Our Update to Partners in Affordable Housing Solutions

March 6, 2015

Extensive Renovation Preserves Affordability

This month I’m pleased to announce the extensive rehabilitation of Poco Way Apartments, a 130-unit multifamily property in east San José. In the past, this property was a source of crime and blight in one of the toughest neighborhoods. As part of a major revitalization effort led by the City of San José, HACSC acquired and renovated the property in 1996. Almost 20 years later and after much heavy use by tenants, the Poco Way Apartments are in need of renovation. I look forward to sharing more news about this project’s progress throughout the year.

In other news our Board has raised the Voucher Payment Standard (maximum monthly rental assistance) to 95% of HUD’s Fair Market Rents. This change will give our clients more housing options within their budgets as well as enable some to pay less toward their rents.

Alex Sanchez
Executive Director

HACSC Increases Housing Options for Voucher Holders

Recognizing that ballooning Santa Clara County rents - the highest in the nation according to RealAnswers - have caused a shortage of available units priced within the agency’s current payment standards, HACSC’s Board has raised the maximum monthly rental assistance to 95% of the U.S. Department of Housing and Urban Development Fair Market Rents (FMRs).

“This action not only increases housing options for voucher holders currently searching for homes but also provides monetary relief for about 6,200 families (37% of HACSC’s voucher holders) who are renting units above the current Voucher Payment Standard (VPS).”

“Setting the VPS at 95% of FMRs will give clients more housing options within their budgets,” says Aleli Sangalang, Director of Housing Programs. “Clients with contract rents above the new 95% VPS will receive an average decrease in their tenant rent portion of $33 per month, and clients with contract rents that will drop below the new 95% VPS will receive an average reduction in rent of $21 per month.”

The increased VPS applies to any movers, new admissions and port-in households processed on or after January 1, 2015. The new VPS is being applied to the next interim or regular certification processed after January 1 for Moving To Work (MTW) program voucher holders and at the next annual reexamination for non-MTW voucher holders.

HACSC is embarking on a major renovation of its 130-unit Poco Way Apartments in San José’s Arbuckle neighborhood. Rehabilitation of this 5.23-acre site will be substantial on the older 15 buildings (built in 1965) and less extensive on the 7 newer buildings (built in 1996). The older buildings will receive new unit walls, kitchens, appliances, flooring, windows, bathtubs and surrounds, insulation, plumbing, electrical, mechanical (forced air system), siding, windows, waterproofing, roof, and installation of a solar thermal system. The newer buildings will have new flooring, paint, windows, sliding doors, roof, renewed kitchen cabinetry, and installation of a new boiler system. Within the community building, there will be new finishes and an improved floor plan. The overall site will receive energy efficient LED lighting, refreshed landscaping, and a coat of new asphalt in parking areas.

HACSC staff is working with the San José Police Department to establish a Community Policing Office attached to the Poco Way community building. San José police officers would have 24-hour access to this office where they could hold open office hours and meet with the public. This effort is part of a larger strategy led by the Arbuckle Neighborhood Association to revitalize the Poco Way neighborhood to the east of HACSC’s property.

The 2015 Poco Way Apartments renovation will cost approximately $12.1 million with financing through tax-exempt bonds and 4% Low Income Housing Tax Credits. In addition to the major upgrades, the property is being refinanced and the ownership restructured for a total project cost of approximately $44 million. Renovations are slated for completion in March 2016.
Neighborhood’s “miraculous” reinvention: a look back

No one living on Poco Way in San José’s Arbuckle neighborhood a generation ago would recognize it now. Back then it looked like a scene out of a gangster movie - a treeless street with dilapidated apartments in trashy dirt lots where local gangs came to do business and cruise, making it a dangerous place for children to play. The high-poverty, largely immigrant neighborhood was extremely crowded: 1,442 people were crammed into 222 housing units for an average of 6.5 persons per household (more than double the average occupancy for San José at that time).

Hailed by both residents and San José officials as “miraculous,” Poco Way was reborn in 1996 through a well-crafted neighborhood revitalization strategy and public-private partnership that directed the careful, long-term revitalization of the entire neighborhood.

For nearly a decade beginning in 1985, the City of San José had tried to clean up the Poco Way neighborhood and enforce the housing code. But it was up against severe crime and apartment owners who, despite some trying hard not to, defaulted on city repair loans. All the while, residents put up with squalid living conditions.

Recognizing that it must find a way to bring the neighborhood’s apartment buildings under a single owner and property manager with the right priorities, the city began purchasing several apartment complexes. Services like Head Start and a pre-school at nearby Clyde Arbuckle Elementary School moved into the neighborhood. Police, code enforcement and housing officials worked on-site in a city-owned apartment that housed the new Arbuckle Neighborhood Service Center.

By 1994, San José, its partner nonprofits, the Redevelopment Agency and HACSC were ready to reinvent Poco Way - from scratch. A nonprofit arm of HACSC purchased the properties from San José, becoming both the project and property manager. In a $21 million overhaul and at that time one of the largest neighborhood redevelopment projects ever undertaken by San José, half of Poco Way’s apartments were torn down and rebuilt while the rest were renovated. The number of bedrooms increased by 36%. Poco Way was split into two cul-de-sacs and anchored by a colorful children’s playground. A community center was built and offered tutoring for children 14 years and younger (who at that time made up about a third of the neighborhood’s population). Street trees were planted and the whole neighborhood was landscaped. The project was completed in 1996.