



Legislation Text

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Staff Report for a Resolution Approving First Amendment to HOME Investment Partnerships Program (HOME) Funds Loan Agreement, Promissory Note, Deed of Trust, and Regulatory Agreement and Authorizing Execution of First Amendment to Loan Agreement and Regulatory Agreement with Alameda Housing Associates, L.P. and Update on the Affordable Rental Housing Project (Cornerstone Apartments) Located at 1400 San Leandro Boulevard

SUMMARY AND RECOMMENDATIONS

In July 2012, the City approved a \$650,000 federal HOME Investment Partnerships Program (HOME) funds loan to Alameda Housing Associates, L.P. to assist in the construction of the Cornerstone Apartments (Cornerstone), a 200-unit affordable rental housing project located at 1400 San Leandro Boulevard. These federal HOME funds supplement the \$9.1 million former Redevelopment Agency of the City of San Leandro (RDA) Housing Set-Aside Funds loan funding the City approved in 2009 for the project. Due to changes to the project that caused it to become a multi-phased project that increases from 100 to 200 affordable rental units, the HOME Loan Agreement and related Regulatory Agreement, Promissory Note, and Deed of Trust, require modification. The City Council approved similar amendments to the Owner Participation and Loan Agreement for the \$9.1 million in December 2013.

Staff recommends that the City Council approve the resolution authorizing the execution of the First Amendment to the HOME Loan Agreement for the Cornerstone Apartments project.

Staff recommends that the City Council permit BRIDGE Housing Corporation, the non-profit developer, to provide a brief project update on the Cornerstone Apartments project.

BACKGROUND

The primary purposes for modifying the existing 2012 HOME Loan Agreement are to update language in the original version and to reflect the current project scope. The key features for the 200-unit Cornerstone project are:

Phase 1

- 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; a ground floor childcare center with outdoor play area; on-site laundry amenities; a management office; bicycle storage; landscaped courtyard; community room; small ground floor retail space; and a 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.

Analysis

Below are the notable revisions under the proposed amendments to the HOME Loan Agreement and related agreements and documents:

- 1) The HOME loan funds will be designated solely to the 115 workforce/family rental units that will be constructed in Phase 1 instead of the originally planned 200 units. BRIDGE Housing Corporation (BRIDGE) plans to identify other financing options for the 85 units for seniors in Phase 2 after completion of Phase 1 in 2016.
- 2) The term of the loan is extended from 20 years to 55 years. The annual simple interest of 3% remains unchanged.
- 3) BRIDGE may use HOME funds for predevelopment costs, in addition to construction costs.
- 4) BRIDGE may terminate the HOME Loan Agreement if it is unable to acquire the property from BART.
- 5) The HOME loan will be secured by a Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing rather than the originally executed Deed of Trust because BRIDGE will only have a leasehold interest on the 1400 San Leandro Boulevard site, which will be leased from BART.

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 OSISO presented a 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 executed the 2012 amended OPLA.
- July 16, 2012 - City Council approved a federal HOME loan agreement for BRIDGE Housing Corporation for \$650,000.

- 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).
- December 2, 2013 - City Council approved the First Amendment to the OPLA and Regulatory Agreement.

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 & 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

Pursuant to the National Environmental Protection Act (NEPA), the appropriate level of environmental review for the proposed Cornerstone project has been completed.

Legal Analysis

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

Fiscal Impacts

The amended HOME Loan Agreement does not change the \$650,000 loan amount which the City approved in 2012 under the original HOME Loan Agreement.

Budget Authority

Budget authority for the Resolution comes from the Federal HOME Investment Partnerships (HOME) Program (under Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended).

ATTACHMENTS

Attachments to Resolution

- First Amendment to HOME Loan Agreement
- Promissory Note
- Leasehold Deed of Trust
- Regulatory Agreement

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