




**City Council Meeting**  
**Item #4 19-1173**  
**Action on an Affordable Housing Agreement for the Project Located at 2310 Calle Del Mundo**  
**October 22, 2019**

1



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## Overview

### SUMMARY

- The Tasman East Specific Plan was approved on November 13, 2018.
- As per the Specific Plan, 10% of all units must be affordable to households making an average of 100% of area median income (AMI).
- Developer's obligation would be approximately 80 affordable units restricted to be affordable to households at an average of 100% AMI.
- City staff and the Developer have proposed to consolidate the cumulative affordable housing obligation to deliver 30 very low-income units at a single site in lieu of providing 80 moderate income units across multiple projects.

2



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## Overview

### BACKGROUND

- This item was initially scheduled for City Council action on September 24, 2019. The City Council continued the item and asked staff to provide additional information on the following:
  - ☐ Economic Benefit Analysis
  - ☐ How the proposal would align with the City's affordable housing goals and the Regional Housing Needs Allocation (RHNA) targets
  - ☐ How the proposal would align with the Tasman East Specific Plan
  - ☐ Policy Implications or "Precedent"

3







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## Value Analysis

### 1-bedroom Market Rate Assumptions

\$ Rent PSF	\$4.35	
Proposed SF	690	
Estimated Rent	\$3,000	

### Scenario 1 - Value of 80 units at 100% AMI

Market Rent	\$3,000	\$2,627
100% AMI	\$2,627	\$2,627
Monthly Difference	\$373	\$0
Annual Difference	\$4,481	\$0
x 80 units	\$358,476	\$0
Estimated Value (55 Years)	\$6,679,653	\$0

5



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## Value Analysis


### 1-bedroom Market Rate Assumptions

\$ Rent PSF	\$4.35	
Proposed SF	690	
Estimated Rent	\$3,000	

### Proposed Scenario 2 - Value of 30 Units at 50% AMI


Market Rent	\$3,000	\$2,627
50% AMI	\$1,463	\$1,463
Monthly Difference	\$1,537	\$1,164
Annual Difference	\$18,449	\$13,968
x 30 units	\$553,469	\$419,040
Estimated Value (55 Years)	\$10,313,039	\$7,808,170

6


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## Housing Pipeline

Affordable Housing Development Pipeline (2019)					
Projects	ELI	VLI	LI	Mod	Totals
90 N Winchester	59	72	32	18	181
2330 Monroe Street	16	10	29	10	65
3575 De La Cruz			6	7	13
2094 Corvin	80	64		1	145
500 Benton - SC Station (VTA)			70		70
Kifer Road - Lawrence Station			10	88	98
St. Anton / Santa Clara Square		37	158	1	196
Gateway Crossings			80	80	160
Tasman East (Estimated)				400	400
Other Inclusionary (Estimated)				500	500
<b>Totals</b>	<b>155</b>	<b>183</b>	<b>385</b>	<b>1105</b>	<b>1828</b>


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## RHNA Progress

Affordability Level	RHNA Allocation	Actual Production	Target Pipeline	Remaining Production
	<u>2015-2022</u>	<u>2015-2018</u>	<u>2019-2022</u>	<u>2019-2022</u>
Very Low (0% - 50% AMI)	1050	0	338	712
Low (51% - 80% AMI)	695	1	385	309
Moderate (81% - 120% AMI)	755	36	1105	N/A
Market Rate (>120% AMI)	1,593	3382	5500	N/A
<b>Totals</b>	<b>4093</b>	<b>3419</b>	<b>7328</b>	<b>1021</b>

8



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## Conclusion

### **The Proposal Accomplishes the Following:**

- ✓ Provides an estimated \$3.6 million economic benefit to City
- ✓ Helps the City diversify its housing pipeline and create units at deeper levels of affordability
- ✓ Helps the City address its potential excess of Moderate Income units and deficit of Very Low units relative to its RHNA requirements.
- ✓ Does not negatively impact the buildout of the Tasman East Plan
- ✓ Provides a pathway to create additional Very Low units if necessary

9



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## Recommendation

1. Adopt a Resolution approving and authorizing the City Manager to execute the Affordable Housing Agreement with ZAEN Partners, LLC for the provision of thirty (30) very low-income units at 2310 Calle Del Mundo (APN# 097-05-059)

10





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