

Centre City Development Corporation (CCDC)

Affordable Housing Guidelines

June 2009

The following Affordable Housing Guidelines (“Guidelines”) set forth priorities for the Centre City and Horton Low and Moderate Income Housing Funds and general guidelines for CCDC to evaluate affordable housing proposals requesting financial assistance from the Redevelopment Agency (“Agency”). The Agency and CCDC reserve the right to make changes to the Guidelines and determine application of the requirements to each project. The Guidelines will supplement the Agency’s “Expenditure of Low and Moderate Income Housing Fund Transaction Guidelines” for the projects requesting funding from the Centre City/Horton Low and Moderate Income Housing Funds.

THRESHOLD REQUIREMENTS:

Developer Qualification

A developer/sponsor seeking an Agency subsidy must meet the following qualification (If the developer entity is a joint venture, the leading developer must meet the required qualifications listed below. If the developers equally share the partnership interest, both developers must qualify.):

- A developer must have experiences in developing affordable housing projects that are similar to the one proposed by the developer within the past 10 years.
- A developer will be required to disclose whether it, any of its principals, or any affiliated entity, has been an adverse party in litigation involving any city, redevelopment agency or other public entity within the past 10 years.
- A developer will be required to disclose all judgments and outstanding claims against it, its principals or any affiliated entity, involving, but not limited to, defaults on financial obligations, construction safety, landlord/tenant disputes, or negligence.
- A developer will be required to disclose that it, any of its principals, or any affiliated entity, has filed for bankruptcy at any time within the past 10 years.
- CCDC reserves the right to deny funding assistance to any developer on the basis of the information provided by said disclosures.
- A developer must demonstrate its experiences in gaining support from respective communities for its affordable housing projects.

Compliance with PDO and Community Plan Goals

Affordable housing proposals seeking assistance from the Agency must comply with the Centre City Planned District Ordinance (“PDO”) and CCDC policies and procedures, and meet the objectives of the Downtown Community Plan, Redevelopment Plan and Five Year Implementation Plan for the Centre City and Horton Plaza Project Areas.

During the tenant selection process, a priority must be given to people who are displaced by other redevelopment projects.

Maximize Density

Based on the Downtown Community Plan, CCDC encourages developers to maximize density of the proposed projects to accommodate the projected future population growth downtown. The following guidelines apply to affordable housing projects seeking funding assistance from the Agency:

- A project must exceed the minimum FAR requirement per PDO.
- A project should strive to achieve 75% or more of the maximum base FAR.

Supportive Housing

Production of permanent supportive housing, long term housing that has supportive services for individuals with disabilities who are homeless or at risk of homelessness, is one of the affordable housing goals under the Downtown Community Plan. CCDC is committed to assisting development of supportive housing units to serve individuals with disabilities who are homeless or at risk of homelessness. CCDC's goal is to have 500 supportive housing units downtown.

- A project must include at least 15% of total affordable units as supportive housing units for individuals with disabilities who are homeless or at risk of homelessness until the cumulative downtown supportive housing stock produced reaches 500 units.
- A project must seek supportive housing financing programs to reduce the Agency subsidy. Information on supportive housing funding sources (for capital, operation and services) can be found at the Corporation for Supportive Housing's website (www.csh.org).
- Projects located in the East Village District are exempt from this requirement for the next five years (2009-2014) considering the current concentration of supportive housing units in the East Village District. CCDC's goal is to achieve equitable geographic distribution of supportive housing units within downtown.

Green Building

Sustainability is an important policy objective for CCDC. Affordable housing projects seeking Agency assistance must be designed to LEED-NC Silver or the equivalent.

Affordability Level

An affordable housing project seeking Agency assistance must meet the following affordability requirements:

- A project should include at least 40% Very Low-Income units. Projects located in the East Village District are exempt from this requirement considering the current concentration of Very Low-Income units in the East Village District. CCDC's goal is to achieve equitable geographic distribution of affordable housing units within downtown.
- Proposed rents of assisted units shall not exceed the lower of the redevelopment rents for the Moderate-Income households and 80% of market rents in the community.

Ownership Structure

CCDC considers that it is important for the Agency to have certain control over the Agency funded affordable housing projects after their affordability restrictions expire. Acceptance of the following ownership structure is required prior to commitment of the Agency funds:

- Ownership of the land must be transferred to the Agency prior to or concurrently with construction loan closing. A long term ground lease will be executed between the developer and Agency.
- The ground lease will be structured to allow the Agency to have an option to obtain ownership of the improvements after the expiration of the Agency's affordability covenants.

Projects under special circumstances may be exempted from the above requirements subject to CCDC review.

Projects Outside Project Areas

CCDC's priority is to produce affordable housing units within the Centre City and Horton Project Areas. Funding applications for projects located outside of the Project Areas will be considered only when funds are available after committing to projects within the Project Areas that meet CCDC's thresholds and policy goals. In addition, projects outside of the Project Areas must meet the following criteria:

- Proposed Agency subsidies for projects outside of the Project Areas must be less than 50% of the standard subsidy amount for downtown projects (approximately \$150,000 per unit for downtown, \$75,000 per unit for outside downtown as of March 2009). A standard subsidy amount shall be determined based on the median Agency subsidy provided to the three most recent previous transactions with units and design comparable to the proposed project.
- Projects outside of the Project Areas must include at least 15% of total affordable units as supportive housing units.
- Projects outside of the Project Areas must include onsite common areas and other amenities.
- Projects outside of the Project Areas must be located within ¼ mile of multimodal transit stops (MTS bus or trolley), which provide bus or trolley lines with direct routes to downtown.
- CCDC must receive at least ½ production credit for each unit assisted by the Centre City/Horton Low and Moderate Income Housing Funds per Section 33413(b)(2)(A)(ii) of the Health and Safety Code.
- Projects outside of the Projects Areas must achieve multiple public policy objectives and community amenities as set forth below.

OTHER AFFORDABLE HOUSING OBJECTIVES:

Geographic Distribution

The Downtown Community Plan has a goal of promoting the production of affordable housing in all of downtown's neighborhoods and districts. To avoid geographic concentration of affordable housing in the East Village District, particularly in the area south of Market Street, projects located north of Broadway and/or outside of the East Village District will be given priority. This policy only applies to new construction projects.

Public Benefits/Community Amenities

Affordable housing projects seeking Agency subsidies should strive to meet at least one of the public policy objectives from the following list:

- Publicly accessible outdoor space
- Artist housing
- Non-profit space for arts, education and other health/social services
- Public parking
- Community amenities (grocery stores, prime retail space) that contribute to revitalization of the neighborhood
- Historic rehabilitation

SRO Rehabilitation

The Downtown Community Plan recognizes the need to preserve existing SRO units and create new living units. CCDC will accept proposals from SRO owners and developers to rehabilitate existing SRO buildings. However, CCDC will assess the potential revitalization effects and public benefits of proposed rehabilitation projects and give priority to those projects that would have maximum effects/benefits. CCDC may issue Requests for Proposals for rehabilitation/redevelopment of key SRO projects from time to time.

CCDC is amenable to converting SRO units to living units, which may result in reduction of units. Converting the existing SRO units to living units and placing the Agency's affordability covenants on those units is considered as providing a public benefit and will be exempt from the "Public Benefits/Community Amenities" requirements.

Predevelopment Assistance

For affordable housing projects that offer one or more of the Affordable Housing Objectives, CCDC will consider recommending that the Agency provide predevelopment assistance to those projects to alleviate the developers' initial cost burden while structuring the project to meet the Agency goals. The amount and terms of the predevelopment assistance will be determined during the DDA negotiations. The land of the project site must be transferred to the Agency prior to or concurrent with construction loan closing.