

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand

SUBJECT: CURTNER STUDIOS

DATE: August 15, 2016

Approved

D. D. SyL

Date

8/15/16

INFORMATION

Curtner Studios, a 180-unit single-room occupancy (SRO) apartment house located at the corner of Curtner and Canoas Garden Avenues in Council District 6, has been the subject of some recent controversy. The Housing Department is providing a history of the property to provide context and background to the present discussion.

The property was developed by JSM Enterprises, Inc., as a place where Silicon Valley employees could reside during the week while spending weekends with their families elsewhere. As such, it included 36 market-rate apartments (including one for the on-site-property manager), 108 low-income (LI) apartments, and 36 very low-income (VLI) apartments. The building is three stories high, with most of the ground floor being devoted to vehicular parking. Except for the one-bedroom manager's apartment, the 179 SRO units are 170 square feet. Unlike other affordable housing developments, the building has no community rooms. The City's loan of \$2,648,301 constituted approximately one-third of the development financing, and the project was completed in 1995 and jointly owned by JSM and Green Valley Corporation.

The owners' business model proved to be unsuccessful and the property was put on the market. First Community Housing (FCH) acquired the property in December 2007 with partial financing from the City; the City's acquisition/rehabilitation loan of \$4,942,845 constituted approximately one-quarter of the project's financing. Rehabilitation of the building was completed in early 2009. FCH significantly deepened the affordability of the apartments, making 125 affordable to extremely low-income (ELI) individuals (with qualifying annual incomes of up to \$23,450/annually), 40 affordable at VLI (with qualifying annual incomes of up to \$39,100), and 13 affordable at LI (with qualifying annual incomes of up to \$46,920), leaving the one-bedroom manager's apartment unrestricted. Part of the financing for the acquisition/rehabilitation was provided by the County of Santa Clara in the form of Mental Health Services Act (MHSA) funds, which required that 27 of the SRO apartments be reserved for individuals with mental health issues. The County provides case management and other supportive services for that population.

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FCH started receiving complaints from neighbors of the project around November/December 2014. At about the same time, FCH was coming to the conclusion that the property management firm being used was not effective in addressing the challenges and issues that were occurring at the development. Consequently, starting in July 2015, FCH changed property management firms for this property to the John Stewart Company, a well-respected firm in this field.

Also in July 2015, FCH entered into a Memorandum of Understanding with Abode Services to participate in the Project Welcome Home (PWH) program, which uses the Pay for Success model. Curtner Studios can accommodate up to 40 formerly homeless individuals under this program, which comes with case management and other supportive services. At the present time, there are 32 program participants residing at the property, and five vacant apartments are being held for referrals from Abode.

FCH recently secured a grant from Public Allies, a member of the AmeriCorps national service network. Under this grant, Public Allies will provide a 36-hours/week service coordinator on site to join forces with the 40-hours/week service coordinator already on site. This service will be available to all residents. This is a critical resource that will increase services to the residents who are not enrolled in the Pay for Success Program.

With the new management company, the monthly turn-over of apartments has dropped from seven to three. FCH's goal is get that number down to two, so that a more stable population will develop a greater sense of community.

About six months ago, FCH started an active program of outreach to the business owners in the neighborhood to better understand their concerns. As a result of this effort, FCH increased security from eight hours a day to 24 hours a day. A chronic source of complaint had been litter and trash around the dumpsters which were rolled out of the garage twice a week well in advance of the garbage truck's arrival, attracting passers-by to add their trash; that issue has been addressed by not having the dumpsters outside except when the garage truck is actually present.

Another complaint had been residents loitering on the public sidewalk to smoke. The original building design did not incorporate a common public space area. As a result, residents lacked access to a smoking area on site. To address this, a smoking area had previously been located in the garage, but had been closed because of alleged inappropriate activities occurring in that space. A designated on-site smoking area has been re-activated, now with a 24-hour security camera to ensure that no illicit activities are taking place. FCH is working on a beautification project for on-site patio areas and exploring options to create community space.

FCH is also looking into moving the on-site property manager's office from the second floor to the ground floor. This will facilitate more active surveillance of the exterior of the building, including the public sidewalks (this will also have the added benefit of expanding the area on the second floor that can accommodate service providers).

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FCH continues to encourage its neighbors to report any issues they are having with their residents. Some of the complaints are about people who are not residents of Curtner Studios. While this limits the actions that can be taken, FCH will be better able to address concerns as it obtains additional information from neighboring residents.

Staff from the Department of Housing and the Santa Clara County Office of Supportive Housing have been actively engaged in meeting with FCH to discuss community concerns and to brainstorm options and funding opportunities to address issues specific to Curtner Studios, as well as a range of neighborhood issues unrelated to the development. FCH is committed to working with the neighborhood toward this end.

/s/

JACKY MORALES-FERRAND

Director, Housing Department

For questions, please contact Jacky Morales-Ferrand, Director of Housing, at (408) 535-3855.