



Agenda Report

19-1217

Agenda Date: 12/3/2019

REPORT TO COUNCIL

SUBJECT

Action on an Affordable Housing Agreement with LS-Santa Clara, LLC for Project located at 1433-1493 El Camino Real

BACKGROUND

LS-Santa Clara LLC (the "Developer") is proposing to construct a 39-unit residential project with seven live/work units on three contiguous parcels totaling 1.70 acres. The project site is located on the north side of El Camino Real between Lincoln Street and Monroe Street and is within the El Camino Real Focus Area, a local and regional commercial and transportation corridor envisioned for a mix of high intensity commercial and residential development in the City's 2010-2030 General Plan.

On June 25, 2019, City Council approved a rezoning of the project site from Thoroughfare Commercial (CT) and General Office (OG) to Planned Development (PD) to allow a residential development consisting of 39 condominium units, including seven live/work units.

The project consists of for-sale condominium units with attached two-car garage distributed among five three-story buildings; a private street and eight visitor parking spaces with access from Civic Center Drive; and common landscaped open space and 3,048 square foot on-site private recreation area. The project also includes future private maintenance provisions with the establishment of a Homeowners Association and Covenants, Conditions and Restrictions.

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., 3.9 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 3.9 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 2019 AMI with an average affordability level of 100% AMI. The resulting sales prices for the BMP units will be as follows:

- 3 bedroom/ and 3 Bath, Plan 1 \$388,000 (90% AMI)
- 3 bedroom/ and 3 Bath, Plan 1 \$445,000 (100% AMI)
- 3 bedroom/ and 3 Bath, Plan 2 \$445,000 (100% AMI)
- 3 bedroom/ and 3.5 Bath, Plan 3 \$472,000 (110% AMI)

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

A Mitigated Negative Declaration (MND) was prepared for the project by the environmental consultant firm David Powers J. & Associates, Inc., in accordance with the California Environmental Quality Act (CEQA). The MND and Notice of Availability were posted on the City's website at www.santaclaraca.gov/ceqa and circulated for 30-day review on March 27, 2019 and closed on April 26, 2019, in accordance with CEQA requirements.

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 LS-

- Santa Clara, 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 39-unit townhome project at 1433-1493 El Camino Real; and
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 LS-Santa Clara, LLC