



Term Sheet
The Parcel Affordable Housing
Town of Mammoth Lakes, California

July, 2020

STAFF COMMENT/NOTE: Draft Term Sheet shown as received. For clarity, staff comments are inserted throughout the document in bold and italic.

This Term Sheet is intended to describe the basic terms and conditions under which Pacific West Communities, Inc. (“Pacific”) will develop the 25-acre parcel commonly referred to as The Parcel. This Term Sheet is based on Pacific’s Statement of Qualifications submitted to and awarded by the Town of Mammoth Lakes (“Town”).

Staff comment: This draft term sheet simply describes a number of items that are expected to be included in the initial agreement between Pacific and Town. We encourage Town Council comments/input. This document is not meant to be executed.

Property Description: A 25-acre property identified as 33 Center Street and 1699 Tavern Road, within the Town of Mammoth Lakes, Mono County, California, and commonly referred to as The Parcel (“The Parcel”).

Development Program: Pacific intends to develop multiple phases of high quality affordable and workforce housing on The Parcel that are consistent with the priorities outlined in the Town’s Preferred Plan for The Parcel. Pacific and the Town agree that exact affordability levels, building locations, building types, phasing, streetscape design, and street and utility layout may be revised over time in order to best meet the needs of the community and to create a successful and feasible project, all of which shall be subject to Town approval.

Staff comment: The initial program is to be approved by Town Council. A process for possible subsequent updates or revisions will be included as part of that program and may include administrative and discretionary processes.

The Parcel will be completed in multiple phases. Each phase (“Development Phase”) must be approved by the Town and will be governed by a Disposition & Development Agreement (“DDA”), a Purchase and Sale/ Lease Agreement (“PSA”) and/or an accompanying Loan Agreement and Financing Plan specific to that phase.

Staff comment: We are reviewing how best to structure an agreement to provide necessary staff and Town Council oversight without the need to have a separate stand-alone agreement for each phase.

The Parcel's overall development will include a variety of housing and unit types and shall be deed restricted to households under 120% of AMI, and shall include public streets and pedestrian friendly streetscapes, traffic calming measures, integrated snow storage areas, public park(s), and open space around the Mill Ditch.

The DDA/PSA and other terms will likely be negotiated as predevelopment planning begins for each phase but shall be finalized prior to the Town conveying each applicable portion of The Parcel to Pacific. Property conveyance may take a variety of forms and will be determined based on the agreed upon financing strategy for each phase, including fee title transfer and ground lease.

Development of Phase I will likely be in the northeastern corner of the site and will be approximately 5 acres in size and consist of 80-140 affordable rental units (Phase I). Phase I, contingent upon a sufficient No Place Like Home funding commitment from Mono County, will include 10-12 supportive housing units.

Staff comment: The supportive housing units will likely be dispersed throughout the phase.

Each Development Phase will likely, but not necessarily, be owned by a single purpose limited partnership with Pacific or their affiliates as the General Partner. Each Development Phase will utilize a variety of public financing sources with unique requirements described in its DDA/PSA/Financing Agreement.

Staff comment: The initial program will include the best currently available information and approach for the entire project with the understanding the approval of each phase will be accompanied by requirements specific to that phase.

Roles & Responsibilities:

Pacific:

- Develop and construct The Parcel as described above.

- Engage [Staff comment: “and fund”] land planners, surveyors, architects, engineers and other consultants as necessary to fully design and plan The Parcel, each Development Phase, the public streets, amenities and other improvements.

Staff Comments:

- Reimburse Town for staff time typical to review and processing of submittals of all types. This does not include staff time for pre-development activities prior to submittal.
- It is understood the Town has recently engaged consultants to perform certain tasks, including an updated tree survey, the wetlands delineation study, cultural report and biological report. Pacific agrees to accept those consultants, accept their deliverables and to reimburse the Town for the cost of those services.
 - Coordinate and execute the environmental and land planning approval process with the Town and other local, state and federal agencies as necessary for The Parcel and for each Development Phase.

Staff Comments: Complete a Master Planning document. It is understood the Town has completed an open process to select an appropriate environmental consultant, Michael Baker, Inc. (MBI). Pacific accepts MBI to provide those services. Pacific will be provided the opportunity to review and comment on the scope of work and fee proposal, but authority to engage MBI lies with the Town. Pacific will reimburse Town for the cost of those services.

- The costs associated with the above-mentioned activities (“Predevelopment Costs”) shall be the sole responsibility and risk of Pacific unless otherwise specified and volunteered by the Town.
- Indemnify the Town against any claims or liability associated with the due diligence, Predevelopment Costs and activities referenced above.
- Develop The Parcel into [Staff Comment: “high-quality”] affordable housing in concert with the Town and to work in good faith to do this in the most cost effective and time efficient manner.
- Assume the risk of whether prevailing wages are required given the uncertainty of final financing sources and indemnify the Town accordingly.
- Upon approval from Mono County, provide 10-12 units of supportive housing on The Parcel’s first Development Phase (Phase I).

Staff Comment: Provide for long term Property Management.

Town of Mammoth Lakes:

- Maintain ownership of the Property, free of any additional liens or other encumbrances unless agreed upon by Pacific.

Staff Comment: Should Town determine a fee title transfer of portions of the property is appropriate, that will be addressed in the agreement(s).

- Agree not to enter into any disposition agreements or contracts on any portion of The Parcel without express written permission from Pacific.
- Cooperate with Pacific's efforts to investigate and perform due diligence on The Parcel and provide a complete title report with all underlying documents and any other relevant documents in Town's possession.
- Assist with lot line adjustments or subdivisions as needed, including public right of way and/or desired public amenities prior to any land transfer.
- Scope consultant and specific studies required for CEQA or NEPA environmental review for The Parcel.
- Process CEQA requirements and applications.
- Partner with Pacific as needed to apply for particular funding sources that are beneficial to The Parcel, including but not limited to County, State and Federal funds or grants that require/ suggest a public partner or those only available to public agencies.
- Assist with Pacific's efforts to obtain land-use approvals and process land-use applications with priority and haste.
- Work to formalize site control agreements, and other necessary documentation for each Development Phase to support financing applications and The Parcel's overall success.
- Defer or waive no less than \$1,853,166 fees as described in the Infill Infrastructure Grant submitted in February of 2020 (IIG).

Staff comment: A detailed list of fees will be prepared.

Development Agreement: Pacific and the Town shall endeavor to enter into a DDA/PSA for Phase I within 60 days following the execution of this Term Sheet for The Parcel.

Staff Comments: The agreement will include a detailed description of a program for development of The Parcel that should include.

Development Approach and Program:

Pacific will utilize the following steps in developing the project:

- *Due Diligence*
- *Land Use and Infrastructure Planning*
- *Environmental Disclosure*
- *Funding Program*
- *Design*
- *Construction*

- *Property Management*

Land Conveyance: Both Parties understand the Town's desire to lease the land to Pacific but, if necessary, the Town will agree to sell portions of The Parcel to Pacific if an agreed upon financing plan dictates a fee title sale or transfer to the development partnership formed by Pacific. Neither a lease or fee title shall financially burden any phase of development.

The Town will either sell or lease the land to Pacific in a phased approach. In the event the Town leases the land it will be for no more than \$1. In the event the Town sells the land to Pacific it will likely be in the form of a below market land loan to the project for the mutually agreed upon market value of the land being conveyed.

The intent is for Pacific to have each Development Phase ready to construct prior to the Town releasing their control of the land although documentation formalizing the lease or purchase agreement will be needed to obtain financing.

Staff Comment: "Ready to construct" to be defined.

Conditions Prior to Close: The Town's land conveyance shall be determined within the DDA/PSA/Financing Plan for each particular phase. The timing will likely be agreed upon based on the requirements for financing. The following conditions shall be complete before the Town conveys control of a Development Phase:

- The Development Phase has received its discretionary land-use approvals.
- CEQA has been completed and any required documents ratified.
- The Development Phase is fully financed.
- The Town is indemnified in regard to the contractor's use of prevailing wages.

Staff Comment: A determination regarding prevailing wage should be made prior to Master Plan approval.

- Triggers
- Thresholds

- There is a construction contract in place.

Staff Comment: Pacific to provide a Funding gap analysis.

Off-Site Infrastructure

Improvements: The Town and Pacific are working to determine the extent of off-site improvements needed for The Parcel's development as well as the infrastructure improvements needed for The Parcel. This includes the streets and roadway layout, the recreation pathways and utilities that are within The Parcel area but will be public and will be completed as needed by the appropriate phase of development. Some may be developed by Pacific and other portions may be developed by the Town or another entity depending on a variety of factors.

Off-Site Infrastructure Contribution: Pacific will continue to use its best efforts to pursue public funding for infrastructure, including HCD's Infill Infrastructure Grant which has been applied for in partnership with the Town. As needed Pacific will identify and apply for any additional resources to facilitate the construction of public infrastructure necessary to service Pacific's development(s). Such public infrastructure may include, but not be limited to, roads, wet utilities, dry utilities, curbs, gutters, sidewalks and active transportation improvements as well as public recreation amenities.

Reports/Studies: The Town will provide to Pacific all reports, maps, studies and any other pertinent work material relative to The Parcel in its possession, if any, within fifteen (15) business days of execution of this Agreement.

(Remainder of this page intentionally left blank)

This Term Sheet is not to be construed as a legally binding agreement. It is merely intended to outline the general terms and conditions under which a more formal agreement can be drafted. If the above terms and conditions are acceptable, Pacific (or The Town at its request) will prepare a Master Developer Agreement for execution. Pacific and the Town understand and agree that no obligation with respect to this Term Sheet shall arise between the parties until a binding agreement has been fully executed.

Staff Comment: This is a work in progress. After Town Council comment/discussion, staff will work with Pacific to update if necessary.

Should you have any questions please contact me at your earliest convenience.

Sincerely,



Caleb Roope
President / C.E.O.

TERMS ACCEPTED AND AGREED TO BY THE TOWN:

By: _____

Its: _____

**EXHIBIT A
THE PARCEL AFFORDABLE HOUSING DEVELOPMENT**

PROGRAM:

| | |
|-------------------|---|
| Site Size: | 25 net acres |
| Project Size: | 400-450 units (estimated) |
| Density per/acre: | Varies |
| Phasing: | Multiple (estimated 2-4 phases) |
| Building Type: | Type III and V rental housing with possible condominium and/or townhome properties to accommodate for-sale affordable housing |
| Common Area: | Community Building, Public Park, Public Recreation Paths, Bus Stops |
| Mill Ditch: | Conserved as a natural area/ open space, i.e. not culverted |
| Income Mix: | 30% AMI to 120% AMI is contemplated |