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Title: Staff Report for a Resolution Authorizing Execution of the First Amendment to the Owner Participation and Loan Agreement (OPLA) and Regulatory Agreement with Alameda Housing Associates, L.P., Amending the OPLA for the Affordable Rental Housing Located at 1400 San Leandro Boulevard

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Staff Report for a Resolution Authorizing Execution of the First Amendment to the Owner Participation and Loan Agreement (OPLA) and Regulatory Agreement with Alameda Housing Associates, L.P., Amending the OPLA for the Affordable Rental Housing Located at 1400 San Leandro Boulevard

SUMMARY AND RECOMMENDATIONS

In May 2013, the nonprofit developer BRIDGE Housing Corporation (BRIDGE) presented detailed development and architectural plans for 200 units of affordable rental housing at 1400 San Leandro Boulevard (currently named the Cornerstone at San Leandro Crossings or “Cornerstone”). The key change in the plans was to develop a multi-phased residential development: 115 units of family/workforce housing in Phase 1 and 85 units of affordable senior rental housing in Phase 2. Also, the City and BRIDGE have resolved outstanding issues with the State regarding Proposition 1C grant fund requirements and former Redevelopment Agency of the City of San Leandro (RDA) Housing Set-Aside Funds approved for BRIDGE. Consequently, the original Owner Participation and Loan Agreement (OPLA) from 2009 between the City, RDA and BRIDGE requires modification. However, there is no change to the \$9.1 million loan, which the City approved for BRIDGE in the original 2009 OPLA.

Staff recommends that the City Council approve the resolution authorizing the execution of the First Amendment to the Owner Participation and Loan Agreement with Alameda Housing Associates, L.P., for the affordable rental housing located at 1400 San Leandro Boulevard.

BACKGROUND

The primary purposes for modifying the existing 2009 OPLA are to update outdated language in the original version and to have it reflect the current and final affordable rental housing development

plans for the site. The key features for the 200 unit Cornerstone are:

Phase 1 (Estimated Total Development Cost: \$60 million)

- 115 workforce/family rental units: 8 studios, 49 one-bedroom, 22 two-bedroom and 36 three-bedroom. Two on-site managers' units are included in the 115 units.
- Amenities: Approximately 408 on-site parking spaces for Phases 1 and 2 to serve residents, childcare users and BART patrons, ground floor childcare center with outdoor play area, on-site laundry, management office, bicycle storage, landscaped courtyard, community room, small ground floor retail space, and BART lobby.

Phase 2

- 85 rental units for low income seniors: 77 one-bedroom and 8 two-bedroom. An on-site manager's unit is included in the 85 units.

The project will provide for BART replacement parking that is consistent with the City's Downtown Transit-Oriented Development (TOD) Strategy as well as Bay Area Rapid Transit (BART) TOD goals for its station area properties such as 1400 San Leandro Boulevard, which is presently a BART parking lot. BART is scheduled to review its long-term lease with BRIDGE in early December 2013.

The Cornerstone Project furthers the City Council goal to "work with the community and stakeholders towards completing major projects and programs for sustainable economic development."

Analysis

Below are the notable revisions under the proposed amendments to the OPLA:

- 1) The City, in its capacity as the housing successor to the former RDA, replaces the RDA as the contracting party under the amended OPLA. In January 2012, pursuant to ABx1 26, the City Council adopted a resolution agreeing to serve as the Successor Agency to the RDA and agreeing to assume the former RDA's housing assets, rights and obligations.
- 2) The location of the Cornerstone affordable rental housing development has moved from the west side of the Downtown BART Station (at 1333 Martinez Street) to the east side of San Leandro Boulevard (at 1400 San Leandro Boulevard).
- 3) BRIDGE will construct a total of 200 affordable rental units on the present 1400 San Leandro Boulevard location instead of the originally planned 100 units on the 1333 Martinez Street site. See "Background" section above for updated project details.
- 4) BRIDGE will lease the 1400 San Leandro Boulevard site from the existing property owner, BART.
- 5) BRIDGE will pursue State and federal low income housing tax credits as the primary public financing sources for both Phase 1 and 2. The original 2009 OPLA stated that BRIDGE would initially pursue State Multifamily Housing Program (MHP) funding. State MHP is no longer a viable funding source.
- 6) BRIDGE agrees to indemnify and hold the City harmless related to the use of the \$10.3 million in State TOD Grant Program funds. The project has received approximately \$22 million in

State Proposition 1C grant funding for eligible infrastructure costs: \$10.3 million from TOD and \$11.7 million from Infill Infrastructure Grant Program (IIG). While the State awarded the \$11.7 million directly to BRIDGE, the \$10.3 million was jointly awarded to the City and BRIDGE. Therefore, BRIDGE and the City will need to enter into a memorandum of understanding, which will describe the rights and responsibilities of the City and BRIDGE regarding the TOD grant funds, and an indemnity agreement. The resolution under consideration tonight authorizes the City Council to direct the City Manager to negotiate and execute the MOU and indemnity agreements.

BRIDGE is preparing to apply to the California Debt Limit Allocation Committee (CDLAC) in early March 2014 for low income housing tax credits for the 115 units in Phase 1. CDLAC will announce tax credit awards in June 2014 and BRIDGE anticipates starting construction in Fall 2014. For Phase 2, BRIDGE expects to apply for tax credits in Summer 2015.

Previous Actions

- April 6, 2009 - City Council approved the OPLA for a \$9.1 million Housing Set-Aside Loan to BRIDGE Housing for a 100-unit affordable rental housing development (“The Alameda”).
- July 20, 2009 - City Council approved planning entitlements and environmental clearance under CEQA for the Cornerstone at 1400 San Leandro Boulevard and BART replacement parking.
- April 9, 2012 - Staff from the City’s Community Development Department, BRIDGE Housing, Westlake Development Partners, and OSIssoft presented the revised San Leandro Crossings Master Plan at a City Council Work Session.
- June 18, 2012 - City Council approved amendments to the OPLA primarily related to outstanding issues/concerns with the State at the time. However, these amendments became unnecessary once the City, BRIDGE and the State resolved all issues relating to Proposition 1C grant funding requirements. Therefore, neither the City nor BRIDGE has executed the 2012 amended OPLA, rendering it null.
- May 16, 2013 - BRIDGE and City staff presented to the City Council the development scope of work and architectural designs for the current 200 unit affordable rental housing development including a Phase 1 (115 workforce/family units) and Phase 2 (85 senior units).

Applicable General Plan Policies

- **Policy 3.01: MIX OF UNIT TYPES**
Encourage a mix of residential development types in the City, including single family homes on a variety of lot sizes, as well as townhomes, row houses, live-work units, planned unit developments, and multi-family housing.
- **Policy 3.02: MIX OF PRICE RANGES**
Encourage a mix of price ranges to provide housing choices for San Leandro residents of all incomes and ages. Opportunities to include affordable units and market rate units within the

same development projects should be pursued.

- **Policy 3.03: AFFORDABLE HOUSING DESIGN**

Design new affordable housing to blend in with the existing fabric of the community. Affordable housing should be located in a variety of neighborhoods rather than concentrated in one particular part of the City.

- **Policy 3.04: PROMOTION OF INFILL**

Encourage infill development on vacant or underused sites within residential areas.

- **Policy 3.05: MIXED USE ON TRANSIT CORRIDORS**

Encourage mixed use projects containing ground floor retail and upper floor residential uses along major transit corridors. Such development should be pedestrian-oriented, respect the scale and character of the surrounding neighborhood, and incorporate architectural themes that enhance the identity of adjacent commercial districts.

- **Policy 3.06: HOUSING BY NON-PROFIT DEVELOPERS**

Promote the participation of non-profit housing organizations in the construction of new affordable housing in San Leandro, with particular emphasis on housing for seniors and working families.

- **Policy 3.07: AMENITIES AND SOCIAL SERVICES WITHIN NEW HOUSING**

Encourage new affordable housing development to provide amenities for future residents, such as on-site recreational facilities and community meeting space. Where feasible, consider the integration of social services such as child care within such projects.

- **Policy 3.10: CONVERSION OF NON-RESIDENTIAL LAND TO HOUSING AND PUBLIC USES**

Encourage the development of new housing on underutilized commercial and industrial sites which meet key criteria including:

- Sites on the edges of commercial or industrial areas, adjacent to established residential areas.
- Sites with adequate infrastructure, access, and road capacity.
- Sites which are not constrained by external environmental factors, including freeway, railroad, and airport noise.
- Sites where conflicts with surrounding uses would not be created in the event of re-use.

- **Policy 53.04: INCLUSIONARY HOUSING**

Require the inclusion of affordable housing in new housing developments - both inside and outside of the redevelopment project areas.

- **Policy 53.06: NEW RENTAL HOUSING**

Strongly encourage the development of additional rental housing in the City, including both market rate units and affordable units.

Environmental Review

The City, acting as the lead agency, reviewed and approved a mitigated negative declaration for the

project on July 20, 2009. Prior to taking action on the Original Agreement, the Agency considered the approved mitigated negative declaration for the project as required by Section 15096 of Title 14 of the California Code of Regulations. In addition, the project was considered in connection with the Final Environmental Impact Report for the Downtown San Leandro Transit-Oriented Development Strategy certified by the City Council pursuant to Resolution 2007-111 adopted on September 4, 2007.

Board/Commission Review and Actions

- July 9, 2009 - Planning Commission approved planning entitlements and environmental clearance under CEQA for the Cornerstone located at 1400 San Leandro Boulevard and BART replacement parking.

Legal Analysis

The staff report, resolution and the amended Owner Participation Loan Agreement and related documents have been reviewed and approved as to form by the City Attorney's Office.

Fiscal Impacts

The amended OPLA does not change the \$9.1 million loan amount which the City approved in 2009 under the original OPLA. The remaining balance of the loan to BRIDGE will be funded by the City through a combination of funds on hand in the RDA Housing Set-Aside (or Low-and Moderate-Income Housing) Fund and property tax revenue allocated by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund established to pay obligations on the Recognized Obligation Payment Schedule (ROPS), which the City must submit to the State Department of Finance every six months as required under State legislation related to the dissolution of redevelopment.

Budget Authority

The outstanding loan obligation to BRIDGE is listed on the Recognized Obligation Payment Schedule (ROPS) that the City prepares in its capacity as Successor Agency to the RDA. The ROPS has been reviewed by the Successor Agency Oversight Board and the State Department of Finance.

ATTACHMENTS

None

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