



Sunnyvale

1178 Sonora Court
Purchase and Sales Agreement
&
Disposition and Development
Agreement

May 19, 2020



Overview of Site



- *City of Sunnyvale*
- *MP Land Holdings LLC (MidPen Housing)*

Property:

- 1.2 acre parcel
- LSAP
- Adjacent to CalTrain site
- MidPen Purchase Price **\$13.55M** (*Jan. 2020*)

History

Event	Date
City Released HMF NOFA	November 2019
MidPen Purchases Sonora Court	January 2020
Council Awards HMF to MidPen. <i>Requests City Purchase Discussions</i>	February 25, 2020
Council Closed Session	April 7, 2020
DDA/PSA Negotiations	April & May 2020
City Council	May 19, 2020

Summary of Purchase and Sales Agreement

- **\$13,550,000** Purchase Price
 - \$100,000 Deposit
 - Housing Mitigation Funds
- **Escrow**
 - 30 day Due Diligence
 - Initial inspections/environmental analysis complete
 - 10 day Escrow
 - COE – On or before **June 30, 2020**

Existing Tenant at 1178 Sonora Ct.

- Current Tenant
 - Prototek
 - Lease valid through 6/30/20
- Requesting Lease Extension due to COVID
 - Under Review: Extension through 12/31/20 with one 6 month extension option.

Summary of DDA

- Project Overview
- Land Use Entitlements
- Development Financing
 - 4% Tax Credit Application
- Affordability Restrictions
- DDA Term
- Ground Lease
- City Predevelopment Loan
- Development Timeframe

Project Overview

Total Units	At least 147 (current design 176)
Affordable Units	At least 146 (current design 175)
Parking Type	Podium
Resident Community Room	Approx. 1,500 sq. ft.
Key Components	All Electric Building
Average Income Mix	50% Area Median Income

Preliminary Financing

Funding Source	Amount
Perm Loan, Tranche A & B	\$26,941,293
Tax Credit Investor Proceeds	\$43,322,448
City of Sunnyvale Land	\$13,550,000
AHSC	\$12,000,000
IIG	\$7,500,000
AHP	\$1,460,000
GP Equity	\$10,782,740
Deferred Developer Fee	\$2,000,000
Lumped Final Subsidy (HOME)	\$2,687,860
City PreDev Loan	\$450,000
TOTAL	\$120,694,341

Affordability Restrictions

- TCAC “Income Averaging”
 - 30% - 80% AMI Units
 - 50% AMI Average
- 10% of units @ 30% of AMI
- Family Units
 - Mix of 1, 2, and 3 Bedrooms
- Special Needs Population to be considered

Ground Lease Summary

- Term
 - 65 years
 - Begins up to 30 days after Tenant Vacancy
- Rent
 - After payment of pre-dev loan, lesser of:
 - \$1,355,000 or
 - Pro Rata Share of Net Operating Income
- Tenant accepts property in “as-is” condition

City Predevelopment Loan

- City HMF Loan \$450,000
 - 3% Simple Interest
 - 55 Year Term
- Converts to permanent financing
- Payment
 - City share of fifty percent (50%) of Net Operating Income once construction complete

Development Timeframe

DDA Term	3 Years + 1 Year Extension
Entitlements	180 days from DDA Execution (November 2020)
4% TCAC	2nd Round of 2022
Construction Start	Spring 2023
Building Occupancy	Within 36 months after Construction Begins (~2026)

Recommendation

- Alternative 1 & 4
 - Authorize the City Manager to execute the PSA for the purchase of real property located at 1178 Sonora Court for \$13,550,000;
 - Approve the draft DDA;
 - Adopt the Resolution to Authorize the Ground Lease.



Comments or Questions?