



## Agenda Report

18-529

Agenda Date: 5/22/2018

### REPORT TO COUNCIL

#### SUBJECT

Consideration of an Affordable Housing Agreement with Toll West Coast, LLC for 3305 Kifer Road

#### BACKGROUND

On November 29, 2016, City Council approved land use entitlements for a 45-unit condominium housing project submitted by the True Life Company for the property located at 3305 Kifer Road. The property and entitlements have been transferred to Toll West Coast, LLC who will act as developer. As a condition of the land use entitlements, and per the City's inclusionary housing policy, the developer was required to enter into an Affordable Housing Agreement (AHA) to designate 10-percent of the total units (i.e., 4.5 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 BMP Policies and Procedures Guidelines adopted by the City Council indicate that in the case of a fractional obligation of 4.5 units, the developer can either elect to provide five BMP units or four BMP units and pay a BMP in-lieu fee for the fractional units. In this case the developer is proposing to provide five BMP units. The BMP housing units will be sold to households whose income does not exceed 100% of AMI. The resulting Affordable Sales Prices will be \$414,000 for three 3-bedroom, 3.5-bath BMP units, and \$452,000 for two 4-bedroom, 4-bath BMP units. To maintain long-term affordability, a twenty (20) year restrictive resale covenant (Covenant) is enforced and recorded against the property. The resale restrictions within the Covenant include:

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

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

The potential environmental impacts of the project were addressed in an Environmental Impact Report/Mitigated Negative Declaration/ Negative Declaration prepared for the project, which was

certified/approved on November 29, 2016.

**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 20 years of the date of the AHA.

**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) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

**RECOMMENDATION**

Approve and authorize the City Manager to execute the Affordable Housing Agreement with Toll West Coast, LLC, to execute amendments thereto, and to take any other action necessary to implement the requirement for the provision of four Below Market Purchase homes within a 45-unit housing project at 3305 Kifer Road.

Reviewed by: Andrew Crabtree, Director, Community Development

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. Affordable Housing Agreement With Toll West Coast, LLC