

Prop 1C Bonds, LIHTCs Fund Palo Alto, Calif. Community

By Jennifer Dockery, Staff Writer, Novogradac & Company LLP

On January 7, BRIDGE Housing Corporation (BRIDGE) broke ground on Fabian Way Senior, an affordable apartment complex in Palo Alto, Calif. The development, funded with California Proposition 1C Multifamily Housing program bonds and 4 percent low-income housing tax credits, will be part of a larger development that will repurpose a vacant industrial property.

“It’s an exciting project in a lot of ways. [We] see a whole new community sprouting up here,” said Jonathan Klein, vice president at Union Bank of California (UBOC), Fabian Way’s tax credit investor.

Located in California’s Silicon Valley, Palo Alto took part in the technology boom. It has a median family income of more than \$100,000 and the average home price is more than \$1.3 million.

“If you’re a senior living in Palo Alto, it’s very easy to get priced out of that marketplace,” said Ben Metcalf, project manager at BRIDGE.

Designed by Steinberg Architects, Fabian Way features 56 apartments in one four-story building. Fifty-five of the apartments will be one-bedroom units. One manager’s unit will contain two bedrooms. Fifteen units will be set aside for residents earning less than 50 percent of the area median income (AMI), 28 units will house seniors earning 50 percent of the AMI and 12 units will be for seniors earning no more than 60 percent of the AMI. Rents for the units will range from \$463 to \$762 per month, depending on income and household size. The majority of residents will earn between 25 percent and 40 percent of

the AMI for Palo Alto. Common space will include decks, a landscaped courtyard and a community room for activities, services and classes.

BRIDGE will seek a Green Point rating for Fabian Way after its completion. The property’s design incorporates environmentally sustainable building techniques, including solar hot water heaters.



Photo: Courtesy of Steinberg Architects

Fabian Way Senior is part of a larger, pedestrian friendly development at a former industrial site in Palo Alto, Calif.

Additionally, 20 units will be set aside for seniors with special needs. Seniors who receive assistance for chronic health problems through California’s Multipurpose Senior Services program, and others with health concerns will be eligible for the units. BRIDGE will give priority to seniors referred by the Council on Aging, Silicon Valley (COA). BRIDGE and COA will then work together to coordinate

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services for these seniors. Services provided by COA will include hot meals, physical therapy, case referrals, transportation assistance and other supportive services to help seniors live independently. At press time, BRIDGE had not determined what services would be available to the residents in the building's other 45 units.

"Generally, we build our service plans once we lease up our units," Metcalf said. This helps BRIDGE get a better idea of what services will benefit residents most.

Funding Fabian

"[We] closed all financing at the end of last year. It's a huge credit to both of these banks that they stood by commitments they made in early 2008," Metcalf said. He added that the pricing, considered favorable at the beginning of 2008, was unheard of by the end of the year.

Development costs for Fabian Way Senior are expected to be \$22.9 million. Funding for the development came from numerous public and private sources and last fall

the state provided Prop 1C Multifamily Housing program bonds and 4 percent LIHTCs. Silicon Valley Bank, Community Development Finance (SVB) purchased the bonds and invested \$10.1 million into the development in the form of draw down financing. UBOC provided \$7.4 million in tax credit equity. Santa Clara County provided \$2 million, the Housing Trust of Santa Clara County provided \$539,000 and the city of Palo Alto provided \$600,000. The Sobrato Family Foundation provided \$1 million. The Opportunity Fund also provided additional capital.

"This staging of capital contributions gave BRIDGE the amount of equity that they needed," Klein said. He added that it was a fairly straightforward transaction because SVB purchased all of the Prop 1C bonds.

A New Community

The idea of contributing to a brand new community attracted SVB, the bonds' purchaser, to the transaction. Christine Carr, head of community development finance

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at SVB, says she believes the development will be an exciting and enriching place for seniors, and will help older residents remain in Palo Alto.

Fabian Way will anchor the redevelopment of a 12-acre industrial site. BUILD LLC, a partnership between BRIDGE and the California Public Employees' Retirement System, plans to create a pedestrian-oriented, mixed-use community on the site. Regis Homes of Northern California plans to develop more than 100 for-sale townhouses and flats on the property. The Taube-Koret Campus for Jewish Life, a \$250 million assisted living development, will stretch across nine of the acres. The campus will feature a recreational facility, and inte-

grated community and performing arts center.

"A senior project was a no-brainer. The campus of Jewish Life is meeting the needs of seniors. All that's going on right next door," Metcalf said. BRIDGE has an understanding with the Taube-Koret Campus that the seniors at Fabian Way will also be able to utilize some of the campus services.

The Taube-Koret Campus will open in the fall of 2009, and the for-sale housing is currently under development. BRIDGE expects to complete construction of Fabian Way Senior in January 2010. ❖

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