



# City of Gilroy

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## For Immediate Release

**Date:** July 13, 2010

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### **Gilroy Awarded \$1,372,800 Grant for Alexander Place Project**

City Administrator Tom Haglund has been notified by the Department of Housing and Community Development that the City of Gilroy has been awarded a grant in the amount of \$1,372,800. The grant was awarded from the Building Equity and Growth in Neighborhoods Program (BEGIN). "This new grant award is a significant step forward for Gilroy and its efforts to ensure an affordable housing supply," Haglund said, noting, "These funds will help South County Housing to complete the Alexander Place Phase of their project." The grant award follows other successful grant application efforts by city housing staff.

BEGIN is a state program, funded by Proposition 1C, that provides down payment assistance loans to homebuyers at specific projects within a city. In 2007 the City Council approved a resolution permitting staff to apply for BEGIN funds for the Alexander Place development, through a 2007 Notice of Funding Availability (NOFA) issued through the State HCD. The Alexander Place Development is located on Lewis Street in East Gilroy, bordered by Gennara Way and Fortunata Place. The Project is on a portion of the site once occupied by the cannery.

The application for Alexander Place was successful and in May 2008 the city was awarded funds totaling \$510,000 for 17 homes in the 32 unit project. The funds received to date total \$150,000 and have been used to close 5 of the 8 homes in building one at the project. Staff anticipates utilizing an additional \$80,000 of funds for the remaining 3 homes in building one.

On April 17, 2010 a NOFA was issued by the State for BEGIN funds that required a new application to be submitted to the State. This new NOFA allowed a higher loan limit of 20% of the sales price of the home with no maximum cap on the dollar amount. Project developer South County Housing (SCH) had requested that the city submit a new application for the Alexander Place project and increase the amount of the homebuyer loans to 20% of the sales price for the remaining 24 units to be built in the development.

This new application was for \$1,372,800 for the remaining 24 homes to be built with an average loan amount of \$57,200 per home, not to exceed twenty percent of the sales prices that are anticipated to range between \$270,000 and \$305,000.

South County Housing has been able to directly provide down payment assistance for the current 8 homes that are constructed through a Cal HOME grant they received for various projects they have under construction. SCH has committed to making all of the remaining 24 units affordable and will eliminate the market and moderate rate units set aside previously. The intent is that all of the remaining 24 homes will be targeted to low income buyers (60-80% area median income) who need down payment assistance in order to buy a home.

The City of Gilroy continues to seek opportunities to advance its affordable housing goals.

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