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SIMPSON HOUSING SOLUTIONS EXPANDS WITH AFFORDABLE SENIOR PRODUCT

Simpson Housing Solutions finds its way to San Jose, Calif., to capitalize on demand for affordable senior units in a high-income, high-rent market. Simpson Housing will construct the \$12.5 million **Almaden Senior Apartments** with JV partner **Las Palmas Foundation**. The 66-unit property will mark Simpson's first senior development in San Jose.

Nonprofit **Las Palmas** also partners with Simpson on **Solano Vista II** in Vallejo (*AR 1/7/02*). **Solano Vista II** is the 194-unit second phase of a senior development scheduled to break ground next month.

Dirt will fly this week on a 1½-acre site in the Willow Glen area. The parcel is next to Willow Glen Senior Apartments, a senior affordable property by Related Companies of California that is currently in lease-up. **Joe Michaels, Las Palmas Foundation** executive director, believes that with the city's high incomes and rents to match, San Jose is clearly in need of affordable senior rentals. All units in the four-story building will be one-bedrooms, available to residents age 62 and better who earn 50% to 60% of the average median income.

Related's adjacent property has been leasing 10 to 12 units per month, a much slower absorption rate than pro forma of 15 to 20. Related Project Manager Stan Smith attributes the sluggish pace to two factors. One is a site off the beaten track, without a lot of visibility. Two is San Jose's high average median income (the highest in the state), which narrows the affordability range for many seniors, even at 50% AMI. Smith expects a newly launched advertising campaign to push lease-up to 50% by the end of the month.

Simpson Senior Development Manager Alison Abrams has already scaled down pro forma to 10 to 15 units per month on Almaden. She likes the project because it offers excellent features and amenities in a 100% affordable property. Drafting the design is John Maple of the architectural firm Maple Dell and McClelland. Maple knows that lots of interior light, ventilation, private outdoor areas and security are important to aging baby boomers. Units average 640 s.f., including balcony and outdoor storage space. Galley kitchens are designed with counters that open into the living and dining area. Bathrooms and kitchen facilities are planned for accessibility requirements and are convertible to meet the needs of handicapped individuals. Simpson has chosen to budget for convertibility upfront.

The design emphasizes safety. Finishes such as tile and carpet are clearly defined with color changes and each floor is carpeted in a different color. Vestibules, with four units to a vestibule, provide for personalized entries. Amenities include an exercise and recreational facility, computer/library room, multipurpose room with fireplace, big-screen TV and automated bingo. The property also boasts a rectangular-shaped therapeutic spa with swimming current, a barbecue area and a walking track. Typical of all Simpson's senior properties, units will be equipped with an emergency call system.

The partners plan to deliver the first units within 12 months of start date. Financing comes in part from 4% federal tax credits, for which Simpson is providing \$2.3 million in equity. Another \$6.05 million in tax-exempt bonds is being issued by the city at a fixed rate of 5.35% before fees and conversion. Credit enhancement is provided by FNMA through DUS lender Red Mortgage Capital. Additional funds are from the city of San Jose housing division and a construction letter of credit by East West Bank.

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