

VILLA

Monterey

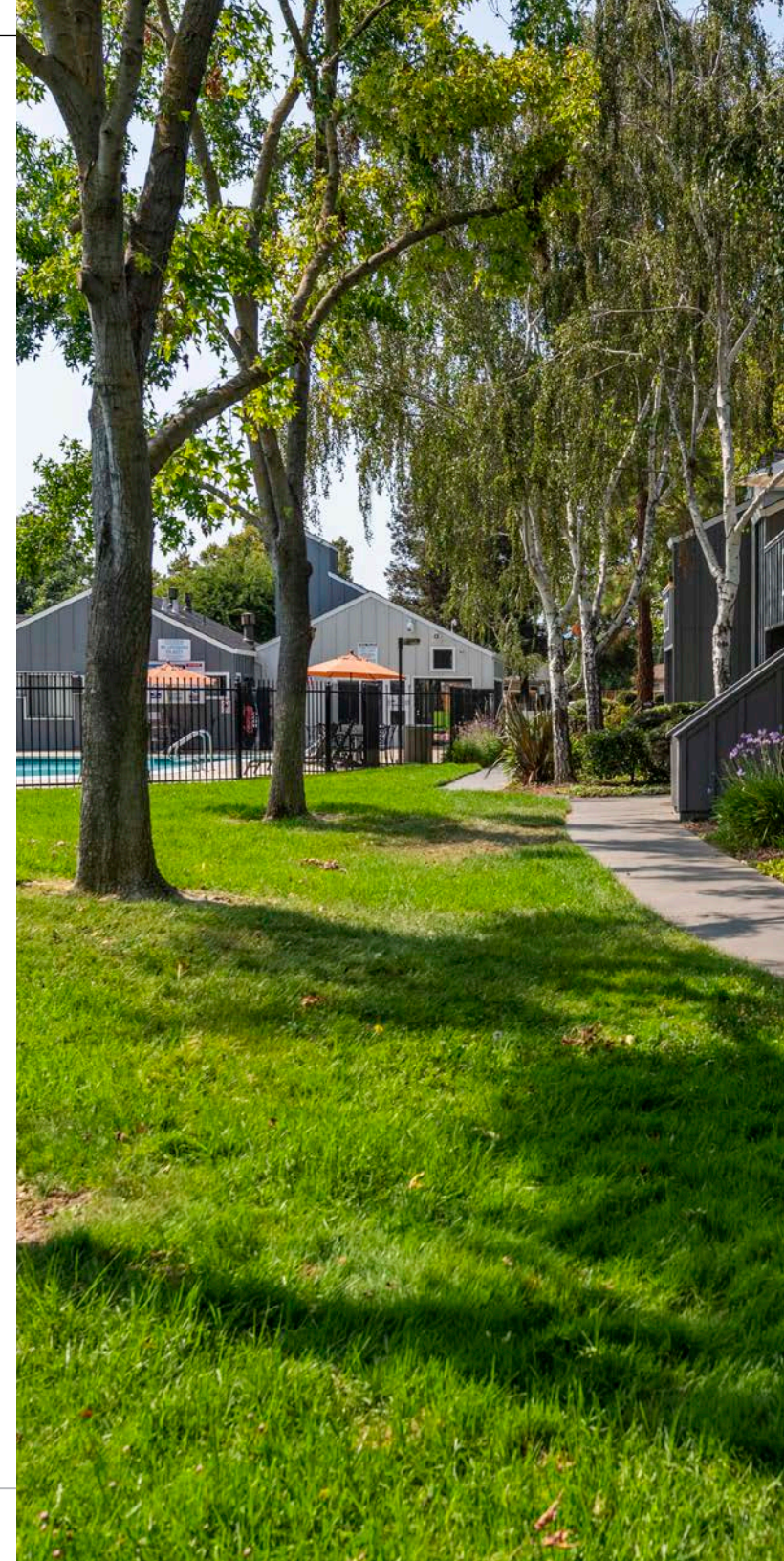
2898 Villa Monterey, San Jose, CA | 120 units | LIHTC



THE OFFERING

Property Overview

ADDRESS	2898 Villa Monterey
CITY, STATE	San Jose, CA
YEAR BUILT	1982 / 2003
NUMBER OF UNITS	120 Units
TYPE	100% LIHTC (City of San Jose Max Rents Apply)
RENT & INCOME RESTRICTIONS	36 units @ 50% AMI, 83 units @ 60% AMI
AVERAGE UNIT SIZE	737 SF
NET RENTABLE SF	88,400 SF
BUILDINGS	15 Buildings
ACRES	7.49 AC
CURRENT DENSITY (UNITS/ACRE)	16.02 Units / Acre
YEAR PLACED-IN-SERVICE	2003
END OF YEAR 15	December 31, 2017
AFFORDABLE EXPIRATION	December 31, 2057





Offering Procedures

TOUR SCHEDULE

Please contact Doug Childers (doug.childers@am.jll.com), or Nolan Moore (nolan.moore@am.jll.com) to schedule a tour. Under no circumstances are Investors allowed to visit the Property without approval from JLL. Failure to adhere to this request will be taken into consideration by the Seller when offers are selected.

OFFER DATE

TBD

BEST & FINAL

Upon review of the initial offers submitted, if appropriate, a select group of Investors will be notified of their participation within the Best and Final Round.

TERMS AND CONDITIONS

The Property is offered on an “as is” basis, subject to the existing rent, income, and occupancy restrictions required by the existing LIHTC LURA.

APPROVALS

Investors must obtain approval from the California Tax Credit Allocation Committee (TCAC) prior to closing.

SELECTION AND CRITERIA

The prospective Investor will be selected by the Owner, in its sole and absolute discretion, on the basis of a complement of factors, including, but not limited to, purchase price; the Investor’s financial strength/balance sheet capacity; level of discretion to invest funds; ability to close in a timely fashion; experience in closing similar transactions; reputation within the industry and the extent to which due diligence is completed.

VILLA

Monterey



Conveniently Located
Near Major Employers &
Public Transit



Prime Location in
Gateway Market



Organic Rent Growth
Potential



Affordable Housing
Asset in Considerably
Rent-Burdened Market



Recent Capital
Investment



Cap Rate Trends Prove
Continued Confidence in
San Jose Market

PROPERTY OVERVIEW

Units	Unit Description	SF	In-Place Lease Rents (No Voucher)	In-Place Lease Rents (Voucher)	JLL Proj. 2022 Max Tax Credit Rent ¹	Santa Clara County 2021 Payment Standard	JLL Proforma (No Voucher, New Move-Ins) ²
5	1 Bedroom, 1 Bath, 50% AMI	650	--	\$2,211	\$1,600	\$2,415	\$1,600
11	1 Bedroom, 1 Bath, 60% AMI	650	\$1,624	\$2,320	\$1,929	\$2,415	\$1,850
26	2 Bedroom, 1 Bath, 50% AMI	750	\$1,601	\$2,740	\$1,915	\$2,920	\$1,915
61	2 Bedroom, 1 Bath, 60% AMI	750	\$1,839	\$2,569	\$2,309	\$2,920	\$2,175
1	2 Bedroom, 1 Bath, Employee	750	--	--	--	--	--
5	3 Bedroom, 2 Bath, 50% AMI	800	\$1,631	\$2,970	\$2,205	\$3,814	\$2,205
11	3 Bedroom, 2 Bath, 60% AMI	800	\$2,021	--	\$2,661	\$3,814	\$2,250
120		743	\$1,814	\$2,539	\$2,186	\$2,972	\$2,072

1) Max allowable rents are derived from the Multifamily Tax Subsidy Income Limits published by HUD annually and JLL projections. Max rents are net utility allowances.

2) New move-ins starting April 2022.

COMMUNITY

- On-site leasing office
- Pool
- Two on-site laundry facilities
- Playground
- BBQ area

INTERIORS

- Patio or balcony
- Fully-Equipped Kitchens Include:
 - Electric Range
 - Refrigerator
 - Dishwasher



CONVENIENTLY LOCATED TO **MAJOR EMPLOYERS & PUBLIC TRANSIT**

Villa Monterey is conveniently located minutes from major employment hubs including the Plant Shopping Center, 9.9M SF of industrial space to the north of the Fairgrounds, and San Jose State University. The Property benefits from strong home values and household income, and residents enjoy incredible access to the Bay Area's premium public transit system.



*Median home value within 3-mile radius:
\$793,000 (CoStar)*



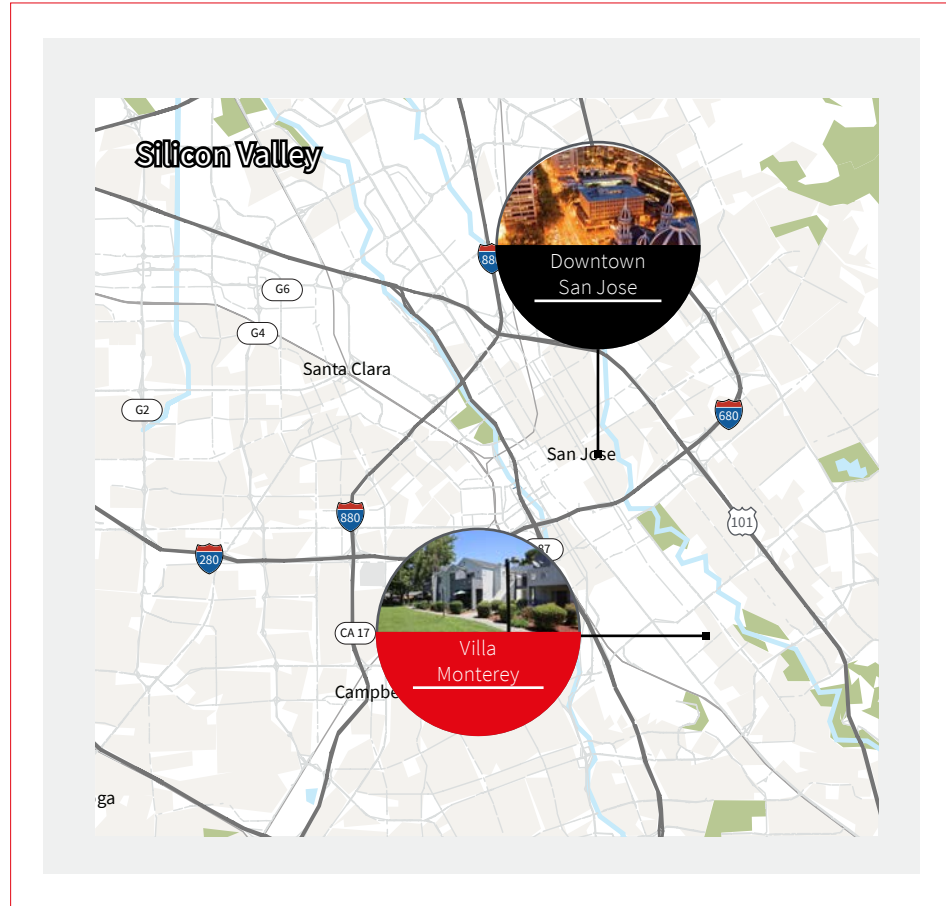
*Median household income within 3-mile radius:
\$95,100 (CoStar)*



4-minute drive to Capitol BART station



15-minute drive into Downtown San Jose



Google Downtown West

- Proposed 80-acre, \$200B mixed use campus
- Expected 20K+ new jobs

San Jose State University



- Total 32,828 Students
- Ranked #1 in Engineering Graduate program
- #15 Best Public College

Shopping Center

53,000 sf of retail

OfficeMax

SS
OR LESS



Downtown San Jose

WAL*MART
SUPERCENTER



87

9.9M SF of Industrial/
Flex Space

Los Lagos Golf Course

15 minute drive
to Downtown
San Jose

Walmart
Neighborhood Market

COSTCO
WHOLESALE

Monterey Road

Senter Road

Lewis Rd

VILLA
Monterey



PRIME LOCATION IN **GATEWAY MARKET**

Villa Monterey is located in the San Jose MSA, home to Silicon Valley giants such as Adobe, Google, Intel, Apple, and more. The Property offers Investors the opportunity to enter a gateway market with a traditionally high barrier to entry.

Silicon Valley Remains Most Important MSA for the Strongest Economic Sector Globally

3.0x

More venture capital than any other region in first half of 2020 (\$24.2B)

#3

Largest metro area in the U.S. in terms of real GDP

#19

Largest economic market in the world with annual GDP of \$748B+

#1

MSA poised for strong recovery from COVID (Bloomberg)

Market Rents Expected to Recover from COVID by End of 2021

+6.5%

Rent growth from 4Q2020 to 2Q2021 (Source: CoStar)

"Little proof that people are leaving the Bay Area in droves" (MarketWatch)

Net outmigration from San Jose in 2020 was less than half it was in 2001 following the dot-com bubble burst, after which the market continued to be one of the nation's strongest MSA's.

*As a **tech-centric** economy, San Jose is poised to **recover faster** than the rest of the U.S. post-COVID.*

Furthermore, major area employers – including Microsoft, Salesforce, and Google – are debunking the notion that tech will be 100% virtual going forward by introducing hybrid models where employees are required to be in the office at least part time.





Apple's New Lease at Pathline Park

- The largest office lease in 2020 or 2021, to date
- Leasing 701,000 SF of office space to increase Bay Area footprint and accommodate 2.8K-3.5K workers

Downtown West

• \$200B proposed mixed-use campus in downtown San Jose
 • Created 20,000 new jobs for San Jose
 • Market cap increased +28% in 2020 (to \$1.2T)



2020 was a **record year for tech investment in Silicon Valley.**

Despite moves out of the MSA by some, giants such as Google and Apple are doubling down on San Jose and the Bay Area

37%

2020 market cap growth for four largest Silicon Valley tech companies, to \$10.5 trillion. (Source: MarketWatch)

+3.7%

Overall 2020 job increase across Silicon Valley's top 15 tech employers. (Source: MarketWatch)

#1, #2, #3

Top IPO offerings in 2020 (Snowflake, DoorDash, and Airbnb) are all based in the Bay Area. (Source: MarketWatch)

MINUTES FROM PLANNED **GOOGLE MEGA CAMPUS**

Google has finalized plans with the City of San Jose to build an 80-acre, mixed-use mega campus minutes from the property just west of Downtown San Jose. Construction could be completed in as little as 10 years.

This new Google campus would bring more of the tech company's personnel closer to Villa Monterey. An estimated 25,000 employees are expected to work out of Downtown West. **Assuming a 5.0x multiplier effect, Google's Downtown West could support upwards of 125,000 jobs.**





25,000 Google Employees in 7.3M SF of Office



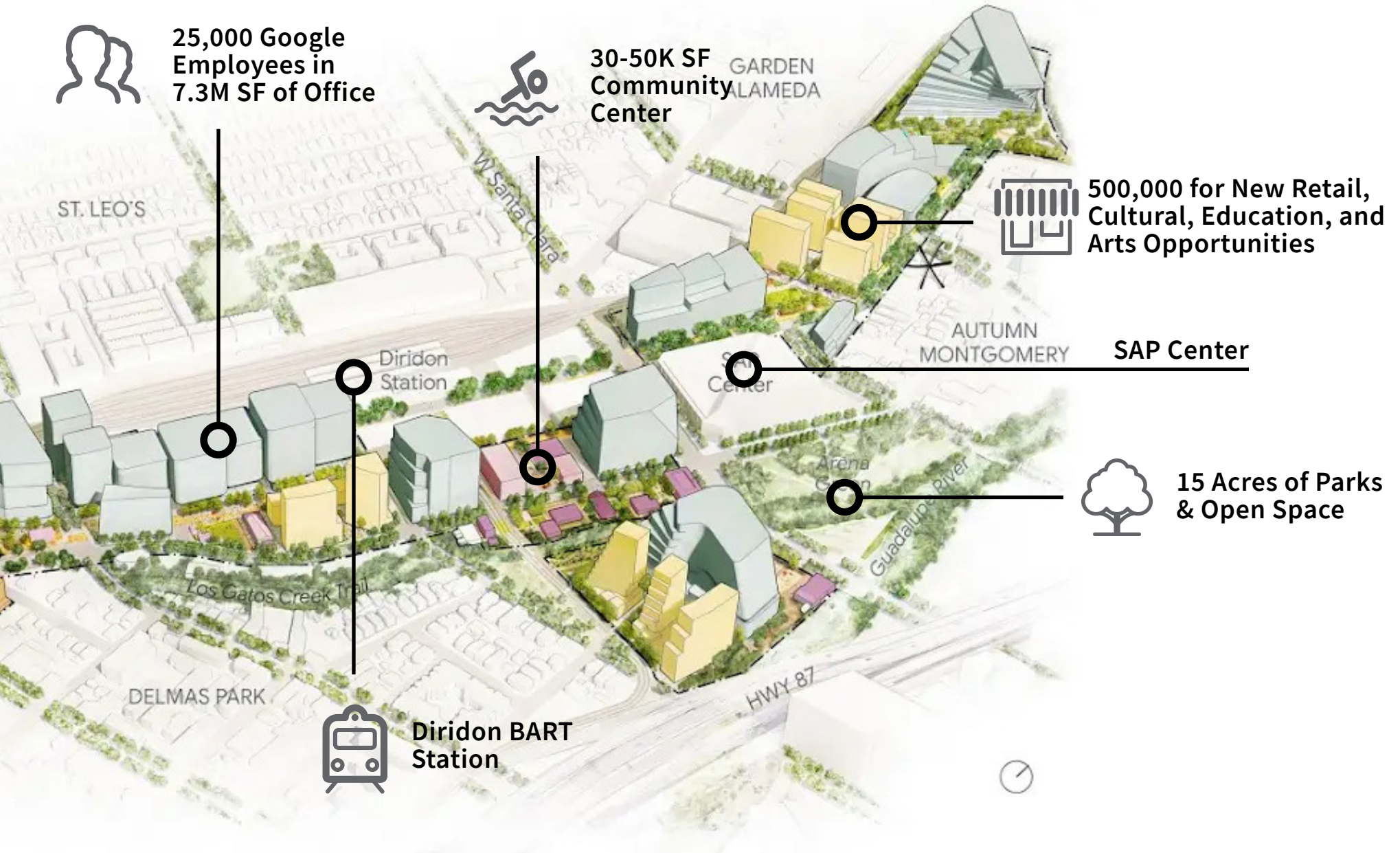
30-50K SF Community Center



500,000 for New Retail, Cultural, Education, and Arts Opportunities



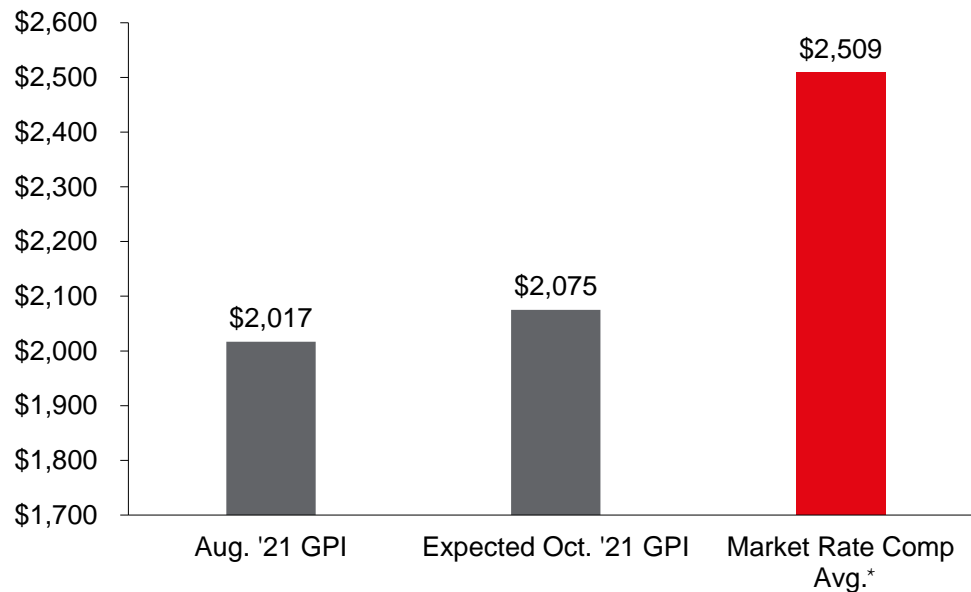
15 Acres of Parks & Open Space



ORGANIC RENT GROWTH

71 of the 85 non-voucher units were provided notice of mid-term lease adjustments effective July 1st. The Property is currently achieving 99% occupancy following this notice to increase rents. New payment standards on the 33 voucher units will be effective October 1st, 2021, resulting in an additional 2.9% increase over August 2021 rents. The spread of market-rate comparables over JLL's Year 1 Proforma ensures consistent rent growth going forward as well as low turnover and high occupancy.

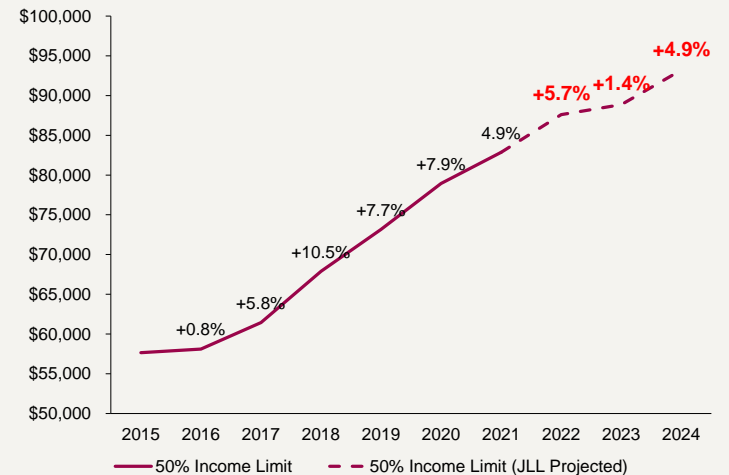
In-Place Rents vs. Market-Rate Comp Average



Source: JLL-selected comps

Max rents in San Jose have increased 7.4% on average from 2017 to 2021; JLL projects max rents to increase an additional 5.7%, 1.4%, and 4.9% in 2022, 2023, and 2024, respectively.

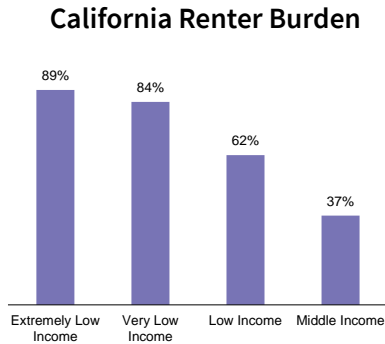
San Jose Tax Credit Income Limit & Max Rent Growth



AFFORDABLE HOUSING IN RENT-BURDENED MARKET

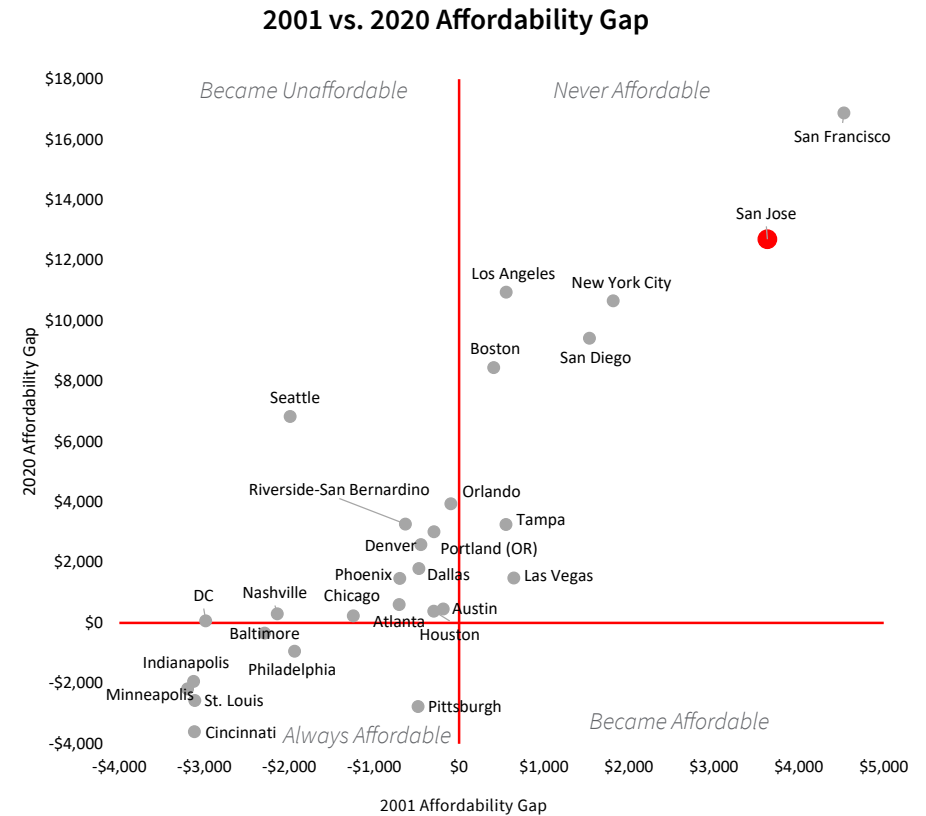
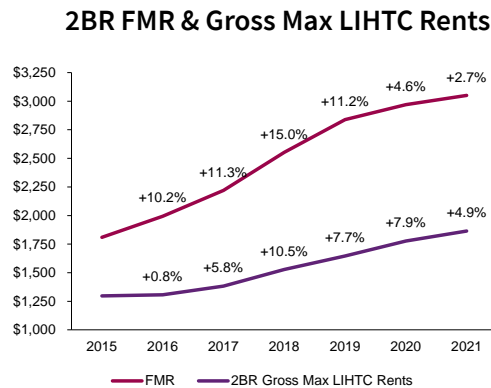
Villa Monterey presents an opportunity to acquire a critical affordable housing asset in a severely rent-burdened market.

In California, 89% of extremely low income households (30% AMI) and 84% of very low income households (50% AMI) are cost burdened, meaning they pay more than 30% of their income towards housing expenses.



San Jose's affordability gap for 60% AMI households (the difference between the income required to only pay 30% of household income and the cost to rent a 2BR apartment) is dramatic, second only to San Francisco. The Bay Area has a long-standing history of affordability concerns - both San Jose and San Francisco had the largest affordability gaps of any major city in 2001 and 2020.

Market rents (as measured by FMR) and max LIHTC rents have been diverging over recent years, indicating a worsening of affordability in the San Jose market.



Sources: NLIHC, HUD

RECENT CAPITAL EXPENDITURES

Recent improvements at Villa Monterey ensure stable returns for Investors going forward without a significant outlay of capital for repairs. Select improvements listed below:

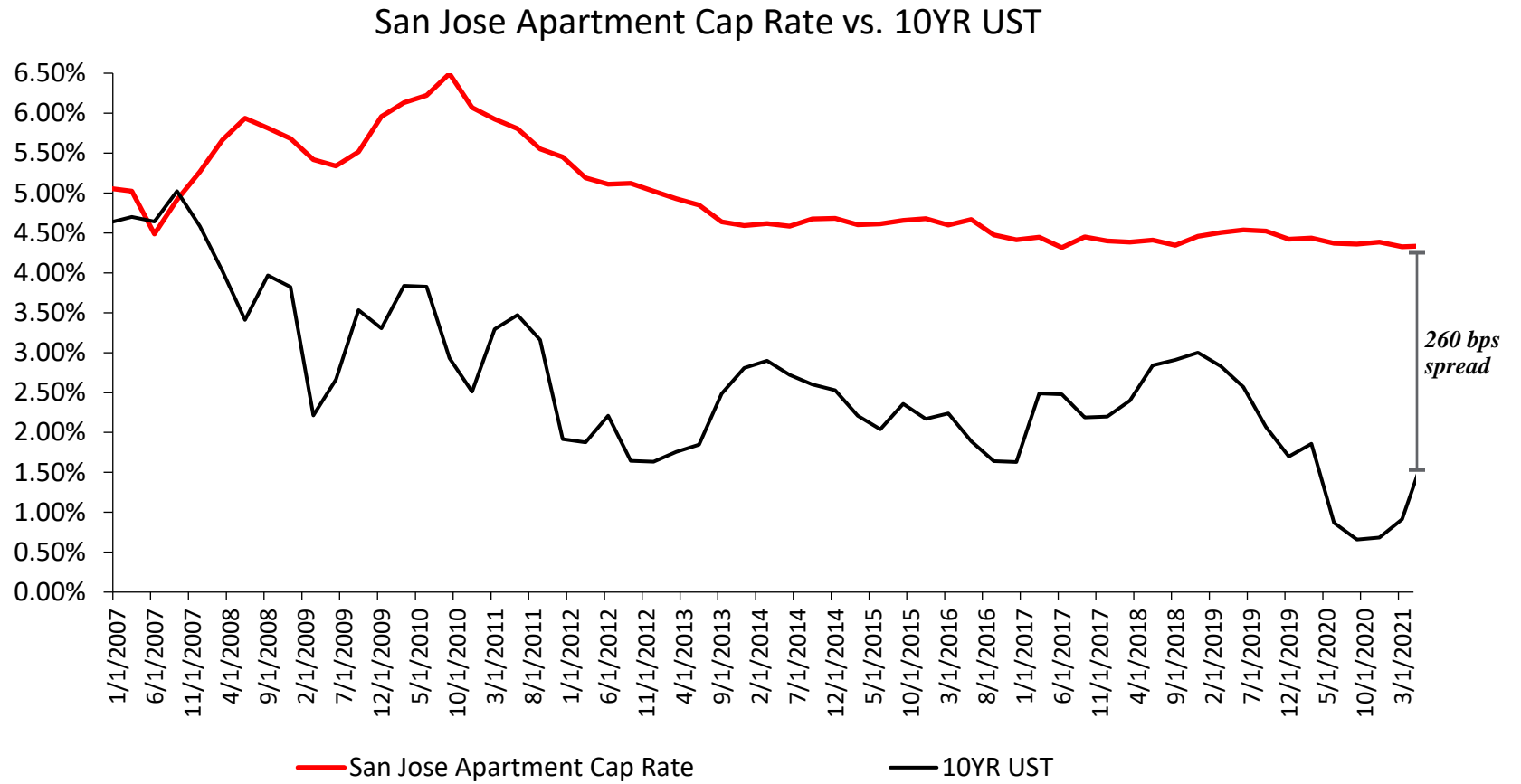
Description	Date Completed	Total Cost
Tree Trimming	May 2021	\$44,100
Parking lot resurfing	April 2021	\$75,000
Video camera installation*	February 2021	\$66,000
Replace angle stops and lines	October 2020	\$25,000
Install Laundry keypad entry system, doors etc.	April 2021	\$15,000
Repair and replace carports	In Progress	\$155,000
Repair and replace perimeter fencing	June 2021	\$49,000
Fully replace 22 balconies and repair others as needed	In progress	\$195,000
Install new playground equipment	2021	\$12,500
Exterior painting	In progress	\$228,000
Total		\$864,600

*Hardware expense only, monitoring fee separate.



ATTRACTIVE CAPITAL MARKET FUNDAMENTALS

A significant spread remains between market cap rates in San Jose and the 10-year treasury (currently 260 bps), a stark contrast to the pricing conditions prior to the 2008 Great Financial Crisis.



Contact information

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**The outbreak of the COVID-19 virus (novel coronavirus) since the end of January 2020 has resulted in market uncertainty and volatility. While the economic impact of a contagion disease generally arises from the uncertainty and loss of consumer confidence, its impact on real estate values is unknown at this stage. Given the prevailing domestic and global uncertainty arising from the Coronavirus, we recommend that the intended recipients of this information regularly seek our guidance.