



Sunnyvale

**Block 15 Affordable Housing  
Disposition and Development  
Agreement (DDA)**

City Council, November 13, 2018



# Overview of Site



## *City of Sunnyvale Related California*

### **Property:**

- 6 City-owned parcels
- ~ 1.44 Acre Site
- DSP (Block 15)
- Appraised Value: **\$9.38M**  
*(October 2017)*
- One Parcel purchased  
with HMF

# History

Event	Date
Council Decision on Property Use	December 2015
ENA Signed (1-year term + extensions)	March 2017
Council Closed Session #1	December 2017
Council Closed Session #2	April 2018
Council Closed Session #3	August 2018
Council Closed Session #4	October 2018

# Summary of DDA provisions



- Project Overview
- Land Use Entitlements
- Development Financing and Gap
  - ◆ Tax Credit Application
  - ◆ Project-Based Vouchers
- Affordability Restrictions
- Ground Lease
- City Loan
- Timeline Overview

# Project Overview

Total Units	90
Affordable Units	89
Parking Type	Underground
Resident Serving Amenities	4,000 SF
Flexible Space	1,500 SF
Special Needs Units (25%)	23



# Land Use Entitlements

- Updated **Community Outreach Plan**
  - ◆ within two weeks (*after DDA executed*)
- **Special Development Permit** application
  - ◆ April 10, 2019
- Related responsible for **Costs**
  - ◆ City permits
  - ◆ Impact fees
  - ◆ Construction
- 30-day **Extension**, subject to City Manager approval

# Development Financing and Gap

## Preliminary Financing Structure

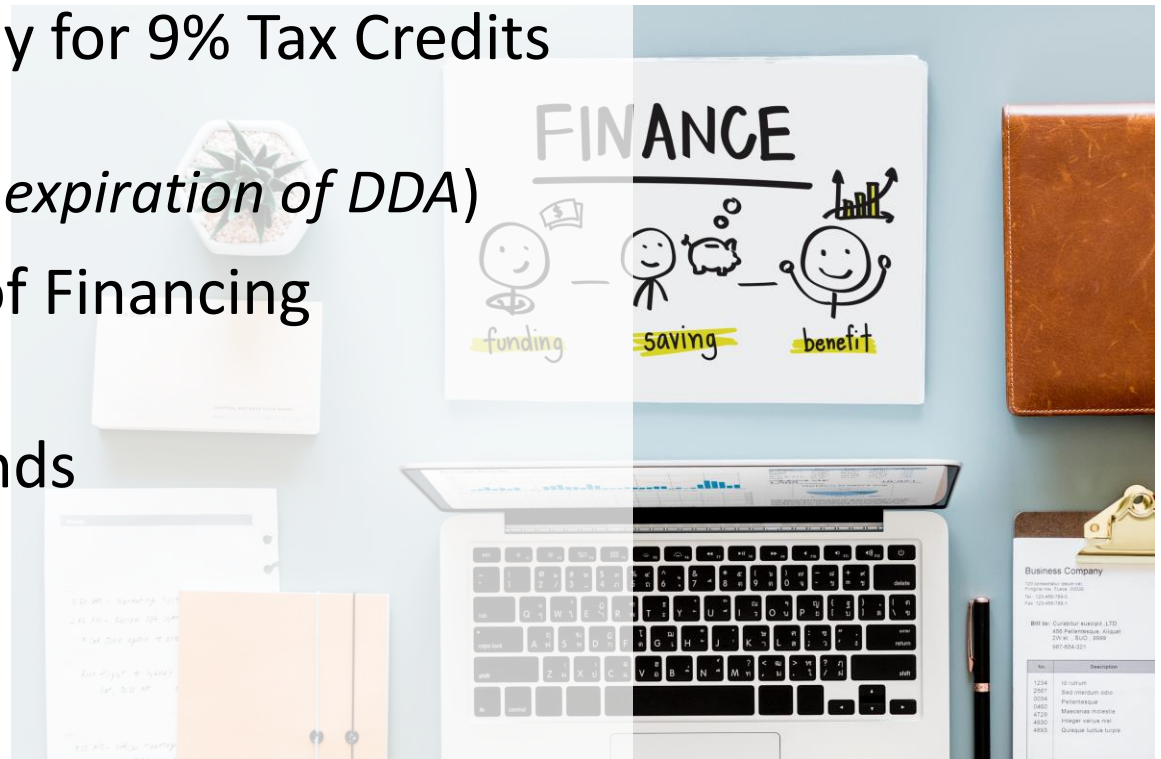
Sources	Funding Amount
9% Tax Credits Equity	\$24.5M
Investor Permanent Loan	\$9.0M
Project Based Sec. 8	\$3.0M
Sunnyvale HMF Loan	\$12.5M
<b>TOTAL Financing Amount</b>	<b>\$49.0M</b>
TOTAL Development Cost	\$53.0M

**\$4M Gap**

# Development Financing

## 9% Tax Credit Equity

- ◆ Related Will Apply for 9% Tax Credits Until Successful
  - 3 rounds – up to expiration of DDA)
- ◆ Other Methods of Financing
  - 4% Tax Credits
  - Tax Exempt Bonds





# Development Financing

## Housing Authority – Project Based Vouchers

- ◆ 25% Project-Based Voucher Unit - 23 units
  - Affordable at 50% AMI
  - Provide Cash Flow - Residual Payment
  - Units filled by Housing Authority



# Affordability Restrictions



- TCAC “Income Averaging”
- 30% - 80% AMI
- 50% AMI Average
- 9 units @30% of AMI
- 23 units for adults with developmental disabilities

# Ground Lease Term

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- \$1/Year, While City Loan Outstanding
- Residual Ground Lease Payments After ~ year 45
- Related will Lease the Property “AS IS”
- Term Anticipated 57-67 years

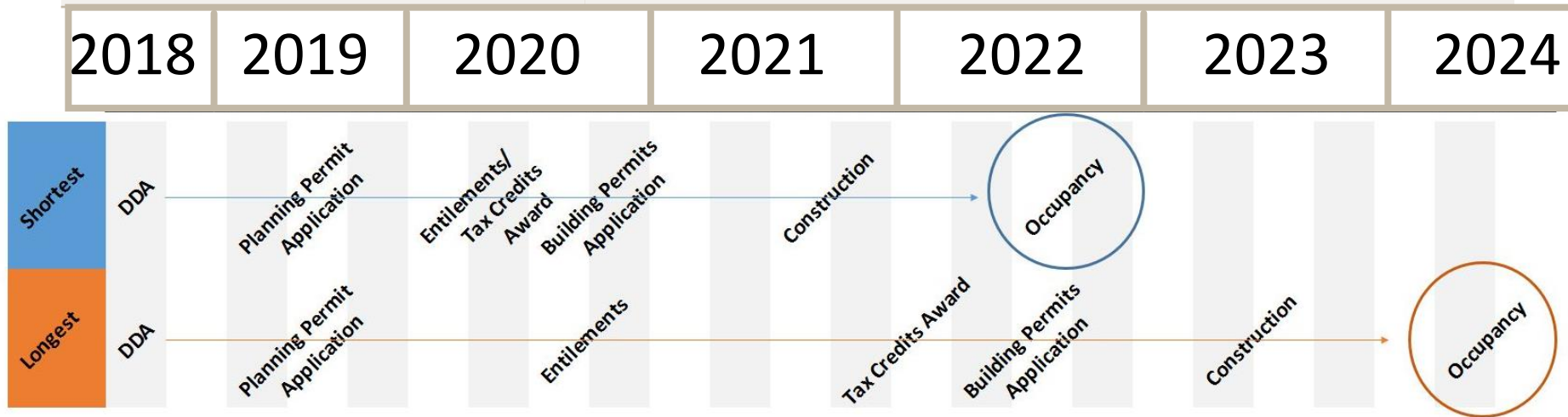
# City Loan

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- City Loan **\$12.5M**
  - ◆ \$8.5 M HMF
  - ◆ \$4 M Low and Moderate Income Housing Asset Funds (RDA)
- **3% Simple Interest**
  - ◆ **55 Year Term**
  - ◆ Payments – 50% of surplus Cash Flow

# Timeline Overview

- Planning Application April 10 + 30-day Extension
- 9% TCAC 1<sup>st</sup> Round 2020
- DDA Term 3 Years + 1 Year Extension



# Recommendation – Staff Only Sample

## Staff Recommendation

- **Alternative 1:**

Approve the draft Disposition and Development Agreement with The Related Companies of California



Sunnyvale

**Thank you**