



## **Low and Moderate Income Housing Asset Fund Affordable Housing Guidelines**

Civic San Diego, on behalf of the City of San Diego (“City”), developed an Affordable Housing Master Plan (“Plan”) that was adopted by the City Council in May 2013. The Plan outlines priorities and a strategy for utilizing the remaining affordable housing assets to maximize and leverage continued affordable housing production.

The Affordable Housing Guidelines (“Guidelines”) provide general guidelines for Civic San Diego and the City, in its capacity as the successor housing entity to the former Redevelopment Agency, to evaluate affordable housing proposals requesting financial assistance from the City’s Low and Moderate Income Housing Asset Fund (“LMIHAF”).

The City and Civic San Diego reserve the right to make changes to the Guidelines and determine application of the requirements to each project.

All projects seeking assistance from the City in accordance with the Plan will be reviewed by the Board of Directors of Civic San Diego, which will make a recommendation to the City. Final project approval is at the discretion of the City Council.

### **REQUIREMENTS:**

#### **Developer Qualification**

A developer/sponsor seeking financial assistance from the City must meet the following qualifications. If the development entity is a joint venture, the leading developer must meet the required qualifications listed below. If one or more developers equally share the partnership interest, all developers must meet the required qualifications:

- A developer must have experience developing affordable housing projects that are similar to the one proposed by the developer within the past 10 years.
- A developer must demonstrate its experience in gaining support from local communities for its affordable housing projects.

## **Disclosures**

- 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 whether it, any of its principals, or any affiliated entity, has filed for bankruptcy at any time within the past 10 years.

The City reserves the right to deny funding assistance to any developer on the basis of the information provided by the disclosures.

## **Compliance with PDO and Community Plan Goals**

### ***Downtown (CCPD) Projects***

Affordable housing proposals in the Centre City Planned District (CCPD) must comply with the Centre City Planned District Ordinance (“PDO”), meet the objectives of the Downtown Community Plan, and comply with all applicable City and Civic San Diego policies and procedures.

Based on the Downtown Community Plan, Civic San Diego 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 City’s LMIHAF:

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

### ***Projects outside Downtown***

Affordable housing projects in other areas must comply with their respective local Community Plans.

## **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 priorities under the Plan. Civic San Diego and the City are committed to assisting the development of supportive housing.

- A project in downtown must include at least 15% of total affordable units as permanent supportive housing units for individuals with disabilities who are homeless or at risk of homelessness.
- A project with permanent supportive housing units must seek supportive housing financing programs to reduce the City 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](http://www.csh.org)).

- For projects in downtown, developers should prioritize the permanent supportive housing units for those individuals who are verified to have experienced unsheltered homelessness in downtown within one year of application, subject to other applicable federal and state fair housing regulations.
- Projects outside downtown should strive to include supportive housing units whenever feasible. Proposals with at least 15% of affordable housing units reserved for supportive housing will be prioritized for funding. However, projects that do not meet this threshold may still be considered.

## **Green Building**

Sustainability is an important policy objective for the City and Civic San Diego. Affordable housing projects seeking financial assistance from the City's LMIHAF must be designed to LEED-NC Silver or the equivalent. For rehabilitation projects, this requirement does not apply, however, the use of energy efficient appliances, green building materials and practices are strongly encouraged.

## **Affordability Level**

Senate Bill 341 (SB 341), enacted October 13, 2014, imposes expenditure restrictions on the City's LMIHAF. More specifically, SB 341 requires that over a five-year period:

- At least 30 percent of the funds be spent on housing affordable to and occupied by households earning 30 percent or less of AMI; and
- Not more than 20 percent of the funds be spent on housing affordable to and occupied by households earning between 60 percent and 80 percent of AMI.

Affordable housing projects seeking financial assistance from the LMIHAF should consider these expenditure restrictions, as priority will be given to proposals that allow the City to maintain compliance with SB 341.

## **Ownership Structure**

It is important for the City to maintain control over City housing assets after affordability restrictions expire. Acceptance of the following ownership structure is required prior to commitment of the City funds:

- City-owned land will be conveyed through a long term ground lease. The ground lease will be structured to provide the City with an option to obtain ownership of the improvements after the expiration of the City's affordability covenants, but prior to expiration of the ground lease.
- In consideration of the City's participation, ownership of non-City owned land may be transferred to the City prior to or concurrently with construction loan closing. In this case, a long term ground lease will be executed between the developer and City.

Under special circumstances, projects may be exempted from the above requirements subject to Civic San Diego review and City Council approval.

## **Transit Oriented Development (TOD)**

Civic San Diego and the City seek to invest in affordable housing developments that are close to public transit to reduce reliance on automobiles, minimize greenhouse gas emissions and contribute to creating walkable, transit-oriented communities in urban City neighborhoods. Therefore, projects should be located within walking distance of transit stops (MTS bus or trolley), which provide bus, rapid bus, or trolley lines with direct routes to/from downtown and/or other employment centers. Exceptions can be made if this objective conflicts with the requirements of other funding sources.

## **OTHER AFFORDABLE HOUSING OBJECTIVES:**

### **Geographic Distribution**

To comply with the Guiding Principles of the Plan, the City and Civic San Diego strive to ensure the creation of affordable housing units funded by the LMIHAF in a wide variety of neighborhoods within the City. The City-owned properties currently subject to the Plan are concentrated in downtown and Southeastern San Diego. These neighborhoods provide strong access to transit and service. In order to advance geographic distribution, funds should also be made available for competitive allocation to projects proposed in neighborhoods outside of downtown and Southeastern San Diego/ Encanto.

### **Catalyst for Neighborhood Investment/Public Amenities**

As one of the Guiding Principles of the Plan, the City strives to invest funds strategically in affordable housing projects that serve as the catalyst for neighborhood investment. While the primary benefit of implementation of the Plan will be the provision of affordable housing, projects will be selected with consideration for their potential to further leverage the City's investment in targeted communities. The developers will be encouraged to design and program projects to activate the streets and contribute to neighborhood revitalization and sustainability.

In addition to spurring economic development, including job creation, affordable housing projects seeking City financial assistance should demonstrate how they will provide one or more public amenities. Public amenities could include:

- Publicly accessible outdoor space
- Artist housing
- Non-profit space for arts, education and other health/social services
- Public parking
- Community serving amenities (grocery stores, prime retail space) that contribute to revitalization of the neighborhood
- Historic rehabilitation
- Other amenities as may be identified in local Community Plans or through community outreach

### **Maximize Leverage with Other Funding Sources**

The City strives to leverage the LMIHAF with other private and public financing available for affordable housing developments. Developers are strongly encouraged to seek all available funding sources to leverage the City's investment.

### **SRO Rehabilitation**

The City may consider proposals from SRO owners and developers to rehabilitate existing SRO buildings within and outside of downtown. Civic San Diego will assess the potential revitalization effects and public benefits of proposed rehabilitation projects compared to other eligible projects when considering its recommendation on funding awards.