



Legislation Text

File #: 17-077, **Version:** 1

RESOLUTION Authorizing an Allocation in an Amount Not to Exceed \$1,700,000 from the City of San Leandro's Share of Alameda County Measure A1 Housing Bond Funds to San Leandro Senior Associates, L.P., a California Limited Partnership (an Affiliate of BRIDGE Housing Corporation) to Provide Emergency Gap Financing for the Construction of San Leandro Senior Apartments, an Affordable Senior Rental Housing Project (Marea Alta Phase II)

WHEREAS, San Leandro Senior Associates, L.P., a California limited partnership ("Developer") and BRIDGE Housing Corporation affiliate (BRIDGE), has a lease for certain real property located at 528 West Juana Avenue in the City of San Leandro, California, Alameda County Assessor's Parcel Number 075-0230-001-00 (the "Property"); and

WHEREAS, Developer intends to construct San Leandro Senior Apartments - eighty-five (85) affordable senior residential units on the Property, consisting of seventy-seven (77) one-bedroom, one-bath units and eight (8) two-bedroom, one bath units (the "Project"); and

WHEREAS, the San Leandro City Council approved \$1,000,000 in funding to the Developer on June 6, 2016 (Resolution 2016-74) consisting of a loan in the amount of Two Hundred Fifty-Six Thousand Seven Hundred Sixty-One Dollars (\$256,761) from federal HOME Program funds and a separate loan of Seven Hundred Forty-Three Thousand Two Hundred Thirty-Nine Dollars (\$743,239) from repayments of former Redevelopment Housing Set-Aside loan funds held by the City in its capacity as Housing Successor to the Redevelopment Agency to assist with the construction and development of the Project ("HOME Loan"); and

WHEREAS, late last year the California Tax Credit Allocation Committee awarded the Developer highly competitive low income housing tax credits (LIHTC), which represented the final major funding component to make the Project financially feasible to develop; and

WHEREAS, recent statements and efforts from the Trump Administration that propose lowering corporate tax rates had an unexpected and negative national impact on affordable rental housing development projects in the process of or which were approved for federal or State low income housing tax credits (LIHTC), which led to financing gaps that make the projects financially

infeasible; and

WHEREAS, the \$580 million Alameda County Measure A1 Housing Bond (Bond) was passed by County voters in November to target affordable housing program needs for low and moderate income County residents; and

WHEREAS, each city in Alameda County received an allocation from the Bond for affordable rental housing and San Leandro's pro rata share is approximately \$11.9 million dollars; and

WHEREAS, Alameda County Housing and Community Development (County HCD) proposed that affected cities determine whether they would like to use a portion of their Bond allocation towards filling the unexpected financing gaps in applicable affordable rental housing developments in their jurisdictions; and

WHEREAS, the Developer now faces a funding shortfall of over \$2 million due to lower corporate investor interest in the LIHTC Program and lower investor payments for the tax credits; and

WHEREAS, the Developer is working diligently to pursue other funding sources to reduce the over \$2 million financing shortfall for the Project; and

WHEREAS, the City's affordable housing funding resources have dwindled and not been adequately replenished since the State of California terminated redevelopment state-wide in 2012.

NOW, THEREFORE, the City Council of the City of San Leandro does RESOLVE, as follows:

Section 1. All recitals above are true, correct and incorporated herein.

Section 2. The City Council finds that financial assistance in an amount not to exceed \$1,700,000.00 is necessary to make the Project financially feasible to construct, and the financial assistance will help to increase the supply of affordable senior housing, especially for extremely low- and very low-income senior households, in the City.

Section 3. The City Council authorizes an allocation not to exceed \$1,700,000.00 from the City of San Leandro's share of Alameda County Measure A1 Housing Bond Funds to the Developer for San Leandro Senior Apartments, also known as Marea Alta Phase II.

Section 4. The City Manager, or his designee, is hereby authorized to take such further actions and execute all documents necessary or appropriate to carry out this Resolution.