

DATE ISSUED: September 29, 2010

ATTENTION: Honorable Chair and Members of the Redevelopment Agency  
Docket of October 5, 2010

ORIGINATING DEPT.: Centre City Development Corporation

SUBJECT: Homeless Service Center and Housing Facility (1250 Sixth Avenue) – Exclusive Negotiation Agreement with Connections Housing Downtown, L.P. for the Proposed Rehabilitation and Operation of the World Trade Center Building, and exclusive negotiations with the City of San Diego for site control of the World Trade Center building and adjacent parking structure – Core Redevelopment District of the Expansion Sub Area of the Centre City Redevelopment Project

COUNCIL DISTRICT: 2

REFERENCE: None

STAFF CONTACT: Eri Kameyama, Senior Project Manager, 619-533-7177

REQUESTED ACTION: That the Redevelopment Agency of the City of San Diego (“Agency”):

1. Approves the proposed Exclusive Negotiation Agreement (ENA) with Connections Housing Downtown, L.P. (“Developer”) for rehabilitation and operation of the World Trade Center building located at 1250 Sixth Avenue (“Property”) as a homeless service center and housing facility (“Facility”);
2. Authorizes the Agency staff to enter into exclusive negotiations with the City of San Diego (“City”) for site control of the Property for the Facility; and
3. Authorizes the Agency staff to enter into exclusive negotiations with the City for acquisition of the adjacent parking structure for future rehabilitation or redevelopment.

STAFF RECOMMENDATION: That the Agency approves the requested actions.

SUMMARY: On July 14, 2010, the City Council of the City of San Diego's ("City Council") Land Use and Housing Committee (LU&H) approved a recommendation to the City Council to request that the Agency enter into exclusive negotiations with the Developer for rehabilitation and operation of the Facility. LU&H also approved a recommendation to the City Council to authorize staff to negotiate disposition of the Property and adjacent parking structure to the Agency. The Developer proposes to rehabilitate the Property into a one-stop service center and housing for the homeless, which includes a multi-service center, a medical clinic, 150 interim housing beds, and 73 permanent supportive housing units and 2 manager units.

An ENA with the Developer is proposed to be executed to negotiate the terms and conditions of a Disposition and Development Agreement (DDA) for the rehabilitation and operation of the Facility. During the ENA period, the Agency and Developer would agree on the rehabilitation scope, rehabilitation and operating budgets, funding sources, Agency subsidy amount, operating conditions of a Conditional Use Permit (CUP) subject to City approval, operating program and service providers and the Property's future ownership structure. The Agency will negotiate site control of the Property with the City for purchase or lease. The adjacent parking structure is not part of the Facility and may be acquired by the Agency using non-Low and Moderate Income Housing Fund for future rehabilitation or redevelopment.

FISCAL CONSIDERATIONS: To complete the negotiation with the City for purchase/lease of the Property, the Agency will review as-built drawings, conduct structural testing and other studies/testing as required to complete the due diligence. The cost for due diligence work is estimated to range from \$75,000 to \$125,000. Funds are available in the FY2011 Low and Moderate Income Housing Fund for the Centre City Redevelopment Project.

If the Agency proceeds with the DDA, there will be future costs to acquire the World Trade Center building and to provide a subsidy to the Developer for rehabilitation of the building. There will also be costs to acquire and redevelop or renovate the attached parking structure. All of these future costs are subject to future Agency approvals.

CENTRE CITY DEVELOPMENT CORPORATION RECOMMENDATION: On July 28, 2010, the Centre City Development Corporation ("Corporation") Board voted 6-0 to support staff recommendation with conditions that the surrounding business community be guaranteed one or two seats on the Neighborhood Advisory Committee to be established for the Facility and a budget for an on-going neighborhood protection plan be identified prior to approval of a DDA.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: On July 14, 2010, LU&H approved a recommendation to the City Council to request that the Agency enter into exclusive negotiations with the Developer for rehabilitation and operation of the Facility and to authorize staff to negotiate with the Agency the disposition of the Property and parking structure adjacent to the Property, with a condition that the Agency staff review and evaluate the downtown sites identified by Cushman and Wakefield as possible alternatives for the Facility

prior to the Agency approval of the ENA. LU&H also requested that a closed session of the City Council be held in July 2010 to discuss the lawsuit concerning the City's illegal lodging ordinance. That closed session meeting was held on July 27, 2010.

#### DEVELOPMENT TEAM

<b>ROLE</b>	<b>FIRM/CONTACT</b>	<b>OWNERSHIP</b>
Project Lead	People Assisting the Homeless (PATH) Joel John Roberts	A 501(c)(3) nonprofit corporation
Developer	Affirmed Housing Group (AHG) James Silverwood	James Silverwood Privately Owned

The Development team consists of PATH and AHG. PATH is a California-based non-profit corporation organized in 1984 to meet the needs of homeless and at-risk homeless individuals. PATH operates a successful "one-stop" homeless services center in Los Angeles. PATH will operate the interim housing (with Alpha Project) and service center, and provide residential service coordination. AHG is an affordable housing developer with successful track records in building and financing affordable housing projects statewide. AHG will secure financing for the rehabilitation, including nine percent tax credits, and manage the rehabilitation process, as well as operating the permanent supportive housing. Family Health Centers of San Diego (FHCSO) will be the operator of the health center. FHCSO is a nonprofit community clinic organization, with a mission to provide comprehensive, accessible, quality healthcare services to people of all income levels, with a special commitment to low income, medically underserved individuals. FHCSO operates 29 locations throughout the County, including 12 primary care clinics, three dental clinics, an HIV clinic, and three mobile medical units. FHCSO will provide the medical clinic and services at the Facility.

#### BACKGROUND:

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

- Providing transitional housing and permanent supportive housing to meet the housing needs of the chronically homeless,
- Providing a human service facility that provides assistance to people who are homeless or at risk of homelessness, and
- Rehabilitating a designated historic building for reuse.

The San Diego Housing Commission (SDHC), in collaboration with the Corporation and City, issued a Request for Proposals (RFP) on April 3, 2009 with a goal to address homelessness by

providing housing coupled with supportive services, consistent with the Housing First Model as outlined in the 10-Year Plan to End Chronic Homelessness in the San Diego Region (PTECH). A selection committee was formed, representing the public sector, business community, residents and non-profit organizations working on homelessness issues in San Diego. Specifically, the selection committee consisted of representatives from the SDHC, the Corporation, the City, Downtown Resident Group, East Village Community Action Network, United Way, County of San Diego Department of Mental Health, Downtown Partnership and Corporation for Supportive Housing. After an extensive review process, the selection committee recommended the selection of a proposal submitted by the Developer to rehabilitate the Property into a multi-service center, a medical clinic, 150 interim housing beds and 75 permanent supportive housing units.

On July 14, 2010, LU&H approved a recommendation to the City Council to request that the Agency enter into exclusive negotiations with the Developer for rehabilitation and operation of the Facility. LU&H also approved a recommendation to the City Council to authorize staff to negotiate disposition of the Property and adjacent parking structure to the Agency. Staff reports to LU&H dated April 21, 2010 and July 14, 2010, describing the RFP process and evaluation of the proposals, are attached to this report (Attachments A and B). A summary of the public outreach conducted by the Developer and comments received by the community are attached to this report (Attachment C).

## DISCUSSION

### Assessment of Cushman & Wakefield's List of Alternative Sites

As requested by LU&H on July 14, 2010, staff assessed the list of alternative sites prepared by Cushman & Wakefield. The direction by LU&H was to assess only the downtown sites on the list. The Cushman & Wakefield's list and staff assessment of the list is attached to this staff report as Attachment D.

In addition, staff explored other vacant or nearly vacant downtown buildings/sites listed below during the RFP process, and concluded that the World Trade Center building is the most appropriate site for the proposed uses. Alternative sites considered include:

• <b>World Trade Center – via RFP</b>	<b>127,990 SF</b>
• 1330 Fourth Ave. (Church of Scientology) – via RFP	30,000 SF
• 1402 Commercial St. (Father Joe's Village's proposal) – via RFP	47,000 SF vacant site for 120,000 SF new building
• 925 B St. (Former Chicago Title building)	68,000 SF
• San Diego Concourse (City-owned building)	158,000 SF
• SW corner of Eighth & C St. (Former Woodbury School)	45,000 SF
• Existing Main Library – unavailable until Spring 2013	86,715 SF
• 303 A St. (City-owned USO building)	30,000 SF

### Project Description

#### *World Trade Center Building*

The World Trade Center building is a locally designated historic property located at 1250 Sixth Avenue. It was built in 1928 and originally known as the San Diego Athletic Club. The adjacent parking structure was added in 1969 and is not a listed historic resource. The City acquired the building in 2004 and has used it as an office building. The building's design is primarily Art Deco with Gothic Revival details and is a rare example of the "New York Skyscraper" influence in San Diego.

According to the building assessment prepared by Heritage Architecture and Planning, the building's interior finishes were significantly altered during the conversion of the building from Athletic Club to office space, and the original character of the interior is no longer evident and cannot be defined. The majority of the historic detailing and cast-stone ornamentation on the building's exterior are still extant. Most of the roofing is in poor condition, beyond its life expectancy and in need of replacement. Seismic upgrades may be required if a determination is made through a review of the original building drawings or destructive testing of the roof-to-wall anchorage. Some modifications of the existing mechanic equipment are recommended to reduce energy consumption and to accommodate the proposed interior layout. The installation of reverse chilled water and heating hot water loops at each floor is recommended to minimize the size of ductwork, maximize ceiling heights and allow many more temperature zones. New distribution piping and fixtures will be required on all floors and a new domestic water heating system will be required to support the residential use. Additional bathrooms with accessibility and showers will be required on each floor. Modernization of the two main elevators and modifications to the existing fire sprinkler and alarm system are required to accommodate the proposed interior layout. The building assessment report completed by Heritage Architecture and Planning, dated March 18, 2010, is attached to this report (Attachment E).

#### *Developer Proposal*

The Developer proposes to rehabilitate the Property into a one-stop service center and housing for the homeless. The building will consist of a multi-service center operated by PATH, a medical clinic operated by the FHCS, 150 interim housing beds operated by PATH and Alpha Project, and 73 permanent supportive housing units with 2 manager units operated by AHG.

The multi-service center will be designed as a one-stop center where anyone in need can come in for information, personal care (showers and haircuts), service needs assessment, case management and referrals to housing and other on-site or off-site service providers. The multi-service center will host multiple providers for services, including veterans services, legal services, benefits advocacy, employment services, case management, substance abuse treatment and

housing referrals. The Developer provided letters of support from some of the proposed service providers, such as Alpha Project, Veterans Villages of San Diego, Homeless Court Program and Legal Aid Society of San Diego. The partner agencies will be responsible for the day-to-day operations of their own programs within the center under Memorandums of Agreement with PATH, which will oversee the program operations and ensure program quality and cohesiveness. The medical center will provide comprehensive primary care, medical and mental health services, allowing homeless individuals to access health care as part of their regular routine of services.

Residents entering the 150 interim housing beds will sign house rules that are designed to ensure the community's safety and security. The 73 supportive housing units will operate like any other apartment building, where each resident will sign a lease with specific building rules. Any illegal behavior in or around the building will not be allowed, and will be grounds for expulsion from the housing. All residents of the building will be screened via Megan's Law. Intake specialists will also perform intensive interviews. Security will be provided 24 hours per day, seven days per week in addition to on-site program staff to help residents and monitor the program. Comprehensive plans for operations and management of the housing and multi-service center will be prepared during the ENA period.

The basement level (11,000 net SF) will have the multi-service center with office spaces for individual service providers, meeting rooms, computer/training rooms, employment/job center, partner agency suites and cubicles, commercial kitchen and café and client bathroom/shower facilities. The sub-basement level (6,060 net SF) will be for the administration office space, storage, meeting rooms and equipment rooms. The first floor (12,500 net SF) will have the main reception area and a medical clinic. The reception area will include a large space for waiting clients, restrooms, offices for intake/assessment and case management. The medical clinic will have a separate entrance and waiting room. The second and third floors (22,500 net SF) will be used for interim housing with 150 beds, which will be set-up in cubicles with individual twin beds (not bunk-bed style). Each floor will have a small residential community kitchen, common lounge areas, laundry facilities, small lockers for each resident and staff offices. The fourth through 12<sup>th</sup> floors (41,000 net SF) will have 73 studio apartments and 2 two-bedroom manager units for permanent supportive housing. Common areas will be scattered between floors.

#### *Existing Parking Structure*

The parking structure adjacent to the World Trade Center building is not part of the original building and is not a designated historic resource. It is a steel frame structure with 261 parking spaces on seven levels with commercial space on the ground level. The structure has doors that lead to the World Trade Center building on parking levels four through seven. However, none of the connections provide a level path, including the fourth level which includes designated disabled parking. According to the building assessment report prepared by the Heritage Architecture and Planning dated March 18, 2010 (Attachment C), the spray-on fire-proofing covering on all of the exposed structural steel contains asbestos. There are signs of metal

corrosion at the steel posts, connections to the steel decks, angles securing the metal panels to the exterior, and components of the lighting. The stairwell is in poor condition with cracks on the concrete walls and wood veneer doors. The report also points out two locations where the barrier systems do not provide sufficient life-safety standards, including the exterior walls which do not meet the current code, and the edge of deck between floors with chain link fence which does not provide sufficient barrier for pedestrians and cars. As of August 2008, the parking has annual gross revenues of approximately \$360,000 and annual net revenues of approximately \$260,000. A preliminary cost estimate to remediate the asbestos and conduct recommended safety and accessibility improvements is \$4,900,000.

The parking structure is not part of the DDA, and will not be rehabilitated by the Developer. The Agency may acquire it using non-Low and Moderate Income Housing Fund for future rehabilitation or redevelopment. The Agency will assess the best course of action prior to approval of the acquisition.

#### *Entitlements*

Under the Centre City Planned District Ordinance (PDO), a CUP is required for the on-site provision of social services and transitional housing. It is contemplated that the CUP would contain conditions under which the property would be required to operate such as on-site security, prevention of queuing and loitering, background checks of residents, rules of resident and patient conduct and hours of operations. A CUP is also required to allow for the non-employment uses of the Facility to exceed 50 percent of the gross floor area within the Employment Required Overlay District, which may be allowed under the PDO for a designated historical resource.

The PDO limits the size of Living Units to an average of 300 square feet, with any individual unit not exceeding 400 square feet. As a result of the existing floor plan layout, large windows and historical resource designation of the Property, the Developer contemplates that the resulting floor plan layout of the Living Units will range in size from 285 to 430 square feet. The Developer will pursue a Planned Development Permit (PDP) to allow for a deviation from the PDO standards to allow for the increased size of the Living Units.

#### *Parking Requirements*

The PDO exempts transitional housing and living units restricted at 40 percent Area Median Income and below from parking requirements. The one-stop multi-service center and offices are also exempt from parking requirements as the Property is an existing building. Employees of the project requiring parking could secure monthly parking passes from public parking facilities nearby.

Project Financing – The Developer’s estimated total acquisition and rehabilitation cost is \$34.4 million. Heritage Architecture and Planning reviewed the Developer’s cost estimate and adjusted as shown in the table below. The Agency will commission a current appraisal of the Property to verify the estimated acquisition value shown below.

<b>Capital Costs</b>	<b>Developer</b>	<b>Heritage</b>
Direct Costs	\$21,494,000	\$17,992,000
Indirect Costs	\$4,348,000	\$4,348,000
Financing Costs	\$1,597,000	\$1,597,000
Site Acquisition Costs	\$7,000,000*	\$7,000,000*
<b>TOTAL</b>	<b>\$34,439,000</b>	<b>\$30,937,000</b>

\* Estimated allocation of \$10 million acquisition cost for building only, without parking.

The Developer proposes to finance the project with a combination of following funding sources:

<b>Funding Sources</b>	<b>Developer</b>	<b>Heritage Architecture</b>
Market Value of Tax Credits (9%)	\$13,959,000	\$13,959,000
VA Grant	\$1,500,000	\$1,500,000
Deferred Developer Overhead Fee	\$157,000	\$157,000
<b>Local Funding Gap:</b>	<b>\$18,824,000</b>	<b>\$15,322,000</b>
<i>SDHC<sup>(1)</sup></i>	<i>\$2,000,000</i>	<i>\$2,000,000</i>
<i>Agency</i>	<i>\$13,000,000</i>	<i>\$13,000,000</i>
<i>Low/Mod Housing Fund<sup>(2)</sup></i>	<i>\$10,000,000</i>	<i>\$10,000,000</i>
<i>Health &amp; Human Services Fund<sup>(3)</sup></i>	<i>\$3,000,000</i>	<i>\$3,000,000</i>
<b>Total</b>	<b>\$30,615,000</b>	<b>\$30,615,000</b>
<b>Unfunded Gap</b>	<b>\$3,824,000</b>	<b>\$322,000</b>

<sup>(1)</sup> SDHC staff opinion of potential funding availability; subject to approval

<sup>(2)</sup> Corporation commitment in FY2011 Low/Mod Housing budget

<sup>(3)</sup> Corporation staff opinion of potential funding availability from Health and Human Services Program; subject to approval

The Agency will negotiate with the Developer during the ENA period to minimize the Agency contribution by maximizing available outside sources.

The Developer’s estimated total annual operating costs of the Facility are \$5.1 million as detailed below:

<b>Annual Operating Expenses</b>	
Permanent and Interim Housing	\$1,964,530
Service Center and Medical Clinic	\$3,164,328
<b>TOTAL</b>	<b>\$5,128,858</b>



The Developer proposes to fund the operations of the housing with rental income (for permanent supportive housing), in-kind donations and other grants. The operations of the medical center are proposed to be funded by MediCal and federal/county grants. The operations of the multi-service center are proposed to be funded by in-kind donations and various City and government grants, including Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), Veterans Administration funding, Housing Opportunities for Persons with AIDS (HOPWA) and Emergency Food and Shelter Program (EFSP). Additional operating revenues will be identified during the ENA period. Staff and the Developer intend to meet with the County of San Diego to seek funding for some of the services. A final financing plan with viable funding sources, including in-kind and other donations and small grants, will be submitted to the Agency for approval during the ENA period. The most recent financial analysis of the Developer proposal prepared by Keyser Marston Associates is attached to this report (Attachment F).

Disposition of Property – The Property and adjacent parking structure are owned by the City. During the ENA period, the Agency will negotiate site control of the Property with the City for purchase or lease. The parking structure is not part of the Facility and may be acquired by the Agency using either parking revenue bond proceeds or unrestricted tax increment for future rehabilitation or redevelopment. Upon the completion of negotiations, the terms of disposition for each of these properties will be presented to the Council and Agency for approval.

Participation by Agency – It is proposed that the Agency enter into an ENA (Attachment G) with the Developer to negotiate terms and conditions of the DDA for the rehabilitation and operation of the Facility. During the ENA period, the Agency and Developer would agree on the rehabilitation scope, development and operating budgets, funding sources, Agency subsidy amount, operating conditions of a CUP, operating program and service providers and the Property's future ownership structure.

The essential terms of the ENA are as follows:

1. The Agency and Developer shall negotiate for 270 days to prepare a DDA. At the option of the Agency's Executive Director or designee, the negotiation period may be extended for an additional 90 days. The Agency reserves the right to terminate the ENA prior to the end of the negotiation period: (1) if the Agency is not satisfied with the capacity of the Developer to complete the rehabilitation; (2) if there is a material adverse change in the Developer's track record, staffing or financial capacity; (3) if there is a material change in capital improvement or operating costs or available funding sources; or (4) if the Agency is unable to negotiate and secure site control of the Property from the City.

2. Obligations of the Developer include the following:

- (1) Develop a rehabilitation plan – Within sixty days, the Developer shall prepare a plan to rehabilitate the Property into the proposed Facility, which will be made part of the DDA and used to set out the scope of rehabilitation, method of financing and schedule of performance. The Developer is required to utilize the Housing First Model, implement environmentally sustainable rehabilitation and comply with the U.S. Department of the interior guidelines and City Guidelines for historic preservation.
- (2) Develop a financing program within 90 days with reasonably satisfactory evidence that financing will be available for acquisition, capital improvements and operation of the Facility. The Developer is also required to identify a budget for an on-going neighborhood protection plan. The Developer shall maximize the leverage of local funding sources by pursuing outside public and private funding sources.
- (3) Within 60 days, provide information necessary for the Agency to perform an environmental review pursuant to the California Environmental Quality Act (CEQA).
- (4) During the ENA period, the Developer shall develop programs and prepare an operation plan for the Facility, which addresses arrangements with different service providers and coordination among PATH, FHCS and AHG regarding management of the service center, health clinic and housing components. In addition, management plans for interim housing and permanent supportive housing shall be prepared.
- (5) Negotiate a list of conditions to the CUP with the Corporation, including on-site security, prevention of queuing and loitering, background checks of residents, rules of resident and patient conduct and hours of operations.
- (6) Secure commitments for proposed in-kind services from identified service providers.
- (7) Advance design and engineering related to the rehabilitation and historic preservation plan through schematic level design at Developer's expense.
- (8) Continue to conduct community outreach to address valid concerns regarding the program and operations. Such outreach shall include creation of a neighborhood advisory committee and building relationships with local service providers. The neighborhood advisory committee shall include one or two seats for the representatives of the surrounding business community.

- (9) The Developer shall evaluate the terms and conditions of a proposed purchase or ground lease of the Property as part of the DDA negotiations.
3. Obligations of the Agency include the following:
  - (1) Use best efforts to negotiate site control of the Property with the City for purchase or a ground lease.
  - (2) Instruct its financial advisor to work with the Developer to develop a proforma for financing the proposal.
  - (3) Assist with identifying funding sources.
  - (4) Conduct further due diligence, including destructive testing to determine the extent of seismic retrofit required and testing for hazardous materials and life safety code compliance.
  - (5) Negotiate a DDA with the Developer, draft the DDA and related agreements.
  - (6) Use good-faith efforts to schedule all public hearings required for project design review and approval of the DDA with the appropriate authorities.
4. The Agency shall not be obligated to approve or execute a DDA.

Proposed Schedule of Performance – The Developer plans to apply for the first round of nine percent Low-Income Housing Tax Credits in March 2011. In order to be eligible and competitive for the program, the Developer and Agency must complete the following tasks prior to the application:

- Executed purchase and sale agreement or lease between the Agency and City
- Completion of property due diligence, including structural, soils and geologic
- Identification of all necessary funding sources for acquisition, capital improvements and operations
- Refinement of operating program and commitment of service providers
- Funding approval from the San Diego Housing Authority
- Entitlement processing and approvals by CCDC, HRB, Planning Commission, Agency, City Council (including CUP, PDP, CEQA)
- Refinement of rehabilitation scope of work, budget and interior space plan
- Execution of DDA

<u>Tasks</u>	<u>Dates</u>
<ul style="list-style-type: none"> <li>• Agency/CCDC negotiate &amp; process approval of Property acquisition from City (Purchase or lease)</li> <li>• Conduct Property due diligence</li> </ul>	Sep-Oct 2010
<ul style="list-style-type: none"> <li>• Agency review/approval of ENA between Agency and Developer</li> </ul>	Sep 14, 2010
<ul style="list-style-type: none"> <li>• Negotiate and draft CUP conditions</li> <li>• Negotiate and draft DDA/loan agreements between Agency/SDHC and Developer</li> </ul>	Sep – Dec 2010
<ul style="list-style-type: none"> <li>• Conduct environmental/historic review</li> </ul>	Oct – Nov 2010
<ul style="list-style-type: none"> <li>• Update budgets, funding sources and financial proforma</li> </ul>	Sep – Dec 2010
<ul style="list-style-type: none"> <li>• CCDC and CCAC review and approval of DDA</li> </ul>	Jan 2011
<ul style="list-style-type: none"> <li>• Planning Commission review and approval of entitlements</li> </ul>	Feb 2011
<ul style="list-style-type: none"> <li>• City Council/Agency review and approval of DDA, entitlements, CEQA studies, CUP</li> <li>• Submit Tax Credit application</li> </ul>	Mar 2011
<ul style="list-style-type: none"> <li>• Tax Credit award notice</li> </ul>	June 2011
<ul style="list-style-type: none"> <li>• Complete design and engineering; secure building permits</li> </ul>	Jul – Oct 2011
<ul style="list-style-type: none"> <li>• Begin rehabilitation</li> </ul>	Nov 2011
<ul style="list-style-type: none"> <li>• Complete rehabilitation/move-in</li> </ul>	Nov – Dec 2012

Project Benefits -- The proposed project would provide:

- Transitional housing and permanent supportive housing to meet the housing needs of the chronically homeless;
- A human service facility that provides assistance to people who are homeless or at risk of homelessness; and
- Removal of blight by rehabilitating a designated historic building.

PROJECT DESCRIPTION - The following is a summary of the project:

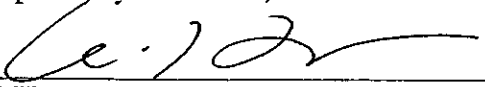
Site Area	15,000 sq. ft.
Maximum Floor Area Ratio (FAR) Permitted	10.0
Minimum FAR Required	6.0
Proposed FAR	8.53
FAR Bonuses Proposed	N/A
Stories	14 stories
Residential	
Supportive Units – Studios	75 units    47,000 sq. ft.
Interim Housing	150 beds    25,000 sq. ft.
Total Residential	225 beds    72,000 sq. ft.
Average Affordability	33% AMI
Non-Residential	
Medical Clinic	13,600 sq. ft.
Multi-service Center	17,300 sq. ft.
Admin Offices, Storage, Training	13,400 sq. ft.
Total Non-Residential	44,300 sq. ft.
Projected Rental Rates	
Supportive Units – Studios	\$876/mo. (w/vouchers)
Interim Housing	\$0
Number of Units Demolished	None
Inclusionary Housing Ordinance Compliance/ Number of Affordable Units	225 beds
Parking      Required	0 spaces
Proposed	0 spaces residential
Assessor's Parcel Nos.	534-055-0400 (WTC) 534-055-0100 & 534-055-0200 (Parking Structure)

Environmental Impact: At this time, there is no “project” under the definition set forth in CEQA Guidelines Section 15378 that would require environmental review. However, if the Agency directs staff to negotiate a Disposition and Development Agreement (DDA) with the Connections Housing team, then any proposed project or agreement resulting from the negotiations would be reviewed for consistency with the Final Environmental Impact Report (FEIR) prepared for the Centre City Redevelopment Plan and the Downtown Community Plan and the appropriate additional environmental documents would be prepared for consideration by the decision-making bodies. Therefore, pursuant to CEQA Guidelines Section 15060(c)(3), this activity is not subject to CEQA.

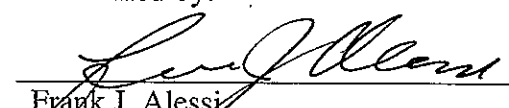
Processing under the National Environmental Policy Act (NEPA) is not required at this time as no federal funds are implicated in the action to enter into an agreement with Connections Housing for the proposed homeless service center and housing facility. Any proposed project resulting from the agreement will be reviewed under NEPA if federal funds constitute part of the financing.


CONCLUSION – It is proposed that the Agency enter into an ENA with the Developer to negotiate terms and conditions of the DDA for the rehabilitation and operation of the Facility. Further, it is proposed that the Agency authorize staff to negotiate with the City for site control of the Property and for acquisition of the adjacent parking structure.

Respectfully submitted,

  
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Eri Kameyama  
Senior Project Manager

Concurred by:

  
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Frank J. Alessi  
Executive Vice President & Chief Financial Officer

  
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Jeff Graham  
Vice President, Redevelopment

- Attachments:
- A – LU&H Staff Report dated April 21, 2010 (without attachments)
  - B – LU&H Staff Report dated July 14, 2010 (without attachments)
  - C – Summary of Community Outreach & Community Comments/Responses
  - D – List of Alternative Sites by Cushman and Wakefield and Staff Assessment of the List
  - E – Building Assessment Report by Heritage Architecture and Planning
  - F – KMA Financial Analysis of the Developer Proposal dated April 2, 2010
  - G – Exclusive Negotiation Agreement