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MILPITAS ECONOMIC DEVELOPMENT CORPORATION

NOTICE OF SPECIAL MEETING AND AGENDA

Notice is hereby given that a Special meeting of the Milpitas Economic Development Corporation will be held on July 25 with the time and location noted here:

Wednesday, July 25, 2012
7:05 PM
Milpitas Senior Center, Rooms 140-141
40 N. Milpitas Blvd.
Milpitas, CA

- I. Call to Order/Roll Call**
- II. Approval of Agenda**
- III. Approval of Meeting Minutes** - June 19, 2012
- IV. New Business**

Adopt a Resolution approving the conveyance of real property located at 1452-1474 South Main Street, Milpitas, to the Milpitas Housing Authority *(see report next page)*

- V. Adjourn Meeting**

Adopt a Resolution Approving the conveyance of Parcel C (located at 1452-1474 South Main Street, Assessor Parcel No. 086-22-029, -030) to the Milpitas Housing Authority

Background: The South Main Street Parcels, consisting of Parcels A, B and C as described above and depicted on the Exhibit A (the “Site”) to the Resolution for this item, constitute an approximately 8.65 acre site along South Main Street in the Milpitas Redevelopment Project Area No. 1 and Midtown Specific Plan Area. These parcels were assembled to cause development on the Site of a high-quality, high-density, mixed-income residential development, including a significant affordable housing component. Development of the Site is anticipated to provide approximately 550 total residential units, including a mixed-income senior housing development, thereby creating a significant entry to the City and effectively implementing the policies of the Midtown Specific Plan.

With the dissolution of the Milpitas Redevelopment Agency (RDA) on February 1, 2012 pursuant to ABx1 26 as subsequently amended by AB 1484 (the “Dissolution Act”), all “housing assets” must be conveyed to the Milpitas Housing Authority (Housing Authority) as the housing successor entity responsible for assuming the rights, powers, assets, duties and obligations associated with the housing activities of the RDA. The Housing Authority will then assume and carry on the housing functions of the former RDA to facilitate the development of decent, safe and sanitary housing, including affordable housing, in Milpitas.

The South Main Street Parcels constitute “housing assets” which are to be transferred to the Housing Authority to facilitate the housing development planned for the Site. Specifically, the three Parcels qualify as “housing assets” within the meaning of Health and Safety Code Section 34176(e)(1) (as enacted by the Dissolution Act), because they are real property assets that were acquired for low- and moderate-income housing purposes consistent with the objectives of Redevelopment Project Area Number 1 and the Midtown Specific Plan to alleviate blight, provide housing and affordable housing along South Main Street. The parcels are zoned for very high-density multifamily residential development. The background on the assemblage of the Site for low- and moderate-income housing purposes follows.

The Site was assembled over a three-year period commencing with the acquisition of Parcel A on November 23, 2009 by the RDA with an appropriation from the RDA’s Housing Set Aside Fund. Pursuant to the Disposition and Development Agreement (DDA) between the RDA and South Main Senior Lifestyles, LLC (SMSL) dated August 18, 2009 that governs development of Parcel A, SMSL will develop 387 units of residential development on Parcel A. The development will consist of senior housing and multifamily housing units, and provide 63 units of housing affordable to very low- and low-income households. The affordability restrictions will remain in place for 55 years. To promote the development and operation of the affordable units, pursuant to the DDA, the RDA committed to provide financial assistance to SMSL in the form of a grant of \$7.7 million (convertible to a loan) from funds in its Low and Moderate Income Housing Fund (Redevelopment Housing Set Aside Fund).

To further strengthen housing and mixed use in the South Main Street area in furtherance of the redevelopment program established for the Midtown Specific Plan, the RDA acquired Parcel B on February 28, 2011. A loan from the Redevelopment Housing Set Aside Fund to the Project Fund funded the purchase of Parcel B.

The RDA transferred title to Parcels A and B to its sponsoring community, the City of Milpitas, in March 2011, to hold for the proposed residential development pending the Legislature’s determination in the subsequent Dissolution Act of how, and through what local entity, the real

property of the RDA would be used to perform the intended housing development functions following its dissolution.

Owing to the RDA's dissolution on February 1, 2012, the Milpitas Economic Development Corporation (MEDC) acquired Parcel C on March 15, 2012 to complete the assemblage of the Site to allow for more extensive high density residential development, using RDA funds lawfully provided to MEDC prior to the RDA's dissolution. Parcel C was the last remaining parcel to consolidate land in the Midtown Specific Plan development area for the high density residential development, including affordable housing, called for in the Midtown Specific Plan.

As noted above, the Housing Authority has been designated pursuant to the Dissolution Act to serve as the housing successor entity for the dissolved RDA. In that capacity, the Housing Authority is now the local entity charged by the Legislature through the Dissolution Act with the responsibility to assume the rights, powers, assets, duties and obligations associated with the housing activities of the dissolved RDA, including the activities related to assembly and development of the Site for the proposed housing development. To that end, it is necessary and appropriate, in compliance with the Dissolution Act, for the City to convey Parcels A and B, and for MEDC to convey Parcel C, to the Housing Authority, and for the Housing Authority to accept such conveyances and to proceed with the residential development of the Site, including the provision of affordable housing.

With the assemblage and consolidation of Parcels A, B and C under the Housing Authority, the Housing Authority expects to work with SMSL to seek a mutually acceptable amendment to the current Parcel A DDA to incorporate Parcels B and C into the overall Site that will be conveyed to SMSL to enable full residential development of the entire consolidated Site and development of a total of 550 residential units in Midtown. The Housing Authority will assume and carry out these housing functions after it accepts conveyance of Parcels A and B from the City and the conveyance of Parcel C from Economic Development Corporation. Any proposed DDA amendment for this purpose will be subsequently submitted to the Housing Authority for consideration of approval.

Fiscal Impact: None. The Milpitas Economic Development Corporation has sufficient funds to cover the conveyance and documentation costs.

Recommendation:

Adopt a resolution of the Economic Development Corporation approving the Conveyance of Real Property located at 1452-1474 South Main Street (Assessor Parcel Numbers 086-22-029, -030) to the Milpitas Housing Authority.