



City of Santa Clara

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Agenda Report

19-740

Agenda Date: 7/16/2019

REPORT TO COUNCIL

SUBJECT

Action on an Affordable Housing Agreement with Toll West Coast, LLC for 2961 Corvin Drive

BACKGROUND

The City Council adopted the LSAP in 2017 to support the redevelopment of approximately 65 acres of industrial land with up to 3,500 residential units, up to approximately 104,000 square feet of commercial space, approximately 6 acres of parks/open space, and related infrastructure and roadway improvements. As part of adoption of the LSAP, General Plan land use designations within the Plan area were changed from Light Industrial to a mix of Low Density Residential, Medium Density Residential, High Density Residential, Very High Density Residential, Public/Quasi-Public, and Parks and Open Space. The LSAP includes a text amendment to create the Very High Density Residential land use designation (51-100 Dwelling Units/Acre). In addition, a new Lawrence Station Area Plan (LSAP) Zoning District was created for the Plan area.

On April 24, 2018, the City Council granted a land use entitlement (Vesting Tentative Subdivision Map PLN2017-12865) to allow the development of up to 38 residential condominium units on 7 buildable lots and 2 non-buildable lots at 2961 Corvin Drive (Project), consistent with the Lawrence Station Area Plan and subject to conditions of approval. The Project is being developed by Toll West Coast, LLC (Developer). The subject property is a 1.619-acre site located between Corvin Drive and Calabazas Creek within the Lawrence Station Area Specific Plan (LSAP) with a General Plan land use designation of Medium Density Residential (20-36 DU/AC) and subject to the land use and development standards of the Lawrence Station Area Zoning District.

As a condition of the land use entitlements, and per the City's inclusionary housing policy governing at the time of the entitlement, the Developer was required to enter into an Affordable Housing Agreement (AHA) with the City to designate 10 percent of the total units (i.e., 3.8 dwelling units) as Below Market Purchase (BMP) units to be sold to qualified first-time homebuyers at an affordable price based upon Area Median Income (AMI).

DISCUSSION

The proposed AHA with the Developer uses the City's standard form and will enable and guarantee the delivery of four (4) BMP units for sale within Santa Clara. The AHA fulfills an obligation placed upon the Developer through the City's land use entitlement process.

The BMP Policies and Procedures Guidelines adopted by the City Council ("BMP Program") provide that in the case of a fractional obligation of 3.8 units, a developer can either elect to provide four (4) BMP units or three (3) BMP units and pay a BMP in-lieu fee for the fractional units. In this case the Developer is proposing to provide four BMP units. The BMP units will be sold to households whose incomes are at or below 110 percent of 2018 AMI. The resulting sales prices for the BMP units will

be as follows:

1. \$398,000 for two (2) units (2 bedroom);
2. \$441,000 for one (1) unit (3 bedroom); and
3. \$480,000 for one (1) unit (4 bedroom).

To maintain long-term affordability, a 20-year restrictive resale covenant is enforced and recorded against the BMP unit. The resale restrictions within the covenant include:

1. If the BMP unit is sold within five years of acquisition, the owner must sell the BMP unit to another income-eligible homebuyer.
2. After five years of ownership, the owner can resell the BMP unit at market price; however, the City and the owner will share the appreciated value of the unit. The owner's share of any appreciation beyond the Initial Market Value will increase by five percent (5%) per year for twenty (20) years.
3. After the covenant expires in twenty (20) years, the equity sharing requirements is exhausted and the homeowner will realize full gain beyond the Initial Market Value.

Approval of the proposed AHA will implement the City's General Plan inclusionary housing policy consistent with the previous land use entitlements granted for the subject property.

ENVIRONMENTAL REVIEW

An Environmental Impact Report (EIR) was prepared for the LSAP in accordance with the California Environmental Quality Act (CEQA) and certified by the City Council on November 29, 2016.

Pursuant to Government Code section 65457, as a residential development project consistent with a specific plan for which an EIR has been prepared, no further environmental review is required.

FISCAL IMPACT

In accordance with the policies of the BMP Program, the City will realize a recapture of the inclusionary subsidy value of the BMP units when resold in the future if the unit is sold within twenty (20) years of the date of the AHA. The principal amount of the BMP subsidy value is due in full at the end of the 20-year term.

COORDINATION

This report has been coordinated with the Finance Department and the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <mailto:clerk@santaclaraca.gov> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

1. Approve and authorize the City Manager to execute the Affordable Housing Agreement with Toll West Coast, LLC (Attachment 1), to execute amendments thereto, and to take any other action

necessary to implement the requirement for the provision of four (4) Below Market Purchase homes within a 38-unit townhome project at 2961 Corvin Drive.

2. Authorize the recordation thereof.

Reviewed by: Andrew Crabtree, Director, Community Development

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Affordable Housing Agreement with Toll West Coast, LLC