



October 18, 2017

Honorable Mayor Kenneth Rosenberg & City Council Members
City of Mountain View
500 Castro Street
Mountain View, CA 94041

Re: LinkedIn Middlefield Campus: Proposal for Early Investment of the Housing Impact Fee

Dear Mayor Rosenberg and Councilmembers:

On behalf of LinkedIn, I am pleased to submit this letter to detail LinkedIn's proposal to provide an early investment in affordable housing in Mountain View in connection with the LinkedIn Middlefield Campus project.

BACKGROUND

We are proposing an office development at 700 and 800 East Middlefield Road, and 1100 West Maude Avenue. The project, known as the LinkedIn Middlefield Campus, proposes a net addition of approximately 612,000 square feet of new office space. The project has been the subject of study sessions before the Environmental Planning Commission on April 19, 2017 and the City Council on May 2, 2017.

In order to accelerate the development of affordable housing in the City, we have offered to explore ways to contribute some of the Housing Impact Fee for the development of affordable housing in the City prior to the issuance of building permits for the project.

The Environmental Planning Commission supported by a vote of 7 – 0 the study of alternative methods for the project to satisfy the City's Affordable Housing Ordinance. Similarly, at its study session of the project on May 2, 2017, the City Council also supported further study of alternative methods of satisfying affordable housing requirements and the potential community benefit for early funding of the Housing Impact Fee.

It is our desire is to help solve one of the most challenging problems in creating affordable housing - that is, land acquisition by nonprofit housing developers.



HOUSING TRUST SILICON VALLEY

We have identified Housing Trust Silicon Valley (HTSV) as a potential partner in accelerating the development of affordable housing in the City. HTSV is a California nonprofit public benefit corporation exempt from federal income taxes pursuant to section 501(c)(3) of the Internal Revenue Code. HTSV is organized for charitable purposes including making loans and grants to increase affordable housing opportunities.

HTSV provides acquisition, predevelopment and bridge financing to affordable housing developments in the City of Mountain View and the greater Bay Area. HTSV is raising capital to support these programs through its TECH Fund, which will finance short term land acquisition loans to nonprofit housing developers. The investment in Housing Trust Silicon Valley's TECH Fund is an innovative financing method that will help nonprofit housing developers acquire land in Mountain View for one or more affordable housing project sites.

LINKEDIN PROPOSAL

Under the City's Affordable Housing Ordinance, all new commercial development is required to pay a Housing Impact Fee upon issuance of building permits.

As supported by the City Council and the Environmental Planning Commission, LinkedIn is exploring ways to contribute the City's Housing Impact Fee in advance of building permit issuance in order to provide early funding for land acquisition to enable the development of more affordable housing in the City in a quicker time-frame.

Specifically, LinkedIn has requested that the City consider the following method for LinkedIn to partially satisfy the Housing Impact Fee. In the coming days, LinkedIn would make a \$10,000,000 investment in HTSV's TECH Fund in the form of a Community Impact Note. The Community Impact Note would have a five-year maturity date and would bear interest at 1.5% per year. The \$10,000,000 investment in the TECH Fund would be earmarked for investment in one or more affordable housing projects in Mountain View.



ROLES AND RESPONSIBILITIES

The following is a brief summary of the roles of each of the City, LinkedIn and HTSV in the proposed arrangement:

LINKEDIN'S ROLE

LinkedIn would:

- Invest \$10,000,000 into HTSV's TECH Fund in the form of a Community Impact Note with a term of 5 years and an expected interest rate of 1.5%.
- If the LinkedIn Middlefield Campus project is approved by the City and the TECH Fund finances an affordable housing project in Mountain View approved by the City with the proceeds of LinkedIn's Community Impact Note (as described below), LinkedIn will satisfy the Housing Impact Fee at the time a building permit is issued by assigning the Community Impact Note to the City. For example, if the TECH Fund financed an affordable housing project in Mountain View by investing \$10,000,000, the project was approved by the City and we applied for a building permit, LinkedIn would assign the Community Impact Note to the City and the \$10,000,000 investment would be credited against the Housing Impact Fee payment due at building permit.

THE CITY'S ROLE

The City would:

- Establish a process by which a developer that wants to build affordable housing in Mountain View would meet and discuss the project with City staff prior to requesting funding from the HTSV TECH Fund. This process will be incorporated in the HTSV's Lending Policies and Procedures and will include a statement that feedback from City will not be considered a commitment by the City to fund or entitle any potential project. Similarly, it would not be considered a commitment by HTSV to fund a potential project that does not meet its other underwriting standards.
- Feedback provided from the City of the Housing Trust on a proposed development constitutes the City's acknowledgement that (1) LinkedIn's TECH Fund investment may be a funding source of the Housing Trust loan and (2) HTSV's financing of the affordable housing project from funds invested by



LinkedIn in the TECH Fund will be credited against LinkedIn's Housing Impact Fee if conditions are satisfied.

- If the LinkedIn Middlefield Campus project is approved by the City, when the Housing Impact Fee payment is due upon issuance of a building permit, the City will accept the assignment of LinkedIn's Community Impact Note to the City to satisfy the Note's corresponding amount of the Housing Impact Fee requirement. If the amount of the Housing Impact Fee obligation is greater than the amount on the Community Impact Note, LinkedIn will pay the remainder of the amount in cash to the City. For example, if the amount of the Housing Impact Fee was \$15,000,000, LinkedIn would assign the \$10,000,000 Community Impact Note and pay \$5,000,000 in cash.
- Assign a monetary value to LinkedIn's early investment of the Housing Impact Fee as a portion of its community benefits contribution to the City during the process of negotiating the Development Agreement. For example, the community benefit value of this contribution could be determined based on the timing of funds being transferred to a nonprofit housing developer for a Mountain View based project.

HTSV'S ROLE

HTSV would:

- Use the LinkedIn investment in the TECH Fund to fund the acquisition, predevelopment and bridge financing of affordable housing developments solely in the City of Mountain View.
- Establish a process with the City for affordable housing project funding review requiring the developer to meet and discuss the project with City staff prior to requesting funding from the HTSV. This process will be incorporated in the HTSV's Lending Policies and Procedures and will include a statement that feedback from City will not be considered a commitment by the City to fund or entitle any potential project. Nor will it be considered a commitment by HTSV to fund a potential project that does not meet other underwriting standards.
- Consent to the assignment of LinkedIn's Community Impact Note to the City in connection with the issuance of a building permit for the LinkedIn project and the satisfaction of LinkedIn's Housing Impact Fee requirement.



BENEFITS TO THE CITY

The City would benefit in two ways from this arrangement. First, up to \$10,000,000 from the LinkedIn project would be available to finance the development of affordable housing in Mountain View well in advance of the payment of the Housing Impact Fee in the ordinary course of development of the project. LinkedIn has indicated that it is prepared to invest the \$10,000,000 in the TECH Fund after the City Council approves the concept. This early funding would allow these funds to finance affordable housing in Mountain View approximately 1 to 2 years sooner than if the Housing Impact Fee was collected in the ordinary course of construction of the project. Second, LinkedIn would assign the Community Impact Note to the City, which would receive the repayment of the \$10,000,000 in principal plus 1.5% interest. These amounts can be reinvested by the City in future affordable housing projects in Mountain View.

We thank the Council for your consideration of this new way to invest in local Affordable Housing creation and innovative financing model. We hope that it will provide a benefit to the community and provide a path for other companies to participate in solving our regions housing affordability crisis.

Best regards,

A handwritten signature in black ink, appearing to read "Jim", with a long, sweeping horizontal line extending to the right.

Jim Morgensen
Vice President, Global Workplace Services