Centre City
Development
Corporation

DATE ISSUED:	June 14, 2006	REPORT NO: CCDC-06-23
ATTENTION:	Honorable Chair and Members of the Redevelopment Agency Docket of June 20, 2006	
ORIGINATING DEPT.:	Centre City Development Corporation	
SUBJECT:	Studio 15 (southwest corner of 15th Street and Imperial Avenue) – Design Review and Approval of Centre City Development Permit 2005-61 -- East Village Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project	
COUNCIL DISTRICT:	2	
REFERENCE:	Site Map Centre City Development Permit No. 2005-61 Basic Concept/Schematic Drawings Environmental Secondary Study	
STAFF CONTACT:	Dale Royal, Senior Project Manager, (619) 533-7108 Suzanne Drolet, Associate Planner, (619) 533-7109	

REQUESTED ACTION: Redevelopment Agency approval of the design and Centre City Development Permit No. 2005-61, for the proposed Studio 15 project.

STAFF RECOMMENDATION: That the Redevelopment Agency approve the design of the Studio 15 project ("Project"), a proposed affordable housing development on the southwest corner of 15th Street and Imperial Avenue, and Centre City Development Permit No. 2005-61.

SUMMARY: The Developer is proposing a 275-unit affordable housing project on the southwest corner of 15th Street and Imperial Avenue in the East Village Redevelopment District. All 275 units would be restricted for 55 years to provide affordable rents to low- and very-low-income persons. The project represents an opportunity to expand the supply of single room occupancy ("SRO") units in downtown, which is an affordable housing priority in the Downtown Community Plan. To assist in financing the project, the Developer is seeking an allocation of qualified private activity bonds through the California Debt Limit Allocation Committee ("CDLAC"). CDLAC requires applicants to have an approved development permit. Staff is recommending approval of the project's design and development permit to facilitate the Developer's request for a CDLAC allocation in July 2006.

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FISCAL CONSIDERATIONS: None with this action. The Developer is requesting Agency financial assistance, to be considered at a later date. Approval of the development permit does not obligate the Agency, in any way, to provide financial assistance to the proposed project.

CENTRE CITY DEVELOPMENT CORPORATION RECOMMENDATION ("CCDC"): On May 24, 2006, the CCDC Board of Directors voted to support the staff recommendation.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:
On May 17, 2006, the Centre City Advisory Committee ("CCAC") voted 19 to 0 to support the staff recommendation.

In April 2005, the Centre City Advisory Committee ("CCAC") Pre-Design Subcommittee reviewed the project and offered a variety of comments that were subsequently addressed in the design.

BACKGROUND

This proposed project advances the Visions and Goals of the Centre City Community Plan and the Objectives of the Centre City Redevelopment Project by:

- Adding to the range of downtown housing opportunities;
- Providing high-density housing adjacent to public transit;
- Expanding and improving the supply of affordable rental housing; and
- Removal of blight through the redevelopment of underutilized properties.

DEVELOPMENT TEAM

ROLE/FIRM	CONTACT	OWNED BY
Developer: Studio 15 Housing Partners, LLC **Managing Member:** Affirmed Housing Group	**VP of Development:** Ginger Hitzke	James Silverwood (Privately Owned)
Co-Manager: Housing Development Partners of San Diego	**Executive Director:** Wendy DeWitt	Non-profit Board of Directors - 501(c)3
Architect: Carrier Johnson	**Project Manager:** Steven Schrader	Gordon Carrier and Michael Johnson (Privately Owned)

DISCUSSION

Scope of the Project – The proposed project is a 275-unit affordable housing development consisting of 274 Single Room Occupancy ("SRO") units and 1 one-bedroom unit on a 27,272 square-foot site at the southwest corner of 15th Street and Imperial Avenue in the East Village District (see Attachment A - Site Map). All 275 units would be restricted to provide affordable rents to low- and very low-income persons at or below 40%, 50%, and 60% of area-median income ("AMI").

This application was submitted and deemed complete prior to the City Council's recent approval of the new Downtown Community Plan and Planned District Ordinance ("PDO") and is therefore being evaluated and processed under the provisions of the previous documents and regulations.

Disposition of Property – The Site includes one parcel and the Developer has site control through a Purchase and Sale Agreement.

Participation by Agency – The Developer is seeking Agency gap financing in the form of a Residual Receipts Loan. Staff is finalizing a recommendation for Agency financial participation for consideration at a later date.

Proposed Schedule of Performance

Action	Completion Date
Submit Tax Credit and Bond Application	May 2006
Approval of Development Permit by Agency	June 2006
Awarded Tax Credit Bonds	July 2006
Approval of OPA (Loan Agreement) by Agency	August 2006
Close on Construction Financing	September 2006
Start Construction	December 2006
Complete Construction	June 2008
100% Occupancy	March 2009

Project Benefits – The project would benefit the Centre City Redevelopment Project by providing:

- New SRO units to ease the impact of SRO closures and conversions;
- Affordable rental housing for very low- and low-income persons;
- Monthly rents starting in the mid-$400 range with utilities included;
- Housing aimed at low-wage workers earning between $18,000 and $28,000 per year;
- Affordability that meets and exceeds the City's Inclusionary Housing Ordinance;
- Redevelopment of a highly-visible blighted area on a main access to PETCO Park;

- Quality, compatible development to be located next to a homeless facility;
- High-density housing adjacent to public transit at the Imperial trolley and bus station;
- Development that maximizes allowable floor area ratio within a low-rise zone; and
- Clean-up of a Brownfield site that has contaminated soils and underground tanks.

PROJECT DESCRIPTION

Type of housing	Single Room Occupancy (SRO) Units
Total number of units/total square feet	275 units/98,087 sq.ft.
Number of bedrooms/unit	274 studios (265 sq.ft. average) 1 one-bedroom (750 sq.ft.)
Parking	59 spaces (0.2 spaces per unit)
Land Area	27,272 sq.ft.
Project density	435 units/acre
Number of units demolished	0
Rent/unit price of demolished units	Not applicable
Housing cost	Approximately $400 - $700 per month Target: downtown low-wage workers such as hotel desk clerks, retail-sales persons, receptionists, bookkeepers

The Project proposes 275 units and includes 5,200 square feet of common-indoor area, including kitchen, TV, and computer/living areas, as well as a 4,500 square-foot, landscaped, common courtyard at grade level for the private use of tenants/residents. One level of underground parking will be accessed from 15th Street and will provide stalls for 59 vehicles, meeting the Planned District Ordinance ("PDO") requirements of 0.2 spaces per SRO unit (55 spaces).

The proposed Project is located in the East Village neighborhood on a site zoned Commercial Services, which is intended to accommodate business, commercial and industrial uses that support other downtown uses. A base Floor Area Ratio ("FAR") of 3.0 applies to the site, and the applicant is requesting an increase of 0.6 FAR under State Density Bonus Law provisions for affordable housing projects, for a maximum FAR of 3.6, which the project is eligible to receive. The recently-adopted Community Plan documents establish a Base FAR of 3.0 for this site, with an ability to earn an additional 3.0 FAR, for a maximum of 6.0 FAR. The project requires approval of a FAR increase from 3.0 to 3.6 under State Density Bonus Law provisions for affordable housing projects (ministerial action).

The Site is currently occupied by a two-story commercial building, with a one-story commercial building sharing the property line to the west, three-story buildings for Father Joe's Village (transitional housing) to the south and east, and the Metropolitan Transit System ("MTS") bus yard to the north. The surrounding neighborhood is characterized by a variety of older and newer

commercial and residential buildings and is the focus of increased redevelopment interest with the recently approved Triangle market-rate condominium project and Tailgate parking lot located one block to the west, a recently submitted development permit application for market-rate condominiums at 17th Street and Imperial Avenue located two blocks to the east, and discussions regarding the redevelopment of the "Wonderbread" site just to the north. The site is adjacent to a mid-block alley, which is characteristic of the eastern portion of super blocks in the East Village; 15th Street is a dead-end street (does not provide either vehicular or pedestrian-through access to Commercial Street); and, Imperial Avenue provides north-south access between downtown and Sherman Heights.

PROJECT ANALYSIS AND IMPACT ASSESSMENT

Housing Impact - The project addresses priorities established in the Downtown Community Plan, adopted by the City Council in February 2006, for affordable housing production in downtown. One of the priorities is to expand the supply of SRO hotel rooms which serve a unique and important component of the rental housing market by providing furnished studios affordable to very-low-income persons with utilities included in the rent. Downtown's supply of SRO rooms has suffered a net loss of about 500 units since 2001 due to closures to facilitate the development of the Federal Courthouse and other redevelopment projects.

Consistency with Plans - Both the Community and East Village Focus plans encourage a diversity of housing types and price ranges. The proposed project complies with the goals of the Community Plan by adding to the availability of affordable housing in Centre City, which will add to the diversity of affordable, and market-rate apartments and condominiums being constructed downtown. The project is also consistent with the PDO in terms of land use and development standards including street-level design. The proposed increase in FAR from 3.0 to 3.6 is consistent with the objectives of the State Density Bonus Law.

Historic Resources - The project site includes a building located at 70 15th Street that is over 45 years old and, as such, required review by the Historic Resources Board ("HRB"). On May 17, 2006, staff received an electronic communication from Cathy Winterrowd of HRB stating that staff concurs with the conclusions of the historical resources research report prepared by Wendy Tinsley of Urbana Preservation & Planning that the building does not meet any of the City's historical resources designation criteria. There are no other historical resources issues related to demolition of this building.

Environmental Impact – Under the 2006 Final Environmental Impact Report (FEIR), an Environmental Secondary Study was prepared for all developments in the Centre City area in order to evaluate the project's compliance with the Plan and PDO and, therefore, the findings and conclusions of the FEIR. Unless the project is found to be out of compliance with those planning documents, no further environmental review is required.

CONCLUSION

Approval of the Centre City Development Permit will facilitate the development of 275 single-room occupancy units to expand the supply of affordable housing in downtown.

Respectfully submitted,

Dale Royal
Senior Project Manager

Suzanne Drolet
Associate Planner

Concurred by:

Nancy C. Graham
President

Attachment(s): A - Site Map
B - Centre City Development Permit No. 2005-61
C - Basic Concept/Schematic Drawings
D - Final Environmental Secondary Study