

## **The Promenade, 15% Affordable Component:**

Developer will satisfy the City's affordable housing requirements through the rental of individual beds within the 700 multifamily rental units (the "Promenade Multifamily Units") that are developed in The Promenade to very-low and extremely low income students.

### ***1. Structure of Program***

Developer intends to lease individual beds within the Promenade Multifamily Units, with the project marketed primarily to students. The 700 multifamily units are anticipated to include approximately 2,200 total beds. A minimum of 330 total beds (the "Affordable Beds") within the Promenade Multifamily Units shall be designated as affordable beds pursuant to this Affordable Housing Plan, with 220 beds rented to very low income students and members of their household ("Very-Low Income Beds"), and 110 beds rented to extremely low income students ("Extremely Low Income Beds"). There will be no distinction made between the Affordable Beds and beds rented at market rate, except that market beds may be in one-bed bedrooms while all Affordable Beds are anticipated to have two beds per bedroom. Renters of the Affordable Beds will enjoy the same amenities and living experience as all other residents in the project. Affordable Beds shall be disbursed throughout The Promenade project. Management staff employed by the owner of the Promenade Multifamily Units will administer both eligibility and suitability of residents and matches, subject to oversight by the City.

### ***2. Qualification for Affordable Beds***

The Affordable Beds will be made available to full-time students. To qualify to lease a Very-Low Income Bed, a full-time student must demonstrate that he or she is a member of a household whose annual income does not exceed a very-low income household income, adjusted for household size, as determined by the California Department of Housing and Community Development ("HCD") on an annual basis pursuant to California Code of Regulations Title 25, Section 6932 ("Very-Low Income"). To qualify to lease an Extremely Low Income Bed, a full-time student must demonstrate that he or she is a member of a household whose annual income does not exceed the annual income for an extremely low income household, adjusted for household size, as determined by HCD on an annual basis pursuant to California Code of Regulations Title 25, Section 6932 ("Extremely Low Income"). Students that participate in the program must also prove their full-time status with a schedule from any community college or four-year college or university. Full-time status will be reviewed at the execution of each lease, and subsequently on an annual basis prior to entering into a new lease or lease extension.

Developer shall be responsible for developing selection criteria for the Affordable Beds that are consistent with all state and federal fair housing laws, including but not limited to the Federal Fair Housing Act, the California Fair Employment and Housing Act, and the California Unruh

Act (collectively, "Fair Housing Laws"). The City shall reasonably consider changes to the eligibility criteria for the Affordable Beds if deemed necessary to comply with Fair Housing Laws.

Both financially dependent full-time students and financially independent full-time students will be eligible for the program if the following criteria are met:

*A. Financially Dependent Full-time Students*

Full-time students claimed as an income tax dependent by any individual for the tax year preceding application to the program may qualify for the program by demonstrating that the income of the student's household, including the student's income, does not exceed Very-Low Income or Extremely Low Income, as applicable to the Affordable Bed for Yolo County.

i. *Verifying Student Household's Low Income Status*: The full-time student must verify his or her household income by means of documentation such as tax returns, W-2s, pay stubs, bank statements, and other information as deemed appropriate. "Income" shall be defined as set forth in 25 Cal. Code Regs. §6914. Developer shall be responsible for developing written procedures for verification of income status consistent with the Fair Housing Laws, this Affordable Housing Plan and the Regulatory Agreement to be recorded against the Promenade Multifamily Units. The written criteria shall be subject to review and approval by the City.

*B Financially Independent Full-time Students*

Full-time students who have not been claimed as an income tax dependent by any individual for the tax year immediately preceding application to the program may qualify by verifying financial independence and by demonstrating that the full-time student's income does not exceed Very-Low Income or Extremely Low Income for a single person household, as applicable to the Affordable Bed for Yolo County.

i. *Verifying Financially Independent Status*: Financially independent full-time students must be able to demonstrate that they are not claimed as a dependent on anyone else's tax return and show financial self-sufficient status by means of verifying documentation such as tax returns and W-2s, and additional information to demonstrate financial independence.

ii. *Verifying Low Income Status*: The full-time student or non-student must document his or her income by means of verifying documentation such as tax returns, W-2s, FAFSA documentation, bank statements, etc. "Income" shall be defined as set forth in 25 Cal. Code Regs §6914. Developer shall be responsible for developing written procedures for verification of income status consistent with the Fair Housing Laws, this Affordable Housing Plan and the Regulatory Agreement to be recorded against the Promenade Multifamily Units. The written criteria shall be subject to review and approval by the City.

Alternatively, rather than Developer leasing the Affordable Beds described in this Affordable Housing Plan directly to qualified students, the Developer may, at its discretion, enter into an agreement with the University of California at Davis (the "University"), under which the Developer agrees to lease some or all of the Affordable Beds required under this Affordable Housing Plan to the University for the University to lease the beds to qualifying students as provided in this Affordable Housing Plan. The lease payment paid by the University for each bed leased under any such agreement will not exceed the amount allowed under this Affordable

Housing Plan for the Affordable Bed leased to the University, considering whether the Bed is designated for a Very Low Income or an Extremely Low Income student. Any agreement completed under this provision shall contain a requirement that the University re-lease/sublet all Affordable Beds leased under this provision to full time students that meet the Income Qualifications for the individual Affordable Bed re-leased/subletted, whether Very Low Income or Extremely Low Income at the affordable rents, as set-forth in this Affordable Housing Plan.

### ***3. Affordable Rent Determination***

The monthly rent for each Affordable Bed will not exceed:

- i For a Very-Low Income Bed, 1/12 of 30% of the maximum annual income for a one person Very-Low Income household in Yolo County as determined by HCD; or
- ii. For an Extremely Low Income Bed, 1/12 of 30% of the maximum annual income for a one person Extremely Low Income household in Yolo County as determined by HCD.

This rental rate includes an allowance for utilities and any cost for amenities provided to all market rate residents of the Promenade Multifamily Units, including gym, pool and other recreation spaces.

Priority of tenant applications will be based on demonstrated need. However, where qualifying tenant applicants outnumber available beds, a waitlist will be implemented that takes the order in which applications are received into account in addition to demonstrated need.

### ***4. Marketing of Program***

Developer shall develop and implement a marketing plan for the Affordable Beds that shall be subject to the review and reasonable approval by the City. The marketing plan shall include, at a minimum, use of social media channels, outreach to student programs on the UC Davis campus that represent traditionally underserved groups, as well as communication with the City of Davis, Yolo County Housing, and the UC Davis Housing Office to target outreach to eligible full-time college students in Davis and the surrounding region.

Developer will provide an annual report to the City of Davis demonstrating compliance with this program.

In the event that Developer fails to lease all of the Affordable Beds in any year, after diligent efforts, Developer will pay the City of Davis' Housing Fund an amount equivalent to the difference between the total annual market rent and the rent for the Affordable Bed for each bed that is not rented to an Extremely Low or Very-Low Income student, as applicable for that year, and may lease those beds at market rate. If at any time Developer fails to fully rent the required number of Affordable Beds to qualified students for two consecutive years, the City may on its own initiative or at the request of Developer, consider and make modifications to this Affordable Housing Plan, including but not limited to expanding the availability of Affordable Beds to non-students, provided that any such modifications shall ensure to the satisfaction of the City in its

discretion that Developer shall provide affordable housing in an amount consistent with the requirements of this Affordable Housing Plan.

#### ***6. Regulatory Agreement***

The required number of Affordable Beds shall be maintained and rented in the Promenade Multifamily Units in perpetuity and shall be implemented through a Regulatory Agreement and Restrictive Covenants (the “Regulatory Agreement”) which shall be recorded against the property upon which the Promenade Multifamily Units shall be located prior to or concurrently with the recordation of a final subdivision map establishing the parcel(s) upon which the Promenade Multifamily Units will be located. The Regulatory Agreement shall be consistent with the Plan as outlined herein and shall be in a form as prepared and 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 Property for any purpose.