



# Next stop: vibrant communities.

**Taylor Yard Senior Housing -  
Ground Lease Term Extension**  
Planning & Programming Committee  
October 18, 2023  
Legistar File: 2023-0544



# Recommendations

## CONSIDER:

- A. AUTHORIZING the Chief Executive Officer, or designee, to amend an existing ground lease with Taylor Yard Senior Housing, L.P. (“TYSH”) to extend the 68-year term of the existing ground lease up to seven (7) additional years for a total term of up to 75 years to meet the lending requirements of the State of California Department of Housing and Community Development (“HCD”).
- B. FINDING that the recommended amendment to the ground lease is exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15061 (b) (3); and
- C. AUTHORIZING the CEO or her designee to file a Notice of Exemption with the County Clerk and the State Clearinghouse.

# Taylor Yard Community

- Taylor Yard is a mostly residential community built over multiple phases on 17 acres of Metro land, providing:
  - 305 apartments
    - 197 family affordable
    - 107 senior affordable
    - 4 unrestricted
  - 95 condominiums
  - 8,290 sq. ft. of commercial space



Affordable Apartments in Taylor Yard				
<i>AMI Restriction</i>	<i>1-BR</i>	<i>2-BR</i>	<i>3-BR</i>	<i>Total</i>
Unrestricted	0	4	0	4
60% AMI	60	39	34	133
55% AMI	0	0	0	0
50% AMI	11	11	11	33
45% AMI	12	12	9	33
40% AMI	12	12	9	33
35% AMI	12	12	9	33
30% AMI	<u>15</u>	<u>12</u>	<u>9</u>	<u>36</u>
<b><i>Total</i></b>	<b><i>122</i></b>	<b><i>102</i></b>	<b><i>81</i></b>	<b><i>305</i></b>

# Taylor Yard Senior Housing

- Taylor Yard Senior Housing:
  - 1.8-acre site (ground leased by TYSH)
  - 108 apartments (107 affordable for seniors)
  - 8,290 sq. ft. of commercial space
  - Completed: Summer 2017



Taylor Yard Senior Housing Affordability				
<i>AMI Restriction</i>	<i>1-BR</i>	<i>2-BR</i>	<i>3-BR</i>	<i>Total</i>
Unrestricted	0	1	0	1
60% AMI	51	0	0	51
55% AMI	0	0	0	0
50% AMI	10	1	0	11
45% AMI	10	1	0	11
40% AMI	10	1	0	11
35% AMI	10	1	0	11
30% AMI	<u>11</u>	<u>1</u>	<u>0</u>	<u>12</u>
<b><i>Total</i></b>	<b><i>102</i></b>	<b><i>6</i></b>	<b><i>0</i></b>	<b><i>108</i></b>

# Issue

- TYSH is attempting to refinance the project's construction debt with new permanent financing, including a \$2.5M loan from HCD
- Current HCD lending regulations require a remaining ground lease term of at least 65 years from HCD's funding of the loan
- TYSH's current ground lease term expires on December 2, 2082 (i.e.; in approximately 59 years)
- A ground lease term extension of 6-7 years is needed to access the HCD funding
- TYSH planned to complete the refinancing before the end of the ground lease's third year (leaving a remaining ground lease term of more than 65 years), but construction and financing-related complications delayed conversion

# Considerations

- Extending the ground lease term to accommodate HCD's lending requirements will allow for the project's long-term financial viability
- In exchange for the term extension, Metro will require that the project's 107 affordable apartments remain affordable to seniors over the entire ground lease term
- In 2014, Metro received an approx. \$2.9 million capitalized ground rent payment that was equal to the fair market value of the site, so no additional monetary compensation is recommended

# Next Steps

- Execute the ground lease amendment as part of TYSH's permanent financing conversion before a November 1, 2023, tax credit funding deadline

