

CHARITIES HOUSING

May 25, 2016

Aarit Shrivastava, Assistant City Manager
City of Cupertino
10300 Torre Ave.
Cupertino, CA 95014

RE: Affordable Senior Development
19160 Stevens Creek Blvd. Cupertino

Dear Aarti,

Thank you very much for meeting with Charities Housing (Charities) to discuss our proposal for the development of 19160 Stevens Creek Blvd. for affordable senior housing. Charities and the property owner Barry Swenson Builder (BSB) have executed a Purchase and Sale Agreement (PSA). The PSA requires that Charities complete its due diligence and purchase the property by July 28, 2016 or risk losing a \$500,000 deposit. Charities is requesting that the City of Cupertino (City) signal their support for this development concept by approving a conditional funding commitment for the development in the amount of \$3,672,000.

Charities Housing is proposing to develop a total of nineteen (19) apartments; eighteen affordable to seniors 62 and older, with extremely low and very low incomes (30% - 50% Area Median Income). There will be one, 2BR apartment for onsite staff. The building design will orient the community and office space adjacent to Stevens Creek Blvd., in conformance with the standards in the Heart of the City Specific Plan. Open space will be provided through a combination of private patios and shared outdoor space. Charities' intent is to design a development that conforms to the City's General Plan, Heart of the City Specific Plan and the State's Affordable Housing Density Bonus program, to ensure that this development completed and serving the senior community as soon as possible.

The total cost of the development is currently estimated to be \$10,700,000. Charities is requesting that the City of Cupertino make a commitment of \$3,672,000 from the City's BMR/AHF, which is the cost of the property. This \$3,672,000 would be a 55 year deferred loan, at 3% simple interest. The other permanent funding sources will be the Housing Trust Silicon Valley (Trust), equity raised through the State of California's 9% tax credit program and a small permanent loan from a private lender. The Trust has agreed to provide Charities with a short term acquisition/predevelopment loan of up to four million (\$4,000,000). Three million (\$3,000,000) of this Trust loan will be repaid once the City's \$3,672,000 loan is available. The remaining one million (\$1,000,000) which was contributed by the City to the Trust, will be rolled over into permanent financing for the development.

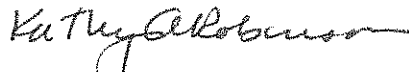
It is Charities intent to proceed with the design and City entitlement approvals as quickly as possible to be positioned to apply for 9% tax credits in March 2017. This requires that entitlements be approved not later than end of February 2017. We understand that 8 months is a very aggressive time line to

achieve entitlements but we are prepared to commit the time and resources to achieve this goal. Charities will kick-off the design and entitlement process and begin public outreach to the community, following action by the Council granting a conditional commitment of funding.

In discussions with City staff, it appears that to meet our aggressive schedule the request for funding must be scheduled for hearing by the Housing Commission at their meeting of June 9, 2016 and for City Council consideration on July 5.

Thank you for your consideration of this request. We appreciate the advice and assistance that the staff has provided thus far and look forward to working with the Council to bring this much anticipated senior housing development to the Cupertino community. Please let us know what additional information is needed to process this request.

Sincerely,

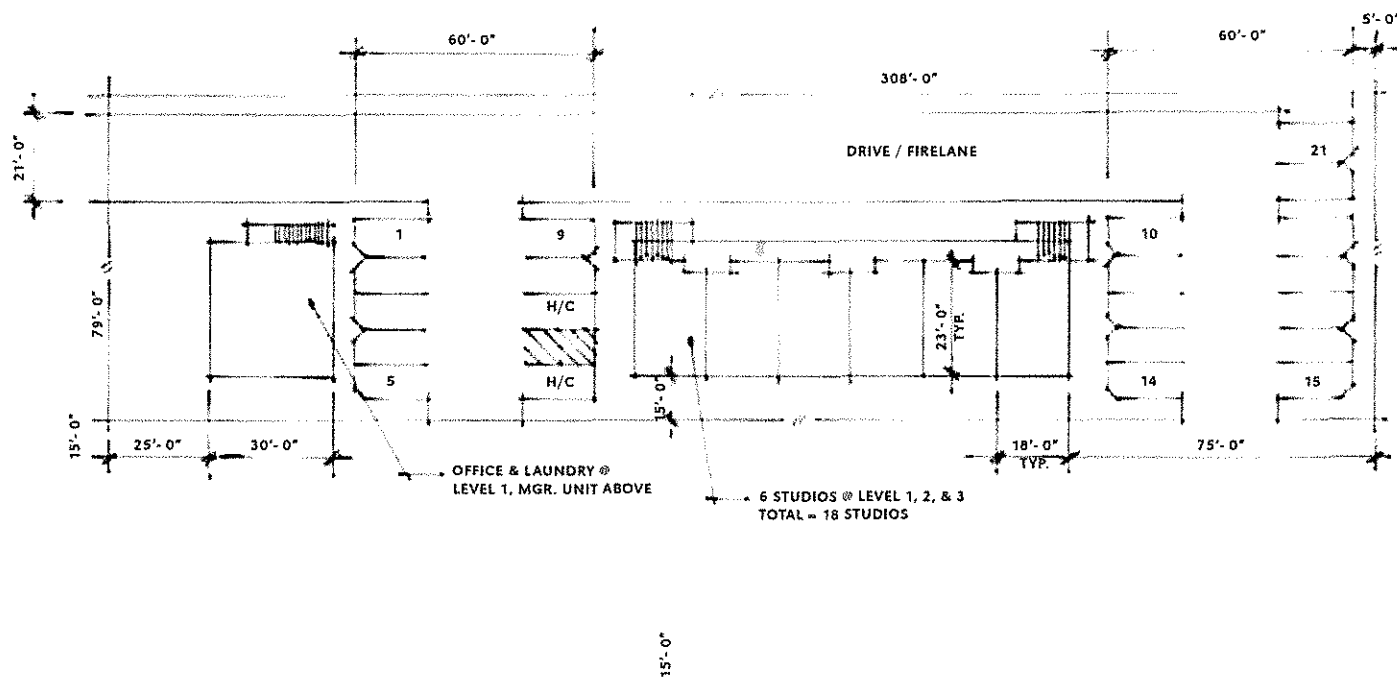
A handwritten signature in black ink, appearing to read "Kathy Robinson", with a stylized flourish at the end.

Kathy Robinson
Director of Housing Development

cc. Benjamine Fu, Assistance Director of Community Development

Attachments:

Preliminary Site Plan
Financing Summary



STUDIO E
ARCHITECTS

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SCALE 1/32 1:1 MAY 2016

5.10.16 19160 Stevens Creek Boulevard Financing Summary

SOURCES AND USES		TOTAL
PERMANENT SOURCES		
Amortizing Perm Loan	194,000	
City of Cupertino BNR AHF	3,672,000	
Housing Trust Silicon Valley	1,000,000	
Tax Credit Investor Proceeds	5,817,476	
TOTAL	10,683,476	10,683,476
PERMANENT USES		
Land/ Building Acquisition	3,687,000	
Construction	3,184,367	
Architecture	254,749	
Engineering	255,000	
Financing Interest and Fees	761,158	
Reserves	250,905	
Soft and Hard Cost Contingency	599,279	
Misc. Other	815,669	
Syndication and Developer Fee	875,349	
TOTAL	10,683,476	10,683,476