



April 29, 2016

Suzanne Ise, Housing Officer
City of Sunnyvale CDD, Housing Division
456 W. Olive Avenue
Sunnyvale, CA 94088-3707

RE: MidPen Housing Request for Consent to Assignment and Assumption of Loans from City of Sunnyvale (Eight Trees, 183 Acalanes Avenue)

Ladies and Gentlemen:

HomeFirst Santa Clara County is the owner of the Eight Trees property, a 24 unit apartment complex at 183 Acalanes Drive in the City of Sunnyvale. HomeFirst is a non-profit organization whose mission is to serve populations at risk of homelessness and to help them find permanent affordable housing. As part of this mission, HomeFirst owns and operates the Eight Trees apartments as restricted, affordable housing units. In 2015, HomeFirst and MidPen began discussions around the acquisition of the Eight Trees property by MidPen Housing Corporation. In selling the property, HomeFirst seeks to refocus their efforts on the provision of services rather than property management.

In acquiring the property, MidPen brings to Eight Trees its breadth of experience as a seasoned non-profit affordable housing developer and property manager. MidPen's goal is to restructure the property's finances to ensure its long term financial stability and the preservation of these units as restricted, affordable housing units in the City of Sunnyvale. Upon acquisition of the property, MidPen will perform renovations and repairs to rehabilitate this aging property to current standards.

MidPen seeks to acquire the property from HomeFirst by assuming the existing debt on the property. We hereby respectfully request the consent of the City of Sunnyvale to the assignment of HomeFirst's obligations and the assumption of these obligations by MP Eight Trees LLC, an affiliate of MidPen Housing Corporation.

The existing loans are secured by deeds of trust recorded against the Eight Trees property, listed as follows:

- (a) a loan evidenced by tax exempt bond held by James & Mary Combs in the original principal amount of \$2,600,000.00;
- (b) a loan from the City of Sunnyvale – HOME Investment Partnership Act Funds, in the original principal amount of \$185,000.00;
- (c) a loan from the City of Sunnyvale – Housing Funds, in the original principal amount of \$565,000.00.

- (c) a loan from the City of Sunnyvale – Community Development Block Grant Funds in the original principal amount of \$400,000.00; and
- (d) a loan from the City of Sunnyvale – Housing Funds, in the original principal amount of \$350,000.00.

MidPen respectfully requests the consent of the City of Sunnyvale, as lender, to the assignment and assumption of these obligations, and release of liability for HomeFirst effective at close of escrow. We sincerely appreciate the City's attention to this matter. Please let us know if the City needs any additional information in support of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "P. Villareal", with a long horizontal flourish extending to the right.

Peter Villareal
Director of Housing Development
MidPen Housing Corporation