

660 Mariposa Club Apartments

Preservation Project Summary



BUILDING SUSTAINING LEADING

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1. Narrative/Introduction

BRIDGE Housing is proposing to acquire, rehabilitate, and deed restrict the 48 unit apartment building at 660 Mariposa in Mountain View, CA. This capital investment and deed restricted project has been conceived in an effort to preserve the apartments at 660 Mariposa in lieu of Prometheus Real Estate Group's on-site inclusionary requirement at 1720 Villa Street. The building was built in 1964 and includes 5 studios, 21 one-bedrooms and 22 two-bedrooms and is situated on a 1.7 acre site. The strong housing market in Mountain View has created the unfortunate consequence of lower density townhomes replacing larger multifamily apartments, leading to the displacement of many families. Our proposal aims to keep families in place, create a permanent housing stock for the "missing middle" and increase the overall number of affordable units that would be delivered in-lieu of the on-site inclusionary requirement. BRIDGE is proposing an alternative financing to the traditional tax credit structure because of the uniqueness of this project. BRIDGE has worked and will continue to work closely with the families, affordable housing finance professionals and the City of Mountain View to provide a solution that will satisfy Prometheus' inclusionary requirement and prevent displacement of the families at 660 Mariposa.

Financing

As previously mentioned, BRIDGE will not be financing this project with tax credits. This project has not been owned for 10 years which means that the existing improvements are not tax credit eligible and high Mountain View land values limit the overall basis that would be eligible for tax credits. The proposed capital structure will leverage the Property Tax Welfare Exemption (PTWE) administered by the California State Board of Equalizers and conventional debt and equity to maintain affordability. In order to leverage the PTWE and retain a level of affordability for the community, the units must be rented at 80% AMI. We are planning to give existing low-income tenants no greater than 4% annual fixed increases and lease vacant units at up to 80% AMI levels. Details on the structure can be found in the regulatory agreement terms.



2. Scope of Work

BRIDGE will completely renovate the interiors of the units and conduct modest upgrades to the exterior, including:

Units

- Asbestos abatement (as needed)
- ADA upgrades to 5 ground floor units (10% of the total), as required by California Building Code
- New flooring and paint throughout
- New LED light fixtures
- New cabinets and hard surface counter tops
- New Energy Star appliances and the addition of dishwashers in all units
- New low flow bathroom fixtures, including toilet and sink.
- New thru wall HVAC units (PTAC)

Common Areas

- Common Area and corridor new carpet paint and lighting as needed.
- New laundry machines
- Creation of management office
- Upgrade the Community Room with carpet, paint and furnishings
- Addition of a new management and leasing office (in the area adjacent to the community room currently used as storage)

Envelope

- All new sliding glass doors
- New window screens
- Replace roof including a 20 year manufacturer's warranty
- New waterproof coating on all balconies

Other Systems

- Upgrade electrical system to meet the City's requirements for aluminum wiring

Parking Area

- Painting of all carports and storage lockers
- New Site lighting
- Crack repair, Slurry seal and new striping
- Path of Travel improvements

Landscaping

- Tree trimming
- Allowance for new plantings

3. Services Program

Service Plan and Philosophy

BRIDGE has the primary purpose of providing safe, stable, affordable housing for moderate, low and very low-income families; serving a variety of demographics in age, ethnicity, primary language, education, work status, and family composition. At BRIDGE Housing, the Evaluation and Resident Programs divisions seek to provide resident and supportive services that produce the key outcomes of resident stability, enrichment, and advancement.

To achieve this, BRIDGE contracts with over 40 local nonprofit service organizations that have a strong presence in the community, understand neighborhood needs, and leverage external, geographically-specific resources to maximize their programmatic offerings. To date, this approach has been implemented in nearly 90 affordable family and senior communities throughout California, Oregon, and Washington; a portfolio that includes 21,000+ hours of annual programming (2019) and combines supportive and general enrichment services to address a diverse set of needs and barriers.

Projected Resident Demographics

The Shoreline West neighborhood of Santa Clara County has a median household income of \$86,228; well below the county's average of \$101,173 (per the 2012-2016 Census American Community Survey). With an average household monthly income of \$5,051, the households of 660 Mariposa earn 30% less than their immediate neighbors (as defined by census tract) and 40% less than the county's median income. Nearly all the Mariposa residents surveyed identified their employment as being within the food service industry and construction trades. In order to address these economic disparities from the surrounding area, and anchor existing residents, the units at 660 Mariposa will be rent-restricted for individuals and families making 80% of Area Median Income (AMI) or below.

While Santa Clara County is relatively evenly split between individuals identifying as Asian, Hispanic, and White, the 48 units of 660 Mariposa have a significant number of households who identify as Latino/a. 80% of Mariposa residents interviewed identified as monolingual Spanish or as having limited English proficiency; more than 7x the county average (of 11%). In addition to the financial hardships of the existing resident population, linguistic barriers put further hardship on families in achieving social and economic mobility.

Combining this demographic information with the 30 large families of 4 or more people at this Project, BRIDGE foresees the need to serve predominantly Hispanic, young, working-poor families. BRIDGE is committed to providing services to 660 Mariposa residents and will work with its stable of partners to create a service plan tailored to the population of families residing at the site. This plan, and the specific services offered, will be identified by a resident service needs assessment, conducted after property purchase/ management adoption.

Services

At 660 Mariposa, all the individuals and families will have access to a range of on-site and off-site referral services coordinated by BRIDGE through its range of direct-service partnerships and in collaboration with local and regional resource agencies. BRIDGE Housing's Resident Programs Design team believes that the project will be most effectively served by a combination of targeted program delivery. The goal is to meet identified needs and fill service gaps; referring where appropriate to avoid duplicating existing community resources.

Since 660 Mariposa will be an affordable housing development, including individuals and families, BRIDGE's resident programs plan will focus on four essential areas: **English as a Second Language (ESL) courses, After School Programming and Support for school aged children, Financial Coaching/ Work Readiness Support, and general Community Building activities.**

This model, of providing various interconnected services, aims to meet the specific needs of families coming from underserved communities and facing linguistic and economic barriers to long-term housing stability. The programs

at 660 Mariposa will meet residents “where they are,” while working to develop a future that supports independence, growth and self-determination. As appropriate, BRIDGE and its service partners will provide Spanish translated materials, program information and referral resources.

Physical spaces, including a community room, will host programming that builds community, integrates resident populations, and supports children, youth and adult residents.

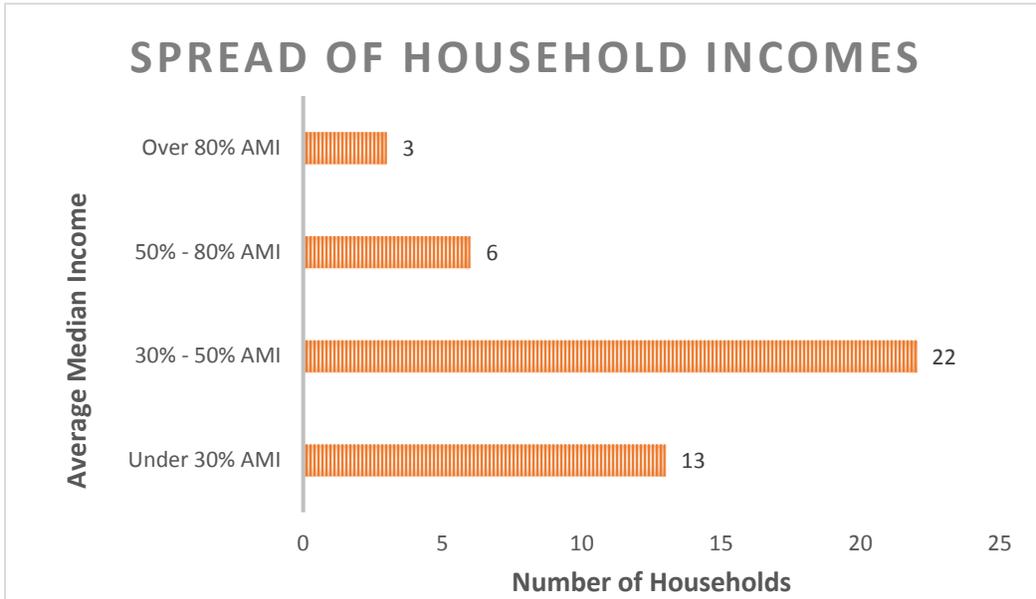
- **Community Building:** Programs will actively promote community stability to ensure a solid base for economic and social self-sufficiency, independent living and community development. It is critical to the housing success of families to integrate into the housing community that will be created at 660 Mariposa following relocation and renovation. BRIDGE will partner with our on-site service partner and property management staff to produce and promote family enrichment activities such as: organized play groups for mothers/fathers with young children, casual gatherings such as weekly coffee hours, community celebrations for cultural holidays, and regular community meetings to gather and address community needs and resources.
- **Employment Readiness and Financial Literacy:** Assist residents to achieve economic self-sufficiency by accessing programs and services that result in positive banking relationships, financial literacy and goal setting, and on-going personal career and development. BRIDGE will engage a partner to identify job readiness, job training, educational opportunities, and job placement services available through City agencies, non-profits and the private sector; starting with individual assessments and developing resources to meet those needs. We will also leverage relationships with a variety of financial coaching resources to identify appropriate programs for this population and site.
- **English as a Second Language (ESL):** Leverages partnerships with community agencies for onsite classes and external language resources. Our community partners focus on practical lessons and workshops, assisting individuals in developing communication skills to navigate community resources and increase employment opportunities.
- **After School Program/ Youth Development:** With 48 family units at 660 Mariposa, BRIDGE estimates that 30% or more of the 175 person resident population will be youth, 18 years old and under. In addition to the challenges faced by all young people in this age cohort, youth coming from poverty often have limited exposure to educational and extracurricular enrichment resources. To address the diverse needs of this population, the youth service plan, led by BRIDGE partners, will focus on the following areas: academic enrichment and support, afterschool programming, health and wellness, cultural enrichment and diversity, career and college exploration and leadership development.

Staffing

The cornerstone of the services plan is tied to BRIDGE creating, maintaining and developing existing and new partnerships with local, culturally representative, and competent service providers. The specific services to be provided by each organization will be sustainably funded through the property’s operating budget and described through formal MOU between BRIDGE and partners with an extensive explanation about specific goals, objectives, activities and timelines. BRIDGE will be responsible for the overall coordination of the services program.

4. In Place Tenant Income Information

BRIDGE Housing engaged Overland Pacific Cutler to assist with a community meeting and individual family meetings. Overland Pacific Cutler interviewed all 44 families that currently reside at Mariposa and gathered self-reported gross earnings. Per 2019 HCD Income levels we found that there were 3 units over-income, making a majority of the property eligible for the welfare tax exemption. The chart below shows the AMI breakdown.



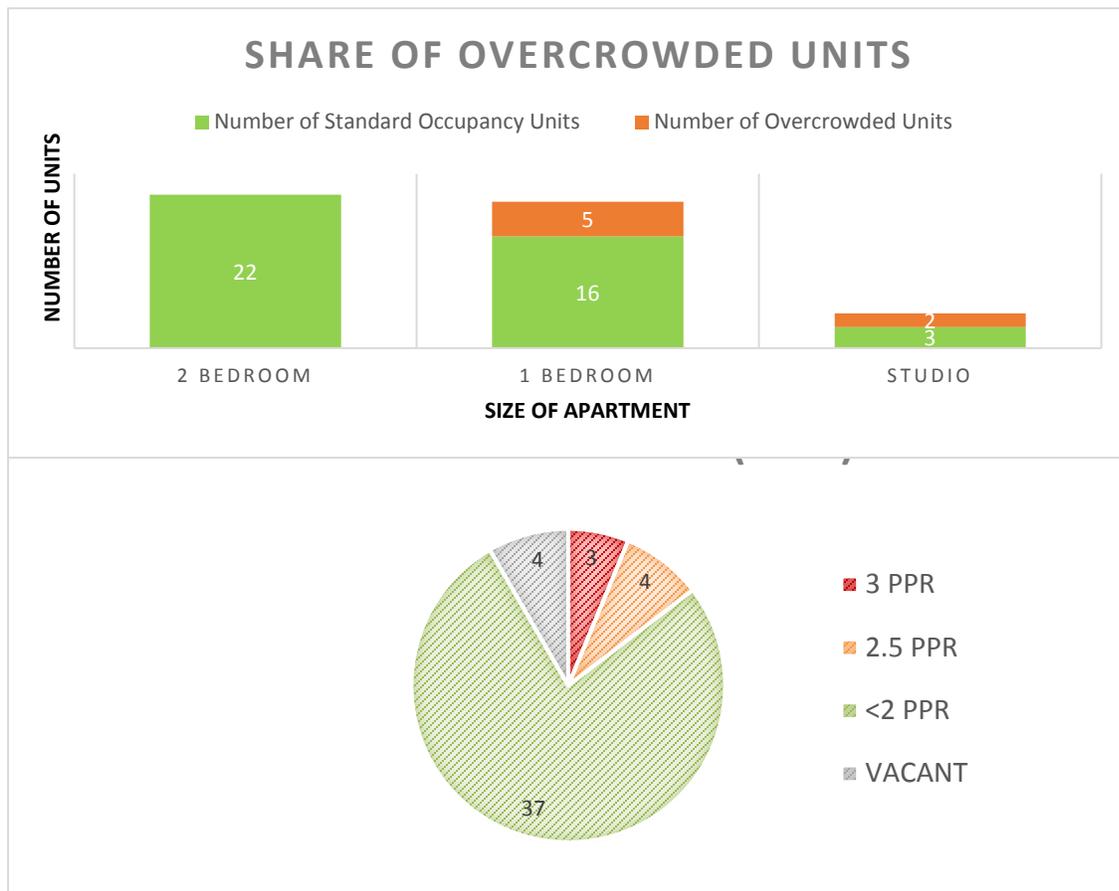
Tenant Informational Meeting held July 30, 2019

5. In Place Tenant Household Size

As part of Overland Pacific Cutler’s interviews, household size and makeup information was gathered. We believe there to be 7 units that are overcrowded by HUD Public Housing’s occupancy standards which are 2 people per studios, 4 per 1 bedroom and 6 per 2 bedroom units –

“The Handbook (HUD’s) Public Housing Handbook) then provides that, for public housing owners, a two person per bedroom standard is generally acceptable, but they must also take into account the following factors “(1) the number of persons in the family; (2) the age, sex and relationship of family members; (3) the family’s need for a larger unit as a reasonable accommodation; and (4) balancing the need to avoid overcrowding with the need to avoid underutilization of the space and unnecessary subsidy. HUD’s Public Housing Handbook provides Occupancy Standards in Chapter 3-23, which although only relate to public housing, are nevertheless probably instructive as to how private housing providers can ensure compliance with applicable federal laws and regulations” – National Multifamily Housing Council White Paper March 2016

BRIDGE would like to work on a plan to balance the overcrowding and prevent displacement with Mountain View city staff, some potential solutions that could be utilized include “right-sizing” which would switch households in overcrowded units with households in underutilized units. From this collaboration with the City we will prepare a detailed plan on how we’d propose to resolve these issues.



6. Regulatory Agreement Terms

To ensure that affordable housing plan at 660 Mariposa is financeable, BRIDGE requires the following terms in the regulatory agreement with the City of Mountain View.

- Rent and Income Limits up to 80% AMI per HCD, please see matrix attached. No Utility Allowance.
- No more than 4% annual rent increases for existing units household income under 80% AMI and these tenants not to exceed 80% AMI rents
- If unit's income grows over 100% of AMI, rents will be increased to 100% AMI levels
- BRIDGE reserves the right to "right-size" the units within the property to prevent displacement and overcrowding

In addition to these required terms, there will be other Issues that will need to be addressed in further detail, including the treatment of existing residents who are over income.

7. Income and Rent Matrix

Table below is what BRIDGE is proposing to restrict rents to.

Mariposa Apartments - Maximum Limits for Rent and Income (City: Mountainview; PMSA: San Jose; County: Santa Clara)													
Based on HUD Published 2019 Figures for Maximum Income and Rent Limits													
Updated: 8/15/19													
Effective: 8/15/19													
No. of Units	Unit Type	Unit Size	Tenant Rent	Gross Rent	Maximum Gross Rent	1 Person				2 Persons			
5	City 80%	Studio	1,818	1,818	1,818	Min. Income	Max. Income	Recert Maximum	Rent vs. Income	Min. Income	Max. Income	Recert Maximum	Rent vs. Income
						43,632	72,750	TBD	50% - 30%	43,632	83,150	TBD	50% - 26%
No. of Units	Unit Type	Unit Size	Tenant Rent	Gross Rent	Maximum Gross Rent	1 Person				2 Persons			
21	City 80%	1 BR	2,078	2,078	2,078	Min. Income	Max. Income	Recert Maximum	Rent vs. Income	Min. Income	Max. Income	Recert Maximum	Rent vs. Income
						49,872	72,750	TBD	44% - 30%	49,872	83,150	TBD	44% - 26%
			Tenant Rent			3 Persons							
	City 80%	1 BR	2,078			Min. Income	Max. Income	Recert Maximum	Rent vs. Income				
						49,872	93,550	TBD	44% - 23%				
No. of Units	Unit Type	Unit Size	Tenant Rent	Gross Rent	Maximum Gross Rent	2 Persons				3 Persons			
22	City 80%	2 BR	2,806	2,806	2,806	Min. Income	Max. Income	Recert Maximum	Rent vs. Income	Min. Income	Max. Income	Recert Maximum	Rent vs. Income
						67,344	83,150	TBD	50% - 40%	67,344	93,550	TBD	50% - 36%
			Tenant Rent			4 Persons				5 Persons			
	City 80%	2 BR	2,806			Min. Income	Max. Income	Recert Maximum	Rent vs. Income	Min. Income	Max. Income	Recert Maximum	Rent vs. Income
						67,344	103,900	TBD	50% - 32%	67,344	112,250	TBD	50% - 30%