



February 2, 2021

Ms. Deanna Santana
City Manager
City of Santa Clara
1500 Warburton Ave, Santa Clara, CA 95050

RE: Santana Terrace Apartments, 190 N Winchester Blvd.

Dear Ms. Santana,

Thank you for the coordination between the professional staff at the City of Santa Clara and the USA Properties Fund team over the past month to identify a path to address the leasing issues at 190 N. Winchester. As you know, USA Properties Fund has been a leading provider of senior and affordable housing throughout California for 40 years. We are proud of our new community in Santa Clara at 190 N. Winchester Boulevard, and we are also excited to be the affordable housing partner with the City of Santa Clara, Related California and Ensemble, with our purchase of Parcel 24 in the Tasman East Specific Plan and construction of 150 affordable homes that will serve Santa Clara residents.

The purpose of this letter is to respectfully request a modification of Santana Terrace's Conditions of Approval currently restricting occupancy to senior households age 55 or older. The reason for this request is the economic hardship caused by Covid-19 and the affect that it has had on the ability and willingness on the part of seniors to seek new housing. At the same time Santana Terrace is attempting to lease up, our prospective tenant pool is sheltering in place, not venturing out of their current living situations, not touring the property and not leasing units. While rents have fallen by approximately 25% since the beginning of the year due to Covid-19, we cannot even rent the units because seniors are not leaving their homes or considering new housing options.

There are 69 one bedroom units and 23 two bedroom units in the 92 unit apartment community. There are no three or four bedroom units. Despite aggressive marketing and advertising efforts by our management team after opening for –pre-leasing in March 2020, we have only leased 10 units. In a typical lease up environment, the lease rate is 5-10 or more per month and this community would be fully leased in a non Covid-19 environment. Despite all our efforts, we are leasing less than one unit per month as seniors are not engaging to lease new housing at all.

This situation is untenable and unsustainable for the community going forward. The ongoing shelter in place orders, Covid-19 variants, uncertainty related to vaccinations and regularly changing restrictions, has only increased the confusion and uncertainty for seniors, resulting in more apprehension to lease new housing. We anticipate more difficulty and challenges ahead.

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As you may recall, when we originally reached out about getting relief from the age restriction condition, we sought only to pursue a temporary waiver of the 55 and older restriction with your staff. But after extensive discussions and advice from Fair Housing council, a temporary waiver would mean that after a certain period of time all tenants, once rooted in the community, would need to be moved out after living there to enable the community to revert back to 55 and over. USA Properties Fund does not want to place future residents of our communities, the City of Santa Clara or our company in the position of displacing residents a few years into the future. Therefore, we are requesting the 55 and older restriction be removed.

As discussed, we propose to include a condition of the rezoning that codifies our commitment to continue to market to our senior target demographic and operate the project as a senior focused community. The senior market is consistent with our company's philosophy target market for many of our communities, so we are committed to continuing with the approach to market and operate the community toward an older demographic but require the flexibility to lease to those residents under 55 years of age.

Prior to submitting this request, we engaged Hexagon Transportation Consultants, Inc to review traffic and parking considerations for the over and under age 55 resident. Hexagon completed a Trip Generation Analysis, Vehicle Miles Travelled (VMT) Analysis and Parking Supply and Demand Analysis for the project using ITE standards, Santa Clara County VMT methodology and City of Santa Clara apartment project survey of parking supply and demand by bedroom. According to the analysis performed by Hexagon, the adjustment of age demographic for project residents would have less than significant impact on traffic; less than significant impact on VMT and there is still over supply of existing parking supply in the project compared to other general population (non-age restricted) apartment communities in the City of Santa Clara. Please see attached Hexagon Transportation Consultants, Inc. report, results and conclusions.

We appreciate your consideration of this urgent request in this unprecedented time. We would like to meet with you and your planning staff to advance the rezoning in an expedited manner given the urgency of the situation.

Please contact either me at (916) 724-3836 or Steven Gall at 916-342-6330 if you have questions or need additional information.

Thank you for your consideration.

Sincerely,

SANTANA TERRACE SENIORS, LLC, a California limited liability company

By: USA Properties Fund, Inc., a California corporation

Its: Manager

By:



Geoffrey C. Brown, President

C: Steven Gall, USA Properties Fund
Eric Morley, Morley Bros.
April Atkinson, USA Properties Fund