

32 Acre Development Update

Site Authority Board



April 17, 2017

Background – University Glen

PHASE 1

- Specific Reuse Plan (SRP) adopted in 2000
- Phase 1 includes 658 dwelling units
 - 72 detached Residences
 - 200 attached Residences
 - 328 apartments
 - 58 apartments (Town Center Mixed Use Development)

PHASE 2

- Phase 2 – SRP Amendment would allow for the proposed 600 units
 - 242 units were planned
- Phase 2 Infrastructure completed in 2006
- Phase 2 Construction Contract suspended in 2008
- Dec 2013 – RFP for Development Consulting Services issued
- May 2014 – Jones Lang LaSalle engaged as Development Advisor
- Sep 2014 – SA Board approves CI 2025 Vision Plan
- Mar 2015 – BoT approves CI 2025 Vision Plan development concept

Site Authority Objectives

- Create development consistent with existing community;
- Identify a partner with high standards for housing, community relations, management and maintenance of the property;
- Maximize sales price for transfer of the leasehold interest for investment in campus improvements and SA cash flow stability
- Maximize ground lease revenue to the SA
- Provide opportunities for below market-rate for sale housing for faculty and staff
- Incorporate environmentally sustainable O&M practices
- Maintain a strong sense of place and community for all residents consistent with existing aesthetic

32 Acre Development Program

Original Program *

- 242 House/Town Houses (for sale)
- No Amenities

** Developed in early 2000's. Post 2007/08 economic downturn, this is no longer a viable solution*

Proposed Development Program – 600 units *

- 66 Town Houses (for sale)
- 54 Single Family Houses (for sale)
- 310 Market Rate Apartments
- 170 Senior Living Apartments (age restricted)
- Amenities
 - Club House
 - Community Meeting Spaces
 - Pool
 - Gym
 - Central Green Space

** Submitted by Kennedy Wilson in Spring 2016 based on RFP requirements*

Concept Plan



Program Overview

Kennedy Wilson's (KW) current program⁽¹⁾ includes 600 units with a variety of housing options and community amenities.

- **310 market-rate apartments**
 - One- to three-bedrooms, 750 to 1,340 SF
- **170 age-restricted senior apartments**
 - One- to two-bedrooms, 550 to 710 SF
 - Affordable, rent restricted units
- **120 for-sale homes**
 - Townhome and single-family units
 - Two- to four-bedrooms, 1,450 to 2,500 SF
- **Parking** ratio at 1.8 spaces per 1 unit
- **Community amenities⁽²⁾:** resort-style swimming pool, fitness center, community clubhouse and lounge, leasing center and game room



Concept Elevations



Single Family Residences



Market-Rate Apartments



Age-Restricted/Income-Based Apartments

Campus & Community Goals

KW's proposal meets a range of goals⁽¹⁾ identified by CSUCI and the University Glen community.

Project Goals:	Kennedy Wilson Proposal
Age-restricted housing	✓
Mix of housing options, including for-sale and for-rent	✓
Community amenities, including multi-use space	✓
Connection to existing community and shared use amenities	✓
Consideration of child care needs	✓

Basis of Offer Value

A variety of financial and non-financial criteria were used to assess the value of KW's current offer based on the developer's current program and updated development financial information⁽¹⁾



Financial Offer

*KW increased its upfront payment offer⁽¹⁾ in June 2016 by \$1,000,000 from its initial RFP response, and has also provided a deposit which will **not** be credited towards the lease purchase price.*

- **Deposit:** \$250,000⁽²⁾
- **Upfront Payment:** \$2,500,000
- **Home Sale Payments⁽³⁾:** \$3,000,000 based on payment of \$25,000 for 120 home sales
- **Recurring Rent Payment:** 7% of effective gross income for market-rate and age-restricted apartments (approximately \$700,000 at stabilization)
- **Child Care Contribution:** \$1,500,000 towards cost of child care facility development
- **PV TOTAL PAYMENTS (80 Years):** \$19.6 million



(1) The offer and terms assume prevailing wage requirements for the project.

(2) Deposit is separate from and in addition to the Upfront Payment noted above.

(3) KW's offer contingent on ability to sell homes without initial or resale price restrictions.

Schedule

- Feb 2017 – Published Draft EIR
- Mar 2017 – Complete Schematic Design documents
- May 2017 – Publish Final EIR
- May 2017 – LDRC Presentation
- Jul 2017 – BoT Presentation
- Sep 2017 – Finalize Development Agreement, Ground Sublease
- Oct 2017 – Start final design efforts
- Feb 2018 – Start plan check of site and first building
- Aug 2018 – Construction start

Questions

