

March 5, 2007

TO: Affordable Housing Developers and Other Interested Parties

SUBJECT: City Funding for the Development of Family, SRO and Special Needs Rental Housing Projects

Ladies and Gentlemen:

I am pleased to announce the availability of \$20 million in funding available from the City of San José for financing new construction or adaptive re-use to create rental housing units for occupancy by families, individuals, and special needs populations.

This Notice of Funding Availability (NOFA) is essentially the same as the NOFA issued in October 2006 except that the targeting of units serving the needs persons with chronic mental illness has been expanded to target units that serve persons and households with chronic mental illness plus several other populations who are homeless or at-risk of homelessness. This new NOFA for families, SRO units, and special needs supersedes the October NOFA.

As always, submitted applications must demonstrate feasibility and must exceed the threshold score of 70 points in order to be recommended for funding. In accordance with the Department's existing underwriting policies, as defined in the "Project Development Policy and Procedures Manual" ("Policy Manual") posted on the Department's website, projects will also be reviewed for cost-effectiveness in order to ensure that funding requests reflect the minimum amount of subsidy needed to attain project feasibility.

More information regarding eligible projects, threshold criteria, funding criteria and application requirements is detailed in the enclosed Notice of Funding Availability and Detailed Scoring Criteria document as well as in the Department's Policy Manual. The NOFA and all associated documents are posted on the Housing Department's website, www.sjhousing.org. Click on "Programs" on the tool bar, and then click on "New Development/NOFA" on the pull-down menu.

In addition to its regular funding commitment process, the City also offers a Preliminary Commitment process for projects that have not yet obtained the necessary land use entitlements. A Preliminary Commitment will " earmark " funds for eligible projects for up to 18 months while the project obtains land use approvals. For more information on Preliminary Commitments, see Section Four of the Policy Manual and the Preliminary Commitment funding application, which are both posted at the same page of the Department's website cited above.

AFFORDABLE HOUSING DEVELOPERS AND OTHER INTERESTED PARTIES

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This announcement does not supersede the one issued in January 2007 for senior rental housing projects. The Department will accept applications under both NOFAs until further notice.

If you are considering submitting an application in response to any NOFA – for either a funding commitment or a preliminary commitment – I strongly urge you to meet with Department staff in advance of a formal submittal.

Should you have any questions regarding this NOFA or the City's process for issuing full or preliminary commitments, please contact Tom MacRostie (until early-May) at 408-535-3858 or Kristen Clements (after early-May) at 408-535-8236. Thank you for your interest.

Sincerely,

A handwritten signature in black ink, appearing to read "Leslye Krutko". The signature is fluid and cursive, with a large initial "L" and "K".

LESLYE KRUTKO
Director of Housing