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**San José Welcomes Addition of
354 Affordable Homes**

Project renovates old apartments using creative financing



*Mayor Gonzales and Councilmember Terry Gregory cut the ribbon
Joined by Ray Harper, Mark Hyatt and Tim Nieuwsma*

San José ---- Hundreds of San Jose families have moved into homes affordable to low-income households with the grand opening of the Valley Palms Apartments today.

San Jose Mayor Ron Gonzales and Councilmember Terry Gregory joined developer KDF Communities, LLC, to celebrate the completion of the total rehabilitation of the 354-unit complex near Tully and King roads.

The city's the newest affordable housing development is the result of a creative renovation of the 27-building complex, first built nearly 40 years ago. Through the use of an innovative combination of tax-exempt bonds and tax credits worth \$45 million that were brokered by the San Jose Housing Department, KDF Communities was able to acquire, remodel, and commit the project for affordability for the next half century.

“More than any city in California, San José has successfully delivered thousands of homes that our families can afford,” said Gonzales. “We have expanded opportunities for people to live in our neighborhoods and work in our community as the result of strong partnerships like this one with KDF Communities.”

Valley Palms is one of two investments KDF Communities has recently made in San José. In combination with the 120-unit project at Villa Monterey, the company has become a significant contributor to Silicon Valley's affordable housing market.



“Thanks to the cooperation of the Mayor, City Council and their staff, this has been a very successful project,” said Mark Hyatt, managing member for KDF Communities. “We have completed a desperately needed renovation which has upgraded an entire neighborhood, and at the same time provided much needed affordable housing.”

Prior to the rehab project, rents for the Valley Palms Apartments were unrestricted and could exceed rates that many families could afford. As a result of the investments made

possible through state affordable housing funds, a regulatory agreement with the California Debt Allocation Committee will ensure affordability through 2057.

All of 354 units will be affordable for low-income or very low-income families, with 67 apartments being designated for renters earning less than 50 percent (\$52,500 for a family of four) of the area median income. The remaining 287 units are restricted to renters earning no more than 60 percent (\$63,000 for a family of four).

The project is a mixture of flats and townhomes, and each unit has a large patio or fenced yard. With \$7 million in interior and exterior renovations, residents will enjoy upgraded amenities including a new clubhouse for community activities, tennis and basketball courts, a tot lot, and two swimming pools.

Since 1998 San José has achieved substantial success by earmarking over \$239 million in “gap financing” from Redevelopment Agency resources that has produced more than new 5,400 affordable homes throughout the city. Moreover, an additional 2,200 affordable homes were saved by the city’s creative investments and partnerships to acquire, rehabilitate, and prevent conversion to market-rate housing.



Total construction costs in the last five years was more than \$1.1 billion, including over \$877 million leveraged from other funding sources. The city’s five-year housing investment plan builds on the strategy that Mayor Gonzales accelerated after he became mayor in 1999 and called for doubling the rate of production of affordable homes.

“Creating homes that are affordable for all income levels has always been a serious challenge for cities and developers, especially in the Bay Area because of our high cost of housing,” said Leslye Corsiglia, director of the San José Housing Department. “San José has made one of the highest commitments for affordable housing in all of California.”

The city’s housing department administers affordable housing funds from a variety of sources, including funds set aside by the San José Redevelopment Agency. San José also receives federal funding, including \$8.9 million from the HOME Investment Partnership program, and it has been successful in leveraging state housing tax credits.