



Agenda Report

19-433

Agenda Date: 5/7/2019

REPORT TO COUNCIL

SUBJECT

Action on a Resolution for an Affordable Housing Agreement with St. Anton Tasman East, LP for 2233 Calle del Mundo (APN# 097-05-059)

BACKGROUND

The Irvine Company ("TIC") is the master developer of an infill, mixed-use project that includes 1,840 rental apartment units, parking garages, up to 40,000 gross square feet of retail space, approximately 4,500 gross square feet of leasing space, approximately 38,000 gross square feet of amenity space, and other facilities (collectively, the "Santa Clara Square Project"). On February 12, 2016, the City entered into a Development Agreement for the Santa Clara Square Project. Pursuant to Exhibit F of the Development Agreement (the "Affordability Provisions"), TIC and the City agreed, at TIC's election, either to develop certain low-income restricted multifamily rental units within the Santa Clara Square Project or to provide low-income and very low-income restricted multifamily rental units at one or more locations offsite.

As per the Development Agreement, TIC was required to provide written notice to the City not later than three years after the commencement of the term of the Development Agreement, which was in February 2016. On February 8, 2019, TIC notified the City of its election to provide off-site units and submitted an off-site affordable housing partnership agreement with St. Anton for the provision of the off-site units within the Tasman East Specific Plan area located within the St. Anton Communities project at 2233 Calle del Mundo. The Tasman East Specific Plan was approved by the City Council on November 13, 2018. Development projects within the Tasman East Specific Plan area may be entitled through an architectural review process and are typically not subject to further City Council review.

St. Anton is a California-based residential real estate developer with extensive experience developing and operating affordable housing throughout California, including the Bay Area. St. Anton owns the 1.22 acre parcel located within the Tasman East Specific Plan area of the City, at 2233 Calle Del Mundo, Santa Clara, California (APN: 097-05-059) and has submitted an application for architectural approval, currently in the review process, to develop an affordable housing project that includes approximately one hundred ninety-six (196) rental units with the required unit mix of studio and one bedroom units and consisting of thirty-eight (38) very low income offsite units, one hundred fifty-seven (157) low income offsite units, one manager's unit (1) and related facilities (collectively, the "Affordable Project").

DISCUSSION

TIC desires to satisfy its obligations under the Development Agreement Affordability Provisions by providing an affordable housing subsidy to St. Anton to facilitate the construction, development and operation of the Affordable Project. Of the Affordable Project's proposed one hundred ninety-five

(195) rental units, one hundred eighty-four (184) units will satisfy TIC's affordable housing obligations under the Development Agreement Affordability Provisions, and the remaining units will fulfill other obligations related to the Tasman East Specific Plan and applicable to the affordable project site. For TIC to completely and conclusively satisfy all the affordable housing requirements, conditions and obligations in the Development Agreement, the project at 2233 Calle Del Mundo must reach a Construction Loan Closing, which must include, at a minimum: payment of the affordable subsidy amount to St. Anton, an executed Affordable Housing Agreement with St. Anton Tasman East, LP and an executed Completion Guaranty. If these terms are not met, the City can still require TIC to develop certain low-income restricted multifamily rental units within the Santa Clara Square Project.

The key terms of the proposed Affordable Housing Agreement include the following:

Term:

The Project that will be designated for very low- and low-income residents and shall meet affordability requirements for very low- and low-income residents for a period of 55 years.

The Project:

The Developer has agreed to provide one hundred ninety-six (196) units within the Project that will be designated for very low- and low-income residents. The proportion of Units shall be one hundred fifty-eight (158) low income units, thirty-seven (37) very low-income units, and one (1) unrestricted manager's unit. Low income shall be defined as sixty percent (60%) of the Area Median Income (AMI) and very low income shall be defined as fifty percent (50%) AMI.

Lease-Up and Marketing:

No later than ninety (90) days prior to the start of accepting applicants, Developer or an Affiliate approved by City of Santa Clara shall prepare and submit to the City for reasonable approval a marketing and outreach program for the Affordable Housing Units which shall contain, among other things: (i) how a potential Income-Qualified Household would apply to rent an Affordable Housing Unit in the Project, including where to apply, applicable income limits and rent levels; (ii) a description of procedures and media Developer will use to publicize vacancies in Project, including notice in newspapers of general circulation, at least one of which shall be a foreign language newspaper; (iii) provide monthly leasing reports until all one hundred ninety five (195) Affordable Housing Units have been leased up and occupied, and (iv) mailing notices of vacancies to or contacting by telephone potential tenants on the Waiting List maintained by Developer. Marketing of the Affordable Housing Units shall be done through outreach that affirmatively furthers fair housing in accordance with all federal and State fair housing laws.

ENVIRONMENTAL REVIEW

The potential environmental impacts of the project were addressed in an Environmental Impact Report (EIR) prepared for the Tasman East Specific Plan and related approvals in accordance with the California Environmental Quality Act (CEQA).

COORDINATION

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

FISCAL IMPACT

There is no additional cost to the City other than staff time and expenses.

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. Adopt a Resolution approving and authorizing the City Manager to execute the Affordable Housing Agreement with St. Anton Tasman East, LP, and authorizing the City Manager to negotiate and execute any documents necessary including a Completion Guaranty and amendments to the Affordable Housing Agreement, to implement the terms, covenants, and restrictions associated with the provision of thirty-eight (38) very low-income units, one hundred fifty-seven (157) low income units, and one manager's unit (1) at 2233 Calle del Mundo (APN# 097-05-059).
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 St. Anton Tasman East, LP
2. Covenant Restrictions with St. Anton Tasman East, LP
3. Resolution