

November 13, 2014

VIA U.S. MAIL AND ELECTRONIC MAIL

Ms. Christina Uribe
Acting City Property Administrator
City of Sunnyvale
Public Works Department
PO Box 3707
Sunnyvale, CA 94088-3707

RE: Letter of Interest – 263 Jackson Street

Dear Christina,

Habitat for Humanity East Bay/Silicon Valley is pleased to express interest in creating an affordable housing opportunity from the home owned by the City of Sunnyvale at 263 Jackson Street. If acceptable to the City, the following is a brief proposal describing how Habitat would renovate the existing home, qualify a low-income family, and sell the home to that family as an affordable unit.

Last month we dedicated 239 Jackson Street, celebrating the Proulx family and their new home alongside Mayor Griffith, City Councilmembers, City staff, and community members. Community support for our work in Sunnyvale has been incredibly strong. We have had very positive interactions with our Jackson Street neighbors, and many have voiced their support for our project. Mayor Griffith volunteered with Habitat on a Jackson Street renovation, and was approached by a neighbor who expressed his appreciation for our improvements to the properties. Though we have struggled to identify a household that qualifies for the 2-bedroom home, we now have an applicant that has been approved by both the City and Housing Trust Silicon Valley.

Similar to 239 and 279 Jackson Street, we propose to renovate 263 Jackson and sell it to a family earning less than 80% of AMI. At the recommendation of the City, we have set the sale price to the buyer to be affordable at 30% of the buyer's income. Through our outreach for the first two homes, we have already identified households that live or work in Sunnyvale and would qualify for this 3-bedroom home. Habitat would include a resale restriction for the new buyer in a form mutually acceptable to the City and Habitat, at a length determined by the City. Since the City and Habitat already have forms of agreement for a transaction like this, we could move forward with the project as soon as we receive both City Council and Habitat Board approval.

Habitat staff completed a preliminary inspection of 263 Jackson and developed a scope of work that would include kitchen and bathroom upgrades, roof replacement, HVAC, plumbing and electrical upgrades, use of finishes that ensure high indoor air quality, and other water and energy efficiency measures. We would also restore the back building to a functioning garage. Formal due diligence inspections such as pest, sewer, lead and asbestos would occur after reaching a written agreement with the City. We will ensure that the partner family is set up for long-term homeownership success by renovating with durable materials, addressing any systems issues in the home, and making sure the home is well insulated and watertight. Given the age of the home, we have budgeted approximately \$107,500 in improvements. This

City of Sunnyvale
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number would be refined after we complete professional testing and solicit bids on subcontracted scope items.

Habitat proposes to purchase the home at the City-appraised value of \$680,000 using a bridge loan from the City. Habitat is requesting a bridge loan from the City to cover acquisition costs, which will save thousands of dollars in construction loan fees and interest payments. The bridge loan will be partially repaid at sale to the eligible buyer with mortgage proceeds and Habitat funds, and the remainder will become a permanent grant to the project. In our proposal, Habitat is requesting approximately \$327,500 as a permanent grant from the City of Sunnyvale. Habitat would contribute \$200,000 in fundraising towards the development of this home. Habitat would obtain an affordable, fixed rate mortgage for the buyer from a third party lender at a presumed 3.7% interest rate. If Habitat secures financing with a different interest rate, the mortgage proceeds would increase or decrease and the permanent contributions of both Habitat and the City would be increased or decreased equally. Lastly, Habitat requests that financing include \$50,000 in mortgage assistance from the City's First Time Homebuyer Program. Please see the attached preliminary summary sources and uses.

Both the Habitat and City contributions are significantly higher than the subsidies required for 239 and 279 Jackson. Home prices in Sunnyvale have increased considerably, and the acquisition price for 263 Jackson is \$230,000 higher than what we paid for 239 Jackson (also a 3-bedroom home) earlier this year. Additionally, we are not including Housing Trust Silicon Valley funds because the funds available for Sunnyvale carry an interest rate that is higher than the average increase in median income, which places the homeowner in a negative amortization position. We believe this puts a financial burden on the homeowner.

Habitat looks forward to continuing its partnership with the City of Sunnyvale in turning 263 Jackson Street into sustainable, affordable housing. Please feel free to contact us if you have any questions regarding this proposal.

Respectfully,



Douglas Stimpson
Senior Vice President Real Estate
Habitat for Humanity East Bay/Silicon Valley

Sources & Uses - 263 Jackson Street Renovation
Habitat for Humanity East Bay/Silicon Valley

11/13/2014

Sources	Partial Repayment of		
	Interim Financing	Bridge Loan at Resale	Permanent Financing
City Bridge Loan	\$ 683,400	\$ 355,860	\$ 327,540
Downpayment Assistance (City FTHB funds)			\$ 50,000
Habitat Grant			\$ 200,000
First Mortgage Loan Funds			\$ 304,000
Total			\$ 881,540

Uses	Total	Acquisition Phase	Rehabilitation	
			Phase	Resale Phase
Site Acquisition	\$ 680,000	\$ 680,000	\$ -	\$ -
Rehabilitation (Hard Costs + Site Management)	\$ 137,470	\$ -	\$ 137,470	\$ -
Soft Costs (Fees, Escrow, Design)	\$ 18,470	\$ 3,400	\$ 13,670	\$ 1,400
Contingency	\$ 15,600	\$ -	\$ 15,600	\$ -
Administration	\$ 30,000	\$ -	\$ 20,000	\$ 10,000
Total	\$ 881,540	\$ 683,400	\$ 186,740	\$ 11,400

August 6, 2014

VIA U.S. MAIL AND ELECTRONIC MAIL

Ms. Suzanne Ise
Housing Officer – City of Sunnyvale
Community Development Department Housing Division
456 W. Olive Ave.
PO Box 3707
Sunnyvale, CA 94088-3707

RE: Letter of Interest – 263 Jackson Street

Dear Suzanne,

Habitat for Humanity East Bay/Silicon Valley is pleased to express interest in creating an affordable housing opportunity from the home owned by the City of Sunnyvale at 263 Jackson Street. If acceptable to the City, the following is a brief proposal describing how Habitat would renovate the existing home, qualify a low-income family, and sell the home to that family as an affordable unit.

In the next few weeks we will wrap up construction on 239 and 279 Jackson Street. Community support for our work in Sunnyvale has been incredibly strong. We slowed down our construction schedule to accommodate the overwhelming number of people interested in volunteering in Sunnyvale. We have had very positive interactions with our Jackson Street neighbors, and many have voiced their support for our project. Mayor Griffith volunteered with Habitat on a Jackson Street renovation, and was approached by a neighbor who expressed his appreciation for our improvements to the properties. Our partner family for the 3-bedroom home is nearly finished with their 250 hours of sweat equity. Though we have struggled to identify a household that qualifies for the 2-bedroom home, we have several applicants in the pipeline, including one who works in Sunnyvale.

Similar to 239 and 279 Jackson Street, we propose to renovate 263 Jackson and sell it to a family earning less than 80% of AMI. At the recommendation of the City, we have lowered the sale price to the buyer and reduced the housing cost ratio from 35% to 30% of the buyer's income. Through our outreach for the first two homes, we have already identified households that live or work in Sunnyvale and would qualify for a 3-bedroom home. Habitat would include a resale restriction for the new buyer in a form mutually acceptable to the City and Habitat, at a length determined by the City. Since the City and Habitat already have a form of agreement for the transaction, we could move forward with the project as soon as we receive both City Council and Habitat Board approval.

Habitat staff completed a preliminary inspection of 263 Jackson and developed a scope of work that would include kitchen and bathroom upgrades, roof replacement, HVAC, plumbing and electrical upgrades, use of finishes that ensure high indoor air quality, and other water and energy efficiency measures. We would also restore the back building to a functioning garage. Formal due diligence inspections such as pest, sewer, lead and asbestos would occur after reaching a written agreement with the City. We will ensure that the partner family is set up for long-term homeownership success by renovating with durable materials, addressing any systems issues in the home, and making sure the home is well insulated and

it starts with **HOME** starts with you

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watertight. Given the age of the home, we have budgeted approximately \$107,500 in improvements. This number would be refined after we complete professional testing and solicit bids on subcontracted scope items.

Habitat proposes to purchase the home for \$510,000 using a bridge loan from the City. The purchase price reflects a 25% reduction from the appraised value because the deed restriction will reduce the resale value of the home. Habitat is requesting a bridge loan from the City to cover acquisition costs, which will save thousands of dollars in construction loan fees and interest payments. The bridge loan will be partially repaid at sale to the eligible buyer with mortgage proceeds and Habitat funds, and the remainder will become a permanent grant to the project. In this proposal, Habitat is requesting approximately \$162,000 from the City of Sunnyvale. Habitat would contribute \$194,500 in fundraising towards the development of this home. Habitat would obtain an affordable, fixed rate mortgage for the buyer from a third party lender at a presumed 3.7% interest rate. If Habitat secures financing with a different interest rate, the mortgage proceeds would increase or decrease, and the permanent contributions of both Habitat and the City would be increased or decreased equally. Lastly, Habitat requests that financing include \$50,000 in mortgage assistance from the City's First Time Homebuyer Program. Please see the attached preliminary summary sources and uses.

Habitat looks forward to continuing its partnership with the City of Sunnyvale in turning 263 Jackson Street into sustainable, affordable housing. Please feel free to contact us if you have any questions regarding this proposal. If this proposal is acceptable to the City, Habitat would need to present it to our Board for approval at its meeting on September 23, 2014.

Respectfully,



Douglas Stimpson
Senior Vice President Real Estate
Habitat for Humanity East Bay/Silicon Valley

DRAFT Sources & Uses - 263 Jackson Street Renovation
Habitat for Humanity East Bay/Silicon Valley

8/6/2014

Sources	Partial Repayment of		
	Interim Financing	Bridge Loan at Resale	Permanent Financing
City Bridge Loan	\$ 513,400	\$ 351,450	\$ 161,950
Downpayment Assistance (City FTHB funds)			\$ 50,000
Habitat Grant			\$ 194,500
First Mortgage Loan Funds			\$ 304,000
Total			\$ 710,450

Uses	Total	Acquisition Phase	Rehabilitation	
			Phase	Resale Phase
Site Acquisition	\$ 510,000	\$ 510,000	\$ -	\$ -
Rehabilitation (Hard Costs + Site Management)	\$ 137,470	\$ -	\$ 137,470	\$ -
Soft Costs (Fees, Escrow, Design)	\$ 17,480	\$ 3,400	\$ 12,680	\$ 1,400
Contingency	\$ 15,500	\$ -	\$ 15,500	
Administration	\$ 30,000	\$ -	\$ 20,000	\$ 10,000
Total	\$ 710,450	\$ 513,400	\$ 185,650	\$ 11,400