

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2008 FEB 28 PM 4:51

To: Office of the City/Agency Administrator
Attn: Deborah Edgerly
From: Community and Economic Development Agency
Date: March 11, 2008

Re: A Resolution Approving A Replacement Housing Plan For The Tassafaronga Village Project

SUMMARY

CEDA staff recommends that the Redevelopment Agency (Agency) approve the Tassafaronga Village Replacement Housing Plan (Plan) in connection with the rebuilding and expansion of the Oakland Housing Authority's Tassafaronga Village Project. The Project requires demolition of all 87 units of the existing public housing, which have become a blight on the neighborhood. Agency approval and adoption of the Plan (attached as Exhibit A) is needed to comply with California redevelopment law.

FISCAL IMPACT

There is no fiscal impact from approval of the Plan. Approval of the Plan does not require the Agency to provide funding for the replacement housing. However, the Agency has already awarded a \$3 million loan to the Oakland Housing Authority (OHA) for the Project through the 2005 affordable housing NOFA. The majority of financing for the Project will come from other sources.

BACKGROUND

California redevelopment law (Section 33413 and 33413.5, California Health and Safety Code) requires that redevelopment agencies provide for the replacement, within four years, of any affordable housing units that are lost because of projects an agency undertakes or assists. Replacement units must be equal in size, number, and level of affordability to those lost. The law also requires that a written replacement plan be prepared and be made available for review and comment by affected agencies and the general public.

Replacement housing plans must include the following:

- Location of the proposed replacement units

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- Proposed financing for development of the units
- Reasons why Article XXXIV of the California Constitution (approval by a public vote) does not apply
- Number of units to be developed
- Timetable for the development

To comply with the above, the Agency resolution that committed \$3 million for Tassafaronga Village (Agency Resolution No. 2006-0028 C.M.S.) made the loan contingent upon OHA preparing a replacement plan. That plan is now complete, and is attached as Exhibit A.

KEY ISSUES AND IMPACTS

Approval of the Plan is necessary in order for the Tassafaronga Village Project to proceed. The Project will provide a fresh new neighborhood with various housing opportunities, where the existing project has become a blight on the surrounding community.

The existing project will be replaced totally, and the site will be enlarged and reconfigured to fit better with the surrounding neighborhood.

PROJECT DESCRIPTION

The Tassafaronga Village Replacement Housing Plan is a specific document required by California redevelopment law. The Plan formalizes the Agency's efforts to replace affordable housing that will be demolished with the rebuilding and reconfiguration of Tassafaronga Village.

This report and resolution relate only to the replacement plan, not to the Tassafaronga Village housing project. As a convenience, the major features of that project are listed below.

1. The Project will be developed on seven acres on both sides of 84th Avenue, between G and E Streets, in Central East Oakland.
2. OHA owns the site and will be the developer.
3. All of the existing project, 87 units of 1960s-era public housing owned by the OHA, will be demolished.
4. 137 new affordable rental housing units will be developed.
5. An additional 22 new affordable for-sale homes will be developed separately, but on the same site, by Habitat for Humanity East Bay.
6. An additional 20 new units will be developed separately by OHA in an existing warehouse building within the site; housing types are not yet defined.
7. All on-site utility infrastructure, as well as most on-site streets, will be replaced.
8. The project will include a new grid of narrower and more walkable streets, similar to the surrounding neighborhood.

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SUSTAINABLE OPPORTUNITIES

Sustainable development guidelines are part of the program under which Agency funding is being provided for the Tassafaronga development.

Economic: As with all NOFA-assisted developments, Tassafaronga will increase the affordable housing inventory in Oakland and generate construction and professional jobs.

Environmental: Tassafaronga will exceed the green building standards developed by the Alameda County Waste Management Authority. It provides housing on an underutilized site near public transit and, as in-fill development, it helps avoid urban sprawl and increased automobile use. Also, the aesthetic environment at the local neighborhood level will be improved by replacing the current blighted buildings.

Social Equity: Affordable housing for low-income households is a means of achieving greater social equity. The social services to be offered at or near Tassafaronga will further build social equity.

DISABILITY AND SENIOR CITIZEN ACCESS

The Tassafaronga project will receive federal funds, and therefore is required to construct and set aside units to be occupied by persons with disabilities. The housing must meet the accessibility requirements of Section 504 of the Rehabilitation Act of 1973 and the Fair Housing Act. At least 5 percent of newly constructed units will be available to persons with disabilities. The State's Title 24 and the Americans with Disabilities Act require consideration of persons with disabilities in design and construction of housing. In addition, the developers must create an Affirmative Fair Marketing Plan to market housing units to persons with disabilities.

RECOMMENDATION AND RATIONALE

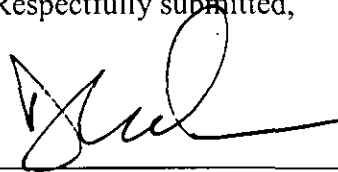
Staff recommends that the Agency adopt the Plan. The Plan provides the state-required framework for the replacement housing. In addition, the Plan must be approved before the Agency can execute loan documents.

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ACTION REQUESTED OF THE REDEVELOPMENT AGENCY

Staff recommends that the Agency approve the Resolution adopting the Tassafaronga Village Replacement Housing Plan.

Respectfully submitted,



DAN LINDHEIM

Director, Community and Economic
Development Agency

Reviewed by:
Sean Rogan, Director of Housing and
Community Development

Prepared by:
Jeffrey D. Angell, Housing Development Coordinator
Housing & Community Development Division

APPROVED AND FORWARDED TO THE COMMUNITY
AND ECONOMIC DEVELOPMENT COMMITTEE:


Office of the City/Agency Administrator

Attachment

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Approved as to Form and Legality



Agency Counsel

REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND

Resolution No. _____ C.M.S.

**A RESOLUTION APPROVING A REPLACEMENT HOUSING PLAN
FOR THE TASSAFARONGA VILLAGE PROJECT**

WHEREAS, Section 33413 of the California Health and Safety Code requires that dwelling units housing households of very low, low or moderate income that are destroyed or otherwise removed from the low and moderate income housing market as part of a redevelopment project that is subject to a written agreement with a redevelopment agency or that receives financial assistance from the agency be replaced on a one-for-one basis with comparable units; and

WHEREAS, Section 33413.5 of the California Health and Safety Code requires that a redevelopment agency adopt by resolution a replacement housing plan if such dwelling units are destroyed; and

WHEREAS, the Agency will be financially assisting the development of the Tassafaronga Village Project ("Project") with a \$3,000,000 affordable housing loan to the Oakland Housing Authority ("OHA") authorized March 7, 2006 by Redevelopment Agency Resolution 2006-0028 C.M.S.; and

WHEREAS, the Project site now contains 87 public housing units which will be removed because they present a danger to the health and safety of the community, and to provide for the construction of the Project; and

WHEREAS, the Project will consist of a 137 unit housing project at 919 85th Avenue; and

WHEREAS, the Agency drafted a Replacement Housing Plan for the Project, attached to this Resolution as Exhibit A, providing for the replacement within four years of the housing units demolished on the Project site with comparable units affordable to very low income households earning no more than 50% of area median income; and

WHEREAS, the Replacement Housing Plan was made available to other public agencies and the general public for a reasonable time prior to the adoption of this Resolution; now, therefore, be it

RESOLVED: That the Redevelopment Agency hereby adopts the Replacement Housing Plan for the Tassafaronga Village Project, attached to this Resolution as Exhibit A; and be it

FURTHER RESOLVED: That the Agency Administrator or her designee is hereby authorized to take action as necessary to implement the Replacement Housing Plan, and take any other action with respect to the Replacement Housing Plan consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2008

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND
CHAIRPERSON DE LA FUENTE

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland, California

**A RESOLUTION APPROVING A REPLACEMENT HOUSING PLAN FOR THE
TASSAFARONGA VILLAGE PROJECT**

EXHIBIT A

REPLACEMENT HOUSING PLAN

(attached)

TASSAFARONGA VILLAGE PROJECT

REPLACEMENT HOUSING PLAN

I. Introduction

The Redevelopment Agency of the City of Oakland (“Agency”) is proposing to assist the development of the Tassafaronga Village Project (the “Project”), as described in Section II below. The Project is located within the Coliseum District Redevelopment Project Area (the “Project Area”), which is governed by the Coliseum Redevelopment Plan adopted on July 25, 1995, as subsequently amended (the “Redevelopment Plan”).

The Project requires the demolition of 87 very low-income housing units owned by the Housing Authority of the City of Oakland (“OHA”). The Notice to Proceed for the demolition of these units is scheduled to be issued in May 2008.

This Replacement Housing Plan for the Project (“Replacement Housing Plan”) will guide and facilitate the Agency’s efforts to rehabilitate, develop or construct, or cause to be rehabilitated, developed or constructed, replacement housing for persons or families of low or moderate income in accordance with the requirements of State law (California Health and Safety Code § 33413.5).

II. Tassafaronga Village Project

The Project will be developed on a site of approximately seven acres located in Central East Oakland, along 83rd and 84th Avenues between G and E Streets.

The Project involves:

- Demolition of 87 vacant units of 1960s-era public housing presently on the site.
- Development of 137 units of newly constructed housing.
- Infrastructure Improvements (streets, utilities, and improvements to the adjacent Tassafaronga park). Most on-site infrastructure will be replaced with new.
- The OHA has set up a wholly controlled non-profit 501(c)(3) affiliate, Tassafaronga Housing Corporation (“THC”). THC will be the Managing General Partner of a Limited Partnership (Tassafaronga Partners) referred to as the “Developer”. The Agency will be entering into a Loan Agreement and related agreements with the Developer to assist with development of the Project.
- Development of the Project will provide the replacement housing of all of the 87 very-low income units that will be lost through the demolition of the current Tassafaronga Village.
- One hundred percent (100%) of the residential rental units in the Project will be affordable to persons of low income, of which thirty-two percent (32%) shall be affordable to households earning incomes not exceeding thirty-five percent (35%) of the area median income (AMI), twenty-one percent (21%) shall be affordable to households with incomes not exceeding fifty percent (50%) of AMI, and forty-

seven percent (47%) shall be affordable to households earning incomes not to exceed sixty percent (60%) of AMI.

Forty-two additional units of affordable housing in two separate developments – not part of the Project – will be built on the Tassafaronga site in the near future: twenty-two new for-sale homes will be built by Habitat for Humanity East Bay, and twenty new affordable rental units will be built by OHA in an existing warehouse building. The warehouse units will be 12 2-bedroom units and 8 studio loft units.

The Developer will execute a regulatory agreement with the Agency, to be recorded against the Project, to formalize the above rent restrictions and preserve the affordability of the units for a term of 55 years.

The following chart indicates the types and sizes of units that will be demolished, and those to be constructed as the new Project.

Size Units	Demolished Units	Replacement Units
1 BR apartments	9	16
2 BR apartments	18	21
2 BR townhomes		28
3 BR apartments	45	23
3 BR townhomes		33
4 BR apartments	15	
4 BR townhomes		16
Total	87	137

III. Compliance with State Law

§ 33413(a) of the California Health and Safety Code provides in part as follows:

“Whenever dwelling units housing persons and families of low or moderate income are destroyed or removed from the low and moderate income housing market as part of a redevelopment project which is subject to a written agreement with the Agency or where financial assistance has been provided by the Agency, the Agency shall, within four years of the destruction or removal, rehabilitate, develop or construct, or cause to be rehabilitated, developed or constructed, for rental or sale to persons and families of low or moderate income, an equal number of replacement dwelling units that have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the territorial jurisdiction of the Agency.... When dwelling units are destroyed or removed on or after January 1, 2002, 100 percent of the replacement dwelling units shall be available at affordable housing cost to persons in the same or a

lower income category (low, very low, or moderate), as the persons displaced from those destroyed or removed units.”

This Replacement Housing Plan provides that 100 percent of the replacement dwelling units will be available at affordable housing cost to persons of very low income.

§ 33413(c)(1) through (4) of the California Health and Safety Code provides in part as follows:

“The agency shall require that the aggregate number of replacement dwelling units and other dwelling units rehabilitated, developed, constructed, or price-restricted pursuant to subdivision (a) or (b) remain available at affordable housing cost to, and occupied by, persons and families of low-income, moderate-income, and very low income households, respectively, for the longest feasible time, but for not less than 55 years for rental units and 45 years for homeownership units, except as set forth in paragraph (2).... The requirements of this section shall be made enforceable in the same manner as provided in paragraph (2) of subdivision (f) of §33334.3...”

This Replacement Housing Plan provides that the Project shall be governed by a recorded regulatory agreement, enforceable by the Agency and the City of Oakland, requiring the replacement housing units to remain available at affordable housing cost and occupied by persons or families of very low income for a period of 55 years.

The following terms shall have the same meaning in this Replacement Housing Plan as in California Health and Safety Code § 33411.2: “affordable housing cost,” “replacement dwelling unit,” “persons and families of low and moderate income,” and “very low income households.”

IV. General Location of Replacement Housing

As indicated on Exhibit A, all of the replacement dwelling units as defined in California Health and Safety Code § 33411.2, to be developed are located in the Coliseum Redevelopment Project Area, as defined in California Health and Safety Code § 33411.2, which is within the territorial jurisdiction of the Agency.

V. Means of Financing

Funding for the Project include the following sources and amount of financing:

SOURCES	
Permanent Loan	9,704,000
Tax Credit Equity	25,834,625
US EPA Grant	162,130
OHA loan	9,280,780
CalHFA HELP loan	1,000,000
CEDA (Agency) Loan Funds	3,000,000
FHLB AHP Funds	600,000
MHP Loan Funds	10,000,000
Deferred OHA Dev. Fee	960,500
TOTAL	60,542,035

The specific funding for the replacement dwelling units will be through the use of Agency bond funds as supported by tax increment revenues deposited to the Agency's Low and Moderate Income Housing Fund, low-income housing tax credits, and funds from OHA, CalHFA, MHP, AHP, US EPA, and private debt and equity financing.

VI. Finding that the Replacement Housing Plan Does Not Require Approval Under Article XXXIV of the California Constitution

By its terms, Article XXXIV is only applicable if a "state public body" (which includes the Agency) "develops, constructs, or acquires" a "low rent housing project." However, California Health and Safety Code § 37001(f) excludes from the definition of a "low-rent housing project" the "replacement of...dwelling units of a previously existing low-rent housing project, or a project previously or currently occupied by lower income households".

The low-income affordable units in the Tassafaronga Village Project provided under this Replacement Housing Plan are replacing the comparable units being demolished, and previously occupied by lower income households. Also, in assisting the affordable housing component of the Project and monitoring construction and compliance with the conditions of such assistance, the Agency will be carrying out its routine governmental functions as a housing development agency, will be performing the conventional activities of a lender, and will be imposing conditions on the Project developer authorized under the California Community Redevelopment Law. Thus, based on the above facts it is hereby found and determined that the replacement housing component of the Project is exempt from the requirements of Article XXXIV under California Health and Safety Code §§ 37001(a) and (f) and 37001.5(e).

VII. Number of Dwelling Units Housing Persons and Families of Low or Moderate Income Planned for Construction and Rehabilitation

A. Analysis of Existing Units Housing Persons and Families of Low or Moderate Income

The following charts analyze the actual number and income characteristics of the units to be destroyed or at Tassafaronga Village:

Dwelling Units Removed

Number of Bedrooms	Number of Units	Percent of Total Units
1	9	10.3%
2	18	20.7%
3	45	51.7%
4	15	17.3%
Total	87	100%

Number of Units Occupied by Very Low Income Households Prior to Relocation of the Households

Number of Bedrooms	Number of Units	Percent of Total Units
1	9	10.3%
2	15	17.2%
3	44	50.6%
4	12	13.8%
Total	80	91.9%

B. Analysis of Dwelling Units to be Rehabilitated, Developed or Constructed

The Developer will develop housing in the Project which will be all affordable rental housing. The units to be provided in the Project consist of one-bedroom, two-bedroom, three bedroom affordable apartments, and two-, three-, and four-bedroom affordable townhomes. (Twenty-two for-sale homes be sold at prices affordable at 50% of AMI (11 units), 70% of AMI (6 units), and 90% of AMI (5 units) will be built on the Project site in a separate but related development by Habitat for Humanity East Bay.)

Project residential units to be constructed are described in the following table, by bedroom size and affordability level:

Type of Unit	Number Of Units	Affordability	Affordability	Affordability	Total Number of Bedrooms
Number of Bedrooms		Extremely Low Income (30% of AMI)	Very Low Income (50% of AMI)	Tax Credit (60% of AMI)	
1	16	5	5	6	16
2	48	11	6	31	96
3	56	12	32	12	168
4	16	16	0		64
Totals:	136	44	43	49	344

* One two-bedroom manager's unit will be developed, but not subsidized.

The replacement units will consist of 1-4 bedroom apartments and townhomes. The Agency shall cause to be developed or constructed, for rental to persons and families of very-low income, an equal number of replacement units to those 87 units destroyed or removed subject to and in accordance with the following standards:

1. **Timing:** The Agency will complete the replacement dwelling units within four years of the destruction or removal of dwelling units required to be replaced under this Replacement Housing Plan.
2. **Income:** One hundred percent of the replacement dwelling units will be rented at rents affordable to, and will be occupied by, households with very low income persons or households.
3. **Guarantee for Displacees:** Those persons and families of low or moderate income who are displaced as a result of the Project shall be guaranteed priority for replacement housing in accordance with the eligibility criteria of the OHA.

VIII. Timetable For Development of the Replacement Housing

The projected start and completion dates for the replacement dwelling units are:

Start Construction: August 2008

Complete Construction: February 2010

IX. Monitoring and Reporting

Pursuant to California Health and Safety Code § 33418, the Agency will monitor on an ongoing basis, any housing affordable to persons and families of low or moderate income developed or otherwise made available pursuant to this Replacement Housing Plan.

The Agency will require the owners or managers of the Project to submit an annual report to the Agency. The annual report to the Agency must set forth the rental rate, income, and family size of the occupants of each unit (with the income information certified by each occupant). The Agency may impose fees on the owners of the monitored property to defray the cost of this monitoring system. The information obtained from this monitoring system will be included in any reports required by law to be submitted to the Department of Housing and Community Development or the Controller.