

**CITY COUNCIL ACTION REQUEST**

<b>Department(s):</b> Housing	<b>CEQA:</b> Exempt; Vermont House, File No. PP15-109 and Plaza: File No. PP15-078	<b>Coordination:</b> CAO	<b>Dept. Approval:</b> /s/ Jacky Morales-Ferrand
<b>Council District(s):</b> 6 & 3			<b>CMO Approval:</b> 

**SUBJECT: MODIFICATION OF AFFORDABILITY RESTRICTION FOR THE VERMONT HOUSE AND PLAZA HOTEL**

**RECOMMENDATION:**

Approve Lease Amendments to modify the Affordability Restriction for the Vermont House and Plaza Hotel from 30% of the Area Median Income (AMI) to 50% of AMI.

**BASIS FOR RECOMMENDATION:**

Vermont House: In November 2015, the City Council approved a lease and conditional grant commitment (Grant) of up to \$3,017,000 to rehabilitate the City-owned Vermont House to Housing for Independent People (HIP or Abode), an affiliate of Abode Services, Inc. The Vermont House is comprised of two residential buildings that will provide 16-units of affordable housing for formerly homeless veterans and one manager unit. The Housing Authority of the County of Santa Clara (HACSC) provided 16 Project-Based Veterans Affairs Supportive Housing (VASH) vouchers to HIP for use at the Vermont House. The VASH program serves veterans at or below 50% AMI. To date, HIP has completed roughly 60% of the rehabilitation work, which is expected to be finalized in September 2017, with all units to be leased by the end of the year.

Plaza Hotel: In March of 2016, the City Council approved a lease and grant for up to \$1,800,000 to rehabilitate the City-owned Plaza Hotel to Abode. The Plaza Hotel will provide 48-units of affordable housing to formerly homeless individuals. To date, Abode has completed roughly 25% of the rehabilitation work, which is expected to be finalized in August 2017, with all units to be leased by the end of the year.

Recommended Modification: When the Vermont House and Plaza Hotel were approved by the City Council, the Affordability Restrictions limited occupancy to formerly homeless individuals earning no more than 30% of the Area Median Income (AMI). However, as Abode nears completion of both rehab projects and has started to engage with homeless individuals who may reside in one of the properties, it has become apparent that many homeless individuals in our community earn incomes that place them at 30-50% AMI. Staff is also seeking additional flexibility to house a broader range of people and ensure the units are leased more quickly. Regarding the Vermont House, the Veterans Administration has expressed the same interest in raising the AMI level to 50% so their clients can be housed more quickly.

While it is likely that most residents in the Vermont House and Plaza Hotel will earn below the 30% AMI threshold, the Housing Department staff recommends that an increase to 50% AMI will provide added flexibility without compromising the program's intent or effectiveness.

**COST AND FUNDING SOURCE:**

There are no cost or budgetary impacts to the recommended action described in this request.

**FOR QUESTIONS CONTACT:** Patrick Heisinger, Acting Division Manager, (408) 975-2647.