

AFFORDABLE HOUSING FINANCE

hanley wood

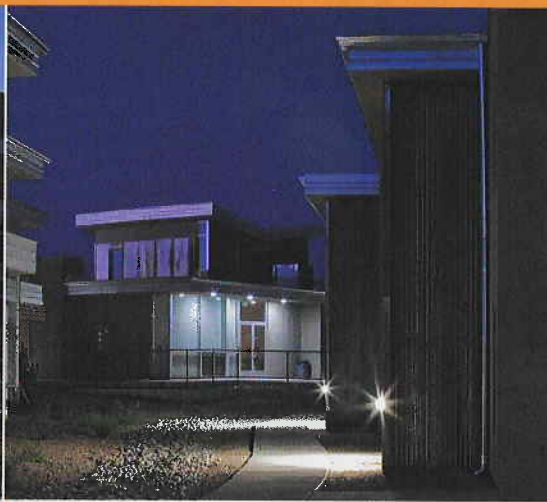
**SPECIAL
ISSUE:**

VOTE FOR THE
NATION'S TOP
AFFORDABLE
HOUSING
DEVELOPMENTS

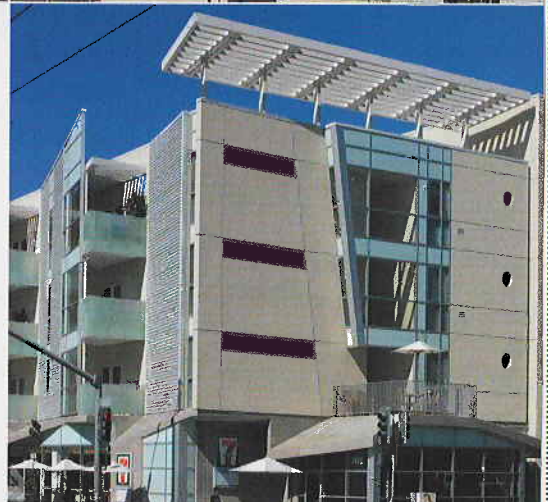
AUGUST 2008

VOL. 16, NO. 9

WWW.HOUSINGFINANCE.COM



**READERS'
CHOICE
AWARDS**
— 2007-2008 —





With 300 apartments, Corde Terra Village is the largest affordable housing development in San Jose, Calif.

Corde Terra's Big Reach

BY DONNA KIMURA

SAN JOSE, CALIF.

Corde Terra Village makes a bold statement. Not only large in size with 300 apartments, the development is big in many other ways.

It stands as a critical component in the redevelopment of an entire neighborhood and the scene of a unique collaborative effort involving numerous public agencies and private companies.

The development is built on land that was part of the Santa Clara County Fairgrounds. Several controversial proposals for the site, including a music club, were

met with stiff opposition, but the city, county, and others could agree on the importance of building affordable housing in the pricey Silicon Valley market.

Two separate developments by different developers were originally proposed, but they realized their plans could result in conflicting designs and other chaos, so they joined forces on a single project. Corde Terra is the largest affordable housing development in San Jose, the 10th largest city in the nation and one of the most expensive housing markets. Average rental rates have increased about 10 percent in the city in the past year, with the average monthly cost for a two-bedroom apartment at about \$1,445.

Built by ROEM Development Corp. and Pinmore HDC, Inc., an affiliate of the Housing Authority of the County of Santa Clara, Corde Terra Village is a stylish development of six buildings that surround a pool and a large, comfortable community center.

Corde Terra Village, however, has a bigger purpose and is part of an overall neighborhood plan. The county has built a new health clinic just a stone's throw away, and along the perimeter of the apartment

complex, ROEM has built 43 single-family, market-rate homes. The firm recently broke ground on an adjacent 200-unit affordable seniors housing project.

"Corde Terra Village shows that affordable housing can be done in different places, including next to market-rate housing," said ROEM President Robert Emami. "Bringing various incomes together as one community works."

Developers worked to make the development, which features one-, two-, and three-bedroom units, indistinguishable from the region's high-end apartments.

Building Corde Terra meant mastering a complicated transaction.

The county committed the land, valued at about \$18 million, for the development through a 75-year lease at a below-market rate. In addition to rent, the county receives 50 percent of residual cash flow. The deal allows the county to generate revenue, raise the market value in the area, and address the need for affordable housing.

The California Housing Finance Agency issued tax-exempt bonds to provide a \$40.4 million construction loan and a \$24.2 million first mortgage. The city of San Jose provided a \$20.7 million subordinate loan.

Low-income housing tax credits (LIHTCs) were allocated by the California Tax Credit Allocation Committee, and investor JPMorgan Capital Corp. made its single-largest LIHTC investment in the project, at approximately \$33 million. Hudson Housing Capital syndicated the credits.

Like San Jose, Corde Terra is a diverse community. About 80 percent of the residents are Vietnamese, reflecting the city's growing Asian population. Services offered include English classes, health programs, and an after-school homework center. Completed in 2007, the development is located next to an elementary school, and the developers worked with the school district to renovate the campus playground in return for the right for residents to use the space after school hours.

"When families move in, they move into a place they can take pride in," Emami said.

Any way you look at it, Corde Terra Village is a big deal. ■

Corde Terra Village

Developer: ROEM Development Corp. and Pinmore HDC, Inc., an affiliate of the Housing Authority of the County of Santa Clara

Architect: MIRO Design Group

Number of units: 300; 298 are affordable

Income targeting: 91% at 50% of the AMI; and 9% at 60%

Total development cost: \$78.3 million

Total development cost per unit: \$261,041