



Legislation Text

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Resolution to Approve a Loan to Abode Communities for Land Acquisition and New Construction of a 72-Unit Affordable Housing Development at 15101 Washington Avenue in an Amount Not to Exceed \$7,000,000 (\$5,015,000 from Alameda County Measure A-1 Bond funding; \$349,960 from California Housing and Community Development Permanent Local Housing Allocation; and \$1,635,040 from the City Low-Mod Housing Asset Fund) and Authorizing the City Manager to Execute All Related Documents

SUMMARY AND RECOMMENDATIONS

Abode Communities (Abode), an experienced nonprofit housing developer based in Los Angeles, proposes to develop a 72-unit affordable rental housing development (Washington Avenue Apartments) at 15101 Washington Avenue (Assessor's Parcel Number 080H-1515-008-02).

Staff recommends that the City Council approve the resolution authorizing the City to approve a loan to Abode Communities for the land acquisition and new construction of a 72-unit affordable housing project located at 15101 Washington Avenue. The proposed total loan amount is not to exceed \$7,000,000 and is sourced from: 1) Alameda County Measure A-1 (\$5,015,000), 2) California Housing and Community Development Department Permanent Local Housing Allocation (PLHA) for the City of San Leandro (\$349,960), and 3) City of San Leandro's Low-Mod Housing Asset Fund (\$1,635,040). Abode intends to use City funding for acquisition and construction of the project.

The City Council committed and allocated the \$7 million at its July 19, 2021 public meeting because Abode was exploring public financing options and needed to have a local match pledged. Tonight, City Council will review and approve the formal legal documents, including the loan agreement, for the previously approved \$7 million allocation. Abode will continue to leverage local City funds with a variety of other public affordable housing financing resources, including the State/federal low income housing tax credit program (LIHTC).

BACKGROUND/ANALYSIS

The primary source of funding for Abode is the Alameda County Measure A-1 Bond Funds base allocation for San Leandro (City A-1), approved by Alameda County voters in 2016, that is approximately \$5 million. The City was required to obligate these remaining funds by the end of December 2021. The obligation was completed with the City Council's adoption of Resolution No. 2021-120 on July 19, 2021.

The second source of funding is the State Housing and Community Development Department (State HCD) Permanent Local Housing Allocation (PLHA) where the City received approximately \$350,000 for calendar year 2019. In 2017, the California Legislature approved Senate Bill 2 (SB 2), known as the Building Homes and Jobs Act (Act), which established a \$75 recording fee on real estate documents to increase the supply of affordable housing. The Act's PLHA program is administered by

the California Department of Housing and Community Development (HCD). The PLHA provides a permanent source of funding to cities and counties to help meet affordable housing needs by increasing the supply of affordable housing units. The City submitted a PLHA funding application in 2020 to the State and was approved to receive an estimated total of \$2.1 million over a five year period from 2019 to 2023.

The third source of funding identified and is recommended for award to this project is the City Low-Mod Housing Asset Fund, which includes repayments from prior affordable housing loans from former Redevelopment Agency funding.

Abode is a mission-based nonprofit that has served California for more than 50 years. It utilizes a multi-disciplinary and collaborative approach and is well known as a service-enhanced affordable and supportive housing provider. It also has demonstrated innovation in sustainable or LEED design and development. Abode built and operates 48 affordable housing communities in California with over 3,000 units.

The proposed 72-unit affordable family housing project will be 100% affordable to primarily very low- and extremely low-income renters. The City's regulatory agreement will restrict affordability for about 35 units or less than 50% of the 72 units per Article 34 under State law, but the project will be 100% affordable because the other State and/or federal public financing that Abode will obtain requires that the project be entirely affordable. The 72 units will consist of 3 studios, 32 one-bedroom, 19 two-bedroom, and 18 three-bedroom. One of the units will be for an on-site manager. Abode plans to set aside about 20 units for permanent supportive housing for homeless and at-risk homeless families and households. Per the City's 2015-2023 Regional Housing Needs Allocation (RHNA) mandate, the City still has to build 518 very low- and low-income units. Therefore the 72 units proposed by Abode will help meet the State-mandated affordable housing production goal.

Shared amenities in the development will include a resident's center with programming provided by Abode, landscaped courtyard, play area and laundry. There will be 73 automobile parking spaces and 80 bicycle parking spaces.

The City loan's terms are 3% interest over a 55 year affordability term. Abode intends to use City funds for eligible predevelopment (i.e., architecture, engineering, acquisition related costs, etc.) and construction costs.

The total development cost for the Washington Ave Apartments is approximately \$57 million dollars. See Attachment B (Financing Summary), summarizing the proposed project funding sources and development costs.

Previous Actions

- July 19, 2021 - City Council approved the commitment and allocation of \$7 million in funding to Abode Communities for the Land Acquisition and New Construction of Affordable Housing at 15101 Washington Avenue (Resolution No. 21-120).

Applicable General Plan Policies

Housing Element Goal 53: Affordable Housing Development

Policy 53.03 Funding.

Actively pursue and leverage private, non-profit, and public funds to facilitate the development of housing affordable to lower and moderate income households in San Leandro. Provide administrative and technical assistance to affordable housing developers and support the applications of these developers for loans, grants, tax credits, and other financing sources that facilitate affordable housing production in the City.

Action 53.03-A: Applications for Grant Funding.

Continue to pursue all available funding sources for affordable housing construction, including annual applications for federal CDBG and HOME funds, and applications for state funds through the Department of Housing and Community Development.

Action 53.03-B: Support for Non-Profit and For-Profit Affordable Housing Developers.

Continue to provide support and information to non-profit and for-profit developers seeking to create affordable housing in San Leandro, including assistance in applications for Low Income Housing Tax Credits, Mortgage Revenue Bonds, Affordable Housing Program funds, and other funding sources.

Environmental Review

This proposed affordable housing project is undergoing the SB 35 streamlining review, which is ministerial and exempt from California Environmental Quality Act (CEQA) review.

Summary of Public Outreach Efforts

- Community meeting sponsored by the City via Zoom on June 1, 2021 to introduce the 15101 Washington Ave. project to the neighborhood. Meeting notices were sent to the Washington Manor Homeowners Association (HOA), Manor Task Force, and the 200 households that are within a 500-foot radius of the property. Attendees included members from each of these groups.
- Community meeting sponsored by Abode Communities via Zoom on March 3, 2022.

Legal Analysis

This staff report and related legal documents were reviewed and approved as to form by the City Attorney's Office. The City Attorney's Office also prepared the related legal documents for review tonight including the loan agreement.

Fiscal Impacts

City Council committed and allocated the \$7 million on July 19, 2021 (Reso. No. 21-120). Of the \$7 million proposed for award to Abode, the only fiscal impact to the City will be on the Low Mod Housing Asset Fund, which currently has a balance of approximately \$2,400,000 in unencumbered funds (Fund 168). These funds consist of repayments from the former Redevelopment Agency Housing Set-Aside Fund loan assets. The use of these funds is designated specifically for affordable housing activities, such as affordable rental housing developments. City staff recommends awarding

approximately \$1.635 million from the Low Mod Housing Asset Fund to Abode.

The remaining two funding sources are from Alameda County and State HCD. Staff recommends the remaining approximately \$5 million in County A-1 Bond proceeds should be awarded to Abode. City staff also recommends allocating \$349,960 from the 2019 State HCD PLHA funds to Abode.

Budget Authority

See below for the budget authority for the following City affordable housing funding sources for Abode Communities:

- City's Low-Mod Housing Asset Fund (Fund 168), which must be used to produce, and preserve affordable housing.
- State HCD Permanent Local Housing Allocation Fund Program - City and State HCD executed a Standard Agreement in February 2021 for the City's grant award of \$2.1 million over 5 years as noted above.
- 2016 Alameda County A-1 Housing Bond - City was awarded a pro-rata share for affordable housing developments in San Leandro.

Attachments

- Attachment A: Resolution
- Attachment A: Resolution, Exhibit A 15101 Washington Avenue Loan Documents
- Attachment C: 15101 Washington Avenue Financing Summary

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