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MULTI-HOUSING NEWS

JV Partners Invest $53M Toward San Jose Affordability

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The capital will preserve affordability at Monte Vista Gardens for the next half-century.

San Jose, Calif.—Affordability issues continue to cripple the housing markets across the Bay Area, in spite of local authorities' efforts to come up with plans that would modulate the wedge between wages and cost of living. On that front, Community Preservation Partners and Jamboree Housing recently partnered to invest $53 million in order to protect the Monte Vista Gardens in San Jose.

Located at 2601 Nuestra Castillo Court, the Monte Vista Gardens community consists of 144 residential units. Roughly $5.5 million will be invested in order to rehab the community and enhance the level of amenities while preserving the property's affordable housing status. Set to begin this month, the rehabilitation process will include operations such as safety and accessibility upgrades, LED bulb installations, new air conditioning units, new paint, pool area repairs and enhancements, new kitchens and bathrooms, energy efficiency improvements, as well as renovations to the office and common room. Work is set to conclude in April of next year.

The investment locks in tax incentives that will keep 80 percent of the units designated as affordable housing. The remaining units will be turned over to the free market, where rents have been rising at some of the highest rates in the nation for the past few years. All of the metros in the Bay Area rank high for rent growth, meaning that the problem is set to continue. According to data from Yardi Matrix, demand continues to outstrip supply in the area, leading rents to grow by another double-digit margin by the end of 2016.

According to the real estate data provider, the community was acquired by Jamboree Housing back in October 2014 from Roem Development, for $29 million. That reflects a price per unit of just over $200,000. The market rate units charge roughly $2,361 per month on average.