



## AGENDA REPORT

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**Date:** September 22, 2015

**To:** City Manager for Council Action

**From:** Deputy City Manager

**Subject:** Review of Request for Proposals (RFP) Evaluation Results for the Proposed Affordable Senior Housing Project at the former Bay Area Research and Extension Center (BAREC) site located at 90 North Winchester Boulevard

### EXECUTIVE SUMMARY

In 2005 the Redevelopment Agency acquired a 6-acre vacant site located at 90 N. Winchester Boulevard, from the State of California (site). The site was a portion of the 17-acre Bay Area Research and Extension Center (BAREC) property formerly owned by the University of California and put up for sale by the State Department of General Services. The site was deeded to the City's Housing Authority in 2011 and obligated by the purchase agreement and other agreements to be developed with approximately 165 affordable senior housing units.

On February 10, 2015, City Council held a study session to review a draft Request for Proposals (RFP) to seek proposals from housing developers for the construction of a minimum of 165 senior apartment units with a minimum of one acre open space park land on the six acre site. Council directed staff to proceed with the RFP process.

On February 27, 2015, the RFP was issued to invite proposals. On March 13, 2015 staff held an optional pre-proposal meeting for all interested parties. Approximately 40 individuals attended the meeting representing developers, consultants, nonprofits and the general public. Based on feedback from the meeting staff created noticing for an interested parties list, website link, Frequently Asked Questions (FAQ) guide, and posted other relevant materials to the City's website for developers to reference in creating the best proposals for submittal.

On April 30, 2015, eight (8) proposals were received by the deadline. City staff began analysis on each of the submitted proposals using the criteria in the RFP as the guide. All eight developers were invited to participate in a one hour telephone interview to elaborate on their proposals. Staff met and determined that all eight (8) proposals had offerings that would benefit the City in different ways; however, five (5) of the proposals stood out as exceptional.

Keyser Marston Associates, a consultant firm with expertise in affordable housing developments, assisted the City in the analysis of proposals with emphasis on the development pro formas and financial capacity. From there the City held evaluation interviews with each of the developers where each team was given 40 minutes to present its proposal and answer questions unique to its company, development plan, and project proposal. The findings of these interviews were presented to the City Manager and the top three proposals providing the most benefit, both in terms of financial package and proposal concept, were invited to interview with the City Manager.

Based on the criteria specified in the City's RFP, project economics, ability to deliver the project under strict State deadlines, and lowest risk to the City the three final proposals were ranked in the following order:

1. ROEM
2. The Core Companies
3. USA/Charities/Methodist Foundation

Each developer is a highly qualified developer and all proposals satisfy the minimum requirements specified in the RFP for the development of 165 units of affordable senior housing with open park space.

The details of the review rationale can be found in the discussion portion of this report. A summary of the development proposals and the land purchase price offers is included in the attached Table 1. In addition, each of the three developers will be available to answer questions at the Council meeting.

### **PROJECT ANALYSIS**

The Project Analysis section has been added to facilitate the understanding of Table 1 for each proposal and to explain how they compare and contrast in the evaluation process.

#### **Project Description**

**ROEM** proposes a master plan comprised of 165 affordable senior units, including two managers' units, as well as 155 market rate apartment units and 10 single-family homes that are not age or income restrictive.

The senior affordable apartment building consists of three residential stories over an at-grade, one-story podium garage. The development will provide a bicycle storage and maintenance room. The podium parking structure accommodates a total of 124 stalls. The senior project is comprised of 165 units: a mix of 50 studios (501-515 SF) with rents between \$931-\$1,117, 113 1-bedroom units (530-555 SF) with rents ranging from \$997-\$1,197, and two, 2-bedroom (805 SF) managers' units.

The market rate apartment building is comprised of four levels of residential stories. This building is an at-grade "wrap" development where four stories of residential units wrap around a four story parking structure concealing it from the street. The Development will provide a bicycle storage and maintenance room. The parking structure accommodates a total of 310 stalls and motorcycle parking stalls.

The single-family homes are market rate, for sale units that comprise of two-stories with four bedrooms, a den, two and a half baths and a two car garage.

**The Core Companies** proposes a 4-phased master planned community that includes a total of 7 buildings ranging in height between three- and four-stories. The master plan includes a total of 34 market rate townhomes and 144 market rate rental apartments that are not restrictive of age or income. The plan also includes 181 affordable rental units. 165 of these units will be age-restricted to seniors and will include a 20% (33 units) set-aside with priority for Extremely Low-Income and Very Low-Income Veterans over age 62, as well as two manager units. The mixed-



income development will include 16 units restricted for Moderate Income households with no age restriction. Depending on the affordability category and unit size, rents are estimated to range between \$558 and \$1,435 for the senior units and \$2,232 and \$3,369 for the non-age restricted moderate income units. Garage parking is included in the proposal with a total of 375 parking spaces.

The site has been planned to be sensitive to the adjacent neighborhoods - placing the tallest, densest portions of the development along Winchester Boulevard, and reducing both the density and height of the buildings as they move towards the existing residential streets. The for-sale townhouses are designed to create a transition between the single family and the higher-density taller buildings against Winchester Boulevard. The rental buildings are designed to have large courtyards that serve as extensions of the Urban Agriculture Open Space, maximizing the gross area of outdoor space and promoting strong, open connections between each area.

**USA/Charities/Methodist Foundation partnership** proposes all-senior residential villages that would be comprised of 167 affordable senior units and 125 market rate senior apartment units spread over three, four-story buildings.

The intent is to construct a total of 165 affordable apartments for seniors, plus two 2 - bedroom, non-income restricted property management units, in two buildings. Each building will have its own parking garage with a combined total of approximately 123 parking spaces. The affordable apartments will be constructed in two phases. Depending on the tax credits applied to each phase, and the size of the unit, rental rates are estimated to range between \$560 and \$1,380 per month.

The 125 market rate senior apartments would be constructed in a third building. Parking will be contained within a podium garage structure that has approximately 141 parking spaces.

### **Open Space**

**ROEM** proposes a 1.15 acre park that serves as a strong aesthetic entry statement at the corner of Winchester Boulevard and Worthington Circle. The park extends between the affordable senior apartments and the market rate units buildings. The park features a decorative paving parking and turnaround area, with artwork and fountain features that create a passive setting. Units in each building provide eyes on the open space and they each open to the park space at the lower level, creating a special entryway to each building and a place where people from each building can mingle with neighbors inside and from outside the project. ROEM proposes to dedicate the park but would take on the maintenance if the City desired.

**Core Companies** proposes a 1.5-acre privately owned Urban Agriculture Open Space (Urban Ag) comprised of a plaza, community building, gardens, orchards, and educational and recreational programming. It will be privately owned by the "Master HOA," which includes all 4 residential developments, and the master developer (Core) will be a member with a controlling interest. This provides the City with assurances that there is "institutional" accountability over the site operations. Ultimately, the residential property owners within the master plan, and in particular Core, hold responsibility and accountability for the space. The residential developments will pay common area maintenance fees which will cover professional maintenance of all common areas, including the Agricultural Open Space, and a basic level of educational & recreational programming. To the extent more outside funds are generated on an ongoing basis by community



interest, these programs can be scaled as needed. The agricultural open space will be enclosed and controlled through a combination of fencing and other design elements. Access by residents and the public will be subject to designated posted hours and scheduled programs. Specific hours are yet to be defined. No parkland dedication to City is proposed.

**USA/Charities/Methodist Foundation partnership** provides a 1.0 acre passive park at the southwest corner of the site, flanked by the two phases of the affordable housing project. It provides some parking in the center of the complex that is shared with guest parking with the apartment buildings. There is a walkway entry from the public sidewalk on the west, making it readily accessible to residents in the new SummerHill homes. The location of the park provides a buffer between the proposed multi-story apartments and the single family homes on Dorcich Street south of the project site.

Effective September 13, 2014, the Santa Clara City Code Chapter 17.35 requires new residential developments to provide adequate park and recreational land and/or pay a fee in-lieu of parkland dedication pursuant to the Quimby Act (Quimby) and/or Mitigation Fee Act (MFA). In addition, the City has an existing Chapter 3.15 Dwelling Unit Tax. The Parks & Recreation Department evaluates project applications for compliance with the code sections and will calculate the parkland dedication requirement, potential credit for eligible private parkland dedicated to active recreational uses and any fees due in lieu of parkland dedication. The final proposal will require further staff review and analysis for compliance with the Ordinance with the next phase of this process.

#### Senior Affordable Financing

All three of the proposals intend to utilize Low Income Housing Tax Credits as a means of financing the senior affordable housing project. There are two forms of tax credits, 9% tax credits and 4% tax credits, which differ with respect to the amount of financing that can be raised as well as the ability to secure the credit allocation. In general terms, the 9% tax credits generate a larger amount of tax credit equity than 4% credits but they are highly competitive and require deeper levels of affordability. 4% tax credits generate less tax credit equity but are not competitive and therefore carry less risk. For the BAREC project in particular, the ability of the project to secure the tax credit financing in timely fashion is critical given the State mandate to begin construction in January 2017. Tax credit financing requires local agency participation in the funding scheme and each proposal addresses the City's contribution in a different way.

From a tax credit financing point of view, the ROEM proposal bares the least risk because ROEM's proposal is based on the non-competitive 4% tax credits. Therefore, ROEM's proposal provides the highest level of certainty that the project will be able to obtain financing and start construction by January 2017. The USA proposal assumes two phases of the senior affordable housing project, with one phase using 4% tax credits and the other using 9% tax credits. This approach provides relative certainty that the first phase of USA's project can meet the January 2017 deadline but leaves some uncertainty regarding the timing of the second phase. Core's financing plan has the most uncertainty because both phases of its affordable project are based on 9% tax credits. Core has indicated that they could pursue 4% tax credits for their first phase project if necessary, but that by doing so the subsidy would increase by \$2 million to \$3 million (see further discussion below under Economics).

Another difference in the affordable housing financing plans relates to affordability. Depth of affordability is measured as a percentage of area median income (AMI). In Santa Clara County, the current AMI for a 2-person household is \$85,000 as per the California Department of Housing



and Community Development. All three of the proposals satisfy the affordability requirements specified in the City's land purchase agreement with the State, however the proposed depth of affordability levels are not equal. The Core and USA proposals have roughly the same affordability levels, averaging 48% and 46% of AMI respectively. The ROEM proposal has a higher average affordability at 59% of AMI. The depth of affordability affects the amount of required subsidy because the deeper levels of affordability have lower rents.

A final issue relating to the economics of the senior affordable housing project is the assumption on prevailing wages because prevailing wages increase the cost of constructing projects to some degree. Both Core and USA assume payment of prevailing wages for the affordable project while ROEM does not. ROEM has indicated that, if prevailing wages is a requirement of the affordable project, the required subsidy would increase by \$1.2 million, from \$6.0 million to \$7.2 million (see further discussion below under Economics). It is noted that none of the developers assume prevailing wages for the market rate components of the project.

### Economics

The economics of the proposals can be broken down into three categories: (1) the offers that the developers are making to the City to purchase the land, (2) the amount of subsidy that is needed for the senior affordable housing project, and (3) the potential amount that the City may have to pay the State for converting a portion of the land from an affordable housing use to a market rate housing use.

- a) *Land Price Offers.* As shown in the attached Table 1, ROEM is offering to pay the City the highest price for the land at \$17.5 million followed by Core at \$15.5 million and USA at \$10.0 million. One of the reasons why ROEM is able to pay the highest amount for the land is that ROEM is proposing to use more acreage for the market rate elements of the project as compared to Core and USA. It is noted that the City has not yet conducted an appraisal for the site but expects to do so in the near term.

It is also noted that the land on which the affordable housing component of the project sits does not support an up-front land payment for any of the proposals, however it is possible that the City's land contribution can be structured as a loan such that the City might receive some repayment of the loan over time. Any possible future payments on such a loan have not been quantified for this analysis, although it is noted that all three of the proposals could be structured with such a loan so the differences in loan repayment among them would not likely be great.

- b) *Affordable Housing Subsidy.* As noted above, the proposals assume that the affordable project will be financed with 9% or 4% Low Income Housing Tax Credits. However, it is typical that tax credit projects require additional local or state subsidies for financial feasibility. ROEM has the lowest subsidy amount at \$6.0 million, noting that a requirement for prevailing wage for ROEM could increase the subsidy by \$1.2 million to be a total of \$7.2 million. The next lowest subsidy is Core at \$15.5 million, noting if 4% tax credits are used by Core the subsidy could increase by \$2-\$3 resulting in a subsidy up to \$18.5 million. The largest subsidy is USA at \$18.2 million. Factors that contribute to this large



range include the tax credits, depth of affordability and the assumption on prevailing wages (as discussed above).

The City has approximately \$5.8 million in matching funds available to subsidize the affordable project if the City desires. The County of Santa Clara also has \$7.9 million in Boomerang Funds which the County may use to match the City's contribution (see attached letter from the County). One consideration for the City is whether to use all or most of the City's Boomerang Funds for the BAREC project or if there are other affordable projects that the City may wish to subsidize with these funds.

- c) *Potential Payment to State.* The land purchase agreement with the State contemplates that the City may compensate the State if the City uses the land for something other than affordable housing. Since each of the three alternatives includes market rate housing on part of the property, it is possible that the City may have to make a payment to the State according to the terms of the purchase agreement. A preliminary calculation has been made that estimates this payment at \$4.3 million for ROEM, \$3.8 million for Core, and \$2.8 million for USA. The reason why these amounts differ is that, as noted previously, the amount of land proposed for market rate elements of the project differs among the proposals. Therefore ROEM, which is proposing the largest amount of land for the market rate elements, has the largest potential payment to the State, while USA (the smallest amount of land) has the smallest potential payment.

## **ADVANTAGES AND DISADVANTAGES OF ISSUE**

The City purchased the BAREC site from the State with an obligation to develop 165 units of affordable senior housing. A contingency of the land purchase was a deadline to commence development by January 5, 2017. Selection of a proposal will both enhance the housing stock for the City's senior population and satisfy the remaining terms of the purchase agreement. There is no disadvantage to selecting a proposal at this time.

## **ECONOMIC/FISCAL IMPACT**

Depending on the final proposal selected, the City's return and financial participation will vary. The Council may select a proposal that would provide a return to the City, thereby providing more residual funding for additional opportunities for other affordable housing projects. Alternatively, the Council could select a proposal with that would require more financial participation that would draw from resources such as the Boomerang Funds allocated for affordable housing projects. In either scenario, the City's General Fund would not be affected by the selection of any of the proposals.

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## RECOMMENDATION

That the Council review the Request for Proposals (RFP) evaluation results for the proposed affordable senior housing project at the former Bay Area Research and Extension Center (BAREC) site located at 90 North Winchester Boulevard and accept the top three proposals based on each project's economics, ability to deliver a development under strict State deadlines, and lowest risk to the City and continue the selection of a developer to the Council meeting of September 29, 2015 for further discussion and final consideration.



Tamera Haas  
Deputy City Manager

APPROVED:



Julio J. Fuentes  
City Manager

### *Documents Related to this Report:*

- 1) Table 1 – Summary of Development Proposals BAREC
- 2) ROEM Conceptual Site Plan
- 3) The Core Companies Conceptual Site Plan
- 4) USA Properties Fund Conceptual Site Plan
- 5) Availability of County of Santa Clara "Boomerang Funds" letter dated September 2, 2015

F: AgendaReports2015/09-22-15 BAREC RFP Evaluation Results

## DISCUSSION

The below Evaluation Criteria outlined in the RFP was used as a guide to review all eight (8) proposals:

### RFP Criteria

- Adherence to the requirements of this Request for Proposals;
- Depth of developer's experience and its relevance to the project described in this Request for Proposals;
- Proposer's ability to provide equity, access to project financing and level of subsidy;
- Proposer's experience, including the experience of staff to be assigned to the project, with engagements of similar scope and complexity;
- Cost to the City;
- Proposer's financial stability and length of time in business;
- Proposer's ability to perform the work within the time specified;
- Proposer's prior record of performance with City of Santa Clara or other public agencies;
- Proposer's ability to provide future records, reports, data and/or services; and
- Proposer's compliance with applicable laws, regulations, policies (including city council policies), guidelines and orders governing prior or existing contracts performed by the contractor.



The BAREC property has a long history in the community and many individuals have expressed their sincere interest to have input into the process for consideration in the development of this property prior to completion of the RFP process. Individuals provided public comments during two previous Council meetings on the development of the BAREC site. In May 2015 the names of developers and partners that submitted proposals were made public and featured in an article about BAREC and its history in the Silicon Valley Business Journal. The RFP process is a competitive process designed to negotiate the best value for the City and during that process some of the information is considered confidential and cannot be released. Care and thought was given to balance the interest of the community and to fairness and integrity to the developers that had proposals under review in this competitive process.

The review was further refined based on the development team's ability to deliver as outlined under the RFP objective to:

- 1) secure financing with high level of certainty;
- 2) timeline to meet State deadline; and
- 3) level of subsidy request from city, willingness to accept risk for gap financing and land purchase price

Key points taken into consideration for each of the top proposals were:

- Land purchase price
- Ability to secure financing: 4% vs. 9% tax credits
- State deadline to commence development: 1-5-2017
- Level of subsidy from city or other sources, i.e. Boomerang Funds
- Depth of affordability
- Elements of project
- Public comments

A summary of the development proposals and the land purchase price offers are included in the attached Table 1.

After reviewing the results of the analysis, economics, subsidy and final interviews, the City determined the top three (3) proposals as follows.

- 1) ROEM
- 2) The Core Companies
- 3) USA/Charities/Methodist Foundation

Table1.  
Summary of Development Proposals  
BAREC

	ROEM	Core	USA / Charities / Methodist Foundation
<b>Development Program</b>			
	<u>Units</u> <u>% Total</u>	<u>Units</u> <u>% Total</u>	<u>Units</u> <u>% Total</u>
Market Rate Rental	155   47%	160   45% <sup>(1)</sup>	125   43%
Market Rate For-Sale	10   3%	34   9%	0   0%
Total Market Rate	165   50%	194   54%	125   43%
Senior Affordable Rental	165   50%	165   46%	167   57%
Total	330   100%	359   100%	292   100%
<b>Open Space</b>			
Park/Open Space Concept	1.15-acre L-shaped "linear" park	1.5-acre professionally managed urban ag	1-acre "internal" park
<b>Senior Affordable Financing</b>			
Financing Plan	4% Tax Credits	9% Tax Credits	4% & 9% Tax Credits
Average Affordability	59% of AMI	48% of AMI	46% of AMI
Prevailing Wages in Construction	Not assumed <sup>(5)</sup>	Assumed <sup>(5)</sup>	Assumed <sup>(5)</sup>
<b>Economics</b>			
Market Rate Land Price Proposal	\$17,500,000	\$15,500,000	\$10,000,000
Affordable Housing Land Proposal	Note <sup>(2)</sup>	Note <sup>(2)</sup>	Note <sup>(2)</sup>
(Less) Affordable Housing Subsidy	<u>(\$6,000,000) <sup>(3)</sup></u>	<u>(\$15,500,000) <sup>(3)</sup></u>	<u>(\$18,216,000) <sup>(3)</sup></u>
Subtotal	\$11,500,000	\$0	(\$8,216,000)
(Less) Potential Payment to State	<u>(\$4,344,000) <sup>(4)</sup></u>	<u>(\$3,876,000) <sup>(4)</sup></u>	<u>(\$2,874,000) <sup>(4)</sup></u>
Net Land Proceeds for City	\$7,156,000*	(\$3,876,000)	(\$11,090,000)
<b>*Prevailing Wage</b>	<u>\$1,200,000</u> \$5,900,000		

<sup>(1)</sup> In Core's proposal, 16 of the 160 units in the market rate building will be Moderate Income (up to 120% of AMI).

<sup>(2)</sup> The affordable housing project does not produce an upfront land payment to the city in any of the proposals. It is possible that the city's contribution would be structured as a loan in all the proposals, in which case it is possible that the city would receive some repayment on the loan through "residual receipts" in the future.

<sup>(3)</sup> The affordable housing subsidy can be provided by land sale proceeds, City Boomerang Funds, County Boomerang Funds, or some combination. If the County commits funds to the project, the amount required by the City would be reduced.

<sup>(4)</sup> Potential payment to State based on the difference in the original land purchase price between what the city paid and what SummerHill paid, multiplied by the market rate land area. It has not been definitively determined that this payment is required.

<sup>(5)</sup> A final issue relating to the economics of the senior affordable housing project is the assumption on prevailing wages because prevailing wages increase the cost of constructing projects to some degree. Both Core and USA assume payment of prevailing wages for the affordable project while ROEM does not. ROEM has indicated that, if prevailing wages is a requirement of the affordable project, the required subsidy would increase by \$1.2 million, from \$6.0 million to \$7.2 million.













AERIAL VIEW FROM THE SOUTHEAST

- |   |   |    |                                 |
|---|---|----|---------------------------------|
| 1 | ORGANIC FARM PLOTS  | 9  | WORKING BARN & EVENT SPACE      |
| 2 | COMMUNITY GARDENS   | 10 | FLOWERING POLLINATOR PROMENADES |
| 3 | CHILDREN'S GARDEN   | 11 | NATIVE EDIBLE PLANT LANDSCAPING |
| 4 |  <i>California Native Garden Foundation</i><br>76 Race Street, San Jose, CA 95126<br>• Landscaping • Horticulture • Consulting | 12 | OUTDOOR KITCHEN                 |
| 5 |   | 13 | FARMERS' MARKET PLAZA           |
| 6 | SERENITY GARDEN   | 14 | ENERGY GENERATION               |
| 7 | RAINWATER GARDEN & WATER TOWER SCULPTURE  | 15 | LANDSCAPED ROOF DECKS           |
| 8 | LANDSCAPED RESIDENTIAL COURTYARD  | 16 | PLAY AREA                       |





- A GARDEN PROGRAM ALONG THE SOUTHERN EDGE IN ORDER TO MINIMIZE IMPACT ON ADJACENT PROPERTIES
- B MAXIMIZE SUN EXPOSURE FOR THE FARM, WITH BUILDINGS CLUSTERED TO THE NORTH AND WEST
- C LANDSCAPED CONNECTION TO THE VETERANS' SERVICES OFFICES
- D THE FARM IS FULLY VISIBLE FROM WINCHESTER BOULEVARD
- E ACTIVE RESIDENTIAL-FARM EDGE
- F LANDSCAPED, LIVEABLE STREET
- G TOWNHOUSES MATCH EXISTING CONTEXT

- H PODIUM COURTYARDS WITH RESIDENT GARDENS AND CONNECTIONS TO THE FARM
- I ACTIVE RESIDENTIAL MEWS WITH UNIT ENTRIES AND STOOPS
- J COMMUNITY CENTER: URBAN AG CENTER, TERMINUS OF RESIDENTIAL MEWS, AND MAIN EAST-WEST CIRCULATION
- K THE LARGEST AND TALLEST BUILDING MASSES ARE NEAR THE INTERSECTION AT WINCHESTER BLVD; WHERE THERE ARE NO SINGLE-FAMILY FRONTAGES, AN ALREADY BUSY 'URBAN' CORNER; AND NEARBY LARGE RETAIL AND PARKING STRUCTURES











## County of Santa Clara

### Office of Supportive Housing

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(408) 793-0550 Main  
(408) 266-0124 Fax



September 2, 2015

Ms. Tamera Haas  
Deputy City Manager  
City of Santa Clara  
1500 Warburton Avenue  
Santa Clara, CA 95050

RE: Availability of County of Santa Clara "Boomerang Funds"

Dear Ms. Haas,

On August 28, 2015, Kathy Robinson from Charities Housing Development Corporation (Charities Housing) contacted me about the potential for using funds from the County of Santa Clara (County) to support a 165-unit affordable Senior Housing Development that is being proposed by Charities Housing and its partner the Santa Clara Methodist Retirement Foundation. The purpose of this letter is to confirm for the City of Santa Clara and for any respondents to your Bay Area Research and Extension Center (BAREC) Request for Proposals (RFP) that the County staff is committed to supporting the development of affordable and supportive housing in the City of Santa Clara as quickly as possible.

This letter confirms the points I shared with Ms. Robinson in conversation and should be conveyed to appropriate city staff, council members, and respondents to the BAREC RFP. This letter should not be construed as the County's endorsement of any particular project.

On December 16, 2014, the Board of Supervisors reserved \$7,974,927 in one-time funds exclusively for the development of affordable housing in the City of Santa Clara. The County received these funds from former Low and Moderate Income Housing Funds of the former City of Santa Clara Redevelopment Agency (aka "Boomerang Funds"). The County's action matched a similar commitment from the City of Santa Clara, which agreed to set aside \$5,826,500 from its General Funds for affordable housing. On December 16, 2014, the Board prioritized support for essential services for its most vulnerable populations and allocated its share of the dedicated funds to extremely low-income (ELI) and special needs populations. Seniors are included in the County's definition of special needs populations.

City and County staff have met to discuss the process for allocating and releasing these funds, but to date no specific projects have been brought forward by the City. City and County staff have

Board of Supervisors: Mike Wasserman, Dave Cortese, Ken Yeager, S. Joseph Simitian, Cindy Chavez  
County Executive: Jeffrey V. Smith

discussed three or four potential project sites, including 90 N. Winchester. The County is currently waiting for the City of Santa Clara to complete its BAREC RFP in order to restart discussions.

In assessing potential projects, the Office of Supportive Housing (OSH) would confirm that a project is aligned with the County's housing priorities. Then, the OSH would ascertain the extent to which projects would:

- Provide County departments/programs "direct access" to units through management of referral processes and waitlists
- Establish partnerships with County-funded service providers to provide on-site, individualized case management and other supportive services
- Target the most vulnerable individuals among the County's special needs populations
- *Implement screening-in criteria in order to reduce housing barriers for vulnerable individuals*
- Be willing to accept tenant-based or project-based subsidies in order to make the units affordable to the County's poorest residents, including seniors earning about 15% of the area median income

We are looking forward to resuming our discussions with the City regarding potential projects. Once projects are identified, the OSH could prepare recommendations for the County Executive or Chief Operating Officer within 14 days. If supported by the County Administration, the OSH could prepare recommendations for the Board of Supervisors' consideration in about 30 - 45 days. At a meeting, the Board of Supervisors could consider an action to allocate the County's reserved "Boomerang Funds" for a specific project or projects in the City of Santa Clara contingent on project financing, entitlements, and the satisfaction of County due diligence and underwriting activities. At a later date, the County's funds would be conveyed to affordable housing developers along with appropriate loan documents.

The County's allocations are contingent on the City Council taking some formal action committing its share of Boomerang Funds or other general funds to affordable housing projects. While the City's funds are set aside for affordable housing, I understand that the City may not necessarily be prioritizing the same populations as the County. Any alignment in priorities would be welcomed.

Sincerely,



Ky Le  
Director, Office of Supportive Housing  
County of Santa Clara

Cc:

Gary Graves, Chief Operating Officer, County of Santa Clara  
James Williams, Deputy County Executive, County of Santa Clara