



CHARITIES HOUSING

May 1, 2024

City of Sunnyvale
Jenny Carloni, Housing Officer
456 W. Olive Ave
Sunnyvale, CA 94086

RE: HomeSafe Santa Clara

Dear Ms. Carloni,

Approximately 25 years ago, Charities Housing (Charities), in conjunction with all of the domestic violence service providers throughout Santa Clara County, set out to develop a shared housing community that would serve 24 extremely-low income victims of domestic violence (DV) at 611 El Camino Real in Santa Clara. Since that time, the development has served hundreds of families from all over Santa Clara County at this location.

Along with federal and state tax credits and funding from the State of California Department of Housing and Community Development, 8 cities in Santa Clara County, including the City of Sunnyvale, provided funds to construct the development. The City of Sunnyvale contributed \$100,000 of CDBG funds toward the development of this community. Now, after over 22 years of operations, the property's capitalized operating reserve is rapidly approaching depletion, as anticipated, and the shared housing model, originally intended for transitional housing, has not proven to be a successful model for housing these vulnerable families.

After careful consideration and due diligence, Charities believes the most viable path to long-term sustainability is to demolish the existing shared housing units and construct a new 70-unit apartment development that will continue to serve the DV population (24 units plus 1 mgr's unit) as well as provide 45 additional units for very-low and low-income families. (Note: Charities will temporarily provide comparable housing for current residents during the re-construction process.)

Because the City of Sunnyvale provided a loan to help build this community, Charities is writing to inform you of this redevelopment plan and request a loan re-structuring. While not yet final, Charities is working with the State of California HCD and The California Tax Credit Allocation Committee (CTCAC) to obtain approval to demolish the units and re-build on the site. Charities has also contacted the County of Santa Clara other local cities as well.

Charities envisions three potential loan disposition strategies for Sunnyvale's loan. These are listed below in order of preference

1. Forgive the loan at the time of demolition and relocation of tenants. Funds came from CDBG and it is possible the City's obligations to HUD have expired (after 20 years).
2. Keep the loan in place along with the deed of trust recorded against the property. The City of Sunnyvale would need to subordinate to new funding sources such as a private construction loan and any other new funding obtained to develop the new project. Sunnyvale's funds would



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essentially serve as acquisition financing for the new project and remain as permanent financing after construction. The loan would be extended to a 55-year term to match other new funding sources, essentially meaning the loan and restrictions would be in place for approximately 80 years in total.

3. Charities repays the loan and the City reconveys the deed of trust and regulatory agreement at the time of demolition. This is, of course, the least preferred option as this would add to the cost of the new project.

Charities would appreciate your review and response. If you have any questions or need additional information, please contact Andy Lief, Sr. Project Manager, at alief@charitieshousing.org or 408.439.1159.

Sincerely,

Marvel Ang

Marvel Ang
Director of Housing Development