

with State CEQA Guidelines Section 15168, and Downtown FEIR consistency Review (5/30/2013) prepared in accordance with CEQA and local guidelines. Pursuant to Section 21166 of CEQA, there is no change in circumstance, additional information or project changes to warrant additional environmental review. This determination reflects the independent judgment of the City of San Diego as Lead Agency for this action.

BACKGROUND

The Alpha Project is a community based non-profit owner, developer and social service provider whose mission is to empower individuals, families and communities by providing work, recovery and supportive services to people who are motivated to change their lives and achieve self-sufficiency. To date the Alpha Project has developed and currently owns 748 affordable rental housing units across its portfolio of nine properties.

The Alpha Square project site consists of a 20,000 square-foot (0.46-acre) property located on a portion of the block bounded by Market Street and Island Avenue, and 13th and 14th Street within the East Village neighborhood of the Downtown Community Planning area. The site consists of four parcels and is currently occupied by two 1-story and two 2-story residential structures and associated paved parking within the central portion of the site.

On June 12, 2013, Civic San Diego issued a Centre City Development Permit (CCDP No. 2013-09) to Alpha Project for the development of a 6-story affordable mixed-use development project on this site. The development includes demolition of the existing structures and the construction of 201 affordable housing units, two manager's units, approximately 5,400 square-feet of ground floor commercial space, and a single level of below-grade parking with 40 parking spaces.

In September and October of 2013 the Alpha Project submitted grading and building permit applications to the City of San Diego for the development of this site. Those permits are in the final stages of City staff review and are expected to obtain final approval within the next month.

DISCUSSION

The proposed Tentative Map Waiver includes a request to convert the existing four lots into three vertical parcels for financial purposes. The applicant, Chelsea Investment Corporation, is currently in the process of seeking tax credit financing for the project. Fifty of the affordable housing units will be financed through a 4% tax credit, and 151 of the affordable housing units will be financing through a 9% percent tax credit. Each lender under the two financing mechanisms needs a separate legal lot to secure the financing. The third proposed lot would encompass the ground floor retail space.

Section 125.0410 of the San Diego Municipal Code requires that a Tentative Map Waiver be processed for the subdivision of land. The Tentative Map request is a Process Three Hearing Officer decision. As outlined in San Diego Municipal Code Section 125.0440, Findings for Tentative Maps, the decision maker may approve a Tentative Map if the decision maker finds

that the proposed division of land complies with the requirements of the Subdivision Map Act and the San Diego Municipal Code.

CONCLUSION

Staff has reviewed the request for a Tentative Map Waiver for the conversion of four existing lots into three vertical airspace parcels for financial purposes, and has found the project to be in conformance with the applicable sections of the General Plan and Downtown Community Plan, the State Map Act, and the San Diego Municipal Code. The proposed project will provide a sustainable (LEED Silver certification), 100 percent affordable housing project at a time when the City Council had declared a housing state of emergency in San Diego due to a lack of affordable housing opportunities. Staff has prepared the required findings for approval of the Tentative Map Waiver and therefore recommends that the Hearing Officer approve the project.

ALTERNATIVE

1. Approve Tentative Map Waiver No. 1239615, with modifications.
2. Deny Tentative Map Waiver No. 1239615, if the findings required to approve the project cannot be affirmed.

Respectfully submitted,



Mike Westlake, Assistant Deputy Director

Attachments:

1. Site Map.
2. Site Plan.
3. Rendering.
4. Elevations.
5. Draft Map Resolution.
6. Draft Map Conditions.
7. Map Exhibit-Tentative Map Waiver.
8. Excerpts from the Civic San Diego Staff Report.
9. Copy of Recorded Centre City Development Permit No. 2013-09.
10. Ownership Disclosure Statement.



SITE PLAN

SCALE: 1" = 30'

LEGEND

- RESIDENTIAL
- COMMERCIAL
- INSTITUTIONAL
- PROPOSED PROJECT

<p align="center">JWDA ARCHITECTURE/PLANNING/INTERIOR DESIGN Joseph Wong Design Associates 2356 Fourth Ave. San Diego, CA 92101-3606 Phone (619) 593-8777 Fax (619) 537-0941</p>		REVISIONS	
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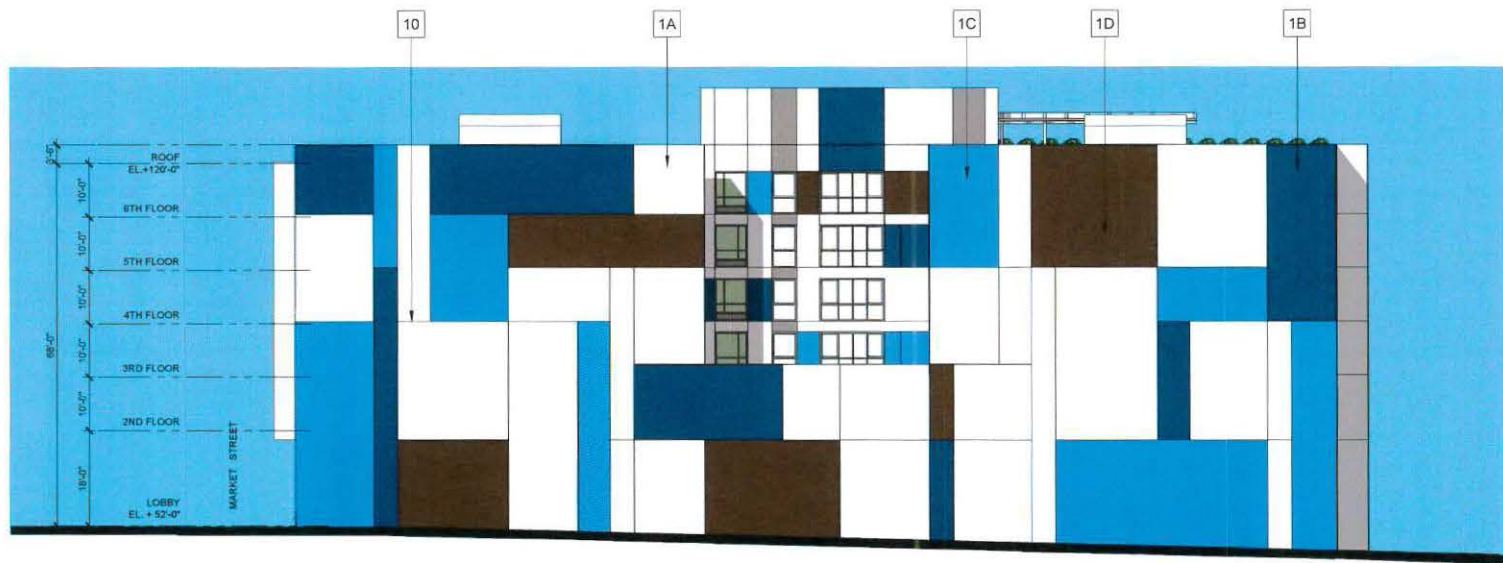
ALPHA SQUARE
 14TH & MARKET
 SAN DIEGO, CA 92101

APPLICANT: ALPHA PROJECT
 DEVELOPER: CHELSEA INVESTMENT CORPORATION
 ARCHITECT: JOSEPH WONG DESIGN ASSOCIATES

JWDA <small>ARCHITECTURE/PLANNING/INTERIOR DESIGN</small> Joseph Wong Design Associates 8559 Poway Ave. San Diego, CA 92126-1806 Phone (614) 833-8777 Fax (614) 837-0841		NO.	REVISIONS
		DESCRIPTION	
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PROJECT ADDRESS:		3	
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COVER SHEET		7	
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		DATE:	04-28-2013
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1- EAST ELEVATION
SCALE: 3/32" = 1'-0"

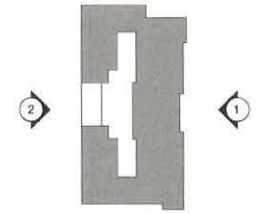


2- WEST ELEVATION
SCALE: 3/32" = 1'-0"

ELEVATION KEY NOTES

- 1A EXTERIOR PLASTER - STUCCO COLOR 1
- 1B EXTERIOR PLASTER - STUCCO COLOR 2
- 1C EXTERIOR PLASTER - STUCCO COLOR 3
- 1D EXTERIOR PLASTER - STUCCO COLOR 4
- 2A HIGH END CEMENT COMPOSITE FACADE PANEL - COLOR 1
- 2B HIGH END CEMENT COMPOSITE FACADE PANEL - COLOR 2
- 2C HIGH END CEMENT COMPOSITE FACADE PANEL - COLOR 3
- 2D HIGH END CEMENT COMPOSITE FACADE PANEL - COLOR 4
- 3 SPANDREL COLORED GLASS
- 4 STOREFRONT GLAZING
- 5 BACKLIT SIGNAGE
- 6 LOW-E GLASS WINDOW SYSTEM
- 7 HOPPER WINDOW
- 8 FOLDING GLASS DOOR
- 9 STONE VENEER
- 10 CONTROL JOINT

KEY PLAN

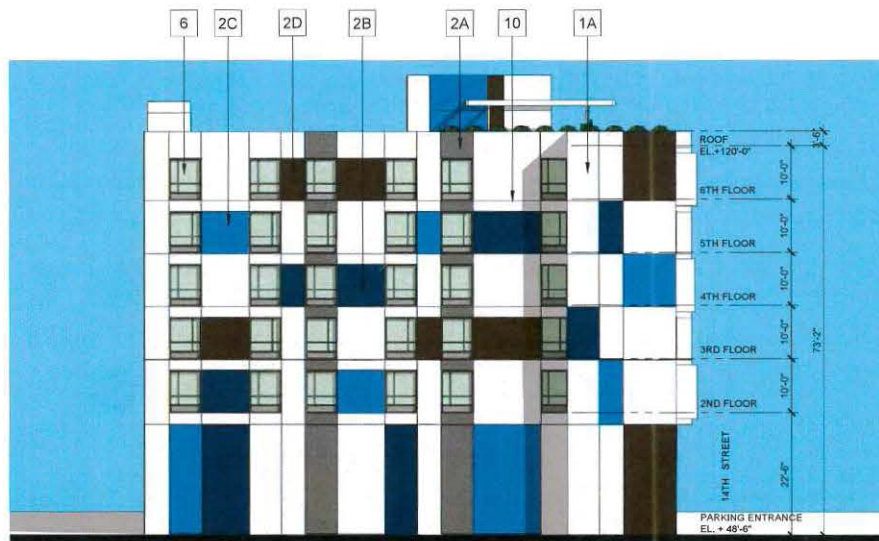


<p>JWDA ARCHITECTS/PLANERS/ENGINEERS/DESIGNERS</p> <p>Joseph Wong Design Associates 6558 Fourth Ave., San Diego, CA 92121-1806 Phone (619) 533-8777 Fax (619) 537-0541</p>		<p>REVISIONS</p>	
		NO.	DESCRIPTION
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<p>PROJECT ADDRESS: 14TH & MARKET STREET SAN DIEGO, CA 92101</p>		2	
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		DATE:	04-29-2013
		SHEET:	11



3- NORTH ELEVATION

SCALE: 3/32" = 1'-0"



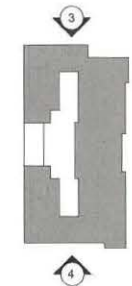
4- SOUTH ELEVATION

SCALE: 3/32" = 1'-0"

ELEVATION KEY NOTES

- 1A EXTERIOR PLASTER - STUCCO COLOR 1
- 1B EXTERIOR PLASTER - STUCCO COLOR 2
- 1C EXTERIOR PLASTER - STUCCO COLOR 3
- 1D EXTERIOR PLASTER - STUCCO COLOR 4
- 2A HIGH END CEMENT COMPOSITE FACADE PANEL - COLOR 1
- 2B HIGH END CEMENT COMPOSITE FACADE PANEL - COLOR 2
- 2C HIGH END CEMENT COMPOSITE FACADE PANEL - COLOR 3
- 2D HIGH END CEMENT COMPOSITE FACADE PANEL - COLOR 4
- 3 SPANDREL COLORED GLASS
- 4 STOREFRONT GLAZING
- 5 BACKLIT SIGNAGE
- 6 LOW-E GLASS WINDOW SYSTEM
- 7 HOPPER WINDOW
- 8 FOLDING GLASS DOOR
- 9 STONE VENEER
- 10 CONTROL JOINT

KEY PLAN



REVISIONS	
NO.	DESCRIPTION
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<p>JWDA <small>ARCHITECTURE/PLANNING/INTERIOR DESIGN</small> Joseph Wong Design Associates 2260 Fourth Ave. San Diego, CA 92101-1206 Phone: (619) 524-8777 Fax: (619) 524-0541</p>	
PROJECT NAME:	ALPHA SQUARE
PROJECT ADDRESS:	14TH & MARKET STREET SAN DIEGO, CA 92101
DATE:	04-29-2013
SHEET TITLE:	ELEVATIONS
SHEET NO.:	12



JWDA		ARCHITECTURAL/PLANNING/ENGINEERING DESIGN 3300 Pacific Ave., Suite 200, San Diego, CA 92103-3000 Phone: (619) 533-8777 Fax: (619) 537-0841	REVISIONS
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RESOLUTION NO. _____
DATE OF FINAL PASSAGE FEBRUARY 19, 2014

A RESOLUTION OF THE HEARING OFFICER
ADOPTING THE FINDINGS AND APPROVING
TENTATIVE MAP WAIVER NO. 1239615 FOR ALPHA
SQUARE - PROJECT NO. 353944

WHEREAS, Alpha Project, Subdivider, and Nasland Engineering, Engineer, submitted an application with the City of San Diego for Map Waiver No. 1239615, to waive the requirement for a Tentative Map for the subdivision of a 20,000 square-foot site from four lots into three vertical parcels. The project site is located on a portion of the block bounded by Market Street and Island Avenue, and 13th and 14th Street within the East Village neighborhood of the Downtown Community Planning area. The property is legally described as Lots "I" through "L" inclusive in Block 104 of Horton's Addition, in the City of San Diego, County of San Diego, State of California; and

WHEREAS, the Map proposes the subdivision of a 0.46-acre (20,000 square-foot) site into three vertical parcels; and

WHEREAS, on February 19, 2014, the City of San Diego, as Lead Agency, through the Development Services Department, determined that this activity is part of a series of subsequent discretionary actions and is therefore not considered a separate project for purposes of CEQA pursuant to Section §15378(c); and

WHEREAS, on February 19, 2014, the Hearing Officer of the City of San Diego considered Map Waiver No. 1239615, and pursuant to section 125.0122 of the San Diego Municipal Code and Subdivision Map Act section 66428, received for its consideration

written and oral presentations, evidence having been submitted, and testimony having been heard from all interested parties at the public hearing, and the Hearing Officer having fully considered the matter and being fully advised concerning the same; NOW THEREFORE,

BE IT RESOLVED by the Hearing Officer of the City of San Diego, that it adopts the following findings with respect to Map Waiver No. 1239615:

1. The proposed subdivision and its design or improvement are consistent with the policies, goals, and objectives of the applicable land use plan (San Diego Municipal Code § 125.0440(a) and Subdivision Map Act §§ 66473.5, 66474(a), and 66474(b)).

The project site is located within the Downtown Community Planning area and is within the land use district designated as Residential Emphasis (RE). The RE designation accommodates primarily residential development, small scale businesses, offices, services, and ground-floor active commercial uses, subject to size and area limitations. The site is also subject to the Commercial Street (CS) Overlay requirements of the Centre City Planned District Ordinance (CCPDO) requiring a minimum of 60 percent active commercial uses along 14th Street. The proposed development and mix of uses are consistent with the requirements of the RE district and CS overlay of the CCPDO, as well as the Downtown Community Plan.

2. The proposed subdivision complies with the applicable zoning and development regulations of the Land Development Code (San Diego Municipal Code § 125.0440(b)).

The project site is located within the Downtown Community Planning area and the applicable zoning code is the Centre City Planned District Ordinance (CCPDO). The property is designated as Residential Emphasis (RE) which accommodates primarily residential development, small scale businesses, offices, services, and ground-floor active commercial uses, subject to size and area limitations. The site is also subject to the Commercial Street (CS) Overlay requirements of the Centre City Planned District Ordinance (CCPDO) requiring a minimum of 60 percent active commercial uses along 14th Street. The proposed development and mix of uses are consistent with the requirements of the RE district and CS overlay of the CCPDO, as well as the Downtown Community Plan.

3. The site is physically suitable for the type and density of development (San Diego Municipal Code § 125.0440(c) and Subdivision Map Act §§ 66474(c) and 66474(d)).

The project site includes an approximately 20,000 square-foot flat, previously developed, highly urbanized parcel located on a City-owned parcel on the southeast corner of the block bounded by Market Street and Island Avenue and 13th and 14th streets in Downtown San Diego. The surrounding area consists of primarily residential mixed-use developments including the 13th & Market mixed-use development (currently under construction) located to the north, the Lillian Place residential development to the south, the Island Village Living Units to the west, and the Pottiker Family Center senior housing to the east. Due to the highly urbanized physical quality of the project site and surrounding compatible land uses, the project site is physically suitable for the type and density of the proposed development.

4. The design of the subdivision or the proposed improvements are not likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat (San Diego Municipal Code § 125.0440(d) and Subdivision Map Act § 66474(e)).

The proposed subdivision request includes the conversion of four existing lots into three vertical airspace parcels for financial purposes only, and does not include any physical development or changes to the environment that are likely to cause environmental damage of any kind. This activity, which is part of a series of subsequent discretionary actions, is not considered a separate project for purposes of CEQA pursuant to Section §15378(c), and is covered under the Final EIR for the Centre City Redevelopment Plan which was certified by the former Redevelopment Agency (Resolution No. R-04001) and the City Council (Resolution No. R-301265) on March 14, 2006.

5. The design of the subdivision or the type of improvements will not be detrimental to the public health, safety, and welfare (San Diego Municipal Code § 125.0440(e) and Subdivision Map Act § 66474(f)).

The project has been reviewed and determined to be in compliance with the Municipal Code and Subdivision Map Act. The Map Waiver includes conditions and corresponding exhibits of approvals relevant to adequate public improvements and paying applicable taxes in order to achieve compliance with the regulations of the San Diego Municipal Code. The project was determined to be part of a series of subsequent discretionary actions, and therefore not considered to be a separate project for purposes of CEQA review as defined in State CEQA Guidelines Section § 15378(c) and is covered under the Final Environmental Impact Report (FEIR) for the Centre City Redevelopment Plan.

6. The design of the subdivision or the type of improvements will not conflict with easements acquired by the public at large for access through or use of

property within the proposed subdivision (San Diego Municipal Code § 125.0440(f) and Subdivision Map Act § 66474(g)).

The proposed subdivision request includes the conversion of four existing lots into three vertical airspace parcels for financial purposes only, and does not include any physical development or changes to the environment. The proposed subdivision will not conflict with any easements acquired for use by the public at large for access through or use of the property. All of the easements required to serve the mixed use development are existing or will be provided as a part of this subdivision including public and private utilities as well as pedestrian and vehicle right-of-ways.

7. The design of the proposed subdivision provides, to the extent feasible, for future passive or natural heating and cooling opportunities (San Diego Municipal Code § 125.0440(g) and Subdivision Map Act § 66473.1).

The proposed subdivision request includes the conversion of four existing lots into three vertical airspace parcels for financial purposes only, and does not include any physical development or changes to the environment. The Centre City Development Permit issued for the project by Civic San Diego includes conditions requiring the project to be designed and constructed to achieve LEED Silver certification or equivalent. The development is required to submit evidence of such certification to Civic San Diego upon completion of the project. Therefore, the design of the proposed subdivision provides for future passive and natural heating and cooling opportunities.

8. The decision maker has considered the effects of the proposed subdivision on the housing needs of the region and that those needs are balanced against the needs for public services and the available fiscal and environmental resources (San Diego Municipal Code § 125.0440(h) and Subdivision Map Act § 66412.3).

In terms of the housing needs of the San Diego region, over the past 10 years the City Council has declared a housing state of emergency due to a shortage of affordable housing. The proposed project would provide 203 housing units, including 201 affordable housing units and two manager's units, ground-floor retail space and 40 parking spaces in a six-story building with one level of subterranean parking. Of the 203 housing units, 193 units will be designated as replacement units for the existing Hotel Metro, a dilapidated Single Room Occupancy (SRO) Hotel located a few blocks from the proposed site. The Affordable Housing Master Plan, which was approved by CivicSD on March 27, 2013 and the City Council on May 13, 2013, recommends this site be used for the Hotel Metro replacement project. The project site is located in downtown San Diego and all public services and available fiscal and environmental resources have been evaluated and have been determined by staff to be in balance with the proposed subdivision.

9. The proposed subdivision of land complies with requirements of the Subdivision Map Act and the Land Development Code as to area, improvement and design, floodwater drainage control, appropriate improved public roads, sanitary disposal

facilities, water supply availability, environmental protection, and other requirements of the Subdivision Map Act or the Land Development Code enacted pursuant thereto (San Diego Municipal Code § 125.0123 and Subdivision Map Act § 66428(b)).

The proposed subdivision request includes the conversion of four existing lots into three vertical airspace parcels for financial purposes only, and does not include any physical development or changes to the environment. The proposed subdivision complies with all requirements of the Subdivision Map Act and the Land Development Code in regards to area, improvement and design, floodwater drainage control, appropriate improved public roads, sanitary disposal facilities, water supply availability, environmental protection, and other requirements of the Subdivision Map Act or the Land Development Code.

That said Findings are supported by the minutes, maps, and exhibits, all of which are herein incorporated by reference.

BE IT FURTHER RESOLVED, that based on the Findings hereinbefore adopted by the Hearing Officer, Map Waiver No. 1239615 is hereby granted to Alpha Project subject to the attached conditions which are made a part of this resolution by this reference.

By _____
Mike Westlake
Assistant Deputy Director
Development Services Department

ATTACHMENT: Map Waiver Conditions

Internal Order No. 24004324

HEARING OFFICER
CONDITIONS FOR MAP WAIVER NO. 1239615
ALPHA SQUARE - **PROJECT NO. 353944**
ADOPTED BY RESOLUTION NO. _____ ON _____

GENERAL

1. This Map Waiver will expire on March 5, 2017.
2. Compliance with all of the following conditions shall be completed and/or assured, to the satisfaction of the City Engineer, prior to the recordation of the Parcel Map unless otherwise noted.
3. Prior to the expiration of the approved Map Waiver, a Parcel Map to subdivide the 0.46-acre lots into three (3) parcels shall be recorded in the Office of the San Diego County Recorder.
4. Prior to the recordation of the Parcel Map, taxes must be paid or bonded for this property pursuant to Subdivision Map Act section 66492. To satisfy this condition, a current original tax certificate, recorded in the office of the San Diego County Recorder, must be provided.
5. The Parcel Map shall conform to the provisions of Centre City Development Permit (CCDP No. 2013-09) issued by Civic San Diego.
6. The Subdivider shall defend, indemnify, and hold the City (including its agents, officers, and employees [together, "Indemnified Parties"]) harmless from any claim, action, or proceeding, against the City and/or any Indemnified Parties to attack, set aside, void, or annul City's approval of this project, which action is brought within the time period provided for in Government Code section 66499.37. City shall promptly notify Subdivider of any claim, action, or proceeding and shall cooperate fully in the defense. If City fails to promptly notify the Subdivider of any claim, action, or proceeding, or if the City fails to cooperate fully in the defense, Subdivider shall not thereafter be responsible to defend, indemnify, or hold City and/or any Indemnified Parties harmless. City may participate in the defense of any claim, action, or proceeding if City bears its own attorney's fees and costs, City defends the action in good faith, and Subdivider is not be required to pay or perform any settlement unless such settlement is approved by the Subdivider.

AFFORDABLE HOUSING

7. Prior to recordation of the Parcel Map, the Subdivider shall comply with the provisions of Chapter 14, Article 2, Division 13 of the San Diego Municipal Code

(“Inclusionary Affordable Housing Regulations”) by performing one of the following, at the Subdivider’s sole election, as and to the extent permitted by applicable law.

A. Payment to the City of San Diego of the full Inclusionary Affordable Housing Fee based upon the aggregate square footage of all residential units in the project, on terms set forth within the Inclusionary Affordable Housing Regulations; or

B. Provide evidence to the San Diego Housing Commission, in the form of executed Exemption Agreements and Public Entity Agreements, as referenced with Part IV of the Inclusionary Affordable Housing Implementation & Monitoring Procedures Manual (“Procedures Manual”) approved by the City Council of the City of San Diego, demonstrating that the Subdivider is exempt from the payment of the Inclusionary Affordable Housing Fee based upon San Diego Municipal Code Section 142.1303(f) because the Subdivider is receiving specific regulatory incentives and/or concessions from a public agency that result in identifiable, financially sufficient, and actual project cost reductions, including but not limited to expedited permit processing provided through the Affordable/In-Fill Housing and Sustainable Buildings Expedite Program and/or the approval of a deviation, waiver or reduction of development standards or regulations (“development incentives”) and because the Subdivider is voluntarily restricting rental units in exchange for such development incentives, as provided for within Part IV of the Procedures Manual; or

C. Provide evidence to the San Diego Housing Commission, in the form of executed Exemption Agreements and Public Entity Agreements, as referenced with Part IV of the Inclusionary Affordable Housing Implementation & Monitoring Procedures Manual (“Procedures Manual”) approved by the City Council of the City of San Diego, demonstrating that the Subdivider is exempt from the payment of the Inclusionary Affordable Housing Fee based upon San Diego Municipal Code Section 142.1303(g) because the Subdivider is voluntarily pursuing and receiving tax credits, multifamily housing bonds, below market interest rate government agency loans, and/or grants to facilitate the construction of the development.

ENGINEERING

8. Prior to the issuance of any construction permit, the subdivider shall submit a Water pollution control Plan (WPCP). The WPCP shall be prepared in accordance with the guidelines in Appendix E of the City’s Storm Water Standards.

9. The drainage system proposed for this subdivision, as shown on the approved map waiver exhibit, is private and subject to approval by the City Engineer.
10. The Subdivider shall obtain an Encroachment Maintenance and Removal Agreement for the proposed electrical vault in the Market Street public right-of-way, which encroachment is subject to the review and approval by the City Engineer. Approval of the map waiver shall not be construed as approval of this proposed encroachment.
11. The Subdivider shall obtain an Encroachment Maintenance and Removal Agreement for the proposed sidewalk underdrains and enhanced paving in the public right-of-way.
12. This project proposes to export 20,300 cubic yards of material from the project site. All export material shall be discharged into a legal disposal site. The approval of this project does not allow the onsite processing and sale of export material unless the underlying zone allows a construction and demolition debris recycling facility with an approved Neighborhood Use Permit or Conditional Use Permit per LCD Section 141.0620(i).
13. Notwithstanding the approximate location of curb openings that are shown on the map waiver exhibit, all driveways and curb openings shall comply with City Standard Drawings SDG-163 and SDG-164, to the satisfaction of the City Engineer.
14. A Parcel Map to subdivide the existing four lots into three vertical parcels shall be recorded in the Office of the County Recorder, prior to the Map Waiver expiration date.
15. The subdivider shall comply with all current street lighting standards according to the City of San Diego Street Design Manual (Document No. 297376, filed November 25, 2002) and the amendment to Council Policy 200-18 approved by City Council on February 26, 2002 (Resolution R-296141) satisfactory to the City Engineer. This may require (but not be limited to) installation of new street light(s), upgrading light from low pressure to high pressure sodium vapor and/or upgrading wattage.
16. Compliance with all conditions shall be assured, to the satisfaction of the City Engineer, prior to the recordation of the Parcel Map, unless otherwise noted.

AIRPORT

17. Prior to recordation of the Parcel Map, the Subdivider shall provide a valid “Determination of No Hazard to Air Navigation” issued by the Federal Aviation Administration (FAA).

MAPPING

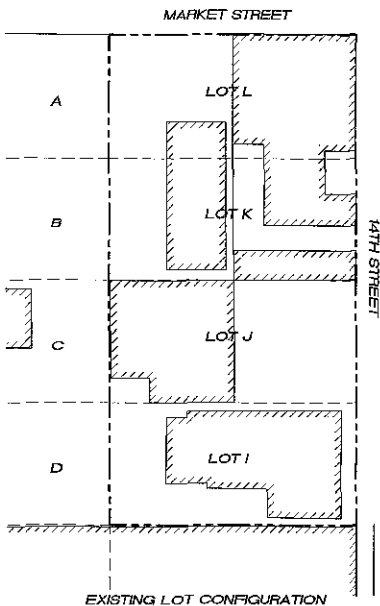
18. All subdivision maps in the City of San Diego are required to be tied to the California Coordinate System of 1983 (CCS83), Zone 6, pursuant to Sections 8801 through 8819 of the California Public Resources Code.
19. Every Parcel Map shall:
 - a. Use the California Coordinate System for its “Basis of Bearing” and express all measured and calculated bearing values in terms of said system. The angle of grid divergence from a true median (theta or mapping angle) and the north point of said map shall appear on each sheet thereof. Establishment of said Basis of Bearings may be by use of existing Horizontal Control stations or astronomic observations.
 - b. Show two measured ties from the boundary of the map to existing Horizontal Control stations having California Coordinate values of First Order accuracy. These tie lines to the existing control shall be shown in relation to the California Coordinate System (i.e., grid bearings and grid distances). All other distances shown on the map are to be shown as ground distances. A combined factor for conversion of grid-to-ground distances shall be shown on the map.

INFORMATION:

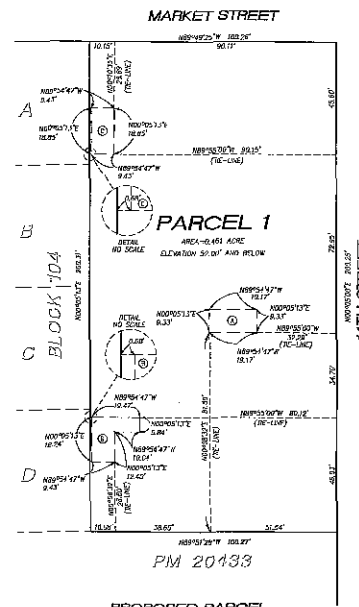
- The approval of this Map Waiver by the Hearing Officer of the City of San Diego does not authorize the Subdivider to violate any Federal, State, or City laws, ordinances, regulations, or policies including but not limited to, the Federal Endangered Species Act of 1973 and any amendments thereto (16 U.S.C. § 1531 *et seq.*).
- If the Subdivider makes any request for new water and sewer facilities (including services, fire hydrants, and laterals), the Subdivider shall design and construct such facilities in accordance with established criteria in the most current editions of the City of San Diego water and sewer design guides and City regulations, standards and practices pertaining thereto. Off-site improvements may be required to provide adequate and acceptable levels of service and will be determined at final engineering.

- Subsequent applications related to this Map Waiver will be subject to fees and charges based on the rate and calculation method in effect at the time of payment.
- Any party on whom fees, dedications, reservations, or other exactions have been imposed as conditions of approval of the Map Waiver, may protest the imposition within 90 days of the approval of this Map Waiver by filing a written protest with the San Diego City Clerk pursuant to Government Code Sections 66020 and/or 66021.
- Where in the course of development of private property, public facilities are damaged or removed, the Subdivider shall at no cost to the City, obtain the required permits for work in the public right-of-way, and repair or replace the public facility to the satisfaction of the City Engineer (San Diego Municipal Code § 142.0607).

Internal Order No. 24004324.

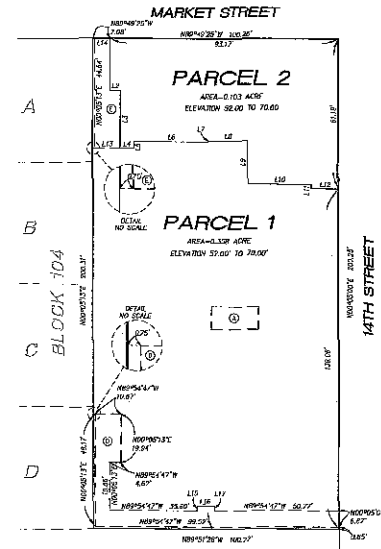


EXISTING LOT CONFIGURATION



PM 20433

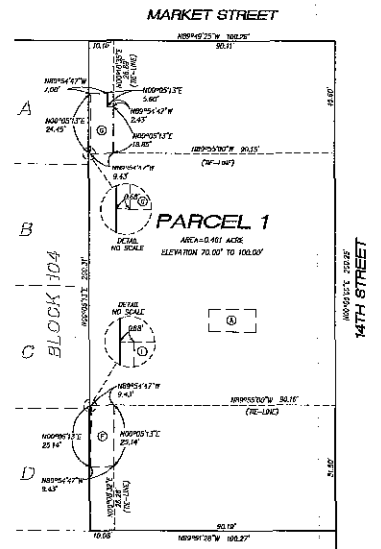
PROPOSED PARCEL CONFIGURATION GARAGE LEVEL AND BELOW



PM 20433

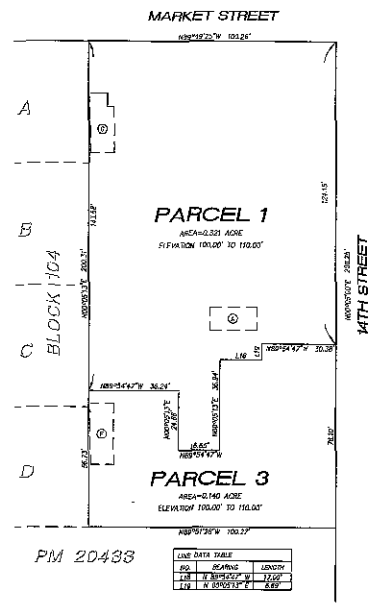
PROPOSED PARCEL CONFIGURATION LEVEL

NO.	BEARING	LENGTH
1	N 89°54'17" W	20.00
2	N 89°54'17" W	20.00
3	N 89°54'17" W	20.00
4	N 89°54'17" W	20.00
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PM 20433

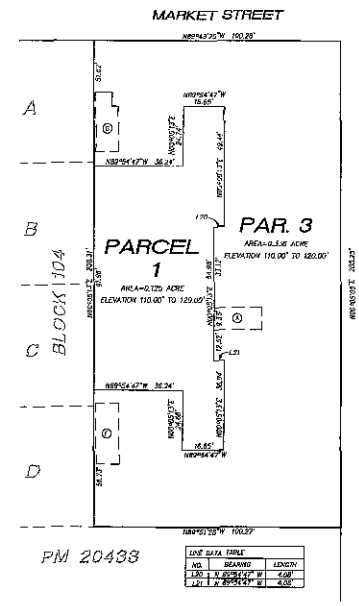
PROPOSED PARCEL CONFIGURATION LEVEL 2, 3 AND 4



PM 20433

PROPOSED PARCEL CONFIGURATION LEVEL 5

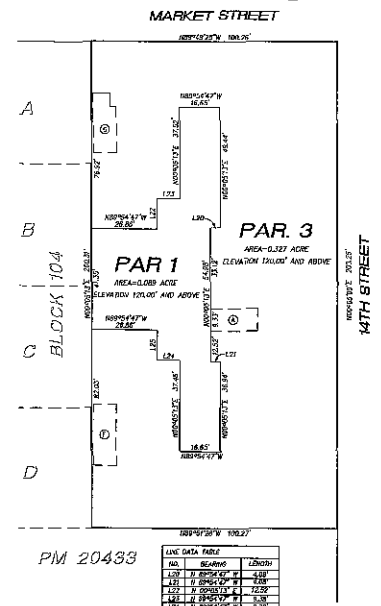
NO.	BEARING	LENGTH
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2	N 89°54'17" W	20.00
3	N 89°54'17" W	20.00



PM 20433

PROPOSED PARCEL CONFIGURATION LEVEL 6

NO.	BEARING	LENGTH
1	N 89°54'17" W	20.00
2	N 89°54'17" W	20.00
3	N 89°54'17" W	20.00



PM 20433

PROPOSED PARCEL CONFIGURATION LEVEL ROOF AND ABOVE

NO.	BEARING	LENGTH
1	N 89°54'17" W	20.00
2	N 89°54'17" W	20.00
3	N 89°54'17" W	20.00

- EASEMENT**
- ⊖ INDICATES NON-EXCLUSIVE EASEMENT FOR ACCESS AND MAINTENANCE TO PARCELS 1 AND 3
 - ⊕ INDICATES NON-EXCLUSIVE EASEMENT FOR ACCESS AND MAINTENANCE TO PARCEL 1
 - ⊗ INDICATES NON-EXCLUSIVE EASEMENT FOR ACCESS AND MAINTENANCE TO PARCEL 1
 - ⊙ INDICATES NON-EXCLUSIVE EASEMENT FOR ACCESS AND MAINTENANCE TO PARCEL 1
 - ⊚ INDICATES NON-EXCLUSIVE EASEMENT FOR ACCESS AND MAINTENANCE TO PARCELS 1 AND 3
 - ⊛ INDICATES NON-EXCLUSIVE EASEMENT FOR ACCESS AND MAINTENANCE TO PARCELS 1 AND 3
 - ⊜ INDICATES NON-EXCLUSIVE EASEMENT FOR ACCESS AND MAINTENANCE TO PARCELS 1 AND 3

NASLAND ENGINEERING
 CIVIL ENGINEERING & SURVEYING • LAND PLANNING
 4740 RUFFNER STREET, SAN DIEGO, CALIFORNIA 92121 619-592-1770

PREPARED BY: _____

NAME: NASLAND ENGINEERING REVISION 14: _____
 REVISION 13: _____
 REVISION 12: _____
 REVISION 11: _____
 REVISION 10: _____
 REVISION 9: _____
 REVISION 8: _____
 REVISION 7: _____
 REVISION 6: _____
 REVISION 5: _____
 REVISION 4: _____
 REVISION 3: _____
 REVISION 2: _____
 REVISION 1: _____

ADDRESS: 4740 RUFFNER STREET
 SAN DIEGO, CA 92121

PROJECT ADDRESS:
 550 14TH STREET
 SAN DIEGO, CA 92101

PROJECT NAME:
 ALPHA SQUARE

SHEET TITLE: _____

MAP NUMBER: _____
 WAREHOUSE NO. _____
 SCL NUMBER: _____

ORIGINAL DATE: 12/30/2013

SHEET 1 OF 2

DATE: _____



Civic San Diego

Item #5

DATE ISSUED: June 6, 2013

ATTENTION: Civic San Diego
Special Meeting of June 12, 2013, Agenda 19

SUBJECT: Alpha Square (southwest corner of Market and 14th streets) – Design Review and Terms and Conditions of Disposition and Development Agreement and Ground Lease – East Village Neighborhood of the Downtown Community Plan Area

STAFF CONTACT: Eri Kameyama, Senior Project Manager
Lucy Contreras, Senior Planner

REQUESTED ACTIONS: That Civic San Diego (“CivicSD”) recommends that the City Council:

- 1) Makes certain findings in support of the City of San Diego’s (“City”) ground leasing of the Project site to Alpha Square 9%, L.P. and Alpha Square 4%, L.P., (together, “Developer”), consistent with California Health and Safety Code section 33433;
- 2) Makes certain findings that the use of certain bond proceeds for the Project will be of benefit to the Naval Training Center (NTC), North Park, Central Imperial and Southcrest Redevelopment Project Areas;
- 3) Approves the proposed Disposition and Development Agreement (DDA) and ground lease between the City and Developer for the Project;
- 4) Approves the proposed Real Property Purchase Option Agreement (“Option Agreement”) between the City and San Diego Housing Commission (SDHC) regarding the sale of the Hotel Metro property;
- 5) Authorizes the Chief Financing Officer, as delegated, to encumber and expend an amount not to exceed \$17,160,000 for a loan to Developer for the Project, provided the Comptroller first issues a certificate stating the funds are available;
- 6) Authorizes and directs the Mayor, or designee, to execute the DDA, including all attachments and exhibits thereto;

Civic San Diego
Special Meeting of June 12, 2013
Page 2

- 7) Authorizes and directs the Mayor, or designee, to sign all documents necessary and appropriate to carry out and implement the DDA, including all attachments and exhibits thereto; and
- 8) Grants Design Review approval for the Project.

STAFF RECOMMENDATION: That CivicSD recommends that the City approves the requested actions listed above.

SUMMARY: From 2000 to 2012, the former Redevelopment Agency (RDA) acquired and assembled a 37,000 square-foot site consisting of eight parcels using the Low and Moderate Income Housing Fund (Low/Mod Fund) and unrestricted funds on the south side of Market Street between 13th and 14th streets in the East Village neighborhood. The property was transferred from the City as Successor Agency to the former RDA to the City as successor housing entity in January 2013 to be utilized for future affordable housing purposes. The Affordable Housing Master Plan, which was approved by CivicSD on March 27, 2013 and the City Council on May 13, 2013 included the proposed Alpha Square project as a priority pipeline project to be located on the eastern half of the site (20,000 square feet).

The proposed Project would provide 203 housing units, including 201 affordable housing units and two manager's units, ground-floor retail space and 40 parking spaces in a six-story building with one level of subterranean parking. Of the 203 housing units, 193 units will be designated as replacement units for the existing Hotel Metro, a dilapidated Single Room Occupancy (SRO) Hotel located a few blocks from the proposed site. It is proposed that the City purchase the Hotel Metro site from the San Diego Housing Commission (SDHC) upon completion of the proposed Project, and sell it competitively for market-rate mixed-use development that will generate new revenues for the Housing Asset Fund. Staff requests that CivicSD recommends approval of the design and proposed terms and conditions of the DDA and Ground Lease as outlined in this report. Time is of the essence to secure the entitlements and City's approval of the DDA and Ground Lease to make the Project eligible for the nine percent tax credit with application deadline of July 3, 2013 and the final round of State Proposition 1C funds for Transit Oriented Development (TOD) Housing Program and Infill Infrastructure Grant (IIG) Program with application deadlines of July 31, 2013.

FISCAL CONSIDERATIONS: The City as successor housing entity currently holds the unencumbered Low- and Moderate-Income Housing bond proceeds in the amount of \$32,871,000, derived from various former RDA project areas. The proposed subsidy for the Project in the amount of \$17,160,000 will be funded by the Low- and Moderate-Income Housing bond proceeds from Centre City, NTC, North Park, Central Imperial and Southcrest Redevelopment Projects as detailed below. In accordance with the California Redevelopment Law (CRL), bond proceeds proposed for expenditure outside of the project area from which they were derived shall require the City Council to approve findings of benefit documenting that the funds expended outside of the project area would benefit the project area that generated the funds. The findings of benefit are attached to this staff report as Attachment A.

Civic San Diego
 Special Meeting of June 12, 2013
 Page 3

Name of Bonds	Project Area	Amount
Centre City Tax Allocation Bonds, Series 2008A	Centre City	\$10,936,666
Housing Set Aside Tax Allocation Bonds, Series 2010A	NTC	\$959,466
Housing Set Aside Tax Allocation Bonds, Series 2010A	North Park	\$3,757,088
PFFA Pooled Financing Bonds 2007 Series A	Central Imperial	\$1,103,624
PFFA Pooled Financing Bonds 2007 Series B	Southcrest	\$403,156
TOTAL		\$17,160,000

The proposed subsidy of \$17,160,000 is consistent with the maximum subsidy amount projected in the Affordable Housing Master Plan (\$17,160,000), which was approved by CivicSD on March 27, 2013 and the City Council on May 13, 2013. The Project is included on line #556 of ROPS '13-14A and was approved by the State Department of Finance (DOF).

The approved Affordable Housing Master Plan proposes that high value properties located downtown held by the City as successor housing entity be sold for high density mixed-use developments with the proceeds deposited to the housing asset fund for investment in new affordable housing throughout the City, including those neighborhoods from which the housing bond proceeds are being used to pay for this project.

It should be noted that the former RDA negotiated an environmental credit in the amount of \$64,389 with the seller of the parcel 535-152-11 upon acquisition of the parcel in 2005. The funds have been held in a restricted account to date, and are included in prior ROPS. The funds are only available for remediation costs of the specific parcel. If these funds are approved by DOF, the City would be able to disburse the funds to pay for the remediation costs of the specific parcel incurred by the Developer. The funds disbursed for the remediation of the parcel shall be considered as part of the City loan in the amount of \$17,160,000, and shall reduce the amount of funds to be disbursed from the housing bond proceeds.

ECONOMIC IMPACTS: It is estimated that the Project will generate approximately 225 construction jobs and 36 permanent jobs. As of December 31, 2012, approximately 64,000 construction jobs and 23,000 permanent jobs have been generated downtown as a result of redevelopment activities.

COMMITTEE RECOMMENDATION: On May 8, 2013, the Real Estate Committee voted unanimously 6-0 (Shaw, Morgan, Gattas, Oncina, Jenkins, Vasquez) to approve the revised design.

DOWNTOWN COMMUNITY PLANNING COUNCIL: On May 15, 2013, the Downtown Community Planning Council (DCPC) voted 17-0, with one abstention, to approve the staff recommendation.

OTHER RECOMMENDATIONS: None.

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BACKGROUND

From 2000 to 2012, the former RDA acquired a 37,000 square-foot site consisting of eight parcels using Low/Mod Funds and unrestricted funds on the south side of Market Street between 13th and 14th streets in the East Village neighborhood of the Downtown Community Planning Area. Following the dissolution of the former RDA, the project site was transferred to the City as the Successor Agency to the former RDA, then subsequently transferred to the City as successor housing entity in January 2013 to be utilized for future affordable housing purposes.

Prior to the dissolution of the former RDA, the site was planned as a replacement site for the Hotel Metro; an SRO hotel, which lies in two four-story buildings on the east and west side of 13th Street between Market Street and Island Avenue. Hotel Metro contains a total of 193 SRO units, consisting of 136 units in the larger building (435 13th Street) and 57 units in the smaller building (434 13th Street). SDHC owns the land and leases it to San Diego SRO, a limited partnership in which Metro Hotel Community Associates (a subsidiary of Alpha Project) serves as its general partner, through a long-term ground lease dated November 1, 1989. The ground lease has a 55-year term terminating on November 1, 2044. In 2008, the former RDA purchased one of the three SDHC loans recorded against the property to allow SDHC to fund the winter shelter program that year. In the acquisition agreement, it was contemplated that the former RDA and SDHC negotiate an option agreement for the former RDA to purchase the land underneath Hotel Metro from SDHC. However, the negotiation for that option agreement was not completed prior to the dissolution of the former RDA.

The two buildings were constructed in 1990. However, they are in severely deteriorated condition due to poor quality of construction and deferred maintenance over the years. The property has undergone several emergency repairs in recent years, but those repairs only provided temporary solutions. A condition assessment of the two buildings determined they require substantial rehabilitation in order to be functional over the long term. In addition, staff notes other fundamental design issues including small unit size (average of 100 square feet), shared bathrooms and lack of community space, rendering the property ineligible for many funding sources for capital improvements or services for the special needs tenants who currently reside at the property. Absent a significant investment in major renovation of the buildings, the project is likely to become uninhabitable within a few years and 193 very-low-income units may be lost. Based on these factors and a condition assessment study conducted by the former RDA in 2008, SDHC and CivicSD staff concur that the best solution for Hotel Metro is to develop a new project at a nearby location and relocate the tenants to the new project upon completion. The 13th and Market site has been identified as the ideal relocation site for the 193 Hotel Metro units.

The Affordable Housing Master Plan, which was approved by CivicSD on March 27, 2013 and the City Council on May 13, 2013, recommends the eastern half of the 13th and Market property (20,000 square feet) be used for the Hotel Metro replacement project and the western half of the site be competitively sold to a private developer through a Request For Proposals/Qualification

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(RFP/Q) to develop a mixed-income/mixed-use project with a minimum of 15 percent of its residential units affordable. It specifically recommends that CivicSD negotiate a DDA with San Diego SRO (Alpha Project) and its development team, as well as negotiating acquisition of existing Hotel Metro land from SDHC. Additionally, the existing Hotel Metro structures are recommended to be demolished upon completion of the new project and relocation of the tenants, and competitively sold for market-rate mixed-use development that will generate new revenues for the Housing Asset Fund.

Consistent with the Affordable Housing Master Plan, CivicSD negotiated a DDA with San Diego SRO, represented by the Alpha Project, and its development partner, Chelsea Investment Corporation, for the development of the proposed Alpha Square project, a 203-unit affordable housing development targeted for the formerly homeless and other special needs population at risk of homelessness, which includes 193 replacement units for the existing Hotel Metro.

DEVELOPMENT TEAM

ROLE	FIRM/CONTACT	OWNERSHIP
Developer/Construction Manager	Alpha Square 9%, L.P. Alpha Square 4%, L.P. Contact: Bob McElroy, President & CEO, Alpha Project Matt Grosz, Project Manager, Chelsea Investment Corporation	An affiliate of Alpha Project will serve as the general partner for the two limited partnerships. An affiliate of Chelsea Investment Corporation will serve as the Class B Limited Partner for the two limited partnerships. Alpha Project is a nonprofit 501(c)(3) corporation Chelsea Investment Corporation is privately owned by the Schmid Family Trust. Trustees - Lynn Schmid and Jim Schmid
Architect	Joseph Wong Design Associates Contact: Joseph Wong, Principal	Joseph Wong (Privately Owned)

The Alpha Project is a community based non-profit owner, developer and social service provider whose mission is to empower individuals, families and communities by providing work, recovery and supportive services to people who are motivated to change their lives and achieve self-sufficiency. To date the Alpha Project has developed and currently owns 748 affordable

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rental housing units across its portfolio of nine properties. Chelsea Investment Corporation ("Chelsea"), a California for-profit affordable housing development company, has developed over 7,000 affordable housing units since 1995 at a total project cost of \$1.2 billion.

Based on Chelsea's previous experience in developing similar types of affordable housing developments, it was selected to partner with the Alpha Project to develop the Project. It is planned that Chelsea will leave the partnership after stabilization of the project (completion of construction, lease-up and conversion).

PROJECT DESCRIPTION

The following is a summary of the proposed project design and program:

Site Area	20,000 sq. ft.
Maximum FAR	6.0/10.0 (with TDR/FAR Bonuses)
Minimum FAR Required	3.5
Proposed FAR	4.54
FAR Bonuses	N/A
Above Grade Square Footage	91,197 sq. ft.
Stories / Height	6 stories/85feet
Amount of Retail Space	5,417 sq. ft.
Amount of Office Space	N/A
Type of Housing	Rental <i>Living Units</i>
Total Number of Housing Units/Total Residential Square Feet	203/85,780 sq. ft.
Types of Units (sizes)	185 (250 sq. ft. average) - Standard <i>Living Units</i> 16 (350 to 375 sq.ft. average) - MHSA <i>Living Units</i> 2 (760 sq. ft. average)- 1-br, Managers Units
Proposed Income Restrictions	41 units - 60 percent AMI 46 units - 50 percent AMI 114 units - 40 percent or below AMI 2 units - Market Rate (Manager's Units)
Number of Units/Buildings Demolished	None
Inclusionary Housing Ordinance Compliance/Number of Affordable Units	Project provides 201 affordable <i>Living units</i>
Parking Required	*32 (21 spaces for 41 units at 0.5 space/per unit, 9 spaces for 46 units at 0.2 spaces/unit, 2 spaces for 2 units at 1.0 space per unit)
Proposed	40 (21 spaces for 41 units at 0.5 space/per unit, 9 spaces for 46 units at 0.2 spaces/unit, 2 spaces for 2 units at 1.0 space per unit + 8 staff/guest spaces)
Common Outdoor Open Space Required	3,000 sq. ft. (15 percent of lot area)
Proposed	6,600 sq. ft. (33 percent of lot area)**

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Common Indoor Space Required	500 sq. ft.
Proposed	4,065 sq. ft.
Sustainability	Minimum LEED Silver Certification or equivalent
Assessor's Parcel No's.	535-152-09 through 12

* *Living Units at 40% AMI or below are not required to provide parking.*

DISCUSSION:

Site Description – The Project site is approximately 20,000 square feet and is located on a City-owned parcel on the southeast corner of the block bounded by Market Street and Island Avenue and, 13th and 14th streets (Attachment B). The site currently contains three two-story buildings; one on the southeast corner and two buildings along the 14th street frontage. The site abuts a vacant lot and single family residential building to the west and the six-story Parkside Terrace development directly to the south. The surrounding area consists of primarily residential mixed-use developments; including the 13th & Market mixed-use development (currently under construction) located to the north, the Lillian Place residential development to the south; the Island Village Living Units to the west; and, the Pottiker Family Center senior housing to the east. The 14th & Island Park is also currently under construction and is located one block to the southeast of the site.

The land use district for the site is Residential Emphasis (RE). The RE designation accommodates primarily residential development, small scale businesses, offices, services, and ground-floor active commercial uses are allowed, subject to size and area limitations. Within the RE district, at least 80 percent of the gross floor area must be occupied by residential uses. Non-residential uses are limited to no more than 20 percent of the gross floor area. The site is also subject to the Commercial Street (CS) Overlay requirements of the Centre City Planned District Ordinance (CCPDO) requiring a minimum of 60 percent active commercial uses along 14th Street. The proposed development and mix of uses are consistent with the requirements of the RE district and CS overlay of the CCPDO.

The Base Maximum Floor Area Ratio (FAR) for the project site is 6.0, with a maximum allowable FAR of 10.0 through the FAR Payment Bonus Program or Transfer of Development Rights (TDR). The total proposed FAR for the Project is 4.54, above the minimum 3.5 FAR and consistent with CivicSD's policy for affordable housing, achieving at least 75 percent of Maximum Base FAR.

Project Program Description – The Project includes two manager's units and 201 affordable Living Units for individuals with incomes ranging from 30-60% AMI. Of the 203 units, 193 units will be available as the replacement units for the tenants of the existing Hotel Metro upon completion of the Project. Considering that a large number of the existing tenants at Hotel Metro are special needs population who are formerly homeless or at risk of homelessness, the Developer proposes to set aside at least 53 of the 201 affordable units as supportive housing units for the special needs population and provide necessary supportive services. The Developer plans

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to apply for Project Based Section 8 vouchers through a Notice of Funding Availability (NOFA) issued by SDHC in April 2013 to subsidize the supportive housing units. If the Developer is successful with securing the additional number of Project Based Section 8 vouchers, the Developer will increase the number of supportive housing units accordingly. On-site supportive services for the 53 supportive housing tenants will be provided by the Alpha Project, which include case management, mental health services and group education. There will be three full-time supportive service staff; a service coordinator, a case manager and a licensed clinical social worker; who will provide services to those tenants. These three positions are included in the Project's operating budget. In addition, there are currently 38 tenants at Hotel Metro that are receiving sponsor-based supportive services from the County of San Diego, including 29 tenants receiving services funded by the Mental Health Services Act Program (MHSA). Except for six tenants, all of them have some type of rental assistance to subsidize their rents. Of the 38 tenants, Community Research Foundation provides supportive services to 28 tenants and Mental Health Systems, Inc. provides supportive services to 10 tenants (both of them are contracted by the County). The Alpha Project has contracts with the two service providers, and plans to enter into new agreements with them for the Project to relocate the 38 sponsor based units. If these contracts are renewed at the new project, there will be a total of 91 supportive housing units at the Project.

The Alpha Project plans to provide additional services to all residents, including computer classes, nutrition access (including provision of meals at the dining hall) and transportation assistance for senior residents. As part of its work-training program, the Alpha Project will provide tenants opportunities to participate in a work experience program at the commercial kitchen on the ground floor for its catering business. Tenants enrolled in the program will gain experience in food preparation, basic job skills related to the restaurant industry and complete the program with a food handler's card and a reference from the staff to assist in gaining employment. In addition, the Alpha Project plans to partner with Family Health Centers of San Diego to provide primary care services, including preventative health care, health screening exams, chronic disease management and medication management, through its mobile medical unit on site and at other free standing clinics in the community for on-going care and specialty care. The Alpha Project also plans to partner with Legal Aid Society of San Diego to provide legal services on-and off-site to all residents.

Staffing for the Project includes one property manager, two administrative staff and two maintenance staff, in addition to the three supportive service staff mentioned above. The property will also have a security contract to staff the front desk seven days a week.

The interior common space on the ground floor includes a community dining room and kitchen, management and service provider office space, a computer lab, laundry facilities, a bicycle storage room and a multi-purpose recreation room. There will be a second 780 square-foot community room on the second floor opening out onto the community courtyard, where tenants could socialize and engage in recreation activities. In addition, there will be a landscaped rooftop deck and terrace, where residents can enjoy the view and natural sunlight.

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The ground floor will include two retail spaces at the corner of Market and 14th streets (approximately 3,400 square feet). The Developer plans to lease these spaces to local micro-enterprises. The Alpha Project will work with those commercial tenants to provide employment opportunities to the tenants at the commercial space. Another retail space along 14th Street (approximately 2,000 square feet) will be mainly used as a resident dining hall, which could also be open to the public to purchase food. In addition, the kitchen is proposed to be used for a catering business operated by the Alpha Project.

Project Financing

Development Budget

The estimated total development cost is approximately \$41.7 million, exclusive of the land cost, and \$47.6 million inclusive of the land cost paid by the former RDA (\$4.8 million). Keyser Marston Associates (KMA), economic consultant to CivicSD, analyzed the proforma submitted by the development team. The detailed financial proforma is attached to this report as Attachment C. A summary of the development budget is shown below:

	Project Total	Per Unit	Comments
Direct Costs	\$27,993,117	\$137,897	\$306 per SF GBA
Indirect Costs	\$9,288,887	\$45,758	33.2% of Directs
Financing Costs	\$4,372,567	\$21,540	15.6% of Directs
Total excluding land	\$41,654,571	\$205,195	\$455 per SF GBA
Acquisition Costs	\$4,782,000	\$23,557	\$238 per SF Site
Total including land	\$47,616,331	234,563	\$521 per SF GBA

The Developer provided the construction budget (direct costs) based on the analysis completed by its cost estimator. The direct costs include \$1.2 million of design contingency (5% of direct costs), \$950,000 of cost escalation factor (3.9% of direct costs) and \$1.8 million of owner's hard cost contingency (7% of direct costs). The estimated direct cost for the Project is comparable or higher on a per square-foot basis (for the Gross Building Area) to Type I (steel and concrete) affordable housing projects funded by the former RDA in the recent years as shown below. Considering that the Project will be wood-frame construction above podium (which typically costs much less than Type I construction) with only one level of ground floor parking, staff believes that the costs should be less and does not feel comfortable with the construction budget as proposed by the Developer. KMA retained a cost estimator as its sub-consultant to conduct a detailed construction cost review. However, the analysis will not be completed in time for the CivicSD Board meeting.

Due to the severely deteriorated condition of the existing Hotel Metro buildings, the Developer wishes to proceed with construction of the Project as early as possible to relocate the existing tenants to the new housing. The Developer requested that the Project be approved in time to apply for the second round of the nine percent tax credit application this year, which is due on

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Disposition of Property

Project Site

The City as successor housing entity owns 100 percent of the Project site. The City will enter into a ground lease (70-year term; 20-year option to extend at the Developer's discretion) with the Developer. Upon expiration of the ground lease, the City will own the building free of all encumbrances.

Hotel Metro Site

Currently, SDHC owns the land and leases it to San Diego SRO through a long-term ground lease. There are three outstanding loans on the property: 1) first trust deed loan in the amount of \$344,200 made by SDHC in 1989, which was purchased by the former RDA in 2008 for the principal balance of the note ("First Trust Deed Loan"); 2) second trust deed loan in the amount of \$98,700 made by SDHC in 1994 ("Second Trust Deed Loan"); and 3) third trust deed loan in the amount of \$457,137 made by SDHC in 1995 ("Third Trust Deed Loan"). The Third Trust Deed Loan was funded with the former RDA's tax increment funds, which were transferred to SDHC to provide the loan. The First Trust Deed Loan carries an eight percent simple interest rate, payable through residual receipts with the remaining balance due and payable at maturity. It has a 15-year term with three five-year extensions.

It is proposed that the City purchase the land from SDHC and sell the property for market-rate mixed-use development with an affordable housing component (15%) that will generate new revenues for the housing asset fund. The improvements will be demolished by the City or the buyer of the property unless it is determined that the existing structures could be upgraded by the market-rate developer. The draft Purchase and Sale Agreement attached to the Option Agreement between the City and SDHC (Attachment D) requires that the purchase price of the property be determined by an appraisal within six months of the date of closing. The purchase price shall be an amount equal to the appraised fair market value of the property as vacant land minus the estimated costs of demolition of the improvements. The appraisal shall assume the property is not subject to the ground lease or any affordability restrictions, which will be terminated by SDHC upon closing. Per the appraisal prepared by an appraiser retained by SDHC in June 2013, the appraised value is \$1,490,000, which equals to the land value at \$1,780,000 (\$120 per square foot) deducted by the estimated demolition costs of \$290,000. However, the actual purchase price could be higher or lower depending on the market condition at the time of acquisition. The First Trust Deed Loan will have to be forgiven by the City. However, the public benefits to be created by the development of the replacement project and sale of the existing Hotel Metro site for a market-rate project, which would provide quality housing for the tenants of Hotel Metro and remove substandard housing and blighted buildings in the community as well as generating funds for the City's housing asset funds, would far exceed the value of the loan in the amount of \$344,200, which is not expected to be paid off based on the insufficient revenues at the current site.

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SDHC intends to use the sales proceeds from the City as a development subsidy for the Project, which would reduce the City's loan amount. It is contemplated that the City loan be split into two notes upon sale of the property, one with the amount of the purchase price of the Hotel Metro site and the other with the balance of the City loan, and the note with the amount equal to the purchase price would be assigned to SDHC. This structure would limit the total City contribution to \$17,160,000, inclusive of the purchase price of Hotel Metro. The City would purchase vacant buildings without tenants upon completion of construction and relocation of the existing tenants from Hotel Metro to the Project to avoid liability and relocation requirements. SDHC staff plans to present the proposed sales transaction and draft Option Agreement to the SDHC board and Housing Authority in June 2013 to obtain approval of the sale concurrently with the DDA approval by the City Council.

Participation by Agency – The essential terms and conditions of the proposed DDA and Ground Lease are as follows. Unless noted, the terms and conditions are consistent with the former RDA's Low and Moderate Income Housing Fund Transaction Guidelines ("Transaction Guidelines").

Ground Lease

- Lease Term: The City shall enter into a 70-year ground lease with the Developer, with a 20-year option to extend at the Developer's discretion.
- Lease Payment:
 - Housing – The Developer is required to submit a ground lease payment of \$1 per year to the City for the initial 55 years. Beginning in Year 56, upon expiration of the affordability covenants, the Developer shall pay 10 percent of the effective gross income from the market-rate residential units annually until expiration of the ground lease term (including the 20-year option period, if exercised by the Developer). If the Developer chooses to extend the City's affordability covenants to keep the housing units affordable after Year 56, the ground lease payments will remain at \$1 per year.
 - Ground Floor Retail Space – The Developer shall pay to the City an amount equal to 12.5 percent of the effective gross income from the retail space, until sale of the retail space or expiration of the ground lease term (including the 20-year option period, if exercised by the Developer). The retail portion of the Project may be created as a separate legal parcel. Upon sale of the leasehold interest in the retail space, the City shall receive a payment in the amount of \$52.5 per square foot.
- Ownership of Improvements: Upon expiration of the lease term, the Developer shall transfer title of the building including retail improvements to the City free of all encumbrances; and the City will receive 100 percent of the project cash flow including both residential and retail incomes.

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- Option to Acquire Leasehold Interest: Beginning in Year 56 of the ground lease, the City shall have the right to acquire the leasehold interest in the Project at the greater of: a) the Fair Market Value (FMV) of the leasehold interest with the consideration of the underlying affordability restrictions and the release thereof beginning in Year 56, or b) the sum of the remaining non-City debt balances, including accrued but unpaid interest, and property taxes.

The FMV of the leasehold interest in Year 56 is estimated to equal \$28.4 million based on the discounted cash flow of the remaining value of the market-rate residential leasehold interest. No permanent debt is assumed in the proforma. Additional debt, including TOD, IIG or MHSA loans, may remain if the Developer is successful in its pursuit of these or other funding sources.

Net cash needed by the City to purchase the improvements (the greater of (a) and (b)) is estimated at \$0 (FMV less City loan balance of \$43.7 million including interest). The FMV in Year 56 will be dependent on many variables, including market rents, operating costs, capitalization rate, building condition and economic conditions in place.

- City Right of First Refusal to Acquire Residential Leasehold Interest and Retail Leasehold Interest: At any time after Year 55 of the ground lease, upon the Developer's receipt of a bona fide offer from a third party, the City shall have the right to acquire the residential improvements for a price equal to the higher of any bona fide offer subject to FMV or the outstanding amount of non-City debt plus the amount of income taxes that would be incurred by the Developer from the sale. The City shall also have the right to acquire the retail improvements upon the Developer's receipt of a bona fide offer from a third party.

Disposition and Development Agreement

- City Assistance: The City will provide financial assistance to the affordable housing project in an amount not to exceed \$17,160,000. The City subsidy will be provided in the form of a loan to be secured by a deed of trust. The Developer is required to fill the funding gap in excess of \$17,160,000 with its equity, developer fee and/or additional non-City sources. The Developer shall use all reasonable efforts to maximize tax credit equity and other sources of funds. The Developer is required to apply for at least two rounds of Affordable Housing Program (AHP) applications.
- Reduction of City Loan: As discussed in the previous section, the City loan shall be reduced at the following milestones:
 - 1) Reduction at Carryover – Prior to the Developer's submission of its project budget to TCAC as part of its Carryover allocation of 2013, the City shall complete a through

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- **Relocation:** Because the Project is proposed as a relocation site for the 193 SRO units at the existing Hotel Metro site, which is owned by a public entity (SDHC), the state relocation law will apply to the tenants who will be relocated from Hotel Metro. The DDA requires that the relocation requirement for Hotel Metro be the financial responsibility of the Developer (as an eligible project cost) and not be the financial responsibility of the City. Relocation obligations shall be administered by the Developer (or its designee, a qualified relocation consultant acceptable to the City) in accordance with any applicable relocation laws.

The estimated relocation cost is \$1,180,000, which includes moving costs, relocation consultant fees and relocation benefit payments to the tenants. SDHC is contemplating to provide one third of the actual relocation costs, up to \$450,000. It is proposed that the Developer be required to contribute \$1,500 per tenant for each tenant who chooses to claim relocation benefits. The City loan shall be reduced by these contributions from SDHC and the Developer toward payment of relocation costs. In addition, any reduction to the relocation budget or actual relocation costs below \$1,180,000 shall reduce the City loan. Relocation costs in excess of \$1,180,000 shall be the responsibility of the developer, and be paid out of its share (25 percent) of Cost Savings/Additional Proceeds, remaining funds in the additional contingency created with 10 percent of TOD & IIG program proceeds or its developer fee.

- **Green Building:** The building shall be designed and constructed to achieve the LEED Silver certification or equivalent. The Developer shall submit evidence of such certification upon completion of the Project.
- **Asset Management Fee (Limited Partner) and Partnership Management Fee (General Partner):** The combined amount of these fees shall not exceed \$45,000 total in Year 1 for the two projects (four percent and nine percent), escalating at three percent annually.
- **Affordability Restrictions:** A total of 201 units shall be restricted for 55 years as shown in the table below. The allocation of units between the four percent and nine percent projects are included in Attachment C; however, the numbers are preliminary, and will not be finalized until construction loan closing.

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Unit Type/ Income & Rent Limit (TCAC AMI, CRL)	30% TCAC AMI Very Low	40% TCAC AMI Very Low	50% CRL AMI Very Low	50% TCAC AMI Low	60% TCAC AMI Moderate	None	TOTAL
2013 Rent	\$406	\$548	\$ 647	\$689	\$830		
Living Units:	43	71	21	25	41		201
One BR:						2	2
TOTAL	43	71	21	25	41	2	203

Hotel Metro replacement units (193 units) will be restricted at rents ranging from 30 to 60 percent AMI. At the existing Hotel Metro, SDHC currently restricts 50 percent of the total units to very-low-income tenants earning no more than 100 percent of California's minimum wage (\$16,640 for a one-person household as of 2013) at rents calculated as 30 percent of 90 percent of California's minimum wage (\$374 as of 2013), which is equivalent to TCAC rent between 25 and 30 percent Area Median Income (AMI), and the remaining 50 percent to low-income tenants earning less than 40 percent of AMI (\$22,600 for a one-person household as of 2010) at rents calculated as the initial rents escalated at percentage increases in the housing component of the Consumer Price Index (CPI) (\$565 as of 2013). Currently, more than one quarter of tenants receive some type of rental assistance from various public agencies. Those tenants with rental assistance pay what they can afford based on their incomes, and the tenant's portion of rent payment is much less than the restricted rents, in some cases \$0. If these tenants move to the Project, the tenant-based or sponsor-based rental assistance will move with them, allowing them to continue to pay what they have been paying at Hotel Metro. In addition, the Developer plans to apply to SDHC for up to 100 Project Based Section 8 vouchers for the Project, which would allow the tenants who cannot afford the restricted rents to pay only 30 percent of their actual incomes. For other tenants who are not covered by any of the rental assistance and cannot afford the restricted rents at the new project, the Developer is committed to keeping the current rent level paid by those tenants as long as they do not jeopardize the Project's operation. The cash flow projections included in Attachment C are based on the conservative estimates of rental incomes with tenant's portion of rent payments ranging from \$356 to \$482 for all of the Hotel Metro replacement units with assumption of 67 Project Based Section 8 vouchers and 20 sponsor based Section 8 vouchers to make sure that the Project could be feasible without increasing rents to the existing tenants at Hotel Metro.

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The additional eight units, excluding two manager units, will be restricted at 60 percent AMI to ensure that there would be no additional very-low-income units to be developed in East Village, a policy adopted by the former Centre City Development Corporation (CCDC) in 2009.

It should be noted that the rent and income restrictions will be based on the limits set by the California Tax Credit Allocation Committee (TCAC), except for the 21 units restricted at 50 percent CRL rents. Because TCAC rents are usually slightly higher than the rents calculated per CRL, 50 percent TCAC AMI rents will be categorized as Low Income under CRL, instead of Very Low Income, and 60 percent TCAC AMI rents will be categorized as Moderate Income under CRL, instead of Low Income. The units will be counted toward the inclusionary requirement under CRL in accordance with the CRL limits. Based on the above chart, 135 Very Low Income units, 25 Low Income units and 41 Moderate Income units will be counted toward the inclusionary requirement.

- **Supportive Housing:** The Developer shall include a minimum of 53 supportive housing units, in addition to the units with sponsor-based supportive services from the County. If the Developer is successful with securing more than 53 Project Based Section 8 vouchers, the number of supportive housing units shall increase accordingly.
- **Increase in Affordable Rents upon Foreclosure during Construction:** In the event of foreclosure by the construction lender during construction, the maximum rents for the very-low-income units at 30 percent TCAC AMI (eight units), 40 percent TCAC AMI (62 units) and 50 percent CRL AMI (58 units) will increase to 60 percent TCAC AMI. This provision has been added to the DDA as more construction lenders have requested for floating of affordable rents from very-low to low-income rents upon foreclosure during construction in recent years. The former RDA and City included similar provisions in the affordability covenants for the Ten Fifty B project as well as the 9th and Broadway (Celadon) project prior to construction closing. It should be noted that if the affordable rents were floated in case of foreclosure, the number of the Project's very-low-income units credited to the various redevelopment project areas per the inclusionary requirement under the CRL would be reduced. As explained in the following section, it is not clear if the inclusionary requirement has been eliminated after the dissolution of redevelopment. However, if the pending lawsuit by affordable housing advocates regarding the inclusionary requirement was successful, and/or if legislation was passed requiring successor housing entities to comply with the inclusionary requirement, the City could be forced to use funds from the City's General Fund to meet the inclusionary requirements by creating additional very-low-income units to eliminate the deficits.

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	Deficits			Atmosphere Credits			Alpha Square Credits			TOTAL Credits	
	VL	Non VL	Total	VL	Non VL	Subtotal	VL	Non VL	Subtotal	VL	Total
Crossroads	-12	0	-12	12	0	12	0	0	0	12	0
NTC	-32	-51	-83	6	51	57	26	0	26	32	83
SEDC w/COMM22	-3	0	-3	0	0	0	3	0	3	3	0
Grantville	-5	-7	-12	0	7	7	5	0	12	5	12
College Community	-25	-21	-46	0	21	21	25	0	0	25	46
Total	-77	-79	-156	18	79	97	59	0	59	77	156
Balance (counted as ½)				0	4	4	8	33	41	0	45

DESIGN REVIEW

The proposed Project is a six-story residential mixed-use building, consisting of five floors of wood frame construction above a concrete building base. The Project is comprised of 203 units (201 permanent supportive units and two manager's units) ranging in size from 250-350 square feet, each with small kitchen facilities. The ground floor of the Project consists of a residential lobby, kitchen, multi-purpose room, staff offices, computer labs, laundry facilities, restrooms, bicycle storage and approximately 5,417 square feet of retail space. Vehicular access to the Project's underground parking and off-street loading is provided via two driveway entrances from 14th Street. The primary entrance to the residential lobby is also located on 14th Street. Above the building base, five stories of living units are stacked in an efficient "U-shaped" configuration overlooking a second-story community room and exterior courtyard.

The Project's design is simple and attractive and is comprised primarily of smooth finish cement plaster accentuated with a variety of colored cement composite panels banded by a series of shadow-box projections on the Market Street and 14th Street elevations. The street-level façade is comprised of clear glass and metal storefronts with stone veneer panels. A small 920 square-foot public plaza is proposed at the southeast corner of Market Street and 14th Street. The plaza design includes the provision of a planter/seat wall captured by the building's corner canopy column as enhanced paving materials extending out into the right-of-way.

Overall, staff is satisfied with the proposed design revisions and considers the design intent of the Project to be compatible with the surrounding neighborhood. The Project's street frontages will be sufficiently activated by the residential lobby and ground-floor active uses.

Sustainability – The Project will be designed and constructed to achieve LEED Silver or equivalent in accordance with CivicSD's Affordable Housing Guidelines. Sustainable features proposed for the Project include the installation of solar panels on the roof (extent and capacity to be determined) as well as a variety of other sustainable features, which will be further refined with the final construction drawings.

Civic San Diego
 Special Meeting of June 12, 2013
 Page 24

Proposed Schedule of Performance

Action	Date
CivicSD Board	June 12, 2013
City Council & Housing Authority	June 25, 2013
9 percent Tax Credit Application	July 3, 2013
TOD and IIG Application	July 31, 2013

Project Benefits – The proposed Project would provide 201 affordable rental units for very-low, low- and moderate-income individuals and families, of which a minimum of 53 units will be set aside as supportive housing units for the formerly homeless and special needs population who are at risk of homelessness.

Environmental Impact – This Project is covered under the Final Environmental Impact Report (FEIR) for the San Diego Downtown Community Plan (DCP), CCPDO, and 10th Amendment to the Centre City Redevelopment Plan, certified by the Redevelopment Agency (“Agency”) and City Council (“Council”) on March 14, 2006 (Resolutions R-04001 and R-301265, respectively) and subsequent addenda to the FEIR certified by the Agency on August 3, 2007 (Agency Resolution R-04193), April 21, 2010 (Agency Resolutions R-04508 and R-04510), and August 3, 2010 (Agency Resolution R-04544). The FEIR is a “Program EIR” prepared in compliance with State California Environmental Quality Act (CEQA) Guidelines Section 15168. An FEIR Consistency Evaluation (“Evaluation”) was prepared for the Project in accordance with suggested best practices outlined in CEQA Guidelines Section 15168. The Evaluation concluded that the environmental impacts of the Project were adequately addressed in the FEIR and that the Project is within the scope of the development program described in the FEIR, therefore, no further environmental documentation will be required under CEQA.

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CONCLUSION


Staff requests that CivicSD recommends that the Council approves the proposed terms of a DDA, grants Design Review approval for the Project and makes certain findings that the Project is of benefit to the NTC, North Park, Central Imperial and Southcrest Redevelopment Projects.

Respectfully submitted,

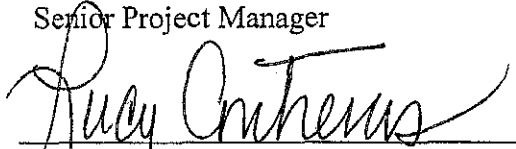
Concurred by:



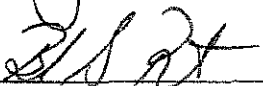
Eri Kameyama
Senior Project Manager



Jeff Graham
President



Lucy Contreras
Senior Planner



Brad Richter
Assistant Vice President, Planning

- Attachments:
- A – Draft Findings of Benefit (NTC, North Park, Central Imperial and Southcrest)
 - B – Site Map
 - C – Project Proforma Analysis by KMA
 - D – Draft Option Agreement
 - E – 33433 Report prepared by KMA
 - F – Draft DDA
Basic Concept Drawings

ATTACHMENT 9
DOC # 2013-0577818



SEP 20, 2013 11:21 AM

OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
Ernest J. Dronenburg, Jr., COUNTY RECORDER
FEES: 57.00

5354

PAGES: 15



RECORDING REQUESTED BY:

Civic San Diego
Planning Department
401 B Street, Suite 400
San Diego, CA 92101

WHEN RECORDED MAIL TO:

Civic San Diego
401 B Street, Suite 400
San Diego, CA 92101

THIS SPACE FOR RECORDER'S USE ONLY

**NOTE: COUNTY RECORDER, PLEASE
RECORD AS RESTRICTION USE OR
DEVELOPMENT OF REAL
PROPERTY AFFECTING THE TITLE
TO OR POSSESSION THEREOF**

CENTRE CITY DEVELOPMENT PERMIT NO. 2013-09

**ALPHA SQUARE
(APN#'s 535-129-09 through 12)**

*Fd
15P*

Alpha Square
CCDP No. 2013-09

5355

**ALPHA SQUARE
CCDP No. 2013-09**

This Centre City Development Permit (CCDP) No. 2013-09 is granted by Civic San Diego ("CivicSD") to Alpha Project (Owner/Permittee), pursuant to Centre City Planned District Ordinance (CCPDO) Sections 156.0304(e) and (f) for the 20,000 square-foot site located on the block bounded by Market Street and Island Avenue and 13th and 14th streets in the East Village neighborhood of the Downtown Community Plan (DCP) area in the City of San Diego, State of California, and more particularly described in "Exhibit A"; and,

Subject to the terms and conditions set forth in this Permit, permission is granted to the Owner/Permittee to construct and operate uses as described and identified by size, dimension, quantity, type and location as follows and on the approved exhibits dated April 29, 2013, on file in the CivicSD Planning Department as CCDP File No. 2013-09.

1. General

The Owner/Permittee shall construct, or cause to be constructed on the site shall construct, or cause to be constructed on the site, a 6-story affordable mixed-use development. The development shall contain (i) 203 Affordable Units, including two managers units, (ii) approximately 4,065 square feet of indoor open space and approximately 6,600 square feet of outdoor open space, (iii) approximately 5,417 square feet of ground floor commercial space and (iv) the a single level below grade parking structure with a minimum of 14 spaces dedicated to the residential component of the development.

2. Parking

The development includes 34 parking spaces (27 standard spaces and 7 tandem) provided in a single level of below-grade parking level. A minimum of 14 spaces (12 spaces for 59 units at 0.2 spaces per living unit and 2 spaces at 1.0 space per unit) shall be dedicated to the project's residential component, and shall be designed to City Standards. Any tandem parking stalls must be assigned to the same unit. Visitor and/or public parking spaces shall be identified with appropriate signage. Any subterranean parking facilities encroaching into the public right-of-way shall be located a minimum of six feet back from the face of curb to a depth of eight feet below sidewalk grade, measured to the outside of any shoring. An Encroachment Removal and Maintenance Agreement shall be obtained from the City to allow any encroachment of the garage into the public right-of-way. Any proposed changes to parking shall be reviewed and approved by Civic San Diego.

AIRPORT REQUIREMENTS3. Airport Approach Overlay Zone

The Owner/Permittee shall comply with the procedures established by the City of San Diego Airport Approach Overlay Zone (and any successor or amendment thereto) for structures which exceed 30 feet in height (Chapter 13, Article 2, Division 2 of the San Diego Municipal Code) and shall be required to obtain a valid Federal Aviation Administration (FAA) "Determination of No Hazard to Air Navigation" or a No FAA Notification Self-Certification Agreement under City Information Bulletin No. 503 prior to issuance of any building permits.

PLANNING AND DESIGN REQUIREMENTS4. LEED Certification

The Project shall achieve a minimum of LEED Silver certification and the project team shall include LEED certified staff to assist with the design and selection of the Project's green building features and LEED strategy. The Project shall incorporate photovoltaic panels on the rooftop outdoor open space.

5. Residential Amenities and Facilities

The development includes the following residential amenities and facilities as illustrated on the approved Basic Concept/Schematic Drawings, which shall be required to be maintained within the project in perpetuity:

- a. Pet Open Space – A minimum of 100 square feet of contiguous area for use by pets and clearly marked for such exclusive use. The pet open space must contain permeable surface of gravel, sand, grass or similar, or a concrete surface connected to a drain in proximity to an outside faucet for washing down the surface. The development shall be responsible for daily cleaning and regular maintenance of this space. This open space shall be located on the rooftop or within the interior of the project and shall not be located adjacent to public right-of-way areas.
- b. Common Outdoor Open Space – A minimum of 3,300 square feet of common outdoor space. The dimensions of the common outdoor open space must not be reduced for the life of the project. A minimum of ten percent (10%) of each common outdoor open space area must be planted area and each area must be accessible to all residents of the project.
- c. Common Indoor Space – A minimum of 500 square feet of common indoor amenity space. The spaces shall be maintained for use by residents of the development and must be accessible through a common corridor. The area may

contain active or passive recreational facilities, meeting space, computer terminals, or other activity space.

- d. Off-Street Loading Bay – The project shall provide and maintain an off-street loading bay for use by the residents of the project. Loading bay dimensions shall be a minimum of 35 feet-deep, 13 feet-wide, and 13 feet-tall. The loading area shall have direct access to the internal circulation system and elevators.

6. Urban Design Standards

The proposed development, including its architectural design concepts and off-site improvements, shall be consistent with the CCPDO and Centre City Streetscape Manual. These standards, together with the following specific conditions, will be used as a basis for evaluating the development through all stages of the development process.

- a. Architectural Standards – The architecture of the development shall establish a high quality of design and complement the design and character of the East Village neighborhood as shown in the approved Basic Concept/Schematic Drawings on file with CivicSD. The development shall utilize a coordinated color scheme consistent with the approved Basic Concept/Schematic Drawings.
- b. Form and Scale – The development shall consist of a 6-story (5-stories of wood frame construction over a concrete building base) with a maximum building height of 85 feet measured to the top of the roofline, with roof equipment enclosures, elevator penthouses, and mechanical screening above this height permitted per the CCPDO and the FAA. All building elements shall be complementary in form, scale, and architectural style.
- c. Building Materials – All building materials shall be of a high quality as shown in the Basic Concept/Schematic Drawings and approved materials board. All materials and installation shall exhibit high-quality design, detailing, and construction execution to create a durable and high quality finish. The base of the buildings shall be clad in upgraded materials and carry down to within 1 (one) inch of finish sidewalk grade, as illustrated in the approved Basic Concept/Schematic Drawings. Any graffiti coatings shall be extended the full height of the upgraded base materials or up to a natural design break such a cornice line. All down-spouts, exhaust caps, and other additive elements shall be superior grade for urban locations, carefully composed to reinforce the architectural design.

All construction details shall be high quality and executed to minimize weathering, eliminate staining, and not cause deterioration of materials on adjacent properties or the public right of way. No substitutions of materials or colors shall be permitted without the prior written consent of the CivicSD. A final materials board which illustrates the location, color, quality, and texture of

proposed exterior materials shall be submitted with 100% Construction Drawings and shall be consistent with the materials board approved with the Basic Concept/Schematic Drawings.

- d. **Street Level Design** – Street-level windows shall be clear glass and may be lightly tinted. Architectural features such as awnings and other design features which add human scale to the streetscape are encouraged where they are consistent with the design theme of the structure. Exit corridors including garage/motor-court entrances shall provide a finished appearance to the street with street level exterior finishes wrapping into any exposed openings a minimum of ten feet.

All exhaust caps, lighting, sprinkler heads, and other elements on the undersides of all balconies and projection surfaces shall be logically composed and placed to minimize their visibility, while meeting code requirements. All soffit materials shall be high quality and consistent with adjacent elevation materials and incorporate drip edges and other details to minimize staining and ensure long-term durability.

- e. **Utilitarian Areas** – Areas housing trash, storage, or other utility services shall be located in the garage or otherwise completely concealed from view of the public right-of-way and adjoining developments, except for utilities required to be exposed by the City or utility company. The development shall provide trash and recyclable material storage areas per Municipal Code Sections 142.0810 and 142.0820. Such areas shall be provided within an enclosed building/garage area and shall be kept clean and orderly at all times. The development shall implement a recycling program to provide for the separation of recyclable materials from the non-recyclable trash materials.
- f. **Mail/Delivery Locations** – It is the Owner/Permittee's responsibility to coordinate mail service and mailbox locations with the United States Postal Service and to minimize curb spaces devoted to postal/loading use. The Owner/Permittee shall locate all mailboxes and parcel lockers outside of the public right-of-way, either within the building or recessed into a building wall. A single, centralized interior mail area in a common lobby area is encouraged for all residential units within a development, including associated townhouses with individual street entrances. Individual commercial spaces shall utilize a centralized delivery stations within the building or recessed into a building wall, which may be shared with residential uses sharing a common street frontage address.
- g. **Access** – Vehicular access to the development's parking shall be limited to a single driveway located on 14th Street. Garage entry doors shall consist of solid, obscured, or screening doors and minimize lighting to the public right-of-way.
- h. **Circulation and Parking** – The Owner/Permittee shall prepare a plan which identifies the location of curbside parking control zones, parking meters, fire

hydrants, trees, and street lights. Such plan shall be submitted in conjunction with 100% Construction Drawings.

All subterranean parking shall meet the requirements of the Building Department, Fire Department and City Engineer. All parking shall be mechanically ventilated. The exhaust system for mechanically ventilated structures shall be located to mitigate noise and exhaust impacts on the public right-of-way.

- i. Open Space/Development Amenities – A landscape plan that illustrates the relationship of the proposed on and off-site improvements and the location of water, and electrical hookups shall be submitted with 100% Construction Drawings.
- j. Roof Tops – A rooftop equipment and appurtenance location and screening plan shall be prepared and submitted with 100% Construction Drawings. Any roof-top mechanical equipment must be grouped, enclosed, and screened from surrounding views (including views from above).
- k. Lighting – A lighting plan which highlights the architectural qualities of the proposed development and also enhances the lighting of the public right-of-way shall be submitted with 100% Construction Drawings. All lighting shall be designed to avoid illumination of adjoining properties.
- l. Noise Control – All mechanical equipment, including but not limited to, air conditioning, heating and exhaust systems, shall comply with the City of San Diego Noise Ordinance and California Noise Insulation Standards as set forth in Title 24 of the California Code of Regulations. All mechanical equipment shall be located to mitigate noise and exhaust impacts on adjoining development, particularly residential. Owner/Permittee shall provide evidence of compliance at 100% Construction Drawings.
- m. Energy Considerations – The design of the improvements should include, where feasible, energy conservation construction techniques and design, including cogeneration facilities, and active and passive solar energy design.
- n. Street Address – Building address numbers shall be provided that are visible and legible from the public right-of-way.

7. On-Site Improvements

All off-site and on-site improvements shall be designed as part of an integral site development. An on-site improvement plan shall be submitted with the 100% Construction Drawings. Any on-site landscaping shall establish a high quality of design and be sensitive to landscape materials and design planned for the adjoining public rights-of-way.

PUBLIC IMPROVEMENTS, LANDSCAPING AND UTILITY REQUIREMENTS**8. Off-Site Improvements**

The following public improvements shall be installed in accordance with the Centre City Streetscape Manual. The Manual is currently being updated and the Owner/Permittee shall install the appropriate improvements according to the latest requirements at the time of Building Permit issuance:

	Market Street	14th Street
Paving	Market Street Paving	Ballpark District Paving
Street Trees	Raywood Ash	Evergreen Ash
Street Lights	Gateway Lights	CCDC Standard

All trees shall be planted at a minimum 36-inch box size with tree grates provided as specified in the Centre City Streetscape Manual, and shall meet the requirements of Title 24. Tree spacing shall be accommodated after street lights have been sited, and generally spaced 20 to 25 feet on center. All landscaping shall be irrigated with private water service from the subject property.

The Owner/Permittee will be responsible for evaluating, with consultation with the CivicSD, whether any existing trees within the right-of-way shall be maintained and preserved. No trees shall be removed prior to obtaining a Tree Removal Permit from the Development Services Department per City Council Policy 200-05.

- a. **Street Lights** – All existing lights shall be evaluated to determine if they meet current CivicSD and City requirements, and shall be modified or replaced if necessary.
- b. **Sidewalk Paving** – All specialized paving materials shall be approved through the execution of an Encroachment Removal and Maintenance Agreement with the City.
- c. **Litter Containers** – Two (2) Centre City public trash receptacles shall be provided; one at the corner of 14th Street and Market Street and one at mid-block along 14th street.
- d. **Landscaping** – All required landscaping shall be maintained in a disease, weed and litter free condition at all times. If any required landscaping (including existing or new plantings, hardscape, landscape features, etc.) indicated on the approved construction documents is damaged or removed during demolition or construction, it shall be repaired and/or replaced in kind and equivalent in size per

the approved documents and to the satisfaction of CivicSD within 30 days of damage or Certificate of Occupancy.

- e. On-Street Parking – The Owner/Permittee shall maximize the amount of on-street parking wherever feasible.
- f. Public Utilities – The Owner/Permittee shall be responsible for the connection of on-site sewer, water and storm drain systems from the development to the City Utilities located in the public right-of-way. Sewer, water, and roof drain laterals shall be connected to the appropriate utility mains within the street and beneath the sidewalk. The Owner/Permittee may use existing laterals if acceptable to the City, and if not, Owner/Permittee shall cut and plug existing laterals at such places and in the manner required by the City, and install new laterals. Private sewer laterals require an Encroachment Maintenance and Removal Agreement.

If it is determined that existing water and sewer services are not of adequate size to serve the proposed development, the Owner/Permittee will be required to abandon (kill) any unused water and sewer services and install new services and meters. Service kills require an engineering permit and must be shown on a public improvement plan. All proposed public water and sewer facilities, including services and meters, must be designed and constructed in accordance with established criteria in the most current edition of City Water and Sewer Facility Design Guidelines and City regulations standards and practices pertaining thereto.

Proposed private underground sewer facilities located within a single lot shall be designed to meet the requirements of the California Uniform Plumbing Code and shall be reviewed as part of the Building Permit plan check. If and when the Owner/Permittee submits for a tentative map or tentative map waiver, the Water Department will require Covenants, Restrictions, and Conditions to address the operation and maintenance of the private on-site water system serving the development. No structures or landscaping of any kind shall be installed within 10 feet of water facilities.

All roof drainage and sump drainage, if any, shall be connected to the storm drain system in the public street, or if no system exists, to the street gutters through sidewalk underdrains. Such underdrains shall be approved through an Encroachment Removal Agreement with the City. The Owner/Permittee shall comply with the City Storm Water Management and Discharge Control Ordinance and the storm water pollution prevention requirements of Chapter 14, Article 2, Division 1 and Chapter 14, Article 2, Division 2 of the Land Development Code.

- g. Franchise Public Utilities – The Owner/Permittee shall be responsible for the installation or relocation of franchise utility connections including, but not limited to, gas, electric, telephone and cable, to the development and all extensions of

those utilities in public streets. Existing franchised utilities located above grade serving the property and in the sidewalk right-of-way shall be removed and incorporated into the adjoining development where feasible.

- h. Fire Hydrants – If required, the Owner/Permittee shall install fire hydrants at locations satisfactory to the City Fire Department and Development Services Department.
- i. Water Meters and Backflow Preventers – The Owner/Permittee shall locate all water meters and backflow preventers in locations satisfactory to the Public Utilities Department and CivicSD. Backflow preventers shall be located outside of the public right-of-way adjacent to the development's water meters, either within the building, a recessed alcove area, or within a plaza or landscaping area. The devices shall be screened from view from the public right-of-way.

All items of improvement shall be performed in accordance with the technical specifications, standards, and practices of the City's Engineering, Public Utilities and Building Inspection Departments and shall be subject to their review and approval. Improvements shall meet the requirements of Title 24 of the State Building Code.

9. Removal and/or Remedy of Soil and/or Water Contamination

The Owner/Permittee shall (at its own cost and expense) remove and/or otherwise remedy as provided by law and implementing rules and regulations, and as required by appropriate governmental authorities, any contaminated or hazardous soil and/or water conditions on the Site. Such work may include without limitation the following:

- a. Remove (and dispose of) and/or treat any contaminated soil and/or water on the site (and encountered during installation of improvements in the adjacent public rights-of-way which the Owner/Permittee is to install) as necessary to comply with applicable governmental standards and requirements.
- b. Design and construct all improvements on the site in a manner which will assure protection of occupants and all improvements from any contamination, whether in vapor or other form, and/or from the direct and indirect effects thereof.
- c. Prepare a site safety plan and submit it to the appropriate governmental agency, CivicSD, and other authorities for approval in connection with obtaining a building permit for the construction of improvements on the site. Such site safety plan shall assure workers and other visitors to the site of protection from any health and safety hazards during development and construction of the improvements. Such site safety plan shall include monitoring and appropriate protective action against vapors and/or the effect thereof.

- d. Obtain from the County of San Diego and/or California Regional Water Quality Control Board and/or any other authorities required by law any permits or other approvals required in connection with the removal and/or remedy of soil and/or water contamination, in connection with the development and construction on the site.
- e. If required due to the presence of contamination, an impermeable membrane or other acceptable construction alternative shall be installed beneath the foundation of the building. Drawings and specifications for such vapor barrier system shall be submitted for review and approval by the appropriate governmental authorities.

STANDARD REQUIREMENTS

10. Environmental Impact Mitigation Monitoring and Reporting Program (MMRP)

As required by the SDMC Section 156.0304(f), the development shall comply with all applicable MMRP measures from the 2006 Final Environmental Impact Report (FEIR) for the Downtown Community Plan as specified in the Downtown FEIR Consistency Evaluation prepared for the development.

11. Development Impact Fees

The development will be subject to Centre City Development Impact Fees. For developments containing commercial space(s) the Owner/Permittee shall provide to the City's Facilities Financing Department the following information at the time of application for building permit plan check: 1) total square footage for commercial lease spaces and all areas within the building dedicated to support those commercial spaces including, but not limited to: loading areas, service areas and corridors, utility rooms, and commercial parking areas; and, 2) applicable floor plans showing those areas outlined for verification. In addition, it shall be responsibility of the Owner/Permittee to provide all necessary documentation for receiving any "credit" for existing buildings to be removed.

12. Construction Fence

Owner/Permittee shall install a construction fence pursuant to specifications of, and a permit from, the City Engineer. The fence shall be solid plywood with wood framing, painted a consistent color with the development's design, and shall contain a pedestrian passageway, signs, and lighting as required by the City Engineer. The fencing shall be maintained in good condition and free of graffiti at all times.

13. Development Identification Signs

Prior to commencement of construction on the Site, the Owner/Permittee shall prepare and install, at its cost and expense, two signs on the barricade around the site which

Alpha Square
CCDP No. 2013-09

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identifies the development. The sign shall be at least four (4) feet by six (6) feet and be visible to passing pedestrian and vehicular traffic. The signs shall at a minimum include:

- Color rendering of the development
- Development name
- Developer
- Completion Date
- For information call _____.

Additional development signs may be provided around the perimeter of the site. All signs shall be limited to a maximum of 160 square feet per street frontage. Graphics may also be painted on any barricades surrounding the site. All signs and graphics shall be submitted to CivicSD for approval prior to installation.

14. This Permit must be utilized within thirty-six (36) months after the date on which all rights of appeal have expired. If this Permit is not utilized in accordance with Chapter 12, Article 6, Division 1 of the SDMC within the 36 month period, this permit shall be void unless an Extension of Time (EOT) has been granted. Any such EOT must meet all SDMC and CCPDO requirements in effect at the time of extension are considered by the appropriate decision maker.
15. Issuance of this Permit by CivicSD does not authorize the Owner/Permittee for this Permit to violate any Federal, State or City laws, ordinances, regulations or policies.
16. This Permit is a covenant running with the subject property and all of the requirements and conditions of this Permit and related documents shall be binding upon the Owner/Permittee and any successor(s) in interest.
17. This development shall comply with the standards, policies, and requirements in effect at the time of approval of this development, including any successor(s) or new policies, financing mechanisms, phasing schedules, plans and ordinances adopted by the City of San Diego.
18. No permit for construction, operation, or occupancy of any facility or improvement described herein shall be granted, nor shall any activity authorized by this Permit be conducted on the premises until this Permit is recorded in the Office of the San Diego County Recorder.
19. The Owner/Permittee shall defend, indemnify, and hold harmless the City/CivicSD, its agents, officers, and employees from any and all claims, actions, proceedings, damages, judgments, or costs, including attorney's fees, against the City/CivicSD or its agents, officers, or employees, relating to the issuance of this permit including, but not limited to, any action to attack, set aside, void, challenge, or annul this development approval and any environmental document or decision. The City/CivicSD will promptly notify Owner/Permittee of any claim, action, or proceeding and, if the City should fail to

Alpha Square
CCDP No. 2013-09

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cooperate fully in the defense, the Owner/Permittee shall not thereafter be responsible to defend, indemnify, and hold harmless the City or its agents, officers, and employees. The City/CivicSD may elect to conduct its own defense, participate in its own defense, or obtain independent legal counsel in defense of any claim related to this indemnification. In the event of such election, Owner/Permittee shall pay all of the costs related thereto, including without limitation reasonable attorney's fees and costs. In the event of a disagreement between the City/CivicSD and Owner/Permittee regarding litigation issues, the City/CivicSD shall have the authority to control the litigation and make litigation related decisions, including, but not limited to, settlement or other disposition of the matter. However, the Owner/Permittee shall not be required to pay or perform any settlement unless such settlement is approved by Owner/Permittee.

This CCDP is granted by CivicSD on June 25, 2013.

CIVIC SAN DIEGO

Aida L. Contreras 9/20/13
Aida L. Contreras Date
Senior Planner

PERMITTEE SIGNATURE

Bob McElroy 9-19-13
Bob McElroy Date
Alpha Project

Attachments: 1. Exhibit "A" - Legal Description

S:\Contreras\DEVREV\2013-09 Alpha Square\Final Development Permit.doc



City of San Diego
 Development Services
 1222 First Ave., MS-302
 San Diego, CA 92101
 (619) 446-5000

Ownership Disclosure Statement

Approval Type: Check appropriate box for type of approval (s) requested: Neighborhood Use Permit Coastal Development Permit
 Neighborhood Development Permit Site Development Permit Planned Development Permit Conditional Use Permit
 Variance Tentative Map Vesting Tentative Map Map Waiver Land Use Plan Amendment • Other _____

Project Title _____ **Project No. For City Use Only** _____

Alpha Square

Project Address:

550 14th Street, San Diego, CA 92101

Part I - To be completed when property is held by Individual(s)

By signing the Ownership Disclosure Statement, the owner(s) acknowledge that an application for a permit, map or other matter, as identified above, will be filed with the City of San Diego on the subject property, with the intent to record an encumbrance against the property. Please list below the owner(s) and tenant(s) (if applicable) of the above referenced property. The list must include the names and addresses of all persons who have an interest in the property, recorded or otherwise, and state the type of property interest (e.g., tenants who will benefit from the permit, all individuals who own the property). A signature is required of at least one of the property owners. Attach additional pages if needed. A signature from the Assistant Executive Director of the San Diego Redevelopment Agency shall be required for all project parcels for which a Disposition and Development Agreement (DDA) has been approved / executed by the City Council. Note: The applicant is responsible for notifying the Project Manager of any changes in ownership during the time the application is being processed or considered. Changes in ownership are to be given to the Project Manager at least thirty days prior to any public hearing on the subject property. Failure to provide accurate and current ownership information could result in a delay in the hearing process.

Additional pages attached Yes No

Name of Individual (type or print):
 Bill Fulton, Director of Planning and Economic Development
 Owner Tenant/Lessee Redevelopment Agency
City as Successor Housing Entity
 Street Address:
 1222 First Avenue
 City/State/Zip:
 San Diego, CA 92101
 Phone No: _____ Fax No: _____
 (619) 236-6057
 Signature: _____ Date: 1/17/13

Name of Individual (type or print):

 Owner Tenant/Lessee Redevelopment Agency
 Street Address:

 City/State/Zip:

 Phone No: _____ Fax No: _____
 Signature : _____ Date: _____

Name of Individual (type or print):

 Owner Tenant/Lessee Redevelopment Agency
 Street Address:

 City/State/Zip:

 Phone No: _____ Fax No: _____
 Signature : _____ Date: _____

Name of Individual (type or print):

 Owner Tenant/Lessee Redevelopment Agency
 Street Address:

 City/State/Zip:

 Phone No: _____ Fax No: _____
 Signature : _____ Date: _____