

Woodchase Apartment Homes Acquisition and Rehabilitation Project

**Tax & Equity Fiscal Responsibility Act Hearing (TEFRA) & Joint Exercise of Powers
Agreement with California Municipal Finance Authority**

**City Council
Community Development Department
November 17, 2025**

Agenda

- 1) Project Overview
- 2) TEFRA Requirements
- 3) Step Up (Owner) Overview
- 4) Project Benefits
- 5) Project Timeline
- 6) Staff Recommendation



Project Overview

Existing and Proposed

Woodchase Apartment Homes (Existing)

- 186-unit multifamily housing project located at 2795 San Leandro Blvd.
- Currently market rate units
- Built in 1976
- Unit mix:
 - 32 – Studios (476 SF)
 - 32 – 1bed/1 bath- Loft (648 SF)
 - 61 – 1bed/1 bath (676 SF)
 - 61 – 2bed/1 bath Loft (648 SF)



Woodchase Apartment Homes (Proposed Project)

- Step Up Housing (“Step Up”), a California 501(c)(3) nonprofit public benefit corporation, is applying for \$80 million in tax exempt revenue bond financing for the acquisition/rehabilitation and conversion to primarily affordable rental units.
- **No City funding is being sought for this project**
- Developer must maintain long-term affordability (15 years) for 75% of the total units
- Proposed project:
 - 21% (or 40 units) for very low income ($\leq 50\%$ area median income)
 - 54% (or 100 units) for low income ($\leq 80\%$ area median income)
 - 25% (or 46 units) for market rate
- Proposed rehab work includes:
 - Unit Interiors: Refurbish units during turnovers and replace flooring on second-floor units.
 - Common areas: Rehab fitness center and leasing office. Rehab pool furniture, fixtures and equipment.
 - Exterior paint, roof replacement, plumbing repairs, electrical repairs, wood repair and subpanel replacement.

TEFRA Requirements

TEFRA Requirements

- Public hearing by governing body of the jurisdiction in which a project to be financed with tax-exempt financing is located and receiving of public comments
- Governing body reviews and approves the proposed \$80 million tax-exempt bond issuance by the CMFA for the acquisition and rehabilitation of the project

Tax Exempt Bond Issuer

California Municipal Finance Authority is a joint powers authority formed in 2004 to assist local governments, non-profit, and business with the issuance of both taxable and tax-exempt debt

- Created to promote economic, cultural and community development through the financing of economic development and charitable activities throughout California
- Membership includes over 350 municipalities, including San Leandro since 2004

Project Developer/Owner

STEP UP
HOUSING

Step Up Housing

- A California nonprofit public benefit corporation formed in 2021 for the purpose of creating and preserving affordable housing for low income persons and households
- Focuses on acquiring market rate apartments and converting them into affordable housing to provide residents with safe and affordable housing
- Currently owns and operates over \$150 million of real estate including 758 units of affordable housing across four properties



Vue at 3600 – Richmond, CA



Bayside Apartments – Pinole, CA

Benefits to San Leandro

Benefits to San Leandro

- City gains 140 affordable rental housing units converted from market rate
 - The 140 units may count towards its state-mandated 2023-2031 Regional Housing Needs Allocation (RHNA) goals for very low and low income households
- City will have no financial or legal obligations or responsibilities with regard to the repayment of the bond debt
 - The debt to be issued by CMFA will be the sole responsibility of the Borrower
- Step Up will not displace any existing tenants in the conversion to affordable housing
 - Step Up plans to meet the tenant AMI income level requirements through normal attrition and turnover and expects some existing tenants to qualify for reduced rent levels
 - Budgeted rehab and repair work will be completed with tenants in place



Project Timeline

Project Timeline

- November 21, 2025 – Bond Approval from CMFA
- December 16, 2025 – Bond Closing
- January 2026 – early 2029 – Repair and rehab work completed
- Mid-2027 – Expect to attain affordability compliance under regulatory agreement



Staff Recommendation

Staff Recommends

- Conduct the public hearing under the requirements of TEFRA and the Internal Revenue Code of 1986, as amended (the “Code”)
- Adopt the resolution approving the issuance of the Tax Exempt Bonds by CMFA for the benefit of the Borrower (Step Up), to provide for the financing of the acquisition and rehabilitation of Woodchase Apartment Homes Apartments for conversion to a primarily affordable rental housing development, such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Internal Revenue Code and the California Government Code Section 6500