

Exhibit B



**CITY OF SUNNYVALE - HOUSING DIVISION**  
456 West Olive Avenue, Sunnyvale, CA 94086  
Office: 408-730-7250 | Fax: 408-737-4909 | TDD: 408-730-7501



Affordable Housing Compliance Plan Pursuant to Sunnyvale Municipal Code/CA State Density Bonus	
<b>Check Type of Project:</b> <input type="checkbox"/> Ownership <input checked="" type="checkbox"/> Rental/CA State Density Bonus	
Developer Company Name: 77Seven Housing Partners, LLC	
Representative (Name): Scott Connelly	Daytime Phone Number: 408-282-9700
Representative Email: scott@valleyoakpartners.com	
Mailing Address: c/o:Valley Oak Partners, LLC 734 The Alameda, San Jose, CA 95126	
Property Owner (if different from Developer): Mardit Properties, a California limited partnership	
Project Information	
Project Name: "777 Sunnyvale Saratoga"	Project APN(s): 201-36-002
Project Site Address: 777 Sunnyvale Saratoga Road, Sunnyvale, CA 94087	
Planning Application # (if applicable): PLNG-2023-0807	Building Permit # (if applicable):
Type of Housing (SF, Condo, Townhouse): Apartments	
Total Number of Housing Units: 162 units	
Number of Affordable Housing Units Required: 25 units	
If Using CA State Density Bonus Provide Level of Affordability (VLI, Low or Moderate): 8 units-VLI, 17 units-Low	
Select Your Proposed Method(s) of Complying with the City's Inclusionary Housing Policy	
<b>Rental Developments</b> For Small BMR Rental Developments (3-6 Units): <input type="checkbox"/> In Lieu Fee <input type="checkbox"/> Provide 1 BMR Unit Onsite For Large BMR Rental Developments (7+ units): <input checked="" type="checkbox"/> Will Provide the Required Number of Affordable Housing Units Within the Project <input type="checkbox"/> Alternative Compliance*	<b>Ownership Developments</b> For BMR Ownership Developments (8 or more units): <input type="checkbox"/> Will Provide the Required Number of Affordable Housing Units Within the Project <input type="checkbox"/> Alternative Compliance*
<b>Alternative Compliance Options*</b> (Require City Council Approval)	
<ul style="list-style-type: none"> <li>• Payment of In-lieu Fees</li> <li>• Transfer of Credits</li> <li>• Will utilize the Unit Conversion Program</li> </ul>	
If you mark any of the last two options above, please attach a separate signed letter further describing, in detail, your proposed alternative for compliance with Chapter 19.67.	
Ownership Projects Only: If Calculation Results in a Fractional Unit, Select an Option Below	
<ul style="list-style-type: none"> <li>○ Elect to Pay an In-lieu Fee for the Fractional Amount Prior to the Issuance of the First Building Permit for the Project.</li> <li>○ Elect to Provide an Additional Affordable Unit Instead of Paying the Fraction Fee.</li> </ul>	
Details regarding payment of a fractional in-lieu fee can be obtained by calling the City at 408-730-7250.	
Signatures	
Developer's Signature: 	Date: 7/17/2024
City's Approval of Plan: 	Date: 7/24/24

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Planning Application # (if applicable): PLNG-2023-0807	Building Permit # (if applicable):
Type of Housing (SF, Condo, Townhouse): Townhomes	
Total Number of Housing Units: 80 units	
Number of Affordable Housing Units Required: 12 units	
If Using CA State Density Bonus Provide Level of Affordability (VLI, Low or Moderate): 12 units - Moderate	
Select Your Proposed Method(s) of Complying with the City's Inclusionary Housing Policy	
<b>Rental Developments</b> For Small BMR Rental Developments (3-6 Units): <input type="checkbox"/> In Lieu Fee <input type="checkbox"/> Provide 1 BMR Unit Onsite For Large BMR Rental Developments (7+ units): <input type="checkbox"/> Will Provide the Required Number of Affordable Housing Units Within the Project <input type="checkbox"/> Alternative Compliance*	<b>Ownership Developments</b> For BMR Ownership Developments (8 or more units): <input checked="" type="checkbox"/> Will Provide the Required Number of Affordable Housing Units Within the Project <input type="checkbox"/> Alternative Compliance*
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If you mark any of the last two options above, please attach a separate signed letter further describing, in detail, your proposed alternative for compliance with Chapter 19.67.

Ownership Projects Only: If Calculation Results in a Fractional Unit, Select an Option Below
<input type="radio"/> Elect to Pay an In-lieu Fee for the Fractional Amount Prior to the Issuance of the First Building Permit for the Project.
<input type="radio"/> Elect to Provide an Additional Affordable Unit Instead of Paying the Fraction Fee.

Details regarding payment of a fractional in-lieu fee can be obtained by calling the City at 408-730-7250.

Signatures	
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## **BELOW MARKET RATE COMPLIANCE PLAN AND ALTERNATIVE BELOW MARKET RATE COMPLIANCE PLAN**

77Seven Housing Partners, LLC (“**Applicant**”) has proposed a development of 242 new homes located at 777 Sunnyvale-Saratoga Road (APN 201-36-002) (“**Project**”) in the City of Sunnyvale (“**City**”). The City’s Zoning Ordinance requires all projects provide 15% of the units as affordable to lower income households.<sup>1</sup> The City would require the Project to provide **36 affordable units**.<sup>2</sup> City staff has expressed its understanding that these 36 units must be proportionately distributed between the for-rent and for-sale portions of the Project.

Without waiving the rights and protections of State housing laws, including the State Density Bonus Law protections,<sup>3</sup> the Applicant has prepared a Below Market Rate Compliance Plan (“**BMR Compliance Plan**”) and an Alternative Below Market Rate Compliance Plan (“**Alternative BMR Compliance Plan**”) consistent with Sunnyvale Municipal Code Chapter 19.67, contingent upon consideration of the Alternative BMR Compliance Plan being heard concurrently with the Project entitlements.

### **BMR Compliance Plan**

Consistent with the City’s affordable housing ordinance, the BMR Compliance Plan shows a total of: i) 80 for-sale townhomes of which 12 will be offered as affordable to moderate-income households (80%-120% AMI), and ii) 162 rental units of which 16 will be offered as affordable to low-income households (50%-80% AMI) and 8 will be offered as affordable to very-low income households (30%-50% AMI).<sup>4</sup>

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<sup>1</sup> Sunnyvale Municipal Code (“SMC”) §§ 19.77.050 (requirement for rental housing), 19.67.050 (requirement for ownership housing).

<sup>2</sup> Fifteen percent of 242 units results in 36.3 units. Per SMC § 19.67.050, when the calculation results in fractional units, the developer may elect to pay an in-lieu fee for that fractional portion. Under SMC § 19.77.050, fractional units up to 0.49 are rounded down.

<sup>3</sup> The Project has requested the use of an incentive under the State Density Bonus Law (Gov. Code § 65915) to eliminate the requirement to include the twelve for-sale units and to instead provide those units in the for-rent portion of the Project., for a total of 36 for-rent affordable apartments. An incentive is defined to include, among other things, “reduction in site development standards or a modification of zoning code requirements or architectural design requirements,” including a reduction in setbacks and square footage requirements, and “[o]ther regulatory incentives or concessions proposed by the developer or the city, county, or city and county that result in identifiable and actual cost reductions to provide for affordable housing costs.” The California Department of Housing and Community Development (“HCD”) has explained:

The City should be prepared to grant a request for an SDBL concession to modify provisions of the inclusionary ordinance, especially ordinances that mandate the level of affordability of inclusionary units or their ratios. The SDBL can be used to modify or waive provisions of an inclusionary ordinance. For example, a mixed-income project that relies on tax credits may need to waive a requirement that affordable units be dispersed among the market-rate units. This is because tax credits and other affordable housing funding programs sometimes require the affordable units to be consolidated within a single building or on a separate parcel.

For further information regarding this requested incentive, please see the First Amended State Density Bonus Law Letter of Intent and Reservation of Rights dated March 8, 2024. Consistent with section 65915, the Applicant has submitted a single development application for all units on a contiguous site and has agreed to construct the proposed affordable units as part of the BMR Compliance Plan.

<sup>4</sup> See SMC § 19.77.070 (calculation rounding rules for rental units).

## Alternative BMR Compliance Plan

The Project's Alternative BMR Compliance Plan includes the following proposal: A multi-family rental building (162 units) to be 100% affordable units with the following affordability levels: 32 units will be affordable to extremely low income households (30% AMI); 16 units will be affordable to very low income households (40% AMI); 32 units will be affordable to very low income households (50% AMI); and 80 units will be affordable to low income households (60% AMI); and two Manager's Units that will not include an affordability restriction to be located on the portion of the Project site identified on Plan Sheet TM1.1 as Proposed Lots 12, S, and H ("**Alternative Compliance Building Site**") to be dedicated to the City upon the first building permit for the townhome development. None of the 80 townhomes would be offered as affordable units.

The Applicant thus proposes an Alternative BMR Compliance Plan for the for-sale portion of the Project as contemplated under Sunnyvale Municipal Code section 19.67.100(b). The in lieu payment will be accomplished via dedication of land to the City as follows:

1. Applicant has proposed an **additional 124 affordable for-rent apartments** above the Affordable Housing Ordinance's required 36 units to be located in a single building on the Project site ("**Alternative Compliance Building**") for a total of **160 affordable for-rent apartments**, or approximately four times the City's minimum inclusionary requirements. The Project will thus satisfy the inclusionary requirements for the for-rent component of the Project by providing units in excess of the 15% requirement in Sunnyvale Municipal Code Chapter 19.77.
2. This Alternative Compliance Building would be sited on the portion of the Project site identified on Plan Sheet TM1.1 as Proposed Lots 12, S, and H ("**Alternative Compliance Building Site**").
3. Applicant requirements for Alternative BMR Compliance Plan:
  - a. Entitlements and Site Contribution: Consistent with Government Code § 65915(i), the Applicant has submitted one development application on a contiguous site for both the affordable and market rate units and will fully design and secure necessary entitlements for the Alternative Compliance Building as part of the Project entitlements. Applicant will dedicate to the City the portion of the Project site identified on Plan Sheet TM1.1 as Proposed Lots 12, S, and H for use in developing the Alternative Compliance Building.
  - b. Transfer: The Applicant will transfer the Alternative Compliance Building Site to the City upon issuance of the first building permit for the for-sale portion of the Project.