability. Low-income populations we serve include families, seniors, individuals, and those who are chronically ill, formerly homeless, developmentally disabled, and clients of mental health services. Our developments have won local and national recognition for architectural design and sustainability, as well as excellence in property and asset management. Six projects in our portfolio have achieved certification of LEED Gold or higher. We have declared LEED Platinum certification as a baseline for all new projects, and our design standards.

With over 100 years of combined private sector experience in design, development and construction, First Community Housing is uniquely qualified to deliver high quality housing on time and within budget. In addition, FCH has pioneered the development of sustainable, energy efficient design maximizing the use of “green” building materials. The FCH Development Team is comprised of career professionals focused on the creation of sustainable affordable housing, with extensive experience in developing:

- Family housing
- Senior housing
- Single Room Occupancy (SROs)
- Mixed-use developments
- Energy conservation rehabs
- Efficiency apartments
- Urban infill developments
- Special needs housing
- Standalone inclusionary
- Workforce housing

## 2. Project Need

The proposal advances several of Sunnyvale's goals and policies, as set forth in the 2015-2023 Draft Housing Element:

Policy A.8 - Encourage developers to use State density bonus incentive when applicable to provide affordable housing units. The project's 74,836 site is zoned R-4, which permits 1 unit per 1,200 SF. Without any density bonuses the maximum unit count of the site would be maxed out by the current improvements of 62. In order to develop the site to the 86 units proposed in this application, FCH will take advantage of the State density bonus, in conjunction with Sunnyvale's green building density bonus, for a total of 86 units total (22 and 3 respectively).

Goal B - Maintain and enhance the condition and affordability of existing housing in Sunnyvale. With this proposal, FCH will maintain the 50% to 60% AMI levels of the existing units, and deepen the overall affordability of the project with the addition of 24 units at 30% to 40% of AMI. This will deepen the overall affordability to an average of 46% of AMI from its current average affordability level of 58% of AMI.

Policy E.4 - Continue to address the special needs of persons with disabilities through provision of supportive housing. Because the City of Sunnyvale recognizes the need for special needs housing, FCH has committed to set-aside 50% of the units (43 units) at Orchard Gardens for developmentally disabled households. FCH will engage Housing Choices Coalition (HCC) to provide referrals and an on-site resident coordination services for the property's developmentally disabled tenants. The resident coordinator will assist clients in the housing application process, ensure appropriate services are in place, facilitate communication between developmentally disabled residents and the building's management staff, and work with the tenants to create a sense of community and encourage a network of support among their neighbors and friends. Housing Choices Coalition receives referrals from the San Andreas Regional Center (SARC), an organization that operates under the framework established by the Lanterman Developmental Disabilities Act.

Policy F.6 - Require the use of sustainable and green building design in new and existing housing. The Orchard Gardens Redevelopment will attain LEED Platinum for the newly constructed building and Enterprise Green Communities for the rehabbed buildings.

The local housing market exhibits more than sufficient demand for the high quality affordable rental housing that will be offered by this project. This assertion is supported by the following figures:

- For the past three years rents in Santa Clara County have risen at the rate of roughly 8% to 10% annually. The average rent for a one-bedroom countywide currently stands at \$2,133 per month, while Orchard Gardens' one-bedrooms will range between \$561 and \$1,160 per month.
- According to HCC, there are 14,000 adults with developmental disabilities who live in the three-county area served by HCC, and most people with developmental disabilities have very low-incomes, often limited to their social security benefits.
- There are more than 9,000 people with developmental disabilities eligible for San Andreas Regional Center services and living in Santa Clara County, more than 60% of whom are adults. Approximately 60% of adults with developmental disabilities served by SARC live at home with their families, while the percentage living independently has been declining.
- As of September 2015, of the 1,391 rent restricted units in FCH's portfolio, which is predominantly located in Santa Clara County, sixteen units are currently vacant.

### 3. Project Design and Readiness

First Community Housing owns the site in the form of a limited partnership with the original tax credit investor and is in the process of pursuing a buyout of the current limited partner's interest in the property. The design of the project is currently in the very early schematic phases of development. At the recommendation of City Housing Staff, FCH submitted a preliminary review with the Planning Department and understand the steps for attaining entitlements on the project so the proposed design has been vetted as feasible and cost-effective in producing additional affordable housing units. Upon receipt of predevelopment funds, FCH will engage its design team to prepare design development documents for submission for planning permits. Once entitlements have been secured on the property, an application for tax credit financing will be submitted.

FCH will design and construct the rehabilitation and new construction at Orchard Gardens to include a wide range of green building features including Energy-Star appliances; high-efficiency lighting; low-flow water fixtures; linoleum and recycled content carpet flooring; low emitting paints, adhesives, sealants, and cabinetry; and non-formaldehyde batt insulation. Bioswales at ground level will collect and treat runoff from other areas of the property. The project is committed to obtaining LEED for Homes Platinum certification and Enterprise Green Communities rehab certification. The building design will improve the existing conditions of the site while remaining compatible with the character of the neighborhood.

### 4. Budget and Financial Management

First Community Housing has a clean audit record. Our auditors have consistently had no significant findings. Nor have we ever defaulted under any of the regulatory agreements that govern the operation of our housing portfolio. Enclosed with this application are audited financial statements of FCH for 2012, 2013, and 2014. FCH is a non-profit organization that specializes in the development and long term ownership of income restricted affordable housing, exclusively. Our accounting and asset management staff administers the regulatory compliance and financial solvency of over 1,390 income restricted units across 18 properties.

First Community Housing has used many different sources of financing to develop its portfolio of affordable housing. Sources have included: low income housing tax credits; tax exempt bonds; CDBG; HOME; local redevelopment agency funds; AHP; MHP; IIG; CALReUSE; and, CalHFA. In addition, FCH has used private sources such as: Bank of America, Citibank, Union Bank; SAMCO; Low Income Housing Fund; Opportunity Fund; The Santa Clara County Housing Bond Trust; and, the Sobrato Family Affordable Housing Fund. In addition, we have developed strong relationships with equity investors and syndicators such as: Edison Capital; Verizon; Wachovia Bank; Apollo Housing; and, Red Stone Equity Partners.

The budget for this project was created by our general contractor of many years, Branagh Inc., and includes a construction price inflation factor so the budget estimate is not anticipated to significantly change. The financing structure of the Orchard Gardens Redevelopment utilizes 4% federal LIHTC, which FCH has used to fund several of its past projects. This source of equity that is accessed through the use of tax-exempt bonds is typically undersubscribed and provides increased predictability on receiving a funding award. California's Tax Credit Allocation Committee recently proposed changes in the state tax credit program to increase the use of 4% federal LIHTCs and tax-exempt bonds, which are reflected in two legislative bills (Assembly Bill 35 and Senate Bill 377) that have passed both houses of the state legislature and await the Governor's signature. The financing structure proposed in this application assumes the implementation of both bills, significantly increasing the amount of equity for the project from state tax credits. It assumes that the state tax credit rate will be increased to 50% of eligible basis and that the pricing for the state tax credit will increase to an estimated \$0.85 to each \$1.00 of tax credits. We at FCH are well connected in affordable housing policy and have seen tremendous support of these changes from affordable housing advocates and that these changes be implemented as soon as they are signed into law.

Orchard Gardens  
Development Budget

Cost Items	Total Cost	% of TDC	Construction	
			Period Expenses	LIHTC Basis
<b>ACQUISITION</b>				
Land Value	1,105,481	3%	1,105,481	
Existing Building Value	4,421,925	13%	4,421,925	4,421,925
Relocation	1,385,000	4%	1,385,000	1,385,000
Demolition	95,000	0%	95,000	95,000
Title & Escrow		0%		
Legal (Acquisition)		0%		
Land Lease Rent Prepay		0%		
Offsite Improvements		0%		
Carrying Cost		0%		
Broker/RE Consultant		0%		
<b>Total Acquisition Cost</b>	<b>7,007,406</b>	<b>21%</b>	<b>7,007,406</b>	<b>5,901,925</b>
<b>CONSTRUCTION</b>				
Site Work and Utilities		0%	0	0
New Housing Construction	17,376,716	51%	17,376,716	17,376,716
Existing Building Rehab	1,926,377	6%	1,926,377	1,926,377
Photovoltaics		0%		
General Requirements		0%	0	0
Contractor Overhead		0%		
Contractor Profit		0%	0	0
Hard Cost Contingency	1,930,309	6%	1,930,309	1,930,309
Permitting	200,000	1%	200,000	200,000
Insurance/Bond Premium		0%	0	0
Furniture	50,000	0%	50,000	50,000
Architectural	1,015,000	3%	1,015,000	1,015,000
Engineering	150,000	0%	150,000	150,000
<b>Total Construction Costs</b>	<b>22,648,402</b>	<b>67%</b>	<b>22,648,402</b>	<b>22,648,402</b>
<b>CONSTRUCTION FINANCING</b>				
Constr. Loan Interest	796,185	2%	796,185	530,790
Constr. Loan Fees	151,654	0%	151,654	151,654
Constr. Lender Inspections	0	0%	0	0
Title & Recoding	20,000	0%	20,000	20,000
Real Estate Taxes		0%	0	0
CDLAC Filing Fee	0	0%	0	
Tax-exempt Bond Issuance		0%	0	
<b>Total Constr. Financing Costs</b>	<b>967,840</b>	<b>3%</b>	<b>967,840</b>	<b>702,445</b>
<b>PERMANENT FINANCING</b>				
Perm. Loan Fees	37,980	0%		
Credit Enhancement	25,000	0%	25,000	
Title & Recording	15,000	0%		
Legal (Perm. Financing)	50,000	0%	50,000	
Syndication Expense	85,000	0%	85,000	
TCAC Monitoring Fee	34,850	0%		
TCAC App and Allocation Fees	53,204	0%	53,204	
<b>Total Perm. Financing Costs</b>	<b>301,034</b>	<b>1%</b>	<b>213,204</b>	<b>0</b>
<b>SOFT COSTS</b>				
Impact Fees		0%	0	0
Park Fees		0%	0	0
Appraisal	15,000	0%	15,000	15,000
Marketing		0%	0	
Legal Fees	30,000	0%	30,000	30,000
Environmental		0%	0	0
Market Study		0%	0	
Survey	2,000	0%		
Constr. Testing	35,000	0%	35,000	35,000
Accounting/Cost Cert.	25,000	0%	25,000	
Green Consultant	50,000	0%		
Organization	20,000	0%		
Predevelopment Loan Costs	30,004	0%		
Soft Cost Contingency	50,000	0%	50,000	50,000
<b>Total Soft Costs</b>	<b>257,004</b>	<b>1%</b>	<b>155,000</b>	<b>130,000</b>
<b>DEVELOPER FEE</b>	<b>2,000,000</b>	<b>6%</b>	<b>300,000</b>	<b>2,000,000</b>
<b>CAPITALIZED RESERVES</b>				
Lease Up Reserve		0%		
Operating Reserve	565,531	2%		
Reserves - Other		0%		
<b>Total Reserves</b>	<b>565,531</b>	<b>2%</b>	<b>0</b>	<b>0</b>
<b>TOTAL DEVELOPMENT COSTS</b>	<b>33,747,218</b>	<b>100%</b>	<b>31,291,852</b>	<b>31,382,772</b>



Orchard Gardens  
Sources and Uses

SOURCES OF FUNDS			
Funding Source	Permanent		During Constr.
Primary Loan	7,595,991		20,220,584
LIHTC Equity	17,741,125		2,661,169
City of Sunnyvale (Existing)	1,560,000		1,560,000
County of Santa Clara	0		0
Additional City of Sunnyvale	6,000,000		6,000,000
FHLB AHP	850,000		850,000
<i>Other Soft Funds</i>			
Sponsor Equity	100		100
<b>Total Sources</b>	<b>33,747,216</b>		<b>31,291,853</b>
Funding Surplus/(Gap)	(0)		0
USES OF FUNDS			
Cost Item	Amount		During Constr.
Acquisition	7,007,406	20.8%	7,007,406
Construction	22,648,402	67.1%	22,648,402
Constr. Financing	967,839	2.9%	967,840
Perm. Financing	301,034	0.9%	213,204
Soft Costs	257,004	0.8%	155,000
Developer Fee	2,000,000	5.9%	300,000
Capitalized Reserves	565,531	1.7%	0
<b>Total Uses of Funds</b>	<b>33,747,216</b>	100.0%	<b>31,291,852</b>

DEBT CAPACITY CALCULATION	
DCR	1.15
LTV	80%
Interest Rate	6.00%
Amortization	30
NOI - Year 1	628,477
Debt Service	546,502
Loan Amount	7,595,992

TCAC TIEBREAKER	
% Rental Subsidy	50%
Public Funds	8,410,000
Total Residential Costs	33,747,218
Tiebreaker #1	28.04%
Requested LIHTC Basis	25,523,735
Total Residential Costs	33,747,218
Tiebreaker #2	8.12%
Total Tiebreaker	36.16%

LIHTC EQUITY CALCULATION				
DDA/QCT Basis Boost	1.0	Constr. Credit Rate	7.48%	
Threshold Basis	21,474,869	Acq. Credit Rate	3.20%	
Prevailing Wage	4,294,974	20%	Federal LIHTC Amount	12,801,074
Parking Under	7%	Federal LIHTC Pricing	1.045	
Daycare Center	2%	Federal LIHTC Equity	13,377,122	
100% Special Needs	2%	State Credit Rate	30%	
Elevator	2,147,487	10%	State LIHTC Amount	5,134,121
Green Features	858,995	4%	State LIHTC Pricing	0.85
Impact Fees	0	State LIHTC Equity	4,364,003	
Adjusted Threshold Basis	28,776,324	<b>Total Equity</b>	<b>17,741,125</b>	
Eligible Basis	28,776,324			
Voluntary Reduction	(11,662,589)			
Voluntary Basis	17,113,735			
Adjusted Basis	17,113,735			
Cost Containment Ratio	109.1%			

SOFT SOURCES			
Funding Source		Payment Terms	Int. Rate
City of Sunnyvale - Housing Mitigation	6,000,000	Res. Receipts	3%
County of Santa Clara	0	Res. Receipts	3%
FHLB AHP	10,000 per Unit		

THRESHOLD BASIS LIMITS			
Unit Type	Basis Limit	# Units	Basis Max By Unit Type
1 Bedroom	239,415	51	12,210,165
2 Bedroom	288,800	18	5,198,400
3 Bedroom	369,664	11	4,066,304
<b>Total</b>		<b>80</b>	<b>21,474,869</b>



Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
1,923,387	1,971,472	2,020,758	2,071,277	2,123,059	2,176,136	2,230,539	2,286,303	2,343,460	2,402,047	2,462,098	2,523,650	2,586,741	2,651,410	2,717,695	2,785,638	2,855,279
13,785	14,130	14,483	14,845	15,216	15,597	15,987	16,386	16,796	17,216	17,646	18,087	18,539	19,003	19,478	19,965	20,464
(29,776)	(30,520)	(31,283)	(32,065)	(32,867)	(33,689)	(34,531)	(35,394)	(36,279)	(37,186)	(38,116)	(39,068)	(40,045)	(41,046)	(42,072)	(43,124)	(44,202)
(193,717)	(198,560)	(203,524)	(208,612)	(213,828)	(219,173)	(224,653)	(230,269)	(236,026)	(241,926)	(247,974)	(254,174)	(260,528)	(267,041)	(273,717)	(280,560)	(287,574)
1,713,679	1,756,521	1,800,434	1,845,445	1,891,581	1,938,870	1,987,342	2,037,026	2,087,951	2,140,150	2,193,654	2,248,495	2,304,708	2,362,325	2,421,383	2,481,918	2,543,966
(914,227)	(946,225)	(979,343)	(1,013,620)	(1,049,097)	(1,085,815)	(1,123,819)	(1,163,152)	(1,203,863)	(1,245,998)	(1,289,608)	(1,334,744)	(1,381,460)	(1,429,811)	(1,479,855)	(1,531,649)	(1,585,257)
(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)	(30,100)
769,352	780,196	790,991	801,725	812,384	822,955	833,424	843,773	853,989	864,052	873,946	883,651	893,148	902,414	911,429	920,169	928,609
(546,502)	(546,502)	(546,502)	(546,502)	(546,502)	(546,502)	(546,502)	(546,502)	(546,502)	(546,502)	(546,502)	(546,502)	(546,502)	(546,502)	(546,502)	(546,502)	(546,502)
222,850	233,694	244,489	255,223	265,882	276,454	286,922	297,272	307,487	317,551	327,444	337,150	346,646	355,912	364,927	373,667	382,107
1.41	1.43	1.45	1.47	1.49	1.51	1.53	1.54	1.56	1.58	1.60	1.62	1.63	1.65	1.67	1.68	1.70
\$7,343	\$7,563															
\$29,371	\$30,252	\$31,159	\$32,094	\$33,057	\$34,049	\$35,070	\$36,122	\$37,206	\$38,322	\$39,472	\$40,656	\$41,876	\$43,132	\$44,426	\$45,759	\$47,131
180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
6,137	15,879	33,330	43,129	52,826	62,405	71,852	81,150	90,281	99,229	107,973	116,494	124,770	132,781	140,501	147,908	154,976

## Attachment 10. Resident Services Plan

Half of the housing units at the redeveloped Orchard Gardens will be designated for occupancy by **developmentally disabled** tenants. Individuals with developmental disabilities have a variety of service needs depending on their specific abilities and circumstances. To meet the evolving needs of these special needs tenants, supportive services will need to be individualized, flexible and adaptable. Because the majority of these apartments are 1-bedroom units designed for single occupancy, the developmentally disabled tenants at this property should be capable of living independently without the assistance of live-in caregivers. However, there will be some 2-bedroom unit available for those developmentally disabled with families or live-in caregivers.

The State of California has developed a sophisticated system for insuring that individuals with developmental disabilities access the appropriate services and supports. Twenty-one regional centers receive State funding to broker supportive services to developmentally disabled individuals. Supportive services for the developmentally disabled residents of Orchard Gardens will be funded through the San Andreas Regional Center (SARC), whose territory includes Santa Clara County. SARC's services include evaluating a client's service needs, developing an Individual Program Plan (IPP), and connecting the consumer with local agencies approved and funded by the Regional Center to provide appropriate services.

At Orchard Gardens, the nonprofit Housing Choices Coalition (HCC) will serve as a single point of contact for residents, their families, service providers, and property management to ensure that tenants are successful in their housing. HCC will provide **Resident Coordination Services** including service provider coordination, community development programming, and property management coordination. HCC will also assist consumers in coordinating with SARC and accessing Independent Living Skills (ILS)\* training as necessary. Resident Coordination Services are provided by HCC through grants from SARC and other public and private foundations/donations, and therefore services are of no cost to developmentally disabled residents. HCC's services will be available to consumers as they wish/desire and not required for residents who choose to live at these apartments.

Residents of Orchard Gardens will be referred to an HCC Resident Coordinator (RC) immediately upon move in. The purpose of the RC is to provide the resident with a single point of contact for the purposes of continuity and comprehensive communication, provide community building to prevent isolation, and provide a safety net for residents. The RC will coordinate onsite presentations by service providers, onsite health screenings, and benefits and insurance presentations to keep residents informed and empowered so that they can maximize their ability to live independently. These presentations will occur, at a minimum, on a monthly basis.

The RC will hold monthly scheduled appointments with tenants and will also be available during on-site office hours (10 hours per week). A weekly schedule will be posted on the office door. Residents will be welcomed to drop in, schedule an appointment, or call to discuss concerns or issues. For individual appointments, the RC will meet with developmentally disabled tenants on-site either in the community room, office space or, on occasion, in the resident's unit. The RC will also be on call and readily available via phone and email should issues arise. The developmentally disabled tenants will be monitored through case notes of interactions that are tracked and reviewed by program management. Meetings with property management will also be recorded on a regular basis.

### Service Provider Coordination

The RC will work with each resident to ensure that appropriate services are provided to the client and will refer clients to appropriate community resources as necessary. The RC will maintain regular contact with the service providers serving each tenant to keep abreast of any important changes in the tenant's health or physical needs. A 24-hour emergency call-in line will be maintained to give the tenant the ability to reach someone in case of an urgent care need if their service provider is not

onsite. Additionally, the RC will serve as a communication point between property management and support staff as needed.

#### Community Development Programming

The RC will facilitate interaction and build community among the residents of Orchard Gardens. Social activities offered to community members will include movie night, BBQs, exercise class, game night, walking club or other similar activities. The RC responds to the requests and interests of community members when designing social activities. Additionally, HCC may support a local chapter of People First, a self-advocacy group for individuals with developmental disabilities. People First usually meets twice a month to discuss pressing issues and plan events. Residents are not required to participate in social activities or People First meetings; however, they are reminded weekly of all activities through fliers and personal contact.

#### Property Management Coordination

The RC will work with residents to ensure that their housing situation is safe and secure, meeting with each developmentally disabled resident individually at least once a month to check in on issues related to housing. These issues can include lease renewal, compliance with terms of lease, issues regarding section 8 vouchers, and, to a limited degree, relations with neighbors. The RC will also serve as a resource for the property manager by facilitating communications regarding punctual payment of rent, compliance with terms of lease, and behavior issues.

\* Independent Living Skills (ILS) training refers to a continuum of functional skills training for adult consumers who generally have acquired basic self-help skills and require additional skills to maintain themselves in their chosen living arrangement. Training areas may include cooking, cleaning, shopping, menu planning, meal preparation, money management, use of public transportation, health and safety training, personal and social skills, and community resource awareness (e.g., police, fire, and other emergency help).