



**MidPen**  
H O U S I N G

Building Communities. Changing Lives.

April 6, 2012

Suzanne Isé  
Housing Officer  
City of Sunnyvale Housing Division  
456 W. Olive Ave.  
Sunnyvale, CA 94086

RE: Homestead Park – Response to City of Sunnyvale Housing Mitigation Funds RFP

Dear Ms. Isé:

MidPen Housing Corporation is pleased to submit this application requesting \$5,000,000 in Housing Mitigation Funds from the City of Sunnyvale to support the rehabilitation of Homestead Park, located at 1601 Tenaka Place in Sunnyvale, CA.

First constructed in 1973 and then refinanced in 2001, Homestead Park was the first affordable housing development subsidized by the City of Sunnyvale. In order to preserve the property as quality affordable housing for low-income households, the project needs additional capital investment and rehabilitation. The property is need of repairs and upgrades. The proposed renovation will address the exterior and interior wear as a result from old age and active use, while also improving the property's energy efficiency and sustainability. Incorporating sustainable and energy-efficient features will benefit the overall property and individual residents.

In partnership with the City of Sunnyvale, MidPen has been in the process of renovating the 211-unit property. Due to the large size of the property, the rehabilitation has been separated into three phases. This proposed renovation will be the third and last phase, and will encompass repairs and upgrades for the exteriors of 10 buildings as well as interiors of all units in all building and incorporation of efficient "green" practices and features. This proposed renovation will extend the life of the property and better serve the low-income individuals and families that call the property home.

Thank you for your support and partnership thus far in the rehabilitation of Homestead Park. Should you have any questions about this request and application, please contact me by phone at (650) 356-2903 or email at [mfranklin@midpen-housing.org](mailto:mfranklin@midpen-housing.org).

Sincerely,

Matthew O. Franklin  
President



**City of Sunnyvale Request for Proposals**  
***Housing Mitigation Funds***

# **APPLICATION FORM**

## **City of Sunnyvale Request for Proposals**

Housing Mitigation Funds for  
Affordable Housing Projects



**RFP Issued:**

**February 24, 2012**

**Proposals Due:**

**April 6, 2012**



**PART I: APPLICATION FORM**

**PROJECT APPLICANT**

**1. Project Applicant:**

Applicant Name (Organization/Agency): MidPen Housing Corporation

Principal (with Power of Attorney): Matthew O. Franklin

Primary Contact Person: Matthew O. Franklin

Address: 303 Vintage Park Drive, Suite 250, Foster City, CA 94404

Phone No.: (650) 356-2903 Fax No.: (650) 357-9766

E-Mail: mfranklin@midpen-housing.org Federal Tax ID No.: 23-7089977

What is the role of the Applicant in the project? (*check all that apply*):

- Ownership Entity
- Managing Partner or Managing Member
- Sponsoring Organization
- Developer
- Other (describe):

**2. Legal Status of Applicant:**

- General Partnership
- Limited Partnership
- Corporation
- Joint Venture<sup>1</sup>
- Nonprofit Organization
- Other (specify):

**3. Status of Organization:**

- In good standing
- Other (describe):

**4. Name(s) of individual(s)/entities who will be General Partner(s) or Principal Owner(s):**

(you have only 6 lines worth of text in this box)

The Principal Owner of the property and project site is MP Homestead Park Associates, a California Limited Partnership, of which the General Partner is MP Preservation, Inc., a wholly-controlled affiliate of MidPen Housing Corporation.

The developer of the proposed project is MidPen Housing Corporation.

<sup>1</sup> If the Applicant is a Joint Venture, a Joint Venture Agreement is required, clearly describing: the roles and responsibilities of each partner. Explain who is the lead partner, or if the responsibilities are approximately equally split between the partners.

**PROJECT DESCRIPTION**

5. **Project Name:** Homestead Park

**Project Address:** 1601 Tenaka Place, Sunnyvale, CA 94087

**Assessor's Parcel No.:** 323-41-001, 323-41-003, 323-41-005

**Census Tract:** 5083.04

6. **Project Type (check all that apply):**

- Rental
- Family
- Senior
- Ownership
- Special Needs
- Other (describe):
- SRO/Studio Apartments

7. **Project Activity (check all that apply):**

- Acquisition
- Rehabilitation
- Redevelopment
- New Construction
- Expiring Tax Credit/Section 8 Property
- Mixed Income
- Mixed Use
- Other (please specify):

8. **Project Description:**

No. Units: 211

No. Res. Bldgs.: 24

No. Stories: 2-3 stories

Land Area: 8.42 acres

Residential Floor Area: 196,265 sq. ft.

Community Room(s) Located at adj. property

Floor Areas: 199,765 sq. ft.

Other Uses (specify):

Not applicable.

Commercial/Office Uses (specify):

There is a property management office located on-site for on-site staff.

Commercial Floor Area: N/A

Office Floor Area: 1,020 sq. ft. (Property Mgt. Office)

Elevators: N/A

9. **Parking:**

Total Parking Spaces: 283  
 Parking Type: Open asphalt-paved parking  
 Residential Spaces and Ratio: 277  
 Guest Spaces: 0  
 Commercial Spaces and Ratio: 0  
 Office Spaces and Ratio: 0

10. **Number of Housing Units by Income Category:**

Category	Number of Units	Percentage of Units
0% to 30% AMI (Extremely Low-Income)	<u>44</u>	<u>21</u>
31% to 50% AMI (Very Low-Income)	<u>47</u>	<u>22</u>
51% to 80% AMI (Low-Income)	<u>118</u>	<u>56</u>
Unrestricted	<u>2</u>	<u>0.9</u>

11. **Unit Amenities (air conditioning, laundry in unit, balconies, etc.):**

Units at Homestead Park have some of the following amenities in their units: heating systems, dishwashers, washers/dryers (hook ups), gas ranges, refrigerators, and private patios. In addition, studios have gas-fired wall heaters and gas-fired forced air in remaining 1-bedroom to 4-bedroom units.

12. **Number of Unit Types:**

Studio 20  
 1 Bedroom 20  
 2 Bedroom 96  
 3 Bedroom 65                      4 Bedroom: 10

**PROJECT NARRATIVE**

13. **Project Description:**

Provide a brief narrative summary of the proposed project. Please include location, project type (new versus rehab), target population and any unique project characteristics.

The proposed project is the rehab of Homestead Park, located at 1601 Tenaka Place, Sunnyvale. Constructed in 1973 and refinanced in 2001, the property needs repairs. Project will include exterior rehab of 10 bldgs. and interiors of all units. Property serves extremely low to low income households.

14. **Project Design:**

Provide a description of the project's architectural and site plan concepts and how these concepts address the opportunities and limitations of the site and location.

Proposed rehab will retain existing architectural character. Architectural and site plan is well contextualized in the neighborhood. Due to the buildings' age, exteriors of 10 buildings and interiors of all units will be upgraded to increase useful life to current and future residents.

15. **Green Building Features:**

Describe the green building features that will be incorporated into the project.

Green building is a priority for the proposed project and will be incorporated through the following features: dual pane windows, exterior doors, high efficiency toilets, Energy Star bathroom fans, and replacing lawn areas with water wise landscaping materials, permeable landscape, & drip irrigation

16. **On-Site Amenities:**

Describe any on-site amenities, including any project characteristics that address the special needs of the population you intend to serve.

Homestead Park provides the following amenities: 3 tot lot/playground areas, common area laundry room, picnic tables and bench seating, and access to a community room at adjacent MidPen property, Moulton Plaza. These amenities allow all residents to tend to their needs and have recreational space.

17. **Neighborhood/Off-Site Amenities:**

Describe the property location, neighborhood, transportation options, local services and amenities within 1/4-mile and 1/2-mile of the site.

Homestead Park is located in a residential neighborhood, surrounded by multifamily housing properties, townhomes, and single-family homes. The property is conveniently located in close proximity to a wide range of amenities that serves the residents along with the surrounding community. Within 1/4-mile of the site, there are multiple bus stops for the VTA Bus Route 55 that stop frequently and regularly and are located on the east side of the property along Sunnyvale-Saratoga Road, connecting residents to other parts of the City and County. Within 1/2-mile of the site, residents can readily access a Safeway grocery store, CVS Pharmacy, 2 public parks (Serra Park and Ortega Park), shopping center, and 2 public schools (Nimitz Elementary School and Stockmeir School). Outside the 1/2-mile mark of the site, there are additional amenities and services. Residents at Homestead Park have access to amenities and services that would allow them to be meet their day to day needs.

18. **Potential Development Obstacles:**

Are there any known issues or circumstances that may delay or create challenges for the project? If yes, list issues below, including an outline of steps that will be taken and the time frame needed to resolve these issues.

There are no issues or circumstances that may create delays or challenges for the project. MidPen would be ready to start construction quickly. To date, MidPen has completed and/or is in the process of completing exterior renovations of 15 buildings with 9 buildings left for exterior renovations.

**SITE INFORMATION**

19. **Site Control:**

a. Site control at the time of application is required. What is the level of site control currently held by the applicant?

The project site is currently owned by MP Homestead Park Associates, a California Limited Partnership, in which the General Partner is MP Preservation, Inc., a wholly-controlled affiliate of MidPen Housing Corporation.

b. Will site acquisition be a purchase or long-term lease?

Not applicable.

c. What is the purchase price of the land?  
(For proposed leaseholds, indicate the amount of the annual lease payment, the term of the lease, and the basis for determining the annual payment amount).

Not applicable.

e. What is the appraised value of the site? Briefly describe the type of valuation cited.

Per the appraisal report (dated March 30, 2012), the estimated value of the underlying land, as if vacant, is \$6,300,000. The "as is" value estimate of the property is \$27,950,000, using both income capitalization approach and sales comparison approach.



g. Identify problematic site conditions (high noise levels, ingress/egress issues, etc.).

Serving Sunnyvale residents since 1973, Homestead Park is an existing property that is well established and integrated in its surrounding community and does not have problematic site conditions.

h. Is the site in a floodplain? Yes  No  Map used:

If yes, type of floodplain (number of years): Flood Zone X-Shaded, Effective May 18, 2009.

i. Describe adjoining land uses:

West: Residential Property: Multi-family residential properties

East: Residential Property: Multi-family residential properties

North: Residential Property: Two-story garden townhomes

South: Residential Property: Single family homes

21. Zoning:

a. What is the current zoning of the project site? R3/PD

b. Is the proposed project consistent with the existing zoning status of the site?

Yes  No (explain)

Since this project is a proposed rehabilitation of an existing building and will not include construction of additional units, the proposed project is consistent with the existing zoning status of the site.

c. Indicate any discretionary review permits required for the project (Special Development Permit, Design Review Permit, etc.).

Since this is a rehabilitation project and given its scope of work, which does not include changing the buildings' aesthetics or reconfiguration of units, only building permits are needed and no discretionary review permits are required.

d. If rezoning is required, identify the requested zoning district for the project.

Not applicable.

**22. Community Priorities:**

- a. Explain how this project meets the objectives of the housing goals and priorities identified in this RFP and the goals and objectives of the Housing Element of the City's General Plan.

The Homestead Park rehab addresses the preservation of affordable rental housing to extremely low and very low-income households earning 50% or less of AMI. The average AMI of the current households is 32%. The project will upgrade the property to "green" standards.

**PROJECT FUNDING**

**23. Project Budget:**

- a. City Funds Requested: \$ 5,000,000      City Funds Per Assisted Unit: \$ 23,696
- b. Total Project Cost: \$ 5,573,923      Total Cost Per Assisted Unit: \$ 26,416
- c. Other Sources of Permanent Financing (not including private bank loans):

<b>Type of Funding</b>	<b>Amount</b>
<input type="checkbox"/> 9% Low-Income Housing Tax Credits	_____
<input type="checkbox"/> 4% Low-Income Housing Tax Credits	_____
<input type="checkbox"/> CalHFA/Conventional Lender	_____
<input type="checkbox"/> Tax-Exempt Multi-Family Bonds	_____
<input type="checkbox"/> Multi-Family Housing Program (MHP)	_____
<input type="checkbox"/> Affordable Housing Program (AHP)	_____
<input type="checkbox"/> County of Santa Clara, Office of Affordable Housing	_____
<input type="checkbox"/> Santa Clara County Housing Trust	_____
<input checked="" type="checkbox"/> Other:	<u>573,923</u>

- d. How will the requested City funding be used?

The requested City funding will be used for costs to rehabilitate and upgrade the exteriors of 10 buildings and interiors of all units, the last rehab phase of the property. The funding will be utilized in order make necessary repairs and upgrades to extend the life of the property by also incorporating sustainable building features. The proposed rehab will thereby preserve the 55-year affordability of the property and continue to serve low-income residents in the area.

e. Amount of developer fee and percentage of project cost:

Approximately \$277,938, 6% of the project construction cost or 5% of total development cost, will be a developer fee for project management and construction oversight. This fee will cover the cost to manage the bidding, contracting, loan closing, and construction of the proposed rehab at Homestead.

f. Assess the chances of the project securing required funding and steps that will be taken to make the project competitive. What is the self-scored nine percent (9%) tax credit tie breaker score for the project (if applicable)?

Not applicable.

**DEVELOPER EXPERIENCE**

*Developers must have successfully completed a minimum of three affordable housing projects of similar size and complexity as the proposed project to qualify for this RFP.*

24. **Provide a summary of affordable housing experience:**

Years Experience:	41
Number of Projects:	110
Number of Projects in Santa Clara County:	43
Average Size of Projects:	68 units
Number of Units Placed in Service:	5,784

25. **Describe awards given to projects completed in the last 10 years.**

MidPen Housing Corporation has a long-standing history of developing noteworthy developments throughout the Silicon Valley and Bay Area. In the last 10 years, MidPen has received over 20 local and national awards recognizing its ability and dedication to develop beautiful affordable housing for a wide range of communities with varying needs. In 2011 and 2007, MidPen received awards from the County and City of San Mateo for projects, Penn Station and Rotary Floritas respectively, for excellence in and local partnership for sustainability and "green" building. In 2011 and to this date, Main Street Village received the highest score of 218 for any multifamily project in California for Build It Green's GreenPoint-rated system. In addition, MidPen was awarded Gold Nugget Grand Awards for DeVries Place (Milpitas, CA) and Main Street Park (Half Moon Bay, CA), awarding the projects' exceptional concepts in design, planning, and development.

26. Describe three projects completed in the last ten years that are similar to the proposed project and provide photographs of each project:

a. Project 1

Name of Project: The Gateway  
 Location: 1345 Willow Road, Menlo Park, CA 94025  
 Number of Units: 130  
 Type of Development (senior, family, etc.): Family  
 Name of Project Manager: Robert Baca (for rehab)  
 Number of Stories: 1-2 stories  
 Unit Types (studio, 1-bedroom, etc.): Studio, 1-bedroom, 2-bedroom, 3-bedroom  
 Type of Construction: Woodframe  
 Project Amenities: Courtyard, community room, landscaped grounds, playground,   
 Entitlement Date: N/A  
 Occupancy Date: N/A  
 Funding Sources: HUD Green Retrofit Program

b. Project 2

Name of Project: Aster Park  
 Location: 1050 Reed Avenue, Sunnyvale, CA 94086  
 Number of Units: 95  
 Type of Development (senior, family, etc.): Senior and Family  
 Name of Project Manager: Bruce Brackett (for rehab)  
 Number of Stories: 2-3 stories  
 Unit Types (studio, 1-bedroom, etc.): 1-bedroom, 2-bedroom, 3-bedroom, 4-bedroom  
 Type of Construction: Wood frame construction with tile roofs  
 Project Amenities: Courtyard, children's playground, on-site community room with   
 Entitlement Date: N/A  
 Occupancy Date: N/A  
 Funding Sources: HUD 236 & Section 8, City of Sunnyvale, S.H. Cowell Foundation 

# THE GATEWAY

FAMILY HOUSING

Menlo Park, CA

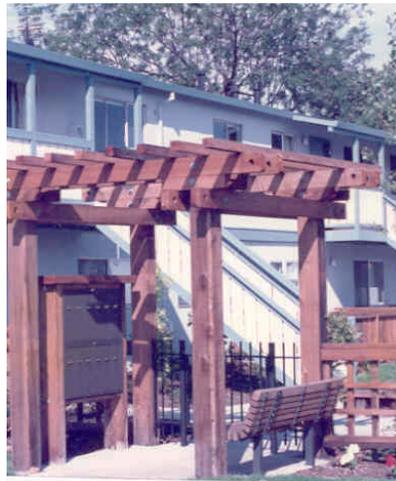


MidPen  
HOUSING



The Gateway was the first affordable housing community for families in Menlo Park. Acquired in 1986 by MidPen Housing, The Gateway underwent an extensive rehabilitation that included new landscaping and remodeling of the apartment units. The result was The Gateway's ability to provide larger families with safe, permanent affordable rental housing and more spacious living areas.

Situated on seven acres, The Gateway offers two-story apartments surrounded by lush greens, handcrafted benches and wooden archways.



Residents enjoy a community room, playground, and onsite laundry facilities. MidPen Resident Services also arranges community activities available to all residents.

<b>Developer</b>	MidPen Housing Corp.																		
<b>Property Management</b>	MidPen Property Management																		
<b>Development Type</b>	1987 acquisition and rehabilitation of two-story garden apartments																		
<b>Construction Type</b>	Wood frame with composition shingle roofs																		
<b>Site Area:</b>	7.05 acres																		
<b>Density:</b>	18.4 units/acre																		
<b>Parking Ratio:</b>	1.96 : 1 255 spaces																		
<b>Development Profile</b>	<table><thead><tr><th>Type</th><th>No.</th><th>Size Units (sf)</th></tr></thead><tbody><tr><td>Studio</td><td>2</td><td>275</td></tr><tr><td>1 BR</td><td>67</td><td>550</td></tr><tr><td>2 BR</td><td>34</td><td>870</td></tr><tr><td>3 BR</td><td>27</td><td>1260</td></tr><tr><td><b>TOTAL</b></td><td><b>130</b></td><td></td></tr></tbody></table>	Type	No.	Size Units (sf)	Studio	2	275	1 BR	67	550	2 BR	34	870	3 BR	27	1260	<b>TOTAL</b>	<b>130</b>	
Type	No.	Size Units (sf)																	
Studio	2	275																	
1 BR	67	550																	
2 BR	34	870																	
3 BR	27	1260																	
<b>TOTAL</b>	<b>130</b>																		
<b>Amenities</b>	Courtyard; community room; landscaped grounds; playground; computer lab																		
<b>Services Offered</b>	Health and wellness programs Social programs Afterschool programs Financial literacy courses Computer training Connection to community resources																		
<b>Resident Profile</b>	Families earning up to 50% of Area Median Income																		
<b>Funders</b>	<ul style="list-style-type: none"><li>• City of Menlo Park Redevelopment Agency</li><li>• County of San Mateo CDBG</li><li>• HUD 221 Section 8</li><li>• CA Department of Housing and Community Development</li><li>• GMAC Commercial Mortgage</li><li>• California Department of Economic Opportunity</li><li>• PG&amp;E</li></ul>																		
<b>Architect</b>	Pyatok Architects																		

**The Gateway** | 1345 Willow Road, Menlo Park, CA 94025

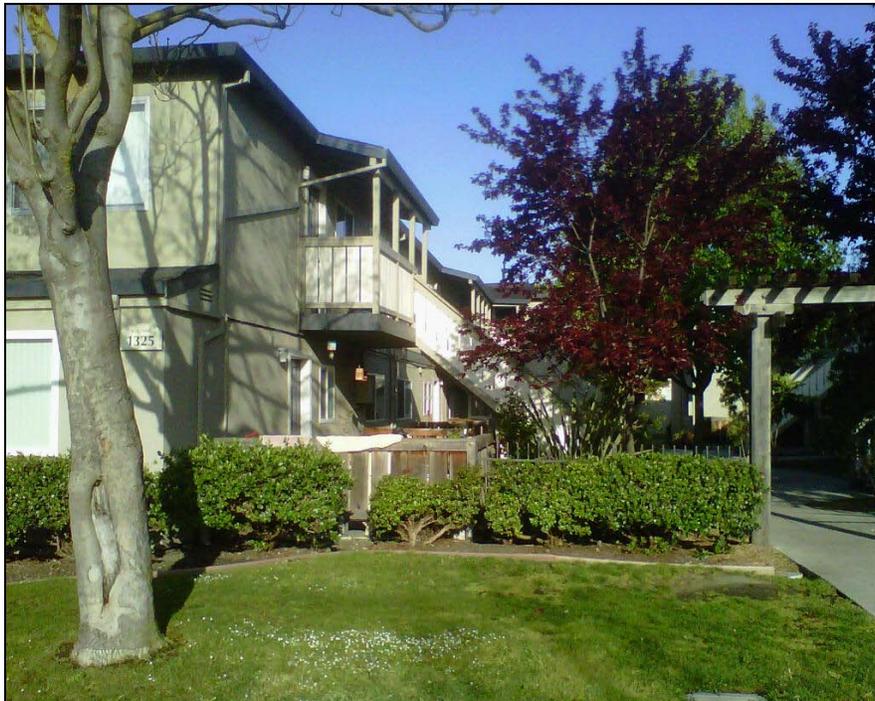
**For more information contact: MidPen Housing**

303 Vintage Park Drive, Suite 250 | Foster City, CA 94404 | Tel: 650.356.2900 | email: [info@midpen-housing.org](mailto:info@midpen-housing.org)

**Application - Question 26**

**The Gateway**

1345 Willow Road, Menlo Park, CA 94025



# ASTER PARK

## FAMILY & SENIOR HOUSING

Sunnyvale, CA



**Aster Park**, completed in 1975, was Sunnyvale's second subsidized housing development for families and seniors. The complex includes 95 townhouses and garden apartments.

Residents of Aster Park enjoy a serene setting with a courtyard, grassy areas and a playground for the children. Senior residents reside in the one-bedroom units grouped together away from the children's play area and closest to transportation and shopping.



All units have fully fenced private patios or decks. In the units with two

or more bedrooms, there are washer and dryer hookups. Residents may also use the common laundry facility. An onsite community room provides space for indoor gatherings and residents may use the computer labs where computer training is also provided.

<b>Developer</b>	MidPen Housing Corp.		
<b>Property Management</b>	MidPen Property Management Corp.		
<b>Development Type</b>	New construction: garden apartments and townhouses		
<b>Construction Type</b>	Wood frame construction with tile roofs		
<b>Site Area:</b>	4.75 acres		
<b>Density:</b>	20 units / acre		
<b>Parking Ratio:</b>	1.6 : 1 – 155 spaces		
<b>Development Profile</b>	<b>Type</b>	<b>No.</b>	<b>Size Units (sf)</b>
	1 BR	12	627
	2 BR	42	803
	3 BR	33	1259
	4 BR	8	1381
	<b>TOTAL</b>	<b>95</b>	
<b>Amenities</b>	Courtyards; playgrounds; community room; computer center		
<b>Services Offered</b>	Social programs Health and wellness programs Computer training Connection to community resources		
<b>Resident Profile</b>	Low-income families and seniors		
<b>Funders</b>	<ul style="list-style-type: none"> <li>• HUD 236 &amp; Section 8</li> <li>• City of Sunnyvale</li> <li>• S.H. Cowell Foundation</li> </ul>		
<b>Architect</b>	HKIT Architects		
<b>Contractor</b>	Dickman Construction		

**Aster Park** | 1050 Reed Avenue, Sunnyvale, CA 94086

**For more information contact: MidPen Housing**

303 Vintage Park Drive, Suite 250 | Foster City, CA 94404 | Tel: 650.356.2900 | email: info@midpen-housing.org

**Application - Question 26**

**Aster Park**

1050 Reed Avenue, Sunnyvale, CA 94086



c. Project 3

Name of Project: Hillsdale Townhouses

Location: 1640 Hillsdale Avenue, San Jose, CA 95124

Number of Units: 48

Type of Development (senior, family, etc.): Family

Name of Project Manager: Joe Kirchofer (for rehab)

Number of Stories: 2

Unit Types (studio, 1-bedroom, etc.): 2-bedroom, 3-bedroom

Type of Construction: Wood frame

Project Amenities: Community room, computer center, fitness center, swimming pool

Entitlement Date: 2/29/2008

Occupancy Date: N/A

Funding Sources: City of San Jose, US Bank, Union Bank of California

27. **Personnel:**

List the names of key members of the applicant's development team, their titles, responsibilities and their years of experience in affordable housing:

Project Staff	Name	Role in Proposed Project	Years of Hsg Devt Experience	Years with this Developer
Project Manager	Robert Baca	Project Manager	4 years	2 years
Director of Real Estate Development	Jan M. Lindenthal	Vice President of Real Estate Development	23 years	3 years
Executive Director	Matthew O. Franklin	President	16 years	4 years
Chief Financial Officer	Deena Soulon	Chief Financial Officer	1.5 years	1.5 years
Other	Lillian Lew-Hailer	Senior Project Manager	9 years	3 years
Other				
Other				

# HILLSDALE TOWNHOUSES

FAMILY HOUSING

San Jose, CA



MidPen  
HOUSING



**Hillside Townhouses** was developed in response to the tremendous need for high-quality, affordable, workforce housing in San Jose. In 2007 MidPen Housing purchased the dilapidated site formerly known as the Hillside House Townhomes, which was operating as a market-rate apartment complex. The complex, however, was in such tremendous need of repairs that the rents were lower than average and many low-income people already lived at the property. MidPen was able to fully upgrade and renovate the complex while keeping rents at levels that existing tenants could still afford and maintaining the sense of community that had developed among residents.



<b>Developer</b>	MidPen Housing Corp.		
<b>Property Management</b>	MidPen Property Management Corp.		
<b>Development Type</b>	2009 acquisition and rehabilitation		
<b>Construction Type</b>	Wood frame, 2-story townhouses		
<b>Site Area:</b>	1.836 acres		
<b>Density:</b>	26 units / acre		
<b>Parking Ratio:</b>	1.6 : 1 – 78 spaces		
<b>Development Profile</b>	<b>Type</b>	<b>No.</b>	<b>Size Units (sf)</b>
	2 BR	33	1092
	3 BR	15	1139
	<b>TOTAL</b>	<b>48</b>	
<b>Amenities</b>	Community room; computer center; fitness center; swimming pool		
<b>Services Offered</b>	Youth, afterschool, and summer programs Financial literacy classes Nutritional and cooking classes Computer training Free wireless internet		
<b>Resident Profile</b>	Families earning up to 30%, 50%, or 60% of the Area Median Income		
<b>Funders</b>	• City of San Jose • US Bank • Union Bank of California		
<b>Architect</b>	LPMD		
<b>Contractor</b>	Midstate Construction		

The Hillside Townhouses property renovation completely transformed and modernized both the interior and exterior of the building which was originally built in 1965. A third bedroom was added to fifteen of the townhomes, adding a small amount of square-footage to each of these units and the former manager's unit was turned into a community room and computer lab to be enjoyed by all residents.

A key focus of the upgrade was energy efficiency. Insulation was added and the original windows were replaced with new, energy efficient windows and ENERGY STAR appliances and light fixtures were placed in each unit. Heating systems were upgraded and cooling systems – both air conditioning and ceiling fans – were added to each unit to enhance the livability of the homes. The renovation of the Hillside Townhouses increased the city's stock of affordable workforce housing in a way that enhances the surrounding area and ensures the livability and affordability for the long-term.

**Hillside Townhouses** | 1640 Hillside Avenue, San Jose, CA 95124

**For more information contact: MidPen Housing**

303 Vintage Park Drive, Suite 250 | Foster City, CA 94404 | Tel: 650.356.2900 | email: [info@midpen-housing.org](mailto:info@midpen-housing.org)

Application - Question 26

**Hillsdale Townhouses**

1640 Hillsdale Avenue, San Jose, CA 95124



28. **Other Team Members:**

Indicate which of the following development team members have been selected and identify them:

Developer, if Different from Applicant MidPen Housing Corporation (same as applicant)  
 Architect(s)/Engineer(s) David Baker & Partners Architects  
 Attorney(s) and/or Tax Professionals Gubb and Barshay  
 Property Management Agent MidPen Property Management Corporation  
 Financial and Other Consultant(s) Community Economics  
 General Contractor TBD  
 Investor Not applicable

29. **List all other participants and affiliates (people, businesses and organizations) proposing to participate in the project:**

Name	Address
MidPen Property Management Corporation	303 Vintage Park Drive, Suite 250, Foster City, CA 94404
MidPen Resident Services Corporation	303 Vintage Park Drive, Suite 250, Foster City, CA 94404

30. **Property Management:**

Describe how the property will be managed, including the number of staff, locations and management office hours.

Homestead Park is managed by MidPen Property Management Corporation. The property has 9 staff members onsite: 1 Community Manager, 2 Assistant Community Managers, 1 Front Desk Admin, 2 On-site Managers, and 3 Maintenance Technicians. The management office is open Monday-Friday from 9am-5pm.

31. **If the project will be managed by a company other than the project applicant, describe the project applicant's role in the ongoing management of the project and resolution of management issues.**

Homestead Park will continue to be managed by an affiliate of the project applicant, called MidPen Property Management Corporation. Once rehabilitation is completed, MidPen Housing Corporation will continue to be actively involved in the ongoing management of the project.

32. **List the names of key property management staff, their titles, responsibilities and their years of experience managing affordable housing:**

Name	Title (e.g., project manager, intake staff)	Job Responsibilities	Years Experience in Affordable Housing
Deborah Westby	V.P. of Prop. Management	Oversees portfolio management	16 years
Evelyn Catalan	Director, Property Operati	Oversees operation of regional por	29 years
Bruce Brackett	Facilities Manager	Responsible for capital projects in	9 years
Alexandra Hernandez	Regional Property Manag	Oversees part of regional portfolio	10 years
Daniel Gutierrez	Sr. Community Manager	Onsite community manager that ov	2 years
Brandon Flannery	Compliance Manager	Oversees regulatory compliance of	7 years

33. **Explain your marketing strategy and tenant selection process, and the establishment and management of waiting lists.**

Due to high demand for affordable housing and rapidly rising rents in Silicon Valley, Homestead Park has been able to maintain almost full occupancy. (Note: Text box will not allow for more content. Please see separate page.)

## Application

### **33. Explain your marketing strategy and tenant selection process, and establishment and management of waiting lists.**

Due to high demand for affordable housing and rapidly rising rents in the Silicon Valley, Homestead Park has been able to maintain occupancy. There are a total of 76 individuals and families who have been added to the waitlist within the past 3 years. However, when there is tenant turnover, MidPen Property Management Corporation follows a particular process to fill the vacancy. First, MidPen Property Management staff members refer to waitlists to determine the next qualified tenant. When there are no longer any qualified tenants on the waitlist, staff members follow the company's affirmative marketing strategy to revamp the property's waiting lists. The affirmative marketing strategy is used for recruitment and designed to assure equal access of all apartments to eligible applicants in all categories protected by federal, state, or local anti-discrimination laws. In an effort to ensure a diversity of tenants, an outreach program is initiated to reach underrepresented clientele.

Ads for vacant units will be advertised online, such as on Craigslist and MidPen Housing's corporate website, and sent to the community organizations. Notices will also be posted at the lobby and front entrance of the existing development.

Advertisements will include the following:

- Equal Housing Opportunity logos and affirmative marketing slogans and statements on all marketing and advertising materials;
- Display of Fair Housing posters in rental offices and locations;
- Notice of nondiscrimination on the basis of disability on all marketing and advertising materials.

The Community Manager, fully familiar with established selection criteria included in the applicable regulatory agreements for the property, is responsible for resident qualifications. Per these regulatory agreements, extensive waitlists are compiled and are first used to select potential tenants in the case of any vacancies in the property. In the case that there are no eligible potential tenants from the waitlist, the marketing strategy is revisited and employed. The Community Manager, under supervision of the Regional Property Manager, is responsible for careful review of all lease conditions, development regulations, and services with new and existing tenants. Typically, orientation to operation of appliances and building systems is the function of the Community Manager coincidental with completion of the move-in condition report with the resident.

**34. Scoring**

Please provide a description of your proposal's attributes for each of the categories below. You have 5 lines of text in each box. You may attach up to one page of additional supporting material for each category. For categories 5 and 6, simply fill out the blanks provided. The category descriptions and maximum points available are provided in the "Scoring Sheet" on page 8 of the RFP.

**Category:**

**1. Organizational Capacity and Relevant Experience**

Please see attached separate page for response.

**2. Project Need**

Please see attached separate page for response.

**3. Project Design and Readiness**

Please see attached separate page for response.

**4. Budget and Financial Management**

Please see attached separate page for response.

**5. Percentage of Matching Funds (Leverage)**

Total Project Cost\* as stated in Project Budget: \$ \_\_\_\_\_  
 \* Include capital costs only, not long-term operating costs  
 Amount of City HM Funds Requested: \_\_\_\_\_  
 Amount of Matching Funds (Project Cost - City HM Funds Requested) = \_\_\_\_\_  
 Percentage of Matching Funds ( Matching Funds / Project Cost) = \_\_\_\_\_

**6. Affordability Level**

Total # of Units in Project: \_\_\_\_\_  
 # units affordable to ELI households  $\frac{44}{_____} = \frac{21}{_____}$  % of total units in Project  
 # units affordable to VLI households  $\frac{47}{_____} = \frac{22}{_____}$  % of total units in Project

Please round all numbers provided to the nearest whole number or percentage (i.e., 15%, not 15.34%).

## **34. Scoring**

### **1. Organizational Capacity and Relevant Experience**

MidPen Housing is one of the largest, most trusted developers and owners of high-quality affordable rental housing in Northern California. MidPen and its affiliates play a leading role in the growth of the affordable housing industry in California, consistently setting new standards for best practices in development, property management, and resident services. Since its formation over 40 years ago, it has developed over 6,900 affordable units in ten counties and has acquired/rehabilitated properties to maintain affordability. Despite uncertain economic and funding environments, MidPen has been successful and committed to engaging with local partners to create thriving communities. More importantly, it has helped it fulfill its mission: to provide safe, affordable housing of high quality to those in need; to establish stability and opportunity in the lives of our residents; and to foster diverse communities that allow people from all ethnic, social and economic backgrounds to live in dignity, harmony, and mutual respect. To fulfill this mission, the development team brings extensive and diversified experience to developing and managing affordable housing; some of whom specialize in acquisition/rehab projects. Alongside the development team, MidPen's Asset Management, Property Management, and Accounting Department have extensive federal grant management experience, managing millions in federal funding from a variety of government programs, such as HUD 202, HOME, CDBG, HUD Green Retrofit Program, Section 8, and ARRA funds. MidPen's solid financial position also allows it to deliver on its mission to develop and maintain quality affordable housing. These assets allow MidPen and affiliates to set aside sufficient operating reserves and provide discretionary working capital for asset management and new development.

MidPen Housing has a long standing collaboration with the City of Sunnyvale to expand affordable housing and strengthen communities. Most recently, MidPen developed a city-funded, new construction senior affordable housing property called Fair Oaks Plaza. Prior to Fair Oaks Plaza, MidPen Housing also developed and/or renovated projects such as Carroll Inn, Moulton Plaza, Homestead Park, and Aster Park with city investments and a wide range of other funding sources. Some of the mentioned projects are rehab projects with similar scope and size to the proposed project for Homestead Park. Aster Park, along with Hillsdale Townhouses and Menlo Gateway, are such projects and demonstrate MidPen Housing's capacity and experience to complete the proposed project.

## 2. Project Need

Homestead Park is a multifamily affordable housing property with 211 units. By preserving its affordability, Homestead Park is providing opportunities for low-income individuals and families within the area to access affordable housing. According to the Silicon Valley/San Jose Business Journal, the average rent in the San Jose-Santa Clara Metropolitan area climbed 11.7 percent to \$1,783 at the end of 2011 compared to \$1,596 at the end of 2010. This was the highest rental increase of any other major metro market in the nation. HUD's 2012 Fair Market Rents for Santa Clara County documented at \$1,350 for one-bedroom, \$1,623 for two-bedrooms, and \$2,334 for three-bedroom units.

At these rental prices, most Sunnyvale housing continues to be out of reach for low-income households. Homestead Park's affordability will target individuals and families who are earning at or less than 80% AMI and primarily, 50% AMI or below, thereby targeting the City's goals and priorities for housing. Currently, the average income for residents at Homestead Park is approximately 32% of AMI, below the county average and HUD's Fair Market Rents. The recapitalization and renovation of Homestead Park will result in affordability preservation while addressing the needs of a particular demographic – low and very low-income families and households.

In addition to the information provided in the City of Sunnyvale Consolidated Plan, there is other information that points to the need for additional affordable housing in the City of Sunnyvale. Collecting data from MidPen Housing properties also in Sunnyvale, it is evident that this housing need is deep and ongoing. Aster Park, a 96-unit multifamily and senior affordable housing property completed in 1975, currently has 479 applicants on the waitlist. Of those applicants, 225 are families and of those families, 145 have been waiting for over 2 years. At Homestead Park, there are a total of 76 individuals and families who have been added to the waitlist within the past 3 years. Most recently, MidPen Housing completed Fair Oaks Plaza, a senior affordable housing property with 124 units. Soon after its opening, Fair Oaks had a waitlist of 1,116 seniors and now has 849 seniors on that waitlist. Although Fair Oaks is a property specifically servicing seniors, the waitlist demonstrate the high demand for affordable housing in the City of Sunnyvale. Collectively, MidPen's waitlist numbers exemplify the persistent need for affordable housing for various demographics, ranging from seniors to families.

MidPen is proposing to add green building features at Homestead Park to increase the property's energy and water efficiency as well as operating cost-savings to the property and residents. In each unit, we will install energy efficient appliances, lighting fixtures, and water saving plumbing fixtures in each unit. In combination of these green building features, we will also include larger fundamental improvements, such as installing new energy efficient windows, roofs, and upgrading the building envelope. Proposed sustainable changes will also be made to the landscaping on the property. Currently, there are a number of grass areas that could be replaced to include less water dependent plants, reducing water usage. In tandem with these changes, a more effective irrigation system would be installed. With these proposed green building features as a part of the scope of work, Homestead Park will become an extremely efficient property using less electricity and water.

For evidence of community and resident support of this proposed project, please find attached letters from current Homestead Park residents.

March 2, 2012

City of Sunnyvale  
456 W. Olive Ave.  
Sunnyvale, CA 94086

---

RE: Letter of Support for Rehabilitation of Homestead Park

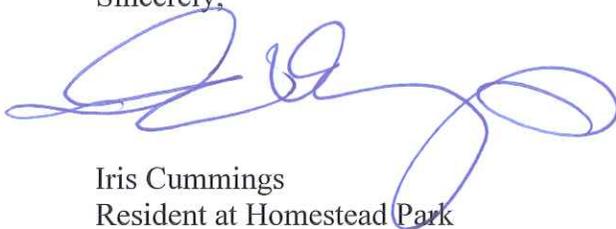
To Whom It May Concern:

As a current resident of Homestead Park and the City of Sunnyvale, I support MidPen Housing's proposed renovation of this property, which will include exterior and interior renovations.

I support this renovation because it would improve the quality, efficiency, and sustainability of Homestead Park. In addition, the renovation would preserve this affordable housing property in an area that needs it. As many may know, Sunnyvale is located in an area with high living costs, which makes it difficult for low-income individuals, families, and seniors to live in such a great city and neighborhood. Affordable housing, such as Homestead Park, provides an opportunity for myself and others to live near our workplaces, schools, markets, and community resources. I hope the City of Sunnyvale continues to support Homestead Park and fund this renovation.

Thank you for your time.

Sincerely,



Iris Cummings  
Resident at Homestead Park



March 2, 2012

City of Sunnyvale  
456 W. Olive Ave.  
Sunnyvale, CA 94086

---

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Thank you for your time.

Sincerely,

*Raisa Berenberg 03-30-2012*

Raisa Berenberg  
Resident at Homestead Park

March 2, 2012

City of Sunnyvale  
456 W. Olive Ave.  
Sunnyvale, CA 94086

---

RE: Letter of Support for Rehabilitation of Homestead Park

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Thank you for your time.

Sincerely,



Sharon Cho  
Resident at Homestead Park

March 2, 2012

City of Sunnyvale  
456 W. Olive Ave.  
Sunnyvale, CA 94086

---

RE: Letter of Support for Rehabilitation of Homestead Park

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As a current resident of Homestead Park and the City of Sunnyvale, I support MidPen Housing's proposed renovation of this property, which will include exterior and interior renovations.

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Thank you for your time.

Sincerely,



Gladys Dennis  
Resident at Homestead Park

### **3. Project Design and Readiness**

Given its scope of work for this proposed rehab at Homestead Park, there is no need for discretionary review permits. The scope of work will encompass exterior renovations of 10 buildings and interior renovations of all units. Building permits will be the only permits needed. Once financing is secured, the project will immediately apply for building permits.

The current design of Homestead Park is compatible and integrated with the neighborhood. Originally constructed in 1973 and then refinanced in 2001, Homestead Park has been standing as a residential property in the neighborhood for decades. As the project is a proposed rehabilitation of an existing property, substantial structural (interior and exterior) changes will not be made. The scope of the rehab will be to repair and update exteriors of 10 buildings (residential buildings A, G, H, I, K, V, X, Y, Z and laundry room) and interiors of all units in the property. Due to this scope, no discretionary review permits will be needed; only building permits will be needed. Once necessary financing is secured, the proposed rehab will move forward and be able to expend funds expeditiously, if awarded.

As this is a proposed rehabilitation of an existing property, all lien-holders and owners with an ownership or security interest in the property have provided approvals to apply for funding and have provided preliminary approvals for the proposed project. CalHFA, a funding source and lien-holder, has provided its approval as can be seen in written correspondence with Chris Penny, Chief of Asset Management. In addition, AEGON USA Realty Advisors, LLC., the investor for Homestead Park, has provided its preliminary approval for the proposed project. CalHFA and the investor are also willing to provide any required written approvals of the proposed rehabilitation project within 90 days of funding award.

Please see attached written correspondence with CalHFA and AEGON regarding approvals.

**Emails from the Limited Partner/Investor (AEGON) and primary lender (CalFHA) have been included in the application. Both stakeholders have reviewed the proposed rehab and can approve the project within 90 days from a funding award. Both AEGON and CalFHA will review the project for their final approval once Homestead has received a funding award. Below is a guide for approvals for both AEGON and CalFHA. These are very standard and achievable for obtaining approval.**

**Limited Partner/Investor- AEGON**

AEGON has reviewed the proposed rehab scope and budget and can provide a written approval within 90 days of a funding approval. Once funds are committed, MidPen will provide AEGON with rehab final scope of work, budget, loan terms of new debt, updated capital analysis, and a new debt and loss (depreciation) schedule. MidPen's development and asset management departments will work closely with AEGON and provide all the necessary information mentioned above to receive a written commitment within 90 days of a funding approval

**Mortgage Lender- CalFHA**

CalFHA will provide a written approval within 90 days of a funding commitment. Once funding has been awarded, CalFHA will need to review the loan documents.

**Project Scoring Sheet - Category 3. Project Design and Readiness**

For rehabilitation-only projects: all lien-holders, owners, and/or agencies with an ownership or security interest in the property have reviewed this proposal, and are willing to provide any required written approvals of the proposed rehabilitation project within 90 days of funding award.

Please see below for correspondence with Marty Magnussen, Asset Manager at AEGON USA Realty Advisors, who is the investor in the Limited Partnership.

**From:** Magnussen, Martin [mmagnussen@aegonusa.com]  
**Sent:** Thursday, April 05, 2012 3:11 PM  
**To:** Peter Villareal  
**Cc:** Klein, Emily; Magnussen, Martin  
**Subject:** RE: Homestead - Application for \$5M City of Sunnyvale Housing Mitigation Funds

Peter,

The analysis and review of items 4 and 5 would be the key drivers in determining AEGON's position of whether to maintain an interest in the investment and approve the transaction as presented or asked to be taken out. The situation is more complex as a result of the credits still flowing for a few additional years.

Thanks,

Marty

---

**From:** Peter Villareal [<mailto:pwillareal@midpen-housing.org>]  
**Sent:** Wednesday, April 04, 2012 4:12 PM  
**To:** Magnussen, Martin  
**Cc:** Robert Baca; Klein, Emily; Michelle Kim; Lillian Lew-Hailer; Alan Tiber  
**Subject:** RE: Homestead - Application for \$5M City of Sunnyvale Housing Mitigation Funds

Marty,

I am resending the attached Sources and Uses schedule for the rehab work proposed at Homestead Park.

Again, please let me know if a 90-day closing date (Sept 2012) from the award date sometime in July 2012 would be feasible for AEGON's approval of the loan docs and approval of the remaining items 4 and 5.

**Peter Villareal | Sr. Asset Manager**  
MidPen Housing Corporation  
303 Vintage Park Drive, Suite 250, Foster City, CA 94404  
(650) 356-2929  
**Error! Filename not specified.**

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**From:** Peter Villareal  
**Sent:** Wednesday, April 04, 2012 12:47 PM  
**To:** Magnussen, Martin  
**Cc:** Robert Baca; Klein, Emily; Michelle Kim; Lillian Lew-Hailer; Alan Tiber  
**Subject:** RE: Homestead - Application for \$5M City of Sunnyvale Housing Mitigation Funds

Marty,

Per your request, enclosed are items 1 through 3.

1. The scope of the work – do you have a preliminary budget to share? **Attached.**
2. A sources and uses statement would be needed – will there be other sources, if so, whom? **Attached.**
3. Would the proposed funding from the City be secured or unsecured? **Secured**
  - a. Terms of repayment (hard or soft debt)? **Soft Debt**

Items 4 and 5 will be finalized as MidPen Housing finds out the actual amount of the award.

Please let me know if a 90-day closing date (Sept 2012) from the award date sometime in July 2012 would be feasible for AEGON's approval of the loan docs and approval of the remaining items 4 and 5.

Thanks for your help,

**Peter Villareal | Sr. Asset Manager**

MidPen Housing Corporation

303 Vintage Park Drive, Suite 250, Foster City, CA 94404

(650) 356-2929

**Error! Filename not specified.**

**Project Scoring Sheet**

**Category 3. Project Design and Readiness**

For rehabilitation-only projects: all lien-holders, owners, and/or agencies with an ownership or security interest in the property have reviewed this proposal, and are willing to provide any required written approvals of the proposed rehabilitation project within 90 days of funding award.

Please see below for approval from CalHFA's Asset Management Chief, Chris Penny.

**From:** Peter Villareal  
**Sent:** Friday, March 30, 2012 2:21 PM  
**To:** Rick Toney  
**Cc:** Robert Baca  
**Subject:** FW: Homestead - Application for \$5M City of Sunnyvale Housing Mitigation Funds

Rick,

We have the green light from CalHFA. I am waiting for investor approval.

**Peter Villareal | Sr. Asset Manager**  
MidPen Housing Corporation  
303 Vintage Park Drive, Suite 250, Foster City, CA 94404  
(650) 356-2929  
**Error! Filename not specified.**

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**From:** Chris Penny [CPenny@CalHFA.ca.gov]  
**Sent:** Friday, March 30, 2012 1:25 PM  
**To:** Peter Villareal  
**Cc:** Stephenie Alstrom; Robert Baca  
**Subject:** RE: Homestead - Application for \$5M City of Sunnyvale Housing Mitigation Funds

Hi Peter,  
Yes, go ahead and apply for the City funds.  
If the funds come in the form of a loan, the Agency will need to review any loan docs.

Chris D. Penny  
Chief, Asset Management  
916-326-8626

This message and any attached documents contain information from the California Housing Finance Agency that may be confidential and/or privileged. If you are not the intended recipient, you may not read, copy, distribute, or use this information. If you have received this transmission in error, please notify the sender immediately by reply e-mail and then delete this message. Thank you."

---

**From:** Peter Villareal [<mailto:pwillareal@midpen-housing.org>]  
**Sent:** Friday, March 30, 2012 11:36 AM  
**To:** Chris Penny  
**Cc:** Stephenie Alstrom; Robert Baca  
**Subject:** FW: Homestead - Application for \$5M City of Sunnyvale Housing Mitigation Funds  
**Importance:** High

Chris,

Stephenie is out of the office today. Please respond with your approval to proceed with applying for \$5 million of Housing Mitigation Funds from the City of Sunnyvale.

Thanks for your help and I look forward to meeting you and your team on April 11<sup>th</sup> in Sacramento.

Peter

---

**From:** Peter Villareal  
**Sent:** Friday, March 30, 2012 11:34 AM  
**To:** Stephenie Alstrom  
**Cc:** 'cpenny@CalHFA.ca.gov'; Robert Baca  
**Subject:** Homestead - Application for \$5M City of Sunnyvale Housing Mitigation Funds  
**Importance:** High

Stephenie,

Homestead Park is a property that is in dire need of rehabilitation for 18 residential buildings that have various stages of dry rot and deferred maintenance that needs to be addressed. Attached is the proposed scope of work for Homestead Park, which is estimated to cost more than \$5 million in needed repairs.

The City of Sunnyvale has an Request For Proposal (RFP) for \$5 million of Housing Mitigation Funds for affordable housing properties located in the City of Sunnyvale.

Please respond with your written approval to apply for the Housing Mitigation funds today, which are desperately needed at Homestead Park. The application deadline is April 6, 2012.

Our Development Team is involved in this rehab project, so the project management will be a lot smoother than the current CDBG funding currently under construction for buildings S,T,U, and P.

Thanks for your help,

**Peter Villareal** | Sr. Asset Manager  
MidPen Housing Corporation  
303 Vintage Park Drive, Suite 250, Foster City, CA 94404  
(650) 356-2929



#### **4. Budget and Financial Management**

MidPen's solid financial position allows it to deliver on its mission to develop and maintain quality affordable housing. MidPen and affiliates have the capacity to set aside sufficient operating reserves and provide discretionary working capital for asset management and new development. Furthermore, MidPen has a strong standing of financial and regulatory compliance for its portfolio and day-to-day operation of the organization. MidPen also has accounting capacity for financial management, which allows it to thoroughly track budgets, liens, insurance, change orders, and sub-contractor contracts.

In order to obtain accurate and realistic cost estimates and thereby create a budget for development and operation of the proposed project, an independent cost estimate was provided by a general contractor. The estimates revealed that the total project cost of this last rehabilitation phase would be approximately \$4,623,302. These costs cover the exterior renovation of 10 buildings (9 residential buildings and the laundry room) and interior of all units. The soft cost in the budget fall in line with the previous phases of rehab and make up 9.8% of the total budget.

**Applicant Certification**

I certify that the information submitted in this application and all supporting materials is true, accurate and complete to the best of my knowledge. I acknowledge that if facts and/or information herein are found to be misrepresented, it shall constitute grounds for disqualification of my proposal.

I further certify that all of the following statements are true, except if I have indicated otherwise on this certification:

- a. I have not sold any of the projects listed on the "10-Year Projects" list;
- b. No mortgage on a project listed on this application has ever been in default, assigned to the government or foreclosed, nor has mortgage relief by the mortgagee been given;
- c. I have not experienced defaults or noncompliance under any contract or regulatory agreement nor issued IRS Form 8823 on any Low-Income Housing Tax Credit (LIHTC) project on the "10-Year Projects" list;
- d. To the best of my knowledge, there are no unresolved findings raised as a result of Agencies' audits, management reviews or other investigations concerning me or my projects for the past ten years;
- e. I have not been suspended, debarred or otherwise restricted by any state agency from participating in the LIHTC program or other affordable housing programs; and
- f. I have not failed to use state funds or LIHTC allocated to me in any state.

Statements above (if any) to which I cannot certify have been deleted by striking through the words with a pen. I have initialed each deletion (if any) and have attached a true and accurate signed statement (if applicable) to explain the facts and circumstances which I think helps to qualify me as a responsible principal for participation in this RFP.

Applicant Name(s)

 4/5/12

Signature/Date

President Matthew O. Franklin

Print Name and Title



## **Homestead Park Scope of Work Summary**

- A. Exterior Renovations of Buildings
  - a. Replace exterior wood siding and trim
  - b. Replace and install new energy-efficient vinyl windows
  - c. Replace all sliding glass doors
  - d. Replace exterior front doors
  - e. Replace roof, gutters, and downspouts (only 1 building)
  - f. Replace patio wood fencing
  - g. Replace trellises
  - h. Replace exterior lighting to improve site security
  - i. Exterior paint
  
- B. Site Work
  - a. New drought-tolerant landscape with drip irrigation
  
- C. Interior Renovations
  - a. Kitchen
    - i. Replace ranges and range hoods
    - ii. Replace kitchen cabinets and counter tops
    - iii. Replace sink and faucet with more efficient and water-saving fixtures
    - iv. Replace kitchen flooring
  - b. Bathroom
    - i. Replace toilets with low-flow toilets
    - ii. Replace sinks and faucets with more efficient and water-saving fixtures
    - iii. Replace bathtub and fixtures with more efficient and water-saving fixtures
    - iv. Replace flooring
    - v. Install new bathroom exhaust fans to improve air quality
  - c. Bedroom
    - i. Replace carpet
  - d. Living Room
    - i. Replace flooring
    - ii. Replace wall heaters
  - e. Electrical
    - i. Electrical upgrades



**CAPITAL NEEDS ASSESSMENT**  
**for**  
**HOMESTEAD PARK APARTMENTS**

1602 - 1657 Kirkland Drive  
523 - 569 La Conner Drive  
1602-1626 Tenaka Place  
1601 - 1637 Sunnyvale / Saratoga Road  
Sunnyvale, CA 94087

**PREPARED FOR**  
Mid-Peninsula Housing Coalition  
303 Vintage Park Drive, Suite 250  
Foster City, CA 94404

**DATE OF SITE VISIT**  
June 23 and July 23, 2010

**PREPARED BY**  
Michael Atallah  
Vice President

---

August 4, 2010



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	-	Attachments

## **1.0 EXECUTIVE SUMMARY**

- 1) **Address:** **Homestead Park Apartments**  
 1602 - 1657 Kirkland Drive  
 523 - 569 La Conner Drive  
 1602-1626 Tenaka Place  
 1601 - 1637 Sunnyvale / Saratoga Road  
 Sunnyvale, California 94087
- 2) **Report Details:** Date of Site Evaluation: June 23 and July 23, 2010  
 Site Visit and Evaluation by: Michael Atallah, Vice President of IPA

3) **Property Description**

Site Improvements	The site is improved with asphalt paved open parking areas, landscaping, concrete walkways, and three tot lot areas.
Site Configuration	The subject property consists of three irregular-shaped parcels, consisting of a total of 8.42 acres.
Built Improvements	The Subject Property consists of twelve two-story townhouse buildings, twelve two- and three-story apartment buildings, one one-story common area laundry room building and one one-story common area maintenance building. The buildings consist of conventional wood-framing.
Rentable Units	211 rentable units, including 20 Studio / One-Bathroom Units, 20 One-Bedroom / One-Bathroom Units, 96 Two-Bedroom / One-Bathroom Units, 65 Three-Bedroom / One- and One-Half Bathroom Units, and 10 Four-Bedroom / Two-Bathroom Units.
Age	The subject property was reported to be built in 1973 and 1974. (36 and 37 Years).

4) **Estimated Costs**

Critical Repairs	\$108,700
Long Term Physical Needs: Uninflated	\$706 per unit per year \$1,786,540 projected
Long Term Physical Needs: Inflated, 2.5%	\$813 per unit per year \$2,058,870 projected

**5) Maintenance:**

Based on information provided by property management, the property was built in 1973 and 1974.

Three full-time maintenance people service the property and are generally only responsible for minor maintenance items. Outside contractors provide pest control, rubbish removal, landscaping, and maintenance of HVAC, roofing, hot water heater, fire suppression and fire alarm systems, and other major repairs, maintenance, inspections and testing.

**During IPA's first site visit to the property was completed on June 23, 2010, tenants were not notified by the property management and we could not gain access to any of the units' interiors. IPA scheduled another site visit on July 23, 2010 and still no tenants were notified by the property management with the pending inspection. IPA gained access to only 15 units consisting of 14 vacant units and 1 occupied unit.**

According to property management, major renovation programs were noted. The renovation programs included:

- Installation of tot lot equipment in 2001.
- Limited repairs of the perimeter wood fencing completed in 2002.
- Replacement of the wood fencing at the site perimeter at Sunnyvale / Saratoga Road was completed in 2010.
- Seal coat and striping of the asphalt pavement in 2010.
- Replacement of the building exterior siding, roofing, exterior stairs, upper-level walkways and windows at 9 buildings in 2001.
- Replacement of the building exterior siding, roofing, exterior stairs, upper-level walkways and windows at 3 buildings in 2007.
- Replacement of asphaltic composition shingle roofing at the remaining buildings in 2006 - 2007.
- Remodel of the kitchens and bathrooms in 2002.

The original piping for the domestic water lines was reported to be galvanized steel. Maintenance personnel reported that plumbing leaks occur frequently, and repairs are made as needed.

Maintenance should ensure that all irrigation spray away from the subject buildings to prevent moisture damage and infiltration.

**6) Life Safety Issues and Code Compliance:** Any hazards and code compliance issues observed by IPA, which require immediate attention, are described in the Critical repairs section of this report.

**7) Conclusions:** The exterior and interior of the property appear in **Good to Average** condition except as noted.

Gas-fired wall heaters are provided at the studio units, and gas-fired forced air units are provided at the one, two, three and four-bedroom units. Gas ranges and refrigerators are provided at each unit. IPA observed that each unit is provided with individual meters for electricity and gas services.

No accessible units were reported at the subject property. Access to buildings, common areas and restrooms appear to comply with ADA guidelines. Provision of the addition of accessible handrails, closed risers and cane detection at the exterior stairs are required at the subject property.

The original piping for the domestic water lines was reported to be galvanized steel. Maintenance personnel reported that plumbing leaks occur frequently, and repairs are made as needed.

IPA provided a visual survey for the mold and moisture penetration problems at the buildings. The survey was limited to visual observations in the areas walked and should not be considered a comprehensive survey of the property. No sampling or destructive testing was conducted. Mold and mildew were observed at the bathroom walls and ceilings and at the under sink areas at the bathroom vanity at 563 La Conner Drive. The borrower should confirm that maintenance staff have mold related training and follow operations and maintenance procedures according to the borrower's specifications.

The property is located in Flood Zone X - Shaded, Areas of 0.2% annual chance flood, areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood. Community panel #06085C0208H, Effective Date: May 18, 2009.

Assuming the present level of maintenance is continued, the property should remain in adequate condition to support its present use and occupancy for at least the next 40 years, unless otherwise noted.

Any hazards and code compliance issues observed by IPA, which require immediate attention, are described in the Critical repairs section of this report.

**TABLE A: TERMS OF REFERENCE**

Project	Homestead Park Apartments		
Address(es)	1602 - 1657 Kirkland Drive, 523 - 569 La Conner Drive, 1602-1626 Tenaka Place, 1601 - 1637 Sunnyvale / Saratoga, CA 94087		
Contact	Ms Denice Caprino	Telephone	(408) 732-2151
Title	Assistant Property Manager		

Age of Property	Family
36 and 37	Y

Term of Loan	Elderly
12	Y

	Elevator	Gard./Walkup	Townhouse	Club/Lease	Laundry	Other	Total
Number of Bldgs, by Type	0	12	12	0	1	1	26

	Studio	1 BR	2 BR	3 BR	4 BR	5 BR	Total
Number of Units	20	20	96	65	10	0	211

Site Configuration	The subject property consists of three irregular-shaped parcels, consisting of a total of 8.42 acres.
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Sampling Expectation	10%
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Observed units: (Total of 15 units) 1602 Tenaka Place - Unit 1D, 1612 Tenaka Place - Unit 1B, 1612 Tenaka Place - Unit 1D, 1617 Tenaka Place - Unit 1D, 1617 Tenaka Place - Unit 2C, 1605 Sunnyvale / Saratoga Road - Unit 1B, 1617 Sunnyvale / Saratoga Road - Unit 2B, 1604 Kirkland Drive, 1608 Kirkland Drive - Unit 2A, 1608 Kirkland Drive - Unit 3C, 1624 Kirkland Drive, 1628 Kirkland Drive, 1650 Kirkland Drive - Unit 1D, 553 La Conner Drive - Unit 2C, 563 La Conner Drive

MARKET ISSUES	Item	Timing
Absolute	None.	
Possible	None.	

**WORK IN PROGRESS**

Item	Quantity	Cost	% Complete	Comments
None.				

**MANAGEMENT REPORTED REPLACEMENTS**

Item	Quantity	Cost	Date Replaced	Comments
Installation of tot lot equipment			2001	
Limited repairs of the perimeter wood fencing			2002	
Replacement of the wood fencing at the site perimeter at Sunnyvale / Saratoga Road			2010	
Seal coat and striping of the asphalt pavement			2010	
Replacement of the building exterior siding, roofing, exterior stairs, upper-level walkways and windows at 9 buildings			2001	
Replacement of the building exterior siding, roofing, exterior stairs, upper-level walkways and windows at 3 buildings			2007	
Replacement of asphaltic composition shingle roofing at the remaining buildings			2006-2007	
Remodel of the kitchens and bathrooms			2002	

## **2.0 OBJECTIVES**

The purpose of our observation and resulting report is to assess the general condition of the buildings and site in accordance with the current standard industry practices and IPA format.

At the property we met with the following individual who provided information, which is partially contained in the report:

Ms. Denice Caprino, Assistant Property Manager, Homestead Park Apartments  
Mr. Ray Thornton, Maintenance Technician, Homestead Park Apartments

### **3.0 PROCEDURES AND LIMITATIONS**

On June 23 and July 23, 2010, Integrated Property Analysis, Inc. (IPA) conducted an on-site evaluation of the property to determine the condition of the various components. During the site visit, IPA did not gain access to all areas, operate any specific equipment or perform any tests. The findings in this report are not based on a comprehensive engineering study as IPA did not remove any construction materials to inspect the underlying structure.

Significant damage may be present at hidden conditions that cannot be discovered without destructive testing which is beyond the scope of this evaluation. The observations and resulting report are, therefore, not intended to warrant or guarantee the performance of any building components or systems.

This report does not confirm the presence or absence of asbestos, PCB'S, or toxic soils on this property.

Documents and data provided by Mid-Peninsula Housing Coalition (the Client), designated representatives of the Client, or interested parties consulted in the preparation of this report have been reviewed with the understanding that consultant assumes no responsibility or liability for their accuracy.

This evaluation is based on the evaluator's judgment of the physical condition of the improvements and estimated expected remaining useful life of those improvements. The actual performance of individual components may vary from a reasonably expected standard and may be affected by circumstances, which occur after the date of evaluation. The evaluation is based solely on visual observations.

Repairs and improvement cost estimates are based on approximate quantities and costs or furnished information that is assumed to be accurate. A detailed survey of quantities for cost estimating is not included. Statements of the estimated costs to repair, replace, or upgrade the improvements are those which IPA considers to be probable for the current local market. Such statements do not constitute a warranty or a representation that all items, which may need repair or attention, are included, nor that the actual cost of performing repairs will not vary from the estimate. Overhead and profit for possible contractor installations are not included.

IPA bears no control over the cost of labor, material, equipment or services furnished by others, over contractor's methods of determining prices, or over competitive bidding and marketing conditions.

No geotechnical reports, construction documents or other related material were available for review. No representation is made as to the status of title, legality of lots or zoning of the project, nor is any representation made as to the advisability or inadvisability of the purchase of, investment in, or financing of the subject.

Although it is assumed that the noted improvements were constructed in compliance with contemporary building codes and standard building practices at the time of construction, and while the property remains adequate for present day use, the survey does not include a detailed review to determine compliance with local Building Department codes, Fire Department requirements, or Planning Department ordinances.

This report does not constitute a structural or pest control inspection. However, if termite damage or other pest control problems were observed, it has been noted in the report.

Due to the limitation of the survey and investigation process, and the necessary use of unverified data furnished by others, IPA cannot assume liability if actual conditions vary from the information contained herein.

This report has been prepared by the staff of IPA for the Client under the professional supervision of the principal and/or senior staff whose seal(s) and signatures appear hereon. No staff member assigned to this investigation has any interest or contemplated interest, financial or otherwise, in the subject or surrounding properties, or in any entity which owns, leases, or occupies the subject or surrounding properties or which may be responsible for issues identified during the course of this investigation, and has no personal bias with respect to the parties involved.

The information contained in this report has received appropriate technical review and approval. The conclusions represent professional judgments and are founded upon the findings of the investigations identified in the report and the interpretation of such data based on experience and expertise according to the existing standard of care.

The investigation was prepared in accordance with the Client's scope of work for the use and benefit of the Client, its successors, and assignees. It is based, in part, upon documents, writings, and information owned, possessed, or secured by the Client. Neither this report, nor any information contained herein shall be used or relied upon for any purpose by any other person or entity without the express written permission of the Client.

The consultant understands that the Client may wish to transfer its interest in this site to others and hereby grants express permission for participating lenders, rating agencies and future holders of the secured interest to rely upon the results of this investigation to the full extent provided under its contractual agreement with the Client.

The consultant hereby acknowledges that this statement of limitations supersedes any other warranty or limitation, either expressed or implied.

## **4.0 EVALUATION TERMINOLOGY**

The Capital Needs Assessment (CNA) is designed to assess the general condition of building and site improvements and make the client aware of conditions which may have an adverse impact upon the functioning systems and finishes of the property.

Terms used in the CNA to describe the condition of observable components and systems are defined below. It should be noted that a term applied to an overall system does not preclude that a part or section of the system or component may be in a different condition:

**Good** Component or system is sound and performing its function. There may be signs of normal wear and tear, and while some minor refurbishment work may be required in the future, these elements are judged to be in better condition than comparable components or systems in similar properties.

**Average** Component or system is sound and performing its function. Although there may be signs of normal wear and tear, and some refurbishment work may be required in the future, for their age these elements are comparable to components or systems in similar properties and are in good working condition.

**Fair** Component or system is performing adequately at this time but exhibits deferred maintenance, evidence of previous repairs, workmanship not in compliance with commonly accepted standards, is obsolete, or is approaching the end of its estimated useful life. Recommended future repair or replacement is noted to prevent further deterioration, restore it to good or average condition, prevent premature failure, or to prolong its useful expected life.

**Poor** Component or system has either failed or cannot be relied upon to continue performing its original function as a result of having exceeded its typical expected useful life, excessive deferred maintenance, or state of disrepair. Present condition could contribute or cause the deterioration of other adjoining elements or systems. Immediate repair or replacement is required.

### **Critical Repairs**

Physical deficiencies that require immediate action as a result of: existing or potential life / safety concerns, building code violations, poor or deteriorated conditions of a critical element or system, or system failure. Repairs are to be completed within 90 days.

### **Recommended Future Repairs**

Physical deficiencies that require immediate action as a result of: observed poor or deteriorated condition of a cosmetic or non-critical element or system. Repairs are to be completed within 12 - 24 months.

### **Replacement**

**Reserve** Items and conditions for which anticipated repair, replacement, or further research procedures should be provided on a priority basis, taking precedence over routine preventive maintenance or tenant turn over procedures during the loan term. Also included are recommendations for in-depth studies, research, exploratory probing, testing or operation of equipment if required.

The following terms are to be used in this CNA to indicate the relative deterioration of the pertinent terms, components or systems:

<b>Cracking:</b>	“Hairline”	Less than 1/32 inch	“Small”	1/32 to 1/8 inch
	“Medium”	1/8 to 1/4 inch	“Severe”	Greater than 1/4 inch

**Corrosion:** *(Usually pertaining to steel framing members or miscellaneous metals)*

“Mild”	Smooth brownish surface.
“Minor”	Abrasive brownish surface.
“Medium”	Rough brownish surface with small flakes.
“Severe”	Loose flaky metal with loss of section

Use of the term “**adequate**” or “**adequacy**” (defined as - enough for what is required, sufficient, suitable, conforms to standard construction practices) is solely IPA’s opinion based on this on-site observation that address items which are significant in our opinion for the continued operation of this facility in its current usage and occupancy and is consistent with comparable properties of similar age. The term “adequate / adequacy” may be used in this CNA to make this opinion of a component, system, capacity, facility, etc. of the pertinent items observed in the CNA.



Gradient	The property appears to be properly graded for drainage. Repairs other than routine maintenance are not anticipated during the term.
Utilities	The property is reportedly serviced by Pacific Gas and Electric for electricity and gas services, and the City of Sunnyvale for water and sanitary services. The units are individually metered for utility services. Repairs other than routine maintenance are not anticipated during the term.
Drainage	Subsurface drainage at the patio areas lead to the city storm sewer system.  Repairs other than routine maintenance are not anticipated during the term.
Parking	283 asphalt-paved open parking spaces, including 7 handicap accessible parking spaces, are provided.  Seal coat and striping of the asphalt pavement in 2010.  <i>Seal coat and striping are anticipated during the term.</i>
Lighting	Site lighting is provided by metal pole-mounted fixtures located throughout the landscaped areas and walkways and by building-mounted fixtures. No problems were observed. Repairs other than routine maintenance are not anticipated during the term.
Landscaping	Mature trees, shrubs, lawns and flowering plants and an automatic irrigation system are located throughout the property. No problems were observed.  <i>Trees were observed to encroach the roof areas throughout the site. Tree trimming is recommended to prevent additional damage.</i>  <i>Tree trimming and landscaping repairs are anticipated during the term.</i>
Fences/Trash	Wood fencing is provided at the perimeter of the subject property.  Concrete masonry trash enclosures with metal gates are located at the parking areas.  Limited repairs of the perimeter wood fencing was completed in 2002. Replacement of the wood fencing at the site perimeter at Sunnyvale / Saratoga Road was completed in 2010.  Replacement of deteriorated or damaged wood fencing elements is anticipated during the term.
Signage	Pole-mounted signage is provided at the entrances to the parking areas and building-mounted address signage. No problems were observed. Repairs other than routine maintenance are not anticipated during the term.
Mail	Building-mounted mailboxes are provided at the apartment buildings. Door-mounted mail slots are provided at the townhouse unit entrances. No problems were observed. Repairs other than routine maintenance are not anticipated during the term.

Tot Lot / Sport Court	Three tot lot areas, with bark ground cover, are provided at the subject property.  Installation of the tot lots was reported to have been completed in 2001.
Pool	None provided.
Retaining Walls	Low concrete retaining walls are provided at limited areas throughout the site.
Other Amenities	Bench seating and picnic tables with a wood canopy cover are provided adjacent to the common area laundry room building.

## 5.2 Building Architecture

The property is developed with twelve two-story townhouse buildings, twelve two- and three-story apartment buildings, one one-story common area laundry room building and one one-story common area maintenance building. There are a total of 211 rental units.

Based on information provided by property management, the property was built in 1973 and 1974.

The total gross building area is reportedly 199,765 square feet; including 196,265 square feet of rentable square feet and 3,500 square feet of common area space. A breakdown of estimated areas in square feet (SF) is provided below.

Building Name	Address	Number of Buildings	Area - SF	Total Area - SF
A, F, T	1611, 1619, 1627, 1635, 1643, 1649 and 1657 Kirkland, 1620 – 1632 Kirkland and 1618 – 1626 Tenaka	3	8,505 SF	25,515 SF
B	1602 – 1606 Kirkland	1	3,645 SF	3,645 SF
C, E, H, J, O, Q, R, W	1608 Kirkland, 1618 Kirkland, 1650 Kirkland, 553 La Conner, 1603 Tenaka, 1617 Tenaka, 1602 Tenaka, 1612 Tenaka	8	10,080 SF	80,640 SF
D	1610 – 1618 Kirkland	1	5,100 SF	5,100 SF
G	1638 – 1648 Kirkland	1	7,530 SF	7,530 SF
I, U	555 -569 La Conner and 1623 – 1637 Sunnyvale/Saratoga	2	9,960 SF	19,920 SF
K	543 – 551 La Conner	1	6,075 SF	6,075 SF
L	523 – 541 La Conner	1	12,150 SF	12,150 SF
P	1605 – 1615 Tenaka	1	7,290 SF	7,290 SF
S	1604 – 1610 Tenaka	1	5,100 SF	5,100 SF
V	1613 – 1617 Sunnyvale/Saratoga	1	7,280 SF	7,280 SF
X	1609 – 1611 Sunnyvale/Saratoga	1	5,240 SF	5,240 SF
Y	1601 – 1605 Sunnyvale/Saratoga	1	6,120 SF	6,120 SF
Z	1619 – 1621 Sunnyvale/Saratoga	1	4,660 SF	4,660 SF
Common Area Laundry Room	N/A	1	1,000 SF	1,000 SF
Common Area Maintenance Room	N/A	1	2,500 SF	2,500 SF
<b>TOTAL</b>		<b>26</b>		<b>199,765 SF</b>

Common building areas include the common area laundry room and storage room at the detached laundry room building, and the common area maintenance room and restroom at the common area maintenance room building.

The buildings are finished with painted plywood siding. The buildings consist of pitched roofing with asphaltic composition shingle roofing.

Each unit has an individual entry accessed via concrete walks or upper-level walkways.

Foundations	Based upon IPA's visual survey, it appears that the foundation systems consist of concrete slab-on-grade construction. IPA did not observe evidence of significant building settlement. Repairs other than routine maintenance are not anticipated during the term.
Framing	All buildings provided at the subject property consist of conventional wood-framed structures. Repairs other than routine maintenance procedures are not anticipated during the term.
Roof Structure	The buildings are wood-framed structures. Repairs other than routine maintenance are not anticipated during the term.
Roof Cover	<p>The buildings consist of pitched roofing with asphaltic composition shingle roofing. Gutters and downspouts are typical.</p> <p><i>Replacement of the roofing at the buildings renovated in 2001 is anticipated during the term.</i></p>
Exteriors	<p>The exteriors at the original buildings consist of plywood siding with wood trim. The exteriors at the renovated buildings consist of hardiplank siding with wood trim. All surfaces are painted.</p> <p><i>Areas of dryrot damage were observed at the building exteriors and wood trim at the original building exteriors. Replacement of the damaged building exteriors and wood trim is recommended to prevent additional damage.</i></p> <p><i>Limited plywood siding repairs and exterior painting are anticipated during the term.</i></p>
Doors	<p>Typical unit entry doors are solid core wood doors in wood frames. Hardware includes round type knobs and dead bolts.</p> <p>The unit entry doors were observed to be in average condition. Repairs other than routine maintenance are not anticipated during the term.</p>
Windows	<p>Single-pane glass sliding and fixed windows in aluminum frames are provided at the original buildings. Double-pane glass sliding and fixed windows in white vinyl sash frames are provided at the renovated buildings.</p> <p><i>Replacement of the unit windows at the original units is anticipated during the term.</i></p>

Stairs	<p>Exterior stairs at the renovated buildings consist of steel framing with pre-cast concrete treads and risers and metal handrails.</p> <p>Exterior stairs at the 1601 – 1603 – 1605 Sunnyvale / Saratoga Road, 1609 – 1611 Sunnyvale / Saratoga Road, 1613 – 1615 – 1617 Sunnyvale / Saratoga Road, and 1619 – 1621 Sunnyvale / Saratoga Road buildings consist of wood-framing with concrete treads and metal railings and wood handrails.</p>
Patios	<p>Concrete-paved patios are provided for the lower-level units. Wood fencing is provided at the patio areas.</p>
Balconies and Upper Level Walks	<p>Upper-level walkways consist of wood framing with plywood and concrete topping. Elastomeric waterproofing is provided at the upper-level walkways.</p> <p>Wood plank upper-level stair landings provide access to the upper-level apartment units.</p> <p>Wood plank balconies are provided at the upper-level apartment units.</p> <p><i>Replacement of the elastomeric waterproofing is anticipated during the term.</i></p>
Common Areas	<p>The common area storage room is provided with carpet flooring. The common area laundry room is provided with vinyl composition tile flooring. The common area maintenance room is provided with sealed concrete flooring.</p> <p>A common area restroom with a sink and toilet are provided at the common area maintenance room. The common area restroom at the maintenance room is provided with sheet vinyl flooring.</p> <p>One common area laundry room is provided at the subject property. The common area laundry room consists of 4 washers and 4 dryers. The machines are owned and maintained by an outside vendor.</p> <p><i>Common areas were observed to be in good condition; replacement of the common area carpet and painting are anticipated during the term.</i></p>
Other Amenities	<p>None provided.</p>

### 5.3 Mechanical and Electrical Systems

Plumbing	<p>The sanitary sewers and drains were appeared to be consists of PVC and cast iron. The sewers gravity flow to connections with the municipal system. Domestic water supply plumbing was reported to be galvanized steel.</p> <p><i>Maintenance personnel reported that plumbing leaks occur frequently, and repairs are made as needed.</i></p> <p><i>Budgets have been provided for water lines replacements throughout the term.</i></p>
Water Heating	<p>One central gas-fired 80-gallon hot water heater is provided for each building. A 40 gallon gas-fired hot water heater is provided at the common area laundry room building.</p> <p><i>Seismic strapping was not observed at the hot water heater at the common area laundry room. Installation of seismic strapping at the water heater is recommended to prevent life safety issues.</i></p> <p><i>Replacement of the water heaters is anticipated during the term.</i></p>
HVAC	<p>Heating is provided by gas-fired wall heaters at the studio units, and gas-fired forced air units at the one, two, three and four-bedroom units.</p> <p>A through wall heater and air conditioner is provided at the maintenance room building.</p> <p><i>Replacement of the wall heaters and the gas fired forced air units is anticipated during the term.</i></p>
Electrical	<p>Each building is provided with 200-ampere, 120/240 1 phase 3 wire service. Units are provided with individual breakers and are metered separately with 30 amps per unit.</p> <p><i>Installation of proper labeling at the electric subpanels is recommended.</i></p>
Security and Safety Systems	<p>Hard-wired smoke detectors are provided in the units. Carbon monoxide detectors are provided in limited units.</p> <p>Fire extinguishers, with current certification, are present at the buildings. Fire hose cabinets and pull-down fire alarms are provided at the apartment buildings.</p> <p><i>Due to the presence of gas-fired wall heaters, installation of carbon monoxide detectors is recommended.</i></p> <p>Repairs other than routine maintenance are not anticipated during the term.</p>
Elevators	None provided.
Fireplaces	None provided.

## 5.4 Dwelling Units

The property is developed with twelve two-story townhouse buildings and twelve two- and three-story apartment buildings. The total gross building area is reported to be 199,765 square feet; including 196,265 square feet of rentable square feet and 3,500 square feet of common area space. There are a total of 211 rental units with the following unit breakdown:

Unit Type	# of Units	Area SF (Approx.)	Total
Studio / One Bathroom Apartment Units	20	510 SF	10,200 Square Feet
One Bedroom / One Bathroom Apartment Units	20	655 SF	13,100 Square Feet
Two Bedroom / One Bathroom Apartment Units	96	840 SF	80,640 Square Feet
Three Bedroom / One and One-Half Bathroom Townhouse Units	65	1,215 SF	78,975 Square Feet
Four Bedroom / Two Bathroom Townhouse Units	10	1,335 SF	13,350 Square Feet
<b>TOTAL</b>	211		196,265 Square Feet

The information regarding the area of the units has been provided by the property management.

Apartment interiors with average to fair quality fixtures and finishes were observed. The unit interiors are in generally good condition.

### Floor Covering

The unit living areas and bedrooms have wall-to-wall carpet. The kitchen and bathrooms are finished with vinyl composition tile or sheet vinyl flooring.

The floor covering is observed to be in average to poor condition.

*Moisture damage was observed at the vinyl flooring at 1628 Tenaka Place and Unit 2A at 1608 Kirkland Drive. Replacement of the moisture damaged vinyl flooring is recommended to prevent additional damage.*

*Replacement of the unit floor coverings is anticipated during the term.*

### Interior Walls

Painted gypsum wallboard with light texture over conventional stud framing is typical for walls and ceilings.

Repairs other than routine maintenance are not anticipated during the term.

### Doors

Typical interior doors consist of hollow core wood in wood frames. Knob-type door hardware is provided.

Interior doors were observed to be in average condition. Replacements other than routine maintenance are not anticipated during the term.

Ceilings	<p>Painted gypsum wallboard with light texture over conventional stud framing is typical for walls and ceilings.</p> <p><i>Mold and mildew were observed at the bathroom walls and ceilings and at the under sink areas at the bathroom vanity at 563 La Conner Drive. Remediation of the mold and mildew and implementation of a Mold and Mildew Operations and Maintenance Program are recommended for the subject property to prevent potential for future mold problems.</i></p> <p>Repairs other than routine maintenance are not anticipated during the term.</p>
Window Coverings	<p>Windows coverings consist of vertical blinds.</p> <p>Repairs other than routine maintenance are not anticipated during the term.</p>
Stairs	<p>Wood-framed stairs with carpet cover are provided at the townhouse units..</p>
Cabinets and Countertops: Kitchen	<p>The apartment units consist of cabinets constructed of particleboard with oak laminate fronts and doors and cold-formed plastic laminate countertops.</p> <p><i>Refurbishment of the cabinets and countertops is anticipated during the term.</i></p>
Bathroom	<p>The apartments units consist of cabinets constructed of particleboard with wood veneer faces and painted hardwood doors and face frames. Countertops were observed to consist of simulated marble with integral sinks.</p> <p><i>Refurbishment of the cabinets and countertops is anticipated during the term.</i></p>
Sinks: Kitchen	<p>All kitchen sinks observed consist of drop-in single or double stainless steel sinks with residential grade plumbing fixtures. All observed sinks appear in good condition. Repairs other than routine maintenance are not anticipated during the term.</p>
Bathroom	<p>Countertops were observed to consist of simulated marble with integral sinks. Repairs other than routine maintenance are not anticipated during the term.</p>
Washer and Dryers	<p>Washer and dryer hookups are provided in the one, two, three and four-bedroom units.</p> <p>Washers and dryers provided in the common area laundry rooms are owned and maintained by an outside vendor.</p>

Appliances

Gas ranges with vented range hoods, refrigerators, garbage disposals, and bathroom ventilation fans. All appliances appear in working condition.

*Replacement of the ranges, hoods and refrigerators is anticipated during the term.*

Tubs, Showers  
and Enclosures

Fiberglass tubs with integral surrounds are provided at the bathrooms. Tubs and showers were noted to be in good to average condition.

**TABLE B1: SYSTEMS & CONDITIONS**

Project Homestead Park Apartments Num. of Units 211 Family Y  
 Address 1602 - 1657 Kirkland Drive, 523 - 569 Num. of Bldgs 26 Elderly Y  
Sunnyvale, CA 94087 Date June 23 and July 23, 2010 Term 12

SITE											
ITEM	ESTIMATED USEFUL LIFE	AGE	CONDITION	EFFECTIVE REMAINING LIFE	DIFF	ACTION	NOW	DM	RESERVE QUANTITY	UNITS	NOTES
Roadways / Parking											
Concrete Paving	25	N/A									
Asphaltic Concrete	25	37	A	12+	Y						Pavement appears in average condition and well maintained.
Seal Coat	5	1	G	5		Replace			169,800	SF	283 asphalt-paved open parking spaces, including 7 handicap accessible parking spaces, are provided. Seal coat and striping of the asphalt pavement in 2010. Repair and reseal two times during the term is anticipated.
Striping	5	1	G	5		Replace			566	Each	Striping of the parking and drive areas two times during the term is anticipated.
Pedestrian Paving / Hardscape - Concrete	30	1-37	A/P	0-10+		Repair/ Replace	Y	N	1	LS	Limited areas of isolated cracking was observed at the concrete walkways throughout the site. Repair of the damaged walkways is recommended to prevent moisture infiltration and additional damage. Repairs of the concrete walkways is anticipated during the term.
Site Water Lines / Main	40	37	A	12+	Y						
Site Sanitary Lines / Main	50+	37	A	12+							No problems observed or reported.
Site Drainage	50+	37	A	12+							
Landscaping	50+	37	A/P	0-10+							
Irrigation System	30	37	G/P	0-12+	N	Repair	Y	N			Irrigation throughout the property was observed to be spraying the buildings and causing damage to the stucco exterior and patio fences. Adjustment to the site irrigation is required.

Swimming Pool / Spa	30	N/A										
Pool Decking	15	N/A										
Filtration Equipment	10	N/A										
Plaster Liner	10	N/A										
Pool Boiler	15	N/A										
Tot Lot	50	9	G	12+	N							Three tot lots with play equipment and bark ground cover are provided at the subject property.
Chain Link Fences	40	N/A										
Wrought Iron (or Steel) Fences	50+	N/A										
Wood Fences	12	1-37	A/P	0-12+	N	Repair / Replace	Y	N	4	LS		Limited repairs of the perimeter wood fencing was completed in 2002. Replacement of the wood fencing at the site perimeter at Sunnyvale / Saratoga Road was completed in 2010. Replacement of deteriorated or damaged wood fencing elements is anticipated during the term.
CMU or Concrete Screen Walls	25	N/A										
Retaining Walls - Concrete	20	37	A	12+	N							Low concrete retaining walls are provided at limited areas throughout the site.
Retaining Walls - Masonry/wood/stone	15	N/A										
Sport Courts	15	N/A										
Trash Enclosures	20	1	A	12+	Y							No problems observed or reported.
Mail Facilities	10	1-37	A	12+	Y							Mailbox units are in good condition.

**TABLE B2: SYSTEMS & CONDITIONS**

Project Homestead Park Apartments Num. of Units 211 Family Y  
 Address 1602 - 1657 Kirkland Drive, 523 - 569 Num. of Bldgs 26 Elderly Y  
Sunnyvale, CA 94087 Date June 23 and July 23, 2010 Term 12

ARCHITECTURAL											
ITEM	ESTIMATED USEFUL LIFE	AGE	CONDITION	EFFECTIVE REMAINING LIFE	DIFF	ACTION	NOW	DM	RESERVE QUANTITY	UNITS	NOTES
Appurtenant Structures											
Carports	40	N/A									
Garages	50+	N/A									No problems observed. Extended service life anticipated.
Parking, Tuck Under or Under Apartments	50+	N/A									
Foundation	50+	37	A	12+							No problems observed. Extended service life anticipated.
Upper Level Floors (structural)	50+	37	A	12+							No problems observed. Extended service life anticipated.
Walls/Roof (structural)	50+	37	A	12+							No problems observed. Extended service life anticipated.
Exterior Walls											
Stucco	20	N/A									
Vinyl Siding, Shiplap Style	30	N/A									
Laminated Board Siding	30	N/A									
Brick Veneer, Masonry, Granite	40	N/A									
Brownstone, Stone Veneer	20	N/A									
HardiPlank Siding	40	3-9	G	12+	Y						The exteriors at the renovated buildings consist of hardiplank siding with wood trim. All surfaces are painted.
											The exteriors at the original buildings consist of plywood siding with wood trim. All surfaces are painted.
											Areas of dryrot damage were observed at the building exteriors and wood trim at the original building exteriors. Replacement of the damaged building exteriors and wood trim is recommended to prevent additional damage.
Wood Shingle, Clapboard, Plywood	20	37	A/P	0-12+	Y	Repair / Replace	Y	N	12	Bldgs	Limited plywood siding repairs and exterior painting are anticipated during the term.
											The exteriors at the original buildings consist of plywood siding with wood trim. All surfaces are painted.
											Areas of dryrot damage were observed at the building exteriors and wood trim at the original building exteriors. Replacement of the damaged building exteriors and wood trim is recommended to prevent additional damage.
Wood Trim	50	37	A/P	0-12+	Y	Repair/ Replace	Y	N	12	Bldgs	Additional replacements are anticipated during the term.
Exterior Walls (paint/finish)	7	3	A	4		Replace	N	N	422	Units	Exterior painting is anticipated during the term.
Doors & Frames	30	37	A	12+	Y						No problems observed or reported.
Windows & Frames	30	3-37	G/F	5-12+	Y	Replace	N	N	91	Units	Single-pane glass sliding and fixed windows in aluminum frames are provided at the original buildings. Double-pane glass sliding and fixed windows in white vinyl sash frames are provided at the renovated buildings. Replacement of the unit windows at the original units is anticipated during the term.

												Exterior stairs at the renovated buildings consist of steel framing with pre-cast concrete treads and risers and metal handrails.
Stairs:	50	3-37	A/P	0-12+	Y	Repair	Y	N				Exterior stairs at the 1601 – 1603 – 1605 Sunnyvale / Saratoga Road, 1609 – 1611 Sunnyvale / Saratoga Road, 1613 – 1615 – 1617 Sunnyvale / Saratoga Road, and 1619 – 1621 Sunnyvale / Saratoga Road buildings consist of wood-framing with concrete treads and metal railings and wood handrails.
Decks/Patios - Concrete	40	37	A	12	Y	Replace	N	N	4	LS		No problems observed. Extended service life anticipated. Replacement of the deteriorated or damaged wood patio fencing is anticipated during the term.
Wood Decks - Elastomeric Waterproofing	7	3	A	4		Replace			12	Bldgs		Apply waterproofing to balconies' decks.
Balconies/Handrails/Guardrails/Walkways	50	3-37	A	4-12+					12	Bldgs		Upper-level walkways consist of wood framing with plywood and concrete topping. Elastomeric waterproofing is provided at the upper-level walkways. Wood plank upper-level stair landings provide access to the upper-level apartment units. Wood plank balconies are provided at the upper-level apartment units. Replacement of the elastomeric waterproofing is anticipated during the term.
Roof Coverings												
Asphaltic Shingle Roofing	20	3-9	A	11-12+		Replace			30450	SF		Replacement of the roofing at the buildings renovated in 2001 is anticipated during the term.
Built Up Roofing - Gravel	20	N/A										
Built Up Roofing - Mineral Surface Cap Sheet	20	N/A										
Concrete Roofing	50	N/A										
Wood Shingle Roofing	20	N/A										
Gutters and Downspouts	25	3-9	A	12+	Y							No problems observed or reported.
Parapets	50+	N/A										
Common Area Lobbies	20	N/A										
Common Area Carpet	7	5	A	2		Replace	N	N	1,000	SF		Anticipate replacement during the term.
Common Area Vinyl	12	4-12	A	10	Y	Replace	N	N	600	SF		Anticipate replacement during the term.
Common Area Ceramic Tile	50+	N/A										
Building Mounted Lighting	6	3-6	A	12+								Routine maintenance item.
Public Restroom												
Accessories	7	4	A	5-10+								Routine maintenance item.
Fixtures	15	4	A	5-10+								Routine maintenance item.
Common Area Washers	10	5+	A	5								Owned and operated by outside vendor.
Common Area Dryers	12	5+	A	7								Owned and operated by outside vendor.

**TABLE B3: SYSTEMS & CONDITIONS**

Project Homestead Park Apartments Num. of Units 211 Family Y  
 Address 1602 - 1657 Kirkland Drive, 523 - 569 Sunnyvale, CA 94087 Num. of Bldgs 26 Elderly Y  
 Date June 23 and July 23, 2010 Term 12

MECHANICAL / ELECTRICAL											
ITEM	ESTIMATED USEFUL LIFE	AGE	CONDITION	EFFECTIVE REMAINING LIFE	DIFF	ACTION	NOW	DM	RESERVE QUANTITY	UNITS	NOTES
Hot and Cold Water Distribution	50	37	G/A	12+	Y	Replace			12	LS	Domestic water supply plumbing was reported to be galvanized steel. Maintenance personnel reported that plumbing leaks occur frequently, and repairs are made as needed. Budgets have been provided for plumbing replacements throughout the term.
Domestic Water Heaters - Central, Gas	15	5-15	A/P	0-12	Y	Repair / Replace	Y	N	26	Each	One central gas-fired 80-gallon hot water heater is provided for each building. A 40-gallon gas-fired hot water heater is provided at the common area laundry room building. Seismic strapping was not observed at the hot water heater at the common area laundry room. Installation of seismic strapping at the water heater is recommended to prevent life safety issues. Replacement of the water heaters is anticipated during the term.
Domestic Water Heaters - Individual, Gas	15	N/A									
Domestic Water Boilers	25	N/A									
Solar Water Heating System	15	N/A									
Storage Tanks 150+ Gallons	12	N/A									
Storage Tanks 120- Gallons	12	N/A									
Sanitary Waste & Vent (Sewer)	50+	37	A	12+	Y						No problems observed or reported.
HVAC											
Electric In-Wall	20	N/A									
Gas Wall Heater	25	37	A	1-12		Replace	N	N	20	Units	Replacement of the gas wall heaters is anticipated during the term.
Unit Level Forced Air, Gas or Electric Heat	20	5-20	A	1-12		Replace	N	N	120	Units	Partial replacement of the gas-fired forced air units is anticipated during the term.
Split System AC Condensers	15	N/A									
Through Wall Heating Units	15	N/A									
Hydronic Baseboards	50	N/A									
Hydronic Plumbing	50	N/A									
Building Power/Wiring	50	37	A	12+							No problems observed or reported.
Switchgear/Metering	50	37	A	12+							No problems observed or reported.
Unit Subpanels	50+	37	A	0-12+	Y	Repair	Y	N			Installation of proper labeling at the electric subpanels is recommended.
Smoke Detectors - Hardwired w/ Battery Backup	12	1-10	A	12+	Y						
Intercoms/Buzzer, Central Panel	15	N/A									
Elevator											
Cab	15	N/A									
Controller / Dispatch	15	N/A									
Machinery	30	N/A									
Shaftways: hydraulic piston, leveling equipment	25	N/A									
Shaftway Doors	20	N/A									
Fire Detection / Heat Sensors/ Central Panel	10	N/A									
Fire Suppression	50+	N/A									

**TABLE B4: SYSTEMS & CONDITIONS**

Project Homestead Park Apartments Num. of Units 211 Family Y  
 Address 1602 - 1657 Kirkland Drive, 523 - 569 Sunnyvale, CA 94087 Num. of Bldgs 26 Elderly Y  
 Date June 23 and July 23, 2010 Term 12

DWELLING UNITS											
ITEM	ESTIMATED USEFUL LIFE	AGE	CONDITION	EFFECTIVE REMAINING LIFE	DIFF	ACTION	NOW	DM	RESERVE QUANTITY	UNITS	NOTES
Window Coverings	12	1-10	A	12							Routine maintenance item.
Flooring											
Carpet	7	1-7	A/F	1-7+		Replace			264	Units	Anticipate replacements during term.
Resilient Flooring (Vinyl Comp Tile)	15	1-15	A/F	1-12		Replace			216	Units	Anticipate replacements during term.
Kitchens and Bathroom Cabinets	20	1-19	A/F	1-12	Y	Replace			211	Units	Kitchens and bathrooms were remodeled in 2002. Anticipate refurbishments during term.
Kitchens and Bathrooms Countertops/Sinks	10	17	A/F	1-12	Y	Replace			211	Units	Kitchens and bathrooms were remodeled in 2002. Anticipate refurbishments during term.
Appliances											
Refrigerator	15	1-15+	A	1-12	Y	Replace			211	Units	Anticipate replacements during term.
Range / Stove	15	1-15+	A	1-12	Y	Replace			211	Units	Anticipate replacements during term.
Hood	15	1-15	A	1-12	Y	Replace			211	Units	Anticipate replacements during term.
Dishwasher	10	N/A									
Disposal	5	1-5		1-10	Y						Routine maintenance item.
Bathroom Improvements											
Toilet	20	15	A	12+	Y						
Tub / Shower & Enclosures	20	1-17	A	1-12	Y	Replace			211	Units	Anticipate refurbishments during term.
Accessories	10	1-10	A	10+	Y						Routine maintenance item.

## **6.0 CRITICAL REPAIRS COSTS**

Critical repairs are described below. Life safety issues are also described (if applicable).

### **6.1 Site Systems**

1. **Concrete Aprons:** Isolated cracking observed at the concrete apron at Parking Lot 6. Repair of the damaged concrete aprons is recommended to prevent moisture infiltration and additional damage.
2. **Concrete Walkways:** Limited areas of isolated cracking was observed at the concrete walkways throughout the site. Repair of the damaged walkways is recommended to prevent moisture infiltration and additional damage.
3. **Irrigation:** Irrigation throughout the property was observed to be spraying the buildings and causing damage to the building exteriors. Adjustment to the site irrigation is recommended to prevent additional damage.

### **Building Architecture**

1. **Building Exteriors:** Areas of dryrot damage were observed at the building exteriors and wood trim at the original building exteriors. Replacement of the damaged building exteriors and wood trim is recommended to prevent additional damage.

### **6.3 Mechanical and Electrical Systems**

1. **Outlet Cover:** A missing outlet cover was observed at 1628 Kirkland Drive. Replacement of the missing outlet cover is recommended to prevent life safety issues.
2. **Water Heaters – Seismic Strapping:** Seismic strapping was not observed at the water heater at the common area laundry room building. Installation of seismic strapping at the water heater at the common area laundry room building is recommended to prevent life safety issues.
3. **Carbon Monoxide Detectors:** Due to the presence of gas-fired wall heaters, installation of carbon monoxide detectors at the studio units is recommended.

### **6.4 Dwelling Units**

1. **Mold and Mildew:** Mold and mildew were observed at the bathroom walls and ceilings and at the under sink areas at the bathroom vanity at 563 La Conner Drive. Remediation of the mold and mildew and implementation of a Mold and Mildew Operations and Maintenance Program is recommended.
2. **Moisture Damage:** Moisture damage was observed at the vinyl flooring at 1628 Tenaka Place and Unit 2A at 1608 Kirkland Drive. Replacement of the moisture damaged vinyl flooring is recommended to prevent additional damage.

## 6.5 Accessibility 504 Improvements

1. **Exterior Stairs – Open Risers:** Open stair risers were observed at the wood-framed exterior stairs at 1601 – 1603 – 1605 Sunnyvale / Saratoga Road, 1609 – 1611 Sunnyvale / Saratoga Road, 1613 – 1615 – 1617 Sunnyvale / Saratoga Road, and 1619 – 1621 Sunnyvale / Saratoga Road buildings.
2. **Exterior Stairs – Handrails:** Non-compliant stair handrails were observed at the exterior stairs at 1601 – 1603 – 1605 Sunnyvale / Saratoga Road, 1609 – 1611 Sunnyvale / Saratoga Road, 1613 – 1615 – 1617 Sunnyvale / Saratoga Road, and 1619 – 1621 Sunnyvale / Saratoga Road buildings. 1. Inner handrails at landings that double back or immediately turn are not continuous. 2. The bottom handrail at the exterior stairs was observed to be non-compliant. The handrail should continue to slope for a distance of the width of one tread from the bottom riser; the remainder of the extensions should be horizontal. 3. Ends of handrails were not rounded or returned smoothly to the wall, floor or post.
3. **Exterior Stairs – Cane Detection:** No cane detection was observed at the exterior stairs. Installation of cane detection is required at the exterior stairs.

**TABLE C: IMMEDIATE PHYSICAL NEEDS**

Project Homestead Park Apartments Num. of Units 211  
 Address 1602 - 1657 Kirkland Drive, 523 - 5 Num. of Bldgs 26  
 Sunnyvale, CA 94087 Date June 23 and July 23, 2010

Item Site	Quantity	Unit	Unit Cost	Total Cost	DM	Comments
Concrete Aprons	1	LS	\$500.00	\$500		Isolated cracking observed at the concrete apron at Parking Lot 6. Repair of the damaged concrete aprons is recommended to prevent moisture infiltration and additional damage.
Concrete Walkways	1	LS	\$1,000.00	\$1,000		Limited areas of isolated cracking was observed at the concrete walkways throughout the site. Repair of the damaged walkways is recommended to prevent moisture infiltration and additional damage.
Irrigation	No Cost		No Cost			Irrigation throughout the property was observed to be spraying the buildings and causing damage to the wood trim. Adjustment to the site irrigation is recommended to prevent additional damage.
<b>Architectural</b>						
Building Exteriors	12	Bldgs	\$2,500.00	\$30,000		Areas of dryrot damage were observed at the building exteriors and wood trim at the original building exteriors. Replacement of the damaged building exteriors and wood trim is recommended to prevent additional damage.
<b>Electrical / Mechanical</b>						
Outlet Cover	1	LS	\$30.00	\$30		A missing outlet cover was observed at 1628 Kirkland Drive. Replacement of the missing outlet cover is recommended to prevent life safety issues.
Water Heater - Seismic Strapping	1	Ea	\$100.00	\$100		Seismic strapping was not observed at the water heater at the common area laundry room building. Installation of seismic strapping at the water heater at the common area laundry room building is recommended to prevent life safety issues.
Electrical Subpanels	211	Ea	\$150.00	\$31,650		Installation of proper labeling at the electric subpanels is recommended.
Carbon Monoxide Detectors	20	Ea	\$100.00	\$2,000		Due to the presence of gas-fired wall heaters, installation of carbon monoxide detectors at the studio units is recommended.
<b>Dwelling Units</b>						
Mold and Mildew	1	LS	\$1,000.00	\$1,000		Mold and mildew were observed at the bathroom walls and ceilings and at the under sink areas at the bathroom vanity at 563 La Conner Drive. Remediation of the mold and mildew and implementation of a Mold and Mildew Operations and Maintenance Program is recommended.
Moisture Damage	2	LS	\$750.00	\$1,500		Moisture damage was observed at the vinyl flooring at 1628 Tenaka Place and Unit 2A at 1608 Kirkland Drive. Replacement of the moisture damaged vinyl flooring is recommended to prevent additional damage.
<b>Accessibility</b>						
Stair Risers	160	EA	\$50.00	\$8,000		Open stair risers were observed at the wood-framed exterior stairs at 1601 – 1603 – 1605 Sunnyvale / Saratoga Road, 1609 – 1611 Sunnyvale / Saratoga Road, 1613 – 1615 – 1617 Sunnyvale / Saratoga Road, and 1619 – 1621 Sunnyvale / Saratoga Road buildings.
Handrails	10	EA	\$2,000.00	\$20,000		Non-compliant stair handrails were observed at the exterior stairs at 1601 – 1603 – 1605 Sunnyvale / Saratoga Road, 1609 – 1611 Sunnyvale / Saratoga Road, 1613 – 1615 – 1617 Sunnyvale / Saratoga Road, and 1619 – 1621 Sunnyvale / Saratoga Road buildings. 1. Inner handrails at landings that double back or immediately turn are not continuous. 2. The bottom handrail at the exterior stairs was observed to be non-compliant. The handrail should continue to slope for a distance of the width of one tread from the bottom riser; the remainder of the extensions should be horizontal. 3. Ends of handrails were not rounded or returned smoothly to the wall, floor or post.
Cane Detection	26	EA	\$500.00	\$13,000		No cane detection was observed at the exterior stairs. Installation of cane detection is required at the exterior stairs.

**TOTAL: \$108,780**

## **7.0 MAINTENANCE**

IPA discussed the maintenance programs with the property management, who indicated the following:

- Three full time maintenance staff members service the property and are generally only responsible for minor maintenance items.
- Outside contractors provide pest control, rubbish removal, landscaping, and maintenance of HVAC, elevator, roofing, boiler, fire suppression and fire alarm systems, and other major repairs, maintenance, inspections and testing.
- Maintenance should ensure that all irrigation spray away from the subject buildings to prevent moisture damage and infiltration.

## **8.0 CODE COMPLIANCE**

The property manager indicated that there have not been any citations regarding code or operating violations on record for this property. The Fire Department conducts yearly inspections of the property and outside vendors provides yearly maintenance of the fire extinguishers on the property.

No obvious code violations were noted during our inspection.

<b>Item</b>	<b>Contact</b>	<b>Comments</b>
Fire Code	City of Sunnyvale Fire Department	No outstanding fire code violations provided on the subject property.
Building Code	City of Sunnyvale Building and Safety Department	No outstanding code violations provided on the subject property.
Flood Zone	Flood Insurance Rate Map – Federal Emergency Management Agency	Flood Zone X - Shaded, Areas of 0.2% annual chance flood, areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood. Community panel #06085C0208H, Effective Date: May 18, 2009.
Zoning	City of Sunnyvale Planning Department	R-3 / PD, Residential Multifamily / Planned Development. The current use appears to be legal conforming.

**TABLE D: PHYSICAL NEEDS OVER THE TERM**

Project Homestead Park Apartments Num. of Units 211 Family Y  
 Address 1602 - 1657 Kirkland Drive, 523 - 569 La Conner Dr Num. of Bldgs 26 Elderly Y  
Sunnyvale, CA 94087 Date June 23 and July 23, 2010 Term 12

Item	Quantity	Unit	Unit Cost	Total Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
<b>Site</b>																
Seal Coat	84,900X2	SF	\$0.20	\$33,960					16,980					16,980		
Striping	283X2	Ea	\$5.00	\$2,830					1,415					1,415		
Concrete Walkway Repairs	1	LS	\$5,000.00	\$5,000										5,000		
Wood Fencing	4	LS	\$5,000.00	\$20,000			5,000			5,000			5,000			5,000
<b>Architectural</b>																
Plywood Siding	12	Bldgs	\$2,500.00	\$30,000					30,000							
Wood Trim	12	Bldgs	\$1,000.00	\$12,000										12,000		
Exterior Painting	211X2	Units	\$450.00	\$189,900			94,950							94,950		
Windows	91	Units	\$1,500.00	\$136,500					136,500							
Roofing	30,450	SF	\$2.00	\$60,900											60,900	
Patio - Wood Fencing	4	LS	\$5,000.00	\$20,000			5,000			5,000			5,000			5,000
Upper-Level Deck Waterproofing	8X2	Bldgs	\$1,000.00	\$16,000					8,000							8,000
Common Area Painting	7,000	SF	\$1.00	\$7,000		3,500							3,500			
Common Area Carpet	1,000	SF	\$2.00	\$2,000		1,000							1,000			
Common Area Vinyl	600	SF	\$2.00	\$1,200										1,200		
<b>Electrical / Mechanical</b>																
Galvanized Steel - Plumbing Repairs	12	LS	\$10,000.00	\$120,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Central Water Heater - 80 Gallon	26	Each	\$2,500.00	\$65,000	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417
Gas Wall Heaters	20	Each	\$750.00	\$15,000	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Gas Fired Forced Air Units	120	Each	\$1,250.00	\$150,000	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
<b>Dwelling Units</b>																
Carpet	264	Units	\$1,000.00	\$264,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Vinyl Flooring	216	Units	\$450.00	\$97,200	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100
Kitchen and Bathroom Cabinets - Refurbish	211	Units	\$750.00	\$158,250	13,188	13,188	13,188	13,188	13,188	13,188	13,188	13,188	13,188	13,188	13,188	13,188
Kitchens and Bathrooms Countertops/Sinks	211	Units	\$300.00	\$63,300	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275	5,275
Tub/Shower Enclosures	211	Units	\$450.00	\$94,950	7,913	7,913	7,913	7,913	7,913	7,913	7,913	7,913	7,913	7,913	7,913	7,913
Refrigerator	211	Units	\$450.00	\$94,950	7,913	7,913	7,913	7,913	7,913	7,913	7,913	7,913	7,913	7,913	7,913	7,913
Range / Stove	211	Units	\$450.00	\$94,950	7,913	7,913	7,913	7,913	7,913	7,913	7,913	7,913	7,913	7,913	7,913	7,913
Range Hood	211	Units	\$150.00	\$31,650	2,638	2,638	2,638	2,638	2,638	2,638	2,638	2,638	2,638	2,638	2,638	2,638

Total	\$1,786,540	\$104,104	\$108,604	\$209,054	\$104,104	\$296,999	\$114,104	\$104,104	\$104,104	\$118,604	\$235,649	\$165,004	\$122,104
Annual Inflation Factor @ 2.5%		100.00%	102.50%	105.06%	107.69%	110.38%	113.14%	115.97%	118.87%	121.84%	124.89%	128.01%	131.21%
Total, Inflated all pages		104,104	111,319	219,638	112,109	327,832	129,098	120,729	123,747	144,508	294,294	211,219	160,211
Cumulative Total		104,104	215,423	435,061	547,170	875,001	1,004,100	1,124,829	1,248,576	1,393,083	1,687,377	1,898,596	2,058,807

Average Annual Cost Per Unit Uninflated	\$706
Average Annual Cost Per Unit Inflated	\$813

## **9.0 ADA COMPLIANCE**

Title III of the ADA prohibits discrimination on the basis of disability by private entities in places of public accommodation and requires that places of public accommodation and commercial facilities be designed, constructed and/or altered so as to be readily accessible to and usable to persons with disabilities.

Portions of the property may be subject to the ADA compliance in accordance with Appendix A to Part 36 - standards for accessible design included in the American Disabilities Act, Public Law 101-336, Title III Part Department of Justice, 28 CFR Part 36, nondiscrimination on the basis of disability by public accommodations and in commercial facilities; final rule, as published on the Federal Register, Dated July 26, 1991.

The ADA requires a place of public accommodation to remove architectural and communication barriers that are structural in nature in existing facilities, where such removal is readily achievable. Readily achievable is defined as easily accomplishable and able to be carried out without much difficulty or expense. Readily achievable is determined on an individual basis. No numerical formula or threshold of any kind has been set by the Justice Department. Items that are currently not readily achievable may become so in the future. No periodic assessment or self-assessment is required by the ADA. However, the Justice Department urges public accommodations to establish procedures for ongoing assessment of their compliance with the barrier removal requirements.

Title III of ADA divides covered buildings and facilities into two (2) categories; public accommodation and commercial facilities. The subject property is classified as a public accommodation facility. In office buildings, the tenants under the lease are usually responsible for compliance within their individual space. In commercial facilities, ADA compliance is not required unless major repairs are made to the building.

The Owner of the Subject property is responsible for deciding what building modifications for compliance are "readily achievable" based on financial constraints through consultation with legal and financial advisors. IPA recommends that any specific questions about compliance with ADA should be directed to an attorney.

No accessible units were reported at the subject property. Access to buildings, common areas and restrooms appear to comply with ADA guidelines.

Open stair risers were observed at the wood-framed exterior stairs at 1601 – 1603 – 1605 Sunnyvale / Saratoga Road, 1609 – 1611 Sunnyvale / Saratoga Road, 1613 – 1615 – 1617 Sunnyvale / Saratoga Road, and 1619 – 1621 Sunnyvale / Saratoga Road buildings.

Non-compliant stair handrails were observed at the exterior stairs at 1601 – 1603 – 1605 Sunnyvale Saratoga Road, 1609 – 1611 Sunnyvale / Saratoga Road, 1613 – 1615 – 1617 Sunnyvale / Saratoga Road, and 1619 – 1621 Sunnyvale / Saratoga Road buildings. 1. Inner handrails at landings that double back or immediately turn are not continuous. 2. The bottom handrail at the exterior stairs was observed to be non-compliant. The handrail should continue to slope for a distance of the width of one tread from the bottom riser; the remainder of the extensions should be horizontal. 3. Ends of handrails were not rounded or returned smoothly to the wall, floor or post.

No cane detection was observed at the exterior stairs. Installation of cane detection is required at the exterior stairs.

Section 6.5 of this report describes recommended remedial work and conceptual budgets for such work.

## **10.0 CONCLUSIONS**

The exterior and interior of the property appear in **Good to Average** condition except as noted.

Gas-fired wall heaters are provided at the studio units, and gas-fired forced air units are provided at the one, two, three and four-bedroom units. Gas ranges and refrigerators are provided at each unit. IPA observed that each unit is provided with individual meters for electricity and gas services.

No accessible units were reported at the subject property. Access to buildings, common areas and restrooms appear to comply with ADA guidelines. Provision of the addition of accessible handrails, closed risers and cane detection at the exteriors stairs are is required at the subject property.

The original piping for the domestic water lines was reported to be galvanized steel. Maintenance personnel reported that plumbing leaks occur frequently, and repairs are made as needed.

IPA provided a visual survey for the mold and moisture penetration problems at the buildings. The survey was limited to visual observations in the areas walked and should not be considered a comprehensive survey of the property. No sampling or destructive testing was conducted. Mold and mildew were observed at the bathroom walls and ceilings and at the under sink areas at the bathroom vanity at 563 La Conner Drive. The borrower should confirm that maintenance staff have mold related training and follow operations and maintenance procedures according to the borrower's specifications.

The property is located in Flood Zone X - Shaded, Areas of 0.2% annual chance flood, areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood. Community panel #06085C0208H, Effective Date: May 18, 2009.

Assuming the present level of maintenance is continued, the property should remain in adequate condition to support its present use and occupancy for at least the next 40 years, unless otherwise noted.

Any hazards and code compliance issues observed by IPA, which require immediate attention, are described in the Critical repairs section of this report.





# SEGUE CONSTRUCTION, INC.

## Homestead Park Rehab Budget 4/5/12

DEMOLITION	\$60,000
LANDSCAPE/IRRIGATION	\$70,000
FENCING	\$51,500
ROUGH CARPENTRY	\$180,000
FINISH CARPENTRY	\$460,000
ROOFING - (1) BUILDING	\$45,000
WATERPROOFING	\$65,000
FIBERGLASS INSULATED DOOR(ENTRY)	\$58,662
VINYL WINDOWS	\$150,000
VINYL SLIDING GLASS DOORS	\$60,000
FINISH HARDWARE	\$15,000
INTERIOR DOORS	\$67,800
EXTERIOR PAINT	\$120,000
INTERIOR PAINT - TOUCHUP	\$24,415
INTERIOR FLOORING - LINOLEUM	\$181,970
INTERIOR FLOORING - CARPET	\$118,550
KITCHEN CABINETS	\$720,500
BATHROOM VANITY	\$88,950
COUNTERTOPS - KITCHEN & BATHROOM	\$140,900
PLUMBING FIXTURES - TOILETS	\$209,800
PLUMBING FIXTURES - SHOWER TUBS	\$476,400
WALL FURNACES	\$151,100
BATHROOM FANS	\$58,300
ELECTRICAL UPGRADES	\$290,000
APARTMENT LIGHT FIXTURES	\$147,000
<b>SUBTOTAL:</b>	<b>\$4,010,847</b>
GENERAL CONDITIONS	\$280,759
BOND	\$40,108
INSURANCE	\$34,092
FEE	\$257,496
<b>TOTAL</b>	<b>\$4,623,302</b>



## Unit Configuration/ Information

The property is developed with twelve two-story townhouse buildings and twelve two- and three-story apartment buildings. The total gross building area is reported to be 199,765 square feet; including 196,265 square feet of rentable square feet and 3,500 square feet of common area space. There are a total of 211 rental units with the following unit breakdown:

Unit Type	# of Units	Area SF (Approx.)	Total
Studio / One Bathroom Apartment Units	20	510 SF	10,200 Square Feet
One Bedroom / One Bathroom Apartment Units	20	655 SF	13,100 Square Feet
Two Bedroom / One Bathroom Apartment Units	96	840 SF	80,640 Square Feet
Three Bedroom / One and One-Half Bathroom Townhouse Units	65	1,215 SF	78,975 Square Feet
Four Bedroom / Two Bathroom Townhouse Units	10	1,335 SF	13,350 Square Feet
<b>TOTAL</b>	<b>211</b>		<b>196,265 Square Feet</b>

- Floor Covering: The unit living areas and bedrooms have wall-to-wall carpet. The kitchen and bathrooms are finished with vinyl composition tile or sheet vinyl flooring.
- Interior Walls: Painted gypsum wallboard with light texture over conventional stud framing is typical for walls and ceilings.
- Doors: Typical interior doors consist of hollow core wood in wood frames. Knob-type door hardware is provided.
- Ceilings: Painted gypsum wallboard with light texture over conventional stud framing is typical for walls and ceilings.
- Window Coverings: Windows coverings consist of vertical blinds.
- Stairs: Wood-framed stairs with carpet cover are provided at the townhouse units.
- Kitchen Cabinets and Countertops: The apartment units consist of cabinets constructed of particleboard with oak laminate fronts and doors and cold-formed plastic laminate countertops.

- Bathroom: The apartments units consist of cabinets constructed of particleboard with wood veneer faces and painted hardwood doors and face frames. Countertops were observed to consist of simulated marble with integral sinks.
- Sinks Kitchen: All kitchen sinks observed consist of drop-in single or double stainless steel sinks with residential grade plumbing fixtures.
- Bathroom: Countertops were observed to consist of simulated marble with integral sinks. Washer and Dryers: Washer and dryer hookups are provided in the one, two, three and four-bedroom units.
- Appliances: Gas ranges with vented range hoods, refrigerators, garbage disposals, and bathroom ventilation fans. All appliances appear in working condition.
- Tubs, Showers and Enclosures: Fiberglass tubs with integral surrounds are provided at the bathrooms.

# Memo

To: Suzanne Ise, Housing Officer  
From: Lillian Lew-Hailer, Senior Project Manager  
Date: 04.19.2012  
RE: Homestead Park Rehabilitation Application for Housing Mitigation Funds

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Please find below responses to your follow up questions to the Homestead Park Rehabilitation Application for Housing Mitigations Funds.

**Question: Please explain Aegon's role, and their ability to review and approve a loan closure within 90 days.**

Aegon is the tax credit investor in Homestead Park. They will remain in the deal until 2017, at which point they will have received the tax credits and losses required in return for their investment. At that time, MidPen and Aegon will identify and negotiate the best exit strategy for Aegon. As the investor, Aegon has the right to review new debt.

Aegon requested five pieces of information related to reviewing the proposed Housing Mitigation Funds debt:

1. Rehab Scope of Work
2. Development Budget
3. City Loan Security Requirement (secured or unsecured)
4. Updated Capital Analysis
5. New Debt and Loss (Depreciation) Schedule.

MidPen has provided the first three requested items to Aegon's satisfaction. Items four and five will be satisfied with updated financial projections based on the final funding award. Aegon has confirmed that they can review these projections quickly, as they have in numerous other deals. The approval of additional debt is a routine occurrence on affordable housing deals with tax credits. MidPen has secured many similar approvals and Aegon is supportive of the rehab scope and prepared to close within 90 days.

**Question: What is the source of funds for the matching funds shown in the application? Are there additional matching funds available?**

Property reserves will fund the \$573,000 match shown in the application.

We understand that the City desires a 25% match, and we are currently working towards this goal. Although not yet committed, we have identified and are currently seeking two additional sources: CSI Thermal and Federal Home Loan Bank AHP (AHP).

CSI Thermal funding would fund the direct cost of the addition of solar thermal systems, which would reduce the energy use and cost of Homestead's hot water and laundry use. Solar thermal would be additional scope, resulting in a net add to the budget that would be offset by the CSI funding (shown in the Sources and Uses below). Dependent on the selected solar thermal systems, this source could provide up to \$500,000 of additional funding.

We anticipate applying to the Federal Home Loan Bank's AHP program in the next competitive round in October 2012. AHP could provide up to \$1,000,000 in funding. Half of this funding (\$500,000) would cover the direct cost of adding photovoltaic panels to reduce the overall energy consumption and lower property operating expenses. If secured, \$267,962 of this funding would be used to cover the indirect cost of the solar thermal and photovoltaic systems, such as contingency (to meet the City's 10% requirement), additional construction management work, and additional insurance requirements. The remainder of the AHP funds (\$232,038) would be used to reduce the funding request to the City, as shown in the Sources and Uses below.

<b>Homestead Development Budget</b>		
<b>Hard Cost</b>		
General Conditions		\$280,759
Site Work		\$181,500
Rough & Finished Carpentry		\$640,000
Thermal & Moisture		\$110,000
Doors & Windows		\$351,462
Finishes		\$444,935
Furnishings		\$950,350
Mechanical & Plumbing		\$895,600
Electrical		\$1,437,000
General Contractor Profit & Overhead		\$414,397
<b>Subtotal</b>		<b>\$5,706,003</b>
Hard Cost Contingency (10%)		\$501,085
<b>TOTAL HARD COST</b>		<b>\$6,207,088</b>
<b>Soft Cost</b>		
Design		\$10,000
Construction/Project Management		\$342,360
Builder's Risk		\$85,590
Permits		\$100,000
Legals- Owner's Cost		\$5,000
Title & Closing		\$5,000
Land Appraisal		\$9,000
Resident Expenses		\$50,000
Soft Cost Contingency (5%)		\$27,848
<b>TOTAL SOFT COST</b>		<b>\$634,798</b>
<b>TOTAL PROJECT COST</b>		<b>\$6,841,885</b>
<b>Homestead Development Budget SOURCES</b>		
SOURCES		
City of Sunnyvale Housing Mitigation Funds		\$4,767,962
AHP- Affordable Housing Program		\$1,000,000
CA Solar Initiative-Thermal		\$500,000
Homestead Property Replacement Reserves		\$573,923
<b>TOTAL SOURCES</b>		<b>\$6,841,885</b>