

**September 9, 2008**

SUBJECT: Approval of Budget Modification No. 6 to Appropriate \$20,000 from the City Housing Mitigation Sub-Fund Reserve to Support Housing Predevelopment Activities for FY 2008/2009.

REPORT IN BRIEF

Approval of Budget Modification No. 6 is requested to appropriate \$20,000 from the Housing Fund/Housing Mitigation Sub-Fund Reserve to support pre-development activities for new housing developments for Fiscal Year 2008/2009. These funds would support the costs of professional services and appraisal costs for pre-development for affordable housing, including an appraisal of the City-owned parcels at 1240 Fair Oaks, at the Route 237 intersection.

BACKGROUND

Over the past several years, Housing staff has reviewed the feasibility of affordable housing development at the 1240 Fair Oaks site. An ownership scenario has been considered. More recently, at closed session of the City Council on July 22, 2008, City Council directed staff to explore interest in the site for low-income senior rental housing. Potential future housing projects require predevelopment work including appraisals. In particular, an appraisal is needed for the City-owned site located at the intersection of 1240 Fair Oaks at Route 237, so that the parcel may be considered for the development of affordable housing.

EXISTING POLICY

Housing and Community Revitalization Sub-Element: January 1999-June 2005:

Goal E. Maintain and increase housing units affordable to households of all income levels and ages.

City of Sunnyvale Consolidated Plan: 2005-2010, May 2005:

The Consolidated Plan describes the City's strategy to be followed in carrying out grant programs funded by the U.S. Department of Housing and Urban Development. The 2005-2010 Strategic Plan includes planned activities to

expand the city's Housing programs and to support rental and home buyer assistance.

DISCUSSION

Pre-Development Costs on Affordable Housing Sites

In an effort to implement new and innovative housing projects to provide affordable low-income senior housing opportunities in Sunnyvale, an appropriation of \$20,000 from the Housing Fund Reserve into Project 826520 – Pre-Development Costs on Affordable Housing Sites is being requested. This will provide funds to cover the costs of an appraisal for the property at Fair Oaks and 237, and for professional services for other opportunity sites should any funds remain available. The cost of an appraisal is estimated at approximately \$5,000.

The site at 1240 Fair Oaks is owned by the City and is considered a potential site for low-income senior affordable housing. Staff is preparing to offer the City-owned site for sale at fair market value to public and nonprofit agencies for the development of affordable housing. The next step in the process is obtaining an appraisal for the property, so that the City may then notify public and nonprofit agencies. Staff would negotiate with any interested parties at the end of a 60-day notification period.

FISCAL IMPACT

There is no impact to the General Fund of this action, as funds will be drawn from the Housing Fund. The Housing Mitigation Sub-Fund was created to support the provision of affordable housing within the City, including funding the creation or acquisition of new units, and providing assistance to potential home buyers. As such, this fund is the appropriate fund to support the costs of professional services related to the pre-development of projects for potential housing sites. Budget Modification No. 6 has been prepared to appropriate \$20,000 from the Housing Fund/Housing Mitigation Sub-Fund Reserve into Project 826520 – Pre-Development Costs on Affordable Housing Sites.

**BUDGET MODIFICATION NO. 6
 FISCAL YEAR 2008/2009**

	<u>Current</u>	<u>Increase (Decrease)</u>	<u>Revised</u>
Housing Fund/Housing Mitigation Sub-Fund			
<u>Expenditures:</u>			
Project 826520 – Pre-Development Costs on Affordable Housing Sites	\$0	\$20,000	\$20,000
 <u>Reserves:</u>			
Housing Mitigation Reserve	\$2,696,392	(\$20,000)	\$2,676,392

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center and Department of Public Safety; posting the agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk.

ALTERNATIVES

1. Approve Budget Modification Number 6 to appropriate \$20,000 from the Housing Fund/Housing Mitigation Sub-Fund Reserve to support the costs of professional services and appraisal costs for the property at 1240 Fair Oaks at Route 237 and other potential housing opportunity sites.
2. Approve Budget Modification No. 6 as amended by Council.
3. Do not approve Budget Modification No. 6.

RECOMMENDATION

Staff recommends Alternative 1: Approve Budget Modification Number 6 to appropriate \$20,000 from the Housing Fund/Housing Mitigation Sub-Fund Reserve to support the costs of professional services and appraisal costs for the property at 1240 Fair Oaks at Route 237 and other potential housing opportunity sites.

Reviewed by:



for Hanson Hom, Director, Community Development
Prepared by: Laura Simpson, Housing Officer

Reviewed by:



Mary J. Bradley, Director, Finance

Approved by:


for Amy Chan
City Manager

Attachments

- A. Parcel Map of 1240 Fair Oaks at Route 237

PERSIAN DRIVE
SOUTHBAY FREEWAY

BENCHMARK

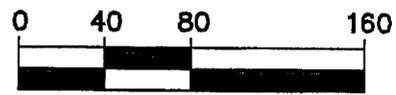
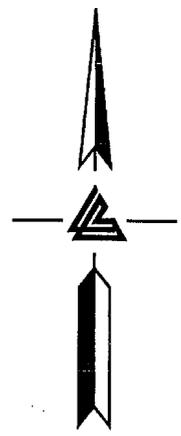
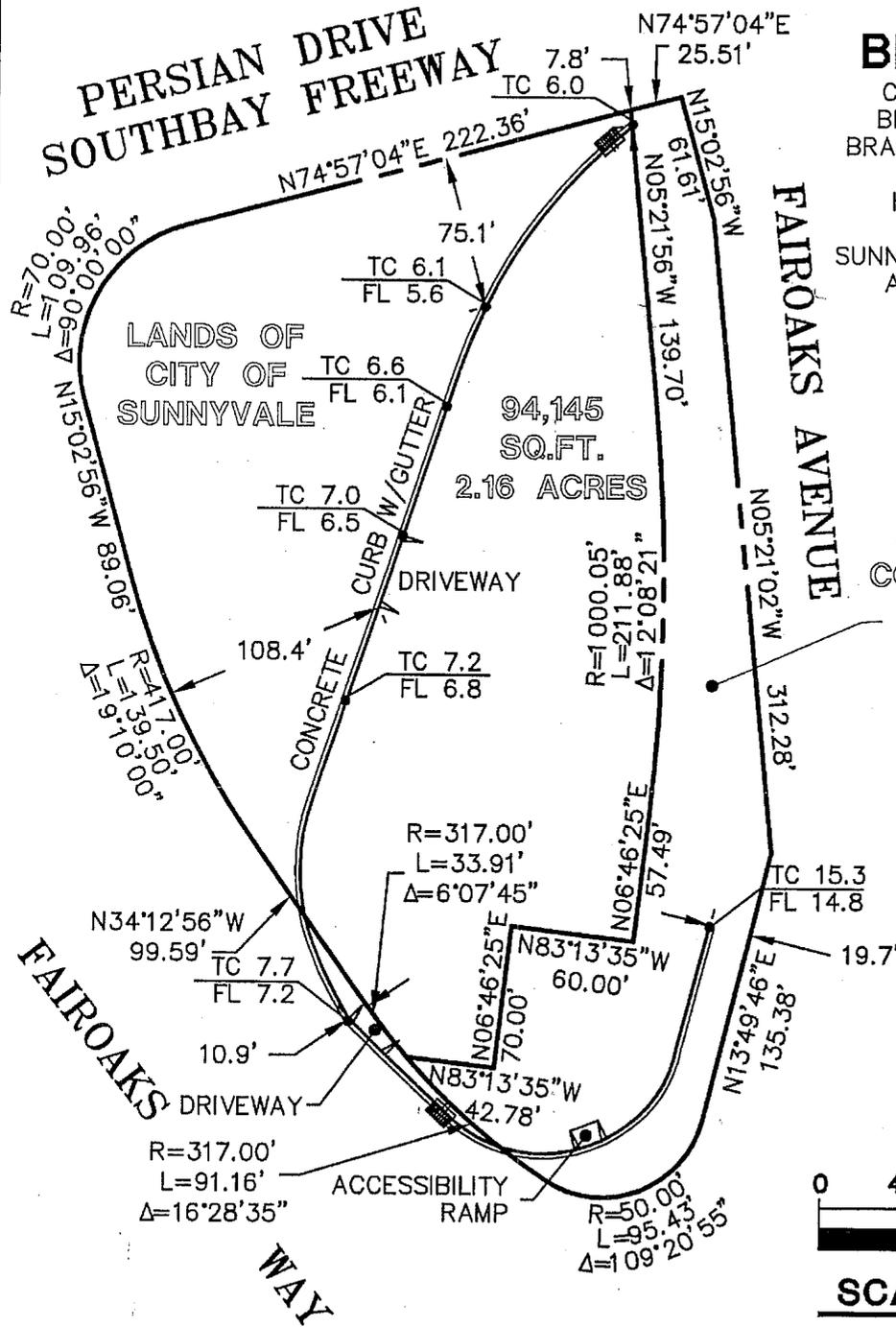
CITY OF SUNNYVALE
BENCHMARK NO. 175
BRASS DISK IN EAST END
OF DOWNSTREAM
HEADWALL AT THE
INTERSECTION OF
SUNNYVALE EAST CHANNEL
AND TASMAN DRIVE
ELEV= 16.941

FAIROAKS AVENUE

LANDS OF
SANTA CLARA
COUNTY TRANSIT
DISTRICT
30,783 SQ.FT.
0.71 ACRES

LANDS OF
CITY OF
SUNNYVALE

94,145
SQ.FT.
2.16 ACRES



SCALE: 1" = 80'

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1240 FAIR OAKS WAY
 SUNNYVALE, CALIFORNIA
 SANTA CLARA COUNTY

APN: 110-29-34
 APN: 110-29-35

SCALE: 1" = 80'

DRAWN BY: CF

JOB NO 2070012