

ATTACHMENT B
BMR Program

Project Overview

Given the demand for senior affordable housing in Cupertino as identified in the City’s General Plan, KT Urban is proposing to develop a 39-unit affordable senior living development. The City of Cupertino is enduring a housing crisis in which rising rents and a shortage of affordable units are driving the displacement of longtime residents. The project seeks to address the challenges created by the housing crisis and to help meet the housing demands of a segment of the population with unique housing needs (seniors).

The project exceeds the City’s Density Bonus and Inclusionary (BMR) Housing Program by providing 16.1% (39 affordable / 242 total), on-site below-market rate senior housing units at deeper affordability rates. We envision that the 39-unit project would be constructed and managed by BRIDGE Housing or an affordable housing developer with comparable senior living experience and the expertise necessary to obtain the requisite tax credit allocation and secure construction and permanent financing.

Under State of California Tax Credit Allocation Committee regulations, every household member must be 62 and older, not just head of household as allowed by HUD and under other regulations. All of the households will be restricted to incomes which range between 50% and 60% of Area Median Income.

The development exceeds the required State’s Density Bonus criteria as follows:

- 40% of the total units affordable to low income (60% AMI) households; or
- 60% of the total units affordable to very low income (50% AMI) households; **and**
- 100% of the project is a senior citizen housing development

City Required Affordability	Proposed Affordability
60% at 50% AMI	60% at 50% AMI
40% at 80% AMI	40% at 60% AMI

Statutory Requirements

Statutory requirements support that affordable senior housing should not be dispersed, rather developed as one building and located within close proximity to common areas and city services. As provided for in the Unruh Act, Civil Code Sections 51.2 and 51.3, “Senior citizens need “special living environments and services.” (Civil Code Section 51.3(a)). The Act also states that a housing development for senior citizens constructed on or after January 1, 2001, shall be presumed to be designed to meet the physical and social needs of senior citizens by including specific design elements as listed under Section 51.2(d)(1) through 51.2(d)(7).

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Specifically, Civil Code Section 51.2(d)(1) and (4) require extra accommodations for senior housing that would be financially infeasible to add to all the buildings should the units be dispersed throughout the project site (e.g., wheelchair accessibility and elevators for each senior unit). Similarly, Section 51.2 (d)(2) requires that walkways and hallways in common area of the development shall be equipped with standard hand railings or grab bars to assist persons who have difficulty walking.

The statute also emphasizes the creation of a special environment designed to meet seniors' physical and social needs. Within that context, Civil Code Section 51.2(d)(5) requires an accessible common area designed to encourage seniors to socialize with other seniors. Dispersal of the senior units in separate buildings would require every building to have a common area specifically designed for seniors, even though the building may have few seniors due to dispersal. In addition, dispersal would make it such that seniors would have to migrate to other buildings to socialize with other seniors, thereby precluding the requirement to encourage social contact. This would also result in many of affordable senior units located at greater distance from other services such as the commercial, cultural (Senior Center) and transportation, which makes it particularly difficult and potentially unsafe for seniors with disabilities or handicaps. Thus, dispersal of the affordable senior units would not be consistent with statutory requirements.

Housing Element Goals

“Many senior residents face a unique set of housing needs, largely due to physical limitations, fixed incomes, and health care costs. Affordable housing cost, unit sizes and accessibility to transit, family, health care, and other services are critical housing concerns for seniors.”

--City of Cupertino Housing Element

In addition to meeting statutory requirements for senior housing, the proposed BMR Program will help the City achieve its goals under the City's Housing Element. As part of the Housing Element update, the City identified five priority sites under Scenario A (see Table HE-5) for residential development. One of the housing priority sites is the Oaks with 30 BMR units identified for development.

Furthermore, in the Housing Element, the City recognizes the need to encourage a range of housing options in the community including special needs housing such as senior housing. One of the prominent goals of the housing element is continue to offer flexible residential development standards in planned residential zoning districts particularly for higher density and attached housing developments. Specifically, the Housing Element seeks to maintain and/or

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adopt appropriate land use regulations and other development tools to encourage the development of affordable housing.

The Housing Element states that the City will continue to offer a range of incentives to facilitate the development of affordable housing including density bonus incentive and flexible development standards. Allowing the clustering of units would employ flexible development standards that would otherwise preclude the City from meeting its stated goals.

BMR Housing Mitigation Program Procedural Manual

In accordance with the City's Housing Element, all new residential and/or non-residential developments are required to help mitigate project related impacts on affordable housing needs.

In accordance with Section 2.3.3 and 2.3.4, this program outlines how the project will comply with the City's BMR requirements. The plan has identified the BMR units in the development and the units will be comparable to market rate senior units in terms of unit type, number of bedroom types, quality of exterior appearance and overall quality of design. In addition, the interior features and finishes will be durable, of good quality and consistent with contemporary standards for new senior housing.

The proposed program also complies with Section 5 regarding rental residential development by providing for rent senior housing units onsite. However, because seniors require a unique set of physical design characteristics and services as discussed above, the program cannot comply with Section 2.3.4 (D) which requires the BMR units to be dispersed throughout the residential project.

Pursuant to Section 7 ("Alternatives to BMR Requirements"), the developer believes that the overall program demonstrates equivalency in all material aspects of the Housing Element and is requesting that the City utilize flexible development standards as outlined in the Housing Element to help the City achieve its stated goals in the Housing Element and its overall affordable housing objectives.

Financing Considerations

Due to the competitive nature of obtaining tax credit financing and limited number of affordable housing construction financing alternatives available to Affordable Housing Developers, the affordable housing component of the project has been centralized in one building. Clustering the affordable units in one building will also enhance the Affordable Housing Developer's efficiency in operating the project and improve the safety, security and accessibility in providing senior services.

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Project Characteristics

The senior living component of the project is comprised of a total of 39 senior living units in a 30,500 GSF building (Building 2) with four stories. The building consists of three (3) levels of residential over one (1) level of residential and commercial and retail on the ground floor. The building provides direct access to retail on the ground level with outdoor patio and seating amenities. The south frontage of the building looks out onto the Stevens Creek Boulevard landscaped promenade. Designed under the concept of an Oak Alley and under Cupertino's the Heart of the City Plan, this amenity provides a walkable connection to other retail and recreation opportunities along Stevens Creek Boulevard. There is also 30,000 sf of landscaped open space as part of the overall site/ community development. This includes a 22,000 Central Green with adjacent retail and commercial shopping. The building is also adjacent to a diverse mixture of housing types, allowing seniors an opportunity to be connected to people of all ages.

Approximately 46% of the units are studios and 54% of the units are one-bedroom units. All units will be reserved for seniors 62 and older. All units are served by an elevator and the building will be wheelchair accessible. There is an office for property management/service delivery. Community amenity space will be located on the ground floor, adjacent to the residential entry. Each senior living unit contains a complete, wheelchair accessible kitchen, wheelchair accessible bathroom and, each floor will have a common laundry room with a lounge.. Unit finishes will be contemporary and consistent in quality with local new housing. Each unit has private outdoor space with all upper level units having a private balcony. Green Building features, such as energy star appliances, low flow plumbing fixtures, energy efficient lighting and drought tolerant landscaping with minimal irrigation will be incorporated into the project.

Thirty Nine (39) parking stalls (1 parking space per unit), will be provided for the senior living units in an underground garage, below the building, and accessed via elevator and stairs. An Accessible Parking stall and an Van Accessible stall are also provided. Short Term parking and Long Term bicycle storage is provided on-site. The non-residential parking spaces are located adjacent to the north and east sides of the building. These spaces provide a convenient location for residents to wait for transportation, pick up mail and provide easy and obvious access for the public.

The property is well served by the on-site neighborhood commercial and retail, proximity to public transportation on Stevens Creek Boulevard, its location directly across the street from Cupertino's Memorial Park and Senior Center on Mary Avenue, and the Flint Center for Performing Arts and DeAnza Community College directly across Stevens Creek Boulevard. These

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activity centers provide walkable social, cultural and educational opportunities for seniors to remain active and engaged in the community.

Accordingly, the building was located and designed with the target senior population in mind utilizing statutory and best practice design standards for senior housing. The affordable units are clustered in one building, which will enhance the Affordable Housing Developer's efficiency in operating the project and in delivering senior support services such as continuing education and wellness programs, while improving accessibility and ensuring the privacy, safety & security of its senior residents. The community amenity space in the senior building will be a multi-purpose room with flexibility to be used for cooking/nutrition classes, classroom space, , and lounge and/or gathering area for senior residents. In addition, the location of the building adjacent to Stevens Creek Boulevard next to the mixed-use building and Central Green area will help promote engagement with the neighborhood and provide optimal access to services for its senior residents.

BRIDGE Housing Corporation

Development Experience

BRIDGE Housing Corporation (BRIDGE) is one of the largest developer of affordable and workforce housing on the West Coast. As a mission-driven non-profit developer, BRIDGE's primary goal is to produce high-quality homes for seniors and families at a variety of income levels, with a focus on those who are priced out of the housing market. Since 1983, BRIDGE has developed more than 16,000 housing units and 350,000 square feet of retail/commercial space in more than 105 properties valued at more than \$3.5 billion.

Our specialized real estate development team and network of relationships allows BRIDGE to offer a range of cost and quality advantages with every project. Our expertise can also help other developers meet their affordable housing requirements. As a leading development partner, BRIDGE has the ability to respond creatively to development opportunities and community needs, plus the confidence to do things that have never been done before.

Senior Housing

BRIDGE has a particular expertise in senior housing with over 40 senior projects developed, owned and managed including tax credit financed, active senior affordable developments like the proposed Westport senior housing. We have also developed and continue to own a large CCRC and an Assisted Living facility that is mixed-income, allowing 15% of the property to remain affordable.

Transit Oriented Development

BRIDGE has deep expertise developing mixed-use transit-oriented projects, where its developments are often catalysts for continued development and bring enhanced character to evolving neighborhoods. Its transit-oriented projects ensure that lower income renters can equitably participate in the vibrancy and economic opportunity that TOD locations provide. BRIDGE has created more than 75 transit-oriented and transit-friendly developments representing nearly 11,000 homes. We are committed to smart growth, affordability and green principles. These developments encourage use of public transportation, particularly for travel to jobs and retail services, and they typically are designed to be friendly to bicycles and pedestrians.

Master Planned Development

BRIDGE has extensive experience with mixed-use, transformational developments in urban and urbanizing environments. BRIDGE takes great pride in what it builds, striving to improve the neighborhoods where it develops. In some cases that may mean coming up with a development scheme and design that fits seamlessly into an existing neighborhood, while in other cases it means providing the investment and energy needed to transform an area – for example, bringing sufficient density to generate foot traffic that enlivens a streetscape and supports retail uses. In virtually every project, BRIDGE has enlisted the public sector as a partner, often implementing a community vision alongside our core housing mission. Collaboration, partnership, and creativity are key elements that define our culture here at BRIDGE.

A prime example of our experience and approach is BRIDGE's decade-long redevelopment of Potrero Hill. "Rebuild Potrero" is a comprehensive revitalization effort to rebuild 619 units of distressed public housing and create another 1,000 new homes with a range of affordability, community facilities, retail, open space, and neighborhood programs and services to improve the lives of current and future generations in the

South Potrero neighborhood of San Francisco. Rebuild Potrero will be constructed in phases and current residents will be relocated within the property to the greatest extent possible to allow demolition and rebuilding of the site a portion at a time. The project will also be built to Leadership in Energy and Environmental Design for Neighborhood Development (LEED-ND) standards.

When complete, Rebuild Potrero will transform the Potrero Terrace and Annex public housing sites into a diverse, integrated new neighborhood; connect the South slope of Potrero Hill into the greater Potrero Hill and San Francisco community; and improve social outcomes for public housing residents and families.

Sustainable Development

BRIDGE is committed to environmentally sound smart-growth development, providing transit-oriented housing and retail, remediation of neighborhood toxicity, and green building measures in its new developments. For all new construction projects, BRIDGE uses the GreenPoint checklist as the framework for its internal standards.

BRIDGE has completed eleven LEED certified projects, including one of the pilot LEED for Neighborhood Developments and two LEED Platinum for Homes projects.

BRIDGE's Portfolio Management Team identifies and implements energy and water efficiency upgrades for properties in BRIDGE's portfolio, as well as developing a project plan for BRIDGE's participation in The Big Reach, a national initiative by Stewards of Affordable Housing for the Future to reduce energy and water consumption 20% by 2020. BRIDGE was an inaugural partner in the President's Better Buildings Challenge. And in 2015, BRIDGE committed to an expansion of its solar portfolio as part of the White House's Climate Action Plan.

Financial Capacity

Most of BRIDGE's projects require a sophisticated blend of private and public funding sources and the expertise to implement complicated financing strategies. BRIDGE boasts exceptional financial strength and possesses internal financial resources that allow the non-profit to carry projects through lengthy entitlement efforts and deliver financial guarantees required by lenders and investors. BRIDGE pursues an ambitious goal of "quality, quantity and affordability" while meeting the growing demand for affordable housing in high-cost communities.

BRIDGE Housing Corporation is in excellent financial condition and has ample access to capital, multiple successful lender and investor relationships, exemplary past performance and strong creditworthiness. BRIDGE's long track record of success has resulted in the company having access to both debt and equity resources at extremely favorable rates. The fact that BRIDGE developments get the best rates for financing means that our local government partners have a smaller funding gap to fill. BRIDGE has also used a variety of innovative financing tools to finance the development and operations of its mixed-use, urban infill developments. BRIDGE does not have any non-performing assets and has never defaulted on a loan. Neither BRIDGE nor any of its affiliates have filed for bankruptcy and has never lost a project to foreclosure.

BRIDGE Housing has earned an "A+" issuer credit rating from Standard & Poor's Ratings Services. BRIDGE pursued the rating as part of its five-year strategic initiative to double its production of affordable and mixed-income housing. S&P noted several attributes driving this rating of BRIDGE, including strong overall management, coupled with a strategic plan that supports BRIDGE's mission to provide quality low-income housing in the least-affordable markets, a strong enterprise risk profile supported by extremely strong economic fundamentals, a very strong asset quality, and very strong liquidity versus the average for

BRIDGE's social and affordable housing peers. BRIDGE's enviable track record with developments typically attracts large equity investments from private parties, most often utilizing Low Income Housing Tax Credits, which induce private corporations to invest in workforce housing developments. BRIDGE's experience in developing and managing high quality, sustainable communities results in lower risk for investors, which in turn leads investors to pay higher rates when investing in BRIDGE developments.

Brad Wiblin

Executive Vice President

BRIDGE Housing Corporation

Since joining BRIDGE in 1994, Mr. Wiblin has and acquired and built affordable and mixed-income housing in a variety of markets including; San Francisco, San Jose, Sacramento, Irvine, Carlsbad, San Diego, Temecula, Portland and Seattle.

In 1998 Brad opened BRIDGE's Southern California office, in 2008 Brad returned to the Bay Area to manage all new business development and acquisitions for BRIDGE. Brad has recently helped establish BRIDGE's presence in the Pacific Northwest including our new offices in Portland and Seattle.

Current projects include the 17acre Balboa reservoir in San Francisco, a 220 unit mixed-income project in Santa Clara, and a 60 acre master plan in Sonoma.

Brad is a member of BRIDGE's Senior Leadership Team, on the Board of the San Francisco chapter of Lambda Alpha International, and a member of the Urban land Institute.

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