

Overland Pelican Riverside, LLC

3870 Main Street, Unit 201, Riverside, CA 92501

September 1, 2022

Chris Christopoulos
Acting Community & Economic Development Director
City of Riverside
3900 Main St., 2nd Floor
Riverside, CA 92522

RE: Greyhound Student Housing Project

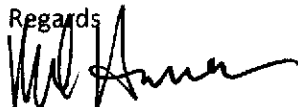
Mr. Christopoulos

OPR remains excited and dedicated about making an affordable student housing project a reality on the Greyhound site.

The City and OPR have been working closely together to prepare a Purchase and Sale Agreement and Regulatory Agreement that is applicable to an Affordable Student Housing Project on the Greyhound Site. Unfortunately, these contracts have been difficult to draft due to the intricacies of Affordable Student Housing and AB 1486, The Surplus Land Act. Most notably difficulties are with HCD's affordability definition and implementation regarding affordable Student Housing projects. Some sections of the Purchase and Sale Agreement and Regulatory Agreement¹ cannot be completely drafted without resolving HCD's affordable student housing ambiguities², and product types³. Unfortunately, resolving these affordable student housing issues with HCD will take considerable time and capital. OPR is willing to dedicate the time and resources necessary to resolve these issues if OPR could be granted some "Standing" in the project.

To accomplish this goal, we respectfully request that the City and OPR enter an ENA; Exclusive Negotiating Agreement ("ENA"). An ENA would provide the Standing necessary for OPR to invest time and capital to resolve these issues. The ENA should be for at least a year and have the opportunity for two six-month extensions if approved by the City Manager. We would also request that the ENA be flexible enough to accommodate possible alternative development concepts if both the City Manager and OPR agree that the alternative concept would be a more appropriate use for the Greyhound site. Although alternative uses to affordable student housing are not considered or anticipated at this time, an alternative "highest and best use" could arise during the ENA period. City Manager approval of an alternative development concept would help avoid an additional time-consuming new contract process.

Thank you for your consideration of this request,

Regards


Richard Hamm
949 285-4620
Hammrichard@sbcglobal.net

Footnotes

(1) Purchase and Sale Agreement (PSA) and Regulatory Agreement (RA) – There are a number of sections within the PSA and RA that cannot be finalized without further understanding of Affordable Student Housing guidelines and its implementation by HCD through AB 1486, The Surplus Land Act. These sections include but are not limited to:

- a. PSA
 - i. Section 1.2 Intention
 - ii. Section 2.5 Seller's Obligation During Escrow
 - iii. Section 3.2.2 (e) Regulatory Agreement (g) Notice of Affordable Restriction
 - iv. Section 6.11.6 Permitted Transfers by Buyer ii. Regulatory Agreement
- b. Regulatory Agreement
 - i. Definitions: Affordable Rent; Affordable Residential Unit; Qualified Student; Units
 - ii. Section 2: A. Permitted Uses; B. Affordable Housing; C. Income Requirements; D. Determination of Affordable Rents
 - iii. Section 4: B. Affirmative Marketing

(2) Ambiguities – There are several questions associated with Affordable Student Housing and AB 1486 since the bill did not specifically address "student housing". The questions include but are not limited to the following:

1. Does HCD deem student housing not to be "residential housing"? If so, is it then commercial and therefore AB 1486 does not apply?
2. What % of AMI is "Low Income"? Regulatory agreement says 60% adjusted for family size, AB 1486 says 80%.
3. Are unrelated students treated as different households? If so, are unrelated students calculated by bed or bedroom?
4. How is student income calculated?
 1. Individual
 2. Family
 3. % Of each
 4. Other
5. If the student qualifies for government loan/grants (any or specified ones) is the student deemed low income?
6. Is a student's affordability qualification based on the County of their residence or based on the County of the college's location?
7. Does student housing violate "Fair Housing Laws?" What if students are given priority and if any remain, they will be open to non-students.

(3) Product Types – In typical student housing projects a student rents a bed in a suite. The bed could be in a room that is shared with another student. The room is within the suite that can have up to three additional bedrooms as well as a common family room and kitchen. These suites can have anywhere from 2 to 8 students depending upon the design. Affordable housing under AB 1486 is based on family size and income. AB 1486 does not recognize that student tenants within a suite are from different families and that they are only renting a bed not the whole room or suite.