

San Jose affordable homes project with early Google backing launched

Housing near downtown San Jose will be affordable and accessible for people with disabilities



(The Kelsey)

The Kelsey, a 115-unit affordable homes development at 447 N. First St. in San Jose, concept.

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SAN JOSE — An affordable housing development in San Jose that will include homes for people with and without disabilities is now underway and has landed a real estate deal to assure its availability for low-income residents.

The Kelsey Ayer Station, an affordable housing project, has begun construction alongside the light rail line at 447 N. First St., just north of the city's downtown area in the Ryland district.

The housing development is expected to take about two years to complete, according to Micaela Connery, co-founder of The Kelsey. The project is being co-developed by The Kelsey, Devine and Gong, and Sares Regis Group of Northern California.

"It's great to see The Kelsey getting started," Connery said. "We need more affordable housing."

The project has a \$75 million development cost, including the construction financing and other expenses, according to Connery.

"The project features shared community amenities and outdoor space with disability-forward design features to support diverse accessibility," officials with The Kelsey said.

The housing development will offer on-site “inclusion concierges” to connect residents to each other, the community, and desired services, according to The Kelsey. The project is near a light rail station whose stops serve San Jose City Hall and the Santa Clara County main government complex.

A number of private corporate and public government partners are supporting the development of The Kelsey, according to the project’s developer.

Google provided \$6.9 million in financing for the project during the development’s initial stages. The search giant bolstered The Kelsey Ayer Station with loans of \$5.3 million in 2019 and \$1.3 million in 2021.

In addition to Google’s backing, other permanent funding partners include the city of San Jose, a state housing program, a state housing finance agency, a federal housing agency, Capital One, Enterprise Community Partners, Housing Trust Silicon Valley, the Weinberg Foundation and individual supporters.

The city of San Jose recently bought the land beneath the project from an affiliate of developer Kelsey Ayer Station and then leased back the property to the development firm.

Municipal officials hope that San Jose’s move to buy the land and then lease the property back to the developer will help ensure the residences remain affordable for decades to come.

“This allows the city to keep the leverage to keep the properties affordable,” Connery said. “It keeps the project moving forward.”