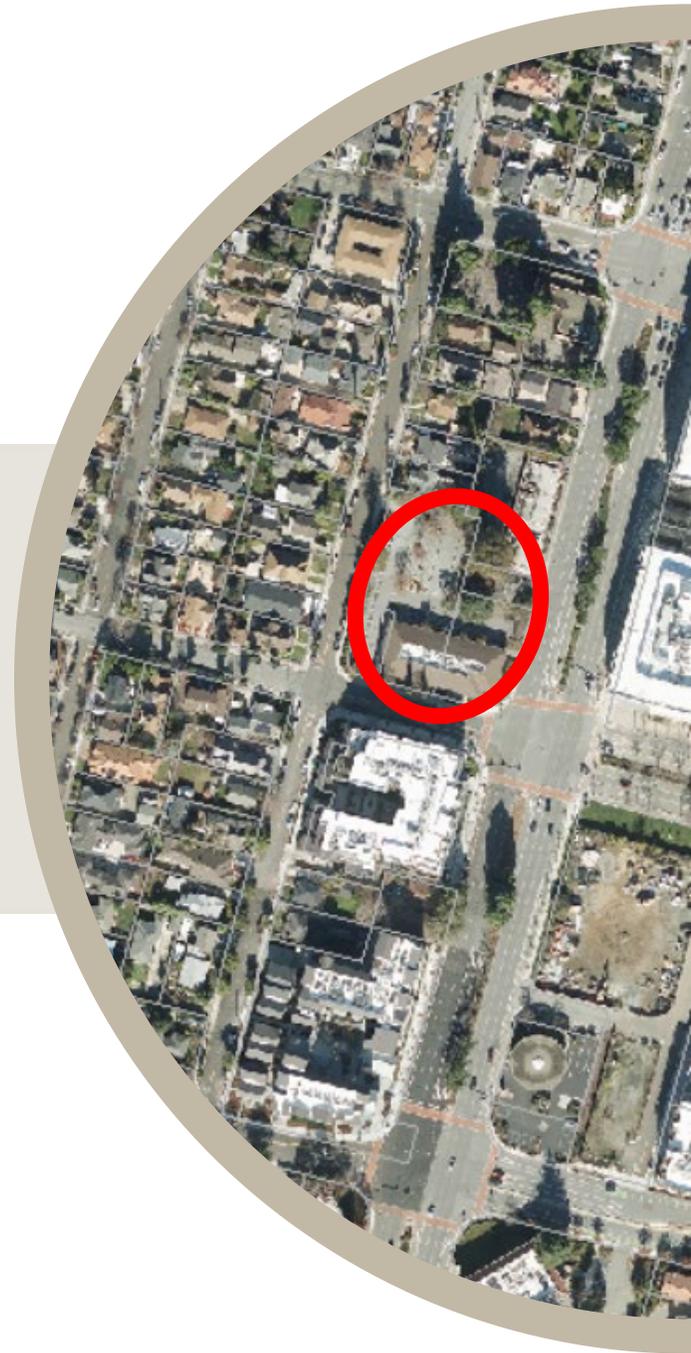




Sunnyvale

# 295 S. Mathilda Avenue ENA and Lease Extension and Project Parameters

City Council  
February 2026



# Exclusive Negotiating Agreement

---

- July 2023: MidPen Housing Corporation
  - ◆ Purchase and Sale Agreement (PSA) with Wells Fargo Bank
  - ◆ Intent to develop 120-140 affordable rental units
  - ◆ City and MidPen discussed City ownership and potential partnership
- August 2023: City Council
  - ◆ Council authorized Assignment of PSA and Exclusive Negotiating Agreement (ENA)
  - ◆ City purchased site for \$7.3M in Housing Mitigation Funds
  - ◆ ENA valid for 18 months with option for 12-month extension
    - Short-term lease with MidPen runs concurrently with ENA
    - All extensions have been exercised
    - ***ENA and lease expire 3/15/26***

## Activity During ENA

---

- MidPen has completed all tasks required by the ENA
  - ◆ Planning application
    - Special Development Permit submitted March 2025
  - ◆ Financing Plan
  - ◆ Community Engagement Plan
- August 2024: City Council approved conditional award of \$1.5M for predevelopment activities
  - ◆ Approx. \$730k in costs have been incurred (architecture, environmental)
  - ◆ No funds have been disbursed

# ENA Terms

---

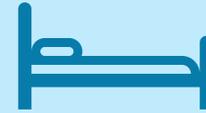
- 25% set-aside for unhoused populations
  - ◆ Preference for unhoused families as unit sizes and design allow
- About 120 units (*from Staff Report, not ENA*)
- Other project parameters subject to negotiations with MidPen
  - ◆ Unit count, unit size, height, affordability, parking requirements, etc.
  - ◆ Specific project details will be set forth in DDA

# Community Feedback

- Feedback from community on consistent topics



**Target population**  
(interest in senior-only project)



**Interest in smaller unit sizes**  
(studios and one-bedrooms)



**Building too tall,  
Too many units**



**Not enough parking**

# Current Proposal Status

- March 2025: MidPen modified project in response to feedback



Reduced building height on Charles Street

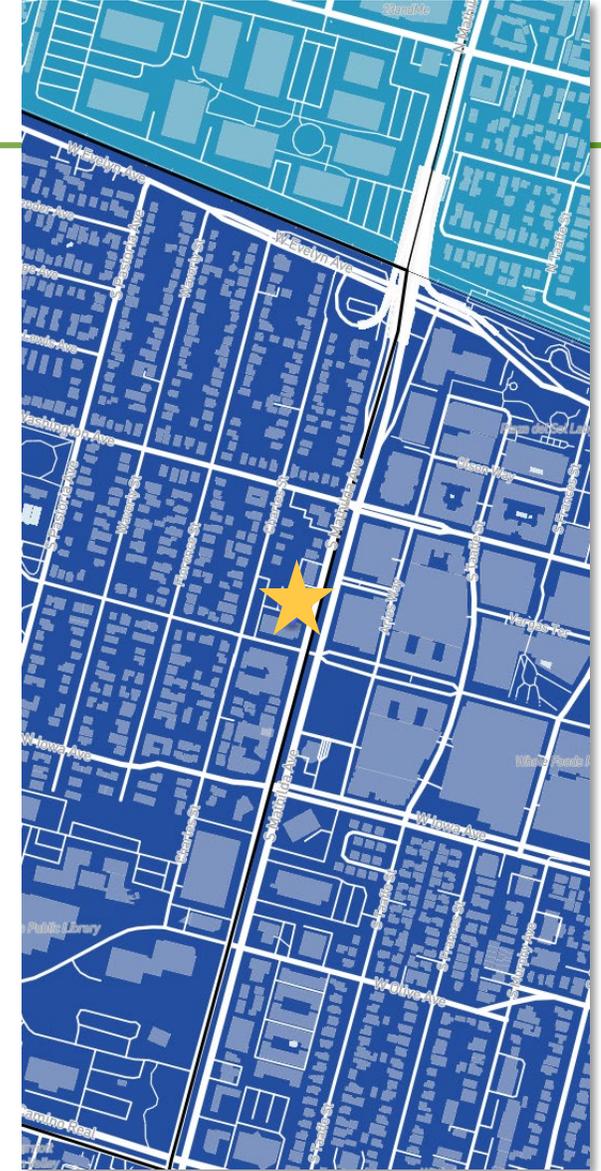
- Three stories with step-backs from six stories to five stories
- Reduced unit count (from 126 to 122 units)



Added Mobility programs to mitigate parking demand

- No-vehicle preference
- Transit passes

- Remains mix of 1-BR, 2-BR, and 3-BR units
  - ◆ Competitive for TCAC in Large Family category
    - ◆ Requires 25% 2-BRs and 25% 3-BRs
    - ◆ Property located in a Highest Resource\* area
      - Competitive advantage for Large Family projects



*\*Resource areas determined by TCAC*

# Council Study Session Feedback

- September 2025: Council Study Session
  - ◆ No formal direction, but provided feedback

 Interest in housing for specific populations (e.g. seniors)

 Interest in smaller unit sizes (e.g. studios)

- Some councilmembers expressed interest in larger family units (e.g. 2-BR and 3-BR)

 Parking concerns and desire for more robust mobility plan

# Community Meeting Feedback

- October 2025: Community Meeting

## Ongoing concerns about project despite recent project modifications

 Preference for senior-only project

 Preference for smaller unit sizes (e.g. studios and 1-BRs)

 Concerns about height and number of units

 Parking concerns

## Others support the project and recognize need for affordable housing

 Endorsed by Livable Sunnyvale, Sunnyvale Chamber of Commerce, SV@Home, and Greenbelt Alliance

# MidPen Memo and Third-Party Review

---

- Based on feedback City staff posed several questions to MidPen
  - ◆ Target population, unit mix, building height and unit count, and parking
- MidPen drafted memo in response
- Staff commissioned third-party review of MidPen memo
  - ◆ Economic & Planning Systems, Inc. (EPS)
- Overall EPS concurs with MidPen analysis
  - ◆ Recommends minimizing changes to proposed project

# MidPen Memo and Third-Party Review: Key Conclusions

-  100% senior project only feasible with major City subsidy (\$44M)
  - Senior preference not viable due to fair housing laws
  - Half of non-age-restricted units in MidPen's Sunnyvale projects have senior head of HH
-  Smaller units may be added, but project is most competitive with larger units
  - Large Family TCAC Category: 25% two-bedrooms, 25% three-bedrooms
-  Reduction in building height possible, but may weaken financial viability
  - Reduction in units could negatively affect project's competitiveness for TCAC financing
  - Building height can be lowered to 35' on Charles Street (currently 35'10")
-  Current 0.5 parking ratio is common for affordable projects near transit

## Proposal A: Current Proposal

---

- 122 Units (1, 2 & 3-BR)
- 6 Stories on Mathilda
- 35 ft 10 in. on Charles
- 65 Parking Stalls (0.53 ratio)
- 25% Unhoused Set-aside
- \$20.3M Anticipated City HMF Request
- City Cost/Unit: \$167k

### Considerations

- *Lowest per unit City subsidy*
- Strong neighborhood concerns about parking and height
- Greatest number of units
- Does not include studios

## Proposal B: Five-Story Building *Without Studios*

---

- 102 Units (1, 2 & 3-BR)
- 5 Stories on Mathilda
- 35 ft on Charles
- 65 Parking Stalls (0.64 ratio)
- 25% Unhoused Set-aside
- \$19.4M Anticipated City HMF Request
- City Cost/Unit: \$190k

### Considerations

- Reduces height
- Slightly improved parking ratio
- *Second highest per unit subsidy*
- Lowest number of units
- Does not include studios

## Proposal C: Five-Story Building *With Studios*

---

- 110 Units (Studio, 1, 2 & 3-BR)
- 5 Stories on Mathilda
- 35 ft on Charles
- 65 Parking Stalls (0.59 ratio)
- 25% Unhoused Set-aside
- \$19.4M Anticipated City HMF Request
- City Cost/Unit: \$177k

### Considerations

- Reduces height
- Slightly improved parking ratio
- Second *lowest* per unit subsidy
- Slight reduction in units
- Includes 24 studio units

## Proposal D: 1:1 Parking Ratio

---

- 110 Units (1, 2 & 3-BR)
- 6 Stories on Mathilda
- 35 ft on Charles
- 25% Unhoused Set-aside
- 110 Parking Stalls (1:1 ratio)
- \$23.7M Anticipated City HMF Request
- City Cost/Unit: \$215k

### Considerations

- Mitigates some parking concerns
- *Highest* per unit City subsidy
- Strong neighborhood concerns about height
- Significant redesign required
- Increased environmental risk
- Slight reduction in units
- Does not include studios

# Proposal Summary and Comparison

	Total Units	Studios	% Studios	1BRs	% 1BRs	2BRs	% 2BRs	3BRs	% 3BRs	Estimated Residents	Parking Stalls	Parking Ratio	Anticipated City Funding Request	City Funds per Unit
A. 6-Story Current Proposal	122	0	0%	55	45%	34	28%	33	27%	315	65	0.53	\$20.3M	\$167k
B. 5-Story Building <i>without</i> Studios	102	0	0%	47	46%	29	28%	26	25%	260	65	0.64	\$19.4M	\$190k
<b>C. 5-Story Building <i>with</i> Studios</b>	<b>110</b>	<b>24</b>	<b>22%</b>	<b>30</b>	<b>27%</b>	<b>28</b>	<b>25%</b>	<b>28</b>	<b>25%</b>	<b>262</b>	<b>65</b>	<b>0.59</b>	<b>\$19.4M</b>	<b>\$177k</b>
D. 6-Story 1:1 Parking Ratio	110	0	0%	28	25%	54	49%	28	25%	305	110	1.00	\$23.7M	\$215k

# Proposal Analysis

- **Proposal C is most responsive to Council and community feedback**

 Includes 24 studio units while retaining large family units

- Project still competes as TCAC Large Family

 Reduces building height but maximizes unit count

 Slight improvement to parking ratio

- Proposal C remains viable for affordable housing financing
- MidPen prepared to revise project and enter in DDA in 6 months
  - ◆ Staff recommends 6-month extension to ENA and short-term lease
    - Option to renew for additional 6 months with City Manager approval

# Recommendation

## Alternatives 1 and 3

- Authorize the City Manager to negotiate and execute the Extension to the ENA and the Extension to the Short-Term Lease
- Direct Staff to negotiate with MidPen on Proposal C