

Plaza 2555
Affordable Housing Plan
Updated: August 20, 2018

The Plaza 2555 project proposes a mix of affordable housing elements that address particular unmet housing needs within the City of Davis (“City”); meet the affordability requirements for a Sustainable Communities Project (“SCP”) under Public Resources Code section 21155.1(c); and respect the neighborhood context. Because this project would be entirely privately funded, the components of the affordable housing plan can be both straightforward and flexible.

Background

We have met with community members, activists, and decision-makers and refined the proposed affordable housing plan to best align with the community’s current needs. We have repeatedly heard that the City has an unmet need for small units and for bedrooms that are deeply affordable to low-income residents. The following Affordable Housing Plan incorporates the feedback that we have received.

Affordable Housing Plan

Target Income	Quantity and Type	Type of Lease	Rent as % of AMI	Expected initial monthly rent*
Low	5% of total bedrooms	Bedroom	30% of 80%	\$1165.00
Very low	5% of total units	Unit	30% of 50%	\$728.75
Extremely Low	5% of total bedrooms	Bedroom	30% of 30%	\$437.50
Total				
Notes: * Expected monthly rent is based on current year rental information and 2018 Yolo County AMI.				

1.) Affordable Rental Units for Very Low Income (Sustainable Communities Project).

Consistent with Public Resources Code Chapter 4.2, 21155.1, Section (c)(1), Plaza 2555 will include 5% of the rental units to be rented at an affordable rent to very low income households, which is defined by the statute as those households with a gross income of no more than 50% of the Area Median Income (“AMI”), adjusted for household size appropriate for the unit. We plan to use Yolo County as the “area” for calculation of applicable AMI.

With the proposed project of 200 units, Plaza 2555 would provide 10 micro units that are affordable to very low income households. At current standards, the rent for such units would be

30% of the income for a household earning 50% of the AMI, based on an assumed household size of one person.

2.) Affordable Housing for Individuals.

In addition, Plaza 2555 also proposes to provide deeply affordable housing for residents whose income is at the “low” and “extremely low income” levels. This housing would be provided through individual bedroom leases.

Individual bedroom leases, which are targeted to specific individuals at specific incomes, provide two significant benefits: (1) they efficiently assure that the rent reduction will benefit the targeted and qualified individuals; and (2) the targeted and qualified individuals can choose which apartment they want and with whom they wish to live, just like everyone else. The result is an efficient affordable housing subsidy to those who need it most, in a manner that is non-intrusive into their private lives.

Plaza 2555 will publicize the availability of affordable bedroom leases, and may offer bedroom leases at affordable and market rates so that eligible individuals can live with other residents who do not qualify for the affordable housing program. Plaza 2555 will be responsible for ensuring that the required number of bedrooms are set-aside and leased to eligible individuals during each lease year, and will engage in marketing and outreach as necessary to satisfy this requirement.

The result will be a mixed-income rental community in which people of all income levels can live in close proximity to one another. To assure a mixed-income community, Plaza 2555 proposes that 10% of the project’s bedrooms be rented at affordable levels.

In the proposed project of 200 units, the maximum number of bedrooms would be 646. Plaza 2555 proposes to provide 10% of the total bedrooms in the development, at affordable rents to low and extremely low income individuals, as follows.

a. Housing for Low Income Individuals.

Five percent of the total bedrooms (approximately 32—provided that the actual number will be based on final bedroom count and will be rounded to the nearest whole number), will be leased on an individual basis to individuals at “low” income levels, up to 80% of AMI. The monthly rent for such “low” income bedroom leases would be up to 30% of the income for a household earning 80% of the AMI.

b. Housing for Extremely Low Income Individuals.

Five percent of the total bedrooms (approximately 32), will be leased on an individual basis to individuals at “extremely low” income levels, up to 30% of AMI. The monthly rent for such “extremely low” income bedroom leases would be up to 30% of the income for a household earning 30% of the AMI.

3.) Qualifying Criteria

Plaza 2555's affordable housing program will be open to residents who qualify for conventional affordable housing, as well as residents who may not qualify for such housing due to student status. Such residents may be either financially dependent or independent, which dependent residents' income shall be determined based on the household income of the household for whom they are a dependent. All affordable housing residents must demonstrate that they meet the income criteria at the appropriate level for the housing they seek. For purposes of determining eligibility, "income" shall be defined as set forth in 25 Cal. Code Regs. §6914.

Plaza 2555 management may also implement additional selection criteria, and shall ensure that all selection criteria are in conformance with all applicable laws, including but not limited to the Federal Fair Housing Act, the California Fair Employment and Housing Act, and the California Unruh Act.

Further, eligible individuals who are also students may qualify based on their FAFSA if the financial aid office of the school in which they are enrolled will provide affirmation of income qualification.

4.) Affordable Rent Rate Determination

For each type of affordable housing, the annual rent will equal: thirty percent (30%) of thirty percent (30%) of Yolo County AMI for an Extremely Low Income household, thirty percent (30%) of fifty percent (50%) of Yolo County AMI for a Very Low Income household, and thirty percent (30%) of eighty percent (80%) of Yolo County AMI for a Low Income household. For each unit/bedroom, the rent will be based on an assumed household size of one person.

Utilities will be included in the rental rate, however costs for excessive utility use will be passed through to residents as they are to market rate tenants in order to discourage waste, enforce the project's strong water conservation efforts, and encourage the sustainable environment and reduced carbon-footprint promoted by Plaza 2555.

Administration of Program

Current residents who can demonstrate their qualification will be offered first priority for the next lease year. To the extent that there are available units or bedrooms in the affordable housing program for the next lease year, the program will be offered to new prospective residents as part of the normal leasing process. If units or bedrooms in the program are available as of March 15 of any year, Plaza 2555 management will advertise locally, contact community groups, and notify local college and university financial aid offices of availability, and shall ensure that all affordable units/bedrooms are leased at an affordable rent to eligible households or individuals as of September 15th each year. If Plaza 2555 is unable to fully rent the affordable units/bedrooms to eligible households or individuals by September 15, Plaza 2555 agrees to pay the City of Davis Housing Fund an amount equivalent to the sum of the annual discount for each unit/bedroom that is not occupied by a qualified household or individual. If Plaza 2555 is unable to fully rent the affordable units/bedrooms to qualified residents for three (3) consecutive years, Plaza 2555

ownership will modify the affordable housing program to more effectively address the affordable housing needs and community purpose. At the start of each new lease year, Plaza 2555 will again start to actively see eligible applicants for the program with the goal of filling all units/bedrooms each year.

The required number of affordable units/bedrooms shall be maintained and rented as part of Plaza 2555 in perpetuity. This affordable housing plan shall be implemented through a Regulatory Agreement and Restrictive Covenants (the "Regulatory Agreement") which shall be recorded against the Plaza 2555 property prior to the issuance of any building permits for the Project. The Regulatory Agreement shall be consistent with the Plan as outlined herein and shall be in a form as approved by the City Manager and City Attorney. The Regulatory Agreement shall remain in effect in perpetuity and shall be in a senior position to any deeds of trust or other security instruments recorded against the Plaza 2555 property for any purpose

Reporting

Plaza 2555 management will provide an annual report in a form approved by the City no later than November 30th of each year to the City of Davis showing the number of units and bedrooms participating in the Program for the lease year that commenced that fall, as well as compliance with qualification criteria of the program.