



Legislation Details (With Text)

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Title: Staff Report for Approving the Transfer of Property and the Provision of a Loan in the Amount of \$100,000 to Eden Housing and Authorizing the Execution of Loan Documents for the Acquisition and Rehabilitation of Surf Apartments

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Staff Report for Approving the Transfer of Property and the Provision of a Loan in the Amount of \$100,000 to Eden Housing and Authorizing the Execution of Loan Documents for the Acquisition and Rehabilitation of Surf Apartments

RECOMMENDATIONS

Staff recommends the City Council adopt the resolution approving the transfer of property and the provision of a loan in the amount of \$100,000 to Eden Housing, and authorizing the execution of loan documents for the acquisition and rehabilitation of Surf Apartments.

BACKGROUND

Eden Housing Loan Agreement

The City will provide a \$100,000 loan in order to assist Eden Housing to acquire and rehabilitate Surf Apartments, a 46-unit multi-family affordable rental housing property located in San Leandro. City staff identified \$65,000 in its Affordable Housing Trust Fund (AHTF) and \$35,000 in unallocated CDBG funds. The \$100,000 loan will assist Eden Housing to preserve the property and its affordability by acquiring it and undertaking immediate repair work that includes roofing, bathroom fans, heaters, and insulation and physical improvements (i.e. plumbing upgrades, interior upgrades, exterior paint and lighting, and concrete and drainage repairs).

The terms of the \$100,000 loan will be three percent (3%) simple annual interest for fifty-five (55) years. Eden Housing is leveraging the City loan with \$250,000 federal Neighborhood Stabilization Program II (NSP2) stimulus funds loan from the Alameda County Housing and Community Development Department (HCD); \$300,000 loan from California Housing Finance Agency (CalHFA); and \$100,000 loan from tax credit investor Alliant Capital.

The provision of the loan is also contingent upon the City receiving the U.S. Department of Housing and Urban Development (HUD) approval for its Amendment to the FY 2011-2012 Consolidated

Annual Action Plan. In accordance with the City's HUD-approved Citizen Participation Plan (CPP), which governs the process of amending the City's Five-Year Consolidated Plan and subsequent Annual Action Plans, the City Council on December 19, 2011 approved amending its FY 2011-2012 Action Plan in order to allocate \$35,000 in CDBG funds to the Surf Apartments acquisition and rehabilitation project.

Analysis

Preserving Surf Apartments is a high priority for the City under its Housing Element Update and Five-Year HUD Consolidated Plan. Thirty-five (35) of the units at Surf Apartments serve affordable households between 35% and 60% AMI, and the other eleven (11) units are market-rate units. Currently, the City has a regulatory agreement with Citizens Housing Corporation (Citizens Housing), the current owner of Surf Apartments, which imposes a 55-year affordability restriction on the property until 2058. Ownership of Surf Apartments will be transferred to Eden Housing from Citizens Housing by the end of 2011 which will coincide with Citizens Housing's dissolution as an organization.

Providing Eden Housing with the \$100,000 loan for the Surf Apartments acquisition and rehabilitation project provides the following benefits to the City:

- Eden Housing, an experienced, well-regarded, and dedicated affordable housing developer and property manager, will both manage and own Surf Apartments. Eden Housing already manages and owns the neighboring Las Palmas Apartments, which is also an affordable housing rental property. Eden Housing also owns and manages the newly built Estabrook Place, an affordable senior housing rental complex located near downtown San Leandro.
- The current 55-year term of the 2003 City regulatory agreement, which is scheduled to expire in 2058, will continue to restrict twenty-two (22) units: 2 units for very low-income households (35% AMI), 9 units for very-low income households (50% AMI), and 11 units for low-income households (60% AMI). An additional ten (10) units will be restricted for low-income households (60% AMI) for a 55-year period until 2066 as a result of the \$100,000 loan from the City.

Current City Council Policies

The FY 2010-2014 Consolidated Plan and the FY 2011-2012 Action Plan define current Council Policy.

Applicable General Plan Policy

The Housing Element of the General Plan contains several policies applicable to the Surf Apartments acquisition and rehabilitation project:

Goal 3: New Housing Opportunities - Provide housing opportunities and improve economic access to housing for all segments of the community.

Policy 3.06: Housing by Non-Profit Developers - Promote 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.

Goal 54: Administration of Housing Programs - Ensure that local housing programs are administered in a way that maximizes benefits to San Leandro residents.

Policy 54.04: Long-Term Affordability Restrictions - Ensure that housing units that are created or rehabilitated with financial assistance from the City (or that are created through the City's inclusionary housing ordinance) include restrictions to ensure that they will remain affordable for the maximum length of time allowable under

federal, state and local regulations...Appropriate resale and tenant occupancy requirements (such as deeds of trust and/or rent limitation agreements) should be established for such units to ensure that they are reserved for low- and moderate-income households when occupancy changes.

Goal 56: Affordable Housing Conservation - Encourage the preservation and rehabilitation of the existing affordable housing stock.

Action 56.05-B: Monitoring "At-Risk" Units - In addition to the units described above, monitor the status of other assisted housing units that are at risk of conversion beyond the timeframe of this Housing Element.

Previous Actions

A public hearing was held on November 7, 2011 to present the proposed Amendment to the FY 2011-2012 Consolidated Annual Action Plan, solicit public comments, approve the 30-day public comment period (November 17 - December 19, 2011) for the summary of the amendment, and set a public meeting date on December 19, 2011 to consider public comments and to consider final approval of the amended Action Plan.

City Council on December 19, 2011 approved the amended Action Plan and authorized its submission to HUD.

Committee Review and Actions

Staff presented the Amendment to the FY 2011-2012 Action Plan and proposed City loan to Eden Housing the City Council Business and Housing Development Committee on October 13, 2011.

Environmental Review

Pursuant to National Environmental Protection Act (NEPA), the appropriate level of environmental review for the proposed Surf Apartments acquisition and rehabilitation project has been completed, and no further NEPA review is needed.

Summary of Public Outreach Efforts

A public hearing notice was published in the *Daily Review* on November 17, 2011, thirty (30) days prior to the public hearing regarding the substantial Amendment to the FY 2011-2012 Consolidated Annual Action Plan (including adding \$35,000 CDBG loan for Surf Apartments) at the December 19, 2011 City Council Meeting.

Fiscal Impacts

This Surf Apartments acquisition and rehabilitation project will cost \$100,000, of which \$65,000 will be from the City's Affordable Housing Trust Fund and the remaining \$35,000 will be from CDBG funds.

Budget Authority

Budget authority derived from Title I of the Housing and Community Development Act of 1974 (24 CFR 570 et seq.) and Article 30 Inclusionary Housing in the City Zoning Code.

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