



February 22, 2017

Trudi Ryan, Planning Officer
 City of Sunnyvale
 456 W. Olive Ave.
 Sunnyvale, CA 94086

Re: Moulton Plaza – Deferred Loan Payments for Existing City of Sunnyvale Debt

Dear Ms. Ryan:

Mid-Peninsula Coastsides, Inc., a MidPen Housing affiliate, on behalf of New Homestead Associates, a California Limited Partnership (collectively, “MidPen”) the current owner of Moulton Plaza, a 66-unit senior and family housing complex in Sunnyvale is requesting that the City of Sunnyvale (the “City”) defer loan payments on the July 30th, 2004 Housing Funds Loan issued to MidPen (“City Loan”) through maturity on December 31, 2040 to support preservation of debt and cash flow for the long-term sustainability of the project.

Financial Summary

Moulton Plaza currently has the following loans outstanding:

| Lender | Program | Original Amount | Interest | Maturity | Repayment Type |
|-----------------------------------|------------------|------------------------|-----------------|-----------------|--|
| CalHFA | Tax-Exempt Bonds | \$6,440,000 | 5.25% | 2041 | Monthly Service; Hard Debt |
| City of Sunnyvale | HOME | \$800,000 | 3.00% | 2045 | Deferred until 2021 w/ min annual payments |
| City of Sunnyvale | HMF | \$992,000 | 3.00% | 2040 | Deferred until 2016 w/ min annual payments |
| City of Sunnyvale | CDBG | \$1,715,000 | 3.00% | 2040 | Soft Debt; 100% of residual receipts |
| Lenders for Community Development | Other | \$500,000 | 3.00% | 2046 | Soft Debt; 100% of residual receipts |

The City Loan is currently has a higher payment priority than the California Housing Finance Agency (“CalHFA”) first mortgage; by amending the City Loan, the City’s payment priority will change to allow more interest to accrue on the existing City Loan until 2040. The change of City Loan terms is subject to City, CalHFA and limited partner approval.

In summary, in consideration of preserving Moulton Plaza as a senior and family affordable housing project in the City of Sunnyvale, MidPen requests the City support modifying the City Loan to defer loan payments until maturity on December 31, 2040. Please refer to the attached draft amendment to the City Loan promissory note for your review and consideration.

If you have any questions, then please contact me at 650-356-2929.

Sincerely,

A handwritten signature in black ink, appearing to read "P. Villareal".

Peter Villareal, Director of Housing Development
MidPen Housing Corporation