

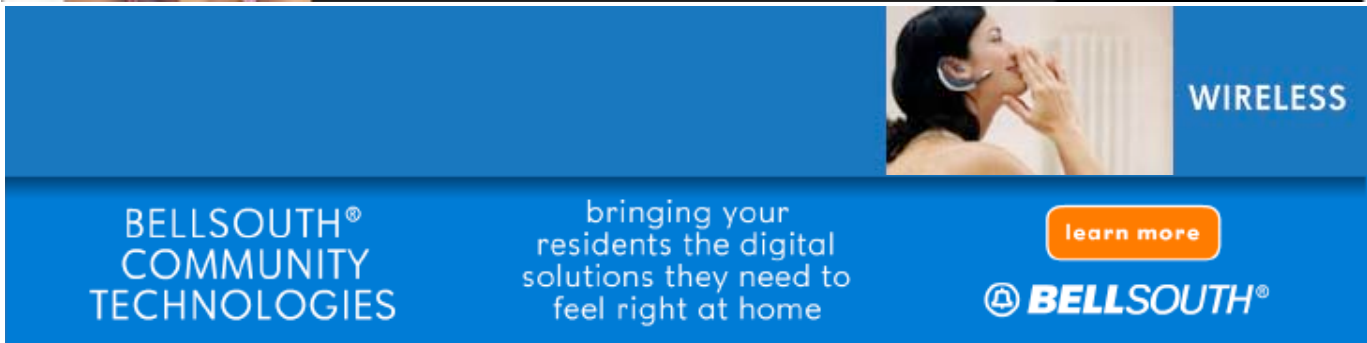
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Golden Idea

San Jose finds a way to stretch its affordable housing dollars.

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By Les Shaver

At a 2004 meeting, San Jose city officials and consulting attorneys were mulling how to pay for 13 planned developments that would provide 2,000 units of affordable housing. Then Julie Cooper, the city's deputy director of finance, posed a question: Why couldn't the San Jose Redevelopment Agency issue tax-exempt bonds, instead of the traditional taxable ones, to borrow the funds needed to lend to the developers? It was one of those eureka moments.

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California wants to help out these smaller communities through a conduit agency called the California Statewide Community Development Authority, which issues bonds on behalf of local agencies. "If cities and counties don't want to issue their own bonds, they can go to CSCDA and make a pledge of a portion of their housing set-aside [funds each community has for the development of affordable housing projects] to back the loan," Weir says. "It's a way of streamlining the process and making it available to medium- and small-sized cities and counties that may not have staff on hand to issue bonds."

While it looks like both the big cities and small towns in California will soon be able to go the CSCDA to issue tax-exempt bonds for affordable housing, the program may have even broader applications, according to Ethan Handleman, an associate for Recap Advisors, a Boston-based company that provides financial services related to the recapitalization and preservation of affordable housing. "[This approach] could be used elsewhere, provided that the local redevelopment or other agencies are already required to fund affordable housing, there are redevelopment projects combining affordable housing and other types of development, and there is an available bond cap that the state is willing to allocate," he says.

If this is indeed the case, communities across the country may have yet another tool in their arsenal to produce desperately needed affordable housing.

- ▶ Middletown Tarragon in Manhattan bought the Northgate Apartment Homes in Middletown, R.I., from Northgate Associates in Manhattan for almost \$30 million. The 179-unit property, built between 1971 and 1973, has 19 buildings with mature landscaping, a swimming pool, a tennis court, and one-, two-, and three-bedroom units. Marcus & Millichap Real Estate Investment Brokerage Co., based in Encino, Calif., brokered the sale.
- ▶ Veritas Real Estate Investments in Los Angeles used \$5 million of equity financing from TMC America, based in Irvine, Calif., to buy the 45-unit Rossmore Apartments in Los Angeles and the 26-unit Fulton Apartments in Sherman Oaks, Calif. Veritas plans to renovate both properties and convert them to condos.
- ▶ Loma Real Property Investments in Torrance, Calif., bought Desert Meadowlark Apartments in Phoenix from Sepic Real Estate Holdings in Mesa, Ariz., for \$1.8 million. The property, which was built in 1964, contains 45 apartment units totaling 29,250 square feet. Cushman and Wakefield of Arizona's Southwest Apartment Group negotiated the sale transaction.
- ▶ LeCesse Development in Altamonte Springs, Fla., acquired GrandeVille on Saxon apartments in Orange City, Fla., a property that it developed as a joint venture with Euro American Advisors in Tampa, Fla. The 316-unit Class A apartment property was completed in April 2005. Wachovia Bank's Orlando office provided financing.
- ▶ Millbrook Associates of Oak Harbor, Wash., bought Millbrook Townhomes in Vancouver, Wash., from Leslie W. and Karen L. Fullerton of Portland, Ore. Millbrook purchased the 20-unit apartment community for \$2.1 million. The Portland, Ore., office of Hendricks & Partners negotiated the sale.
- ▶ Colony Realty Partners of Boston bought San Valiente, a 604-unit, luxury, gated community in Phoenix from BlackRock of Florham Park, N.J., for \$66.72 million. San Valiente, which was built by Mark Taylor in 1998 and 1999, was 94 percent occupied at the time of the sale. CB Richard Ellis' Phoenix office negotiated the sale.
- ▶ Broadway Florida Properties bought the 240-unit Lakeview Club Apartments, a gated community in Apopka, Fla., from Lakeview Club. The seven-year-old apartments, which include 11 buildings, a clubhouse, a fitness center, an indoor basketball court, and a swimming pool and spa, cost \$27.7 million. Cushman & Wakefield's Florida Apartment Brokerage Services Division brokered the sale.