



# AGENDA REPORT

**TO:** Jestin D. Johnson  
City Administrator


**FROM:** Emily Weinstein  
Director, Housing and  
Community Development  
Department

**SUBJECT:** CDBG Funding Authorization for The  
Eliza Senior Housing Project

**DATE:** February 12, 2025

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City Administrator Approval

  
Jestin Johnson (Feb 24, 2025 08:49 PST)

Date: Feb 24, 2025

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## RECOMMENDATION

Staff Recommends That The City Council Adopt The Following Resolution:

- (1) Authorizing The Use Of Fiscal Year 2024-2025 Community Development Block Grant (CDBG) Funds In An Amount Not To Exceed \$1,000,000 For Expenses Related To The Acquisition Of Real Property, Public Improvements, Site Clearance, And The Relocation Of Privately Owned Utilities To Support The New Construction Of The Eliza Affordable Senior Housing Project (The Eliza);
- (2) Authorizing The City Administrator To Enter Into An Unsecured CDBG Predevelopment Loan Agreement With Mercy Housing California And/Or Its Affiliated Entity Or Entities (Mercy) In An Amount Not To Exceed \$500,000;
- (3) Authorizing The City Administrator To Enter Into A CDBG Secured Construction Loan With Mercy Housing California And/Or Its Affiliated Entity Or Entities (Mercy) In An Amount Not To Exceed \$500,000; And
- (4) Adopting Appropriate California Environmental Quality Act (CEQA) Findings.

## **EXECUTIVE SUMMARY**

The proposed resolution seeks the Oakland City Council's (Council) authority to award both a Community Development Block Grant (CDBG) predevelopment and construction loan to The Eliza as a new construction project and for new construction CDBG eligible activities beyond the cost of acquisition related expenses. Council action is required in order to make the commitment as a loan, rather than the grant funding commitments typically made with CDBG funding.

Mercy Housing California, as developer of The Eliza, is a California nonprofit public benefit corporation specializing in the development and operation of affordable, service enriched housing meant to improve the quality of life of families, seniors, and people who have been homeless. The Eliza, to be located at 2125 Telegraph Avenue, Oakland, CA., will include a total of ninety-seven (97) newly constructed units consisting of ninety-six (96) studio units and one (1) unrestricted manager's unit. Thirty-nine (39) units will be reserved for extremely low-income senior households with incomes no greater than 30% of the Area Median Income (AMI) and fifty-seven (57) units for very low-income seniors with incomes no greater than 50% AMI. Twenty (20) units will be targeted for formerly homeless seniors. The project also received separate funding through the City's New Construction of Affordable Rental Housing Notice of Funding Availability (NC NOFA) in January 2025.

## **BACKGROUND / LEGISLATIVE HISTORY**

The Five-Year Consolidated Plan (2020/21-2024/25 Con Plan), mandated by Title 24 HUD Code of Federal Regulations Part 91 (24 CFR 91 Subparts A-C and F), is designed to help local jurisdictions assess their affordable housing needs, community development needs, market conditions, and to make data-driven, place-based investment decisions that meet the City's identified goals. It is the framework for a communitywide dialogue to identify housing and community development priorities to align with funding from the Community Planning & Development (CPD) Formula Entitlement Grant programs: CDBG, HOME Investments Partnership (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA). The Five-Year Consolidated Plan (Con Plan) is authorized under [Oakland City Council Resolution No. 88202 C.M.S.](#), adopted June 30, 2020.

The execution of the Con Plan is facilitated by the Annual Action Plan (AAP), as mandated by 24 Code of Federal Regulations (CFR) 91.220. The AAP provides a summary of the action plans and resources to be used to prioritize communitywide needs and goals, in furtherance of outcomes and objectives, as identified in the Con Plan, evaluating past performances and including a summary of citizen participation. The City's Fiscal Year (FY) 2024/25 AAP is the fifth annual update to the City's current Five-Year Con Plan.

On May 7, 2024, HUD announced the Fiscal Year 2024/25 CPD Formula Grant allocations for CDBG, HOME, HOPWA, and ESG, allocating \$14,260,551 in grant funds to the City of Oakland (City), listed in **Table 1**. To access funds, the City's FY 2024/25 AAP must comply with the Citizen Participation Plan as mandated by Title 24 Code of Federal Regulations (CFR) 91.105 and 24 CFR 91.115. Thus, requiring two public hearings for the AAP.

As part of the first public hearing on July 16, 2024, the Council authorized the acceptance and appropriation of a United States Department of Housing & Urban Development (HUD) grant funding award in the amount of \$14,260,551 for CDBG, HOME, ESG, and HOPWA funding for HUD FY 2024/2025 per [Oakland City Council Resolution No. 90372 C.M.S.](#)

On August 16, 2024, The City submitted its Fiscal Year (FY) 2024/2025 Annual Action Plan (AAP) to the HUD Community Planning & Development (CPD) Division per CPD Notice 24.01 for the formula grants listed below in **Table 1**:

**Table 1: 2024-2025 HUD CPD Formula Grants**

Community Development Block Grant (CDBG)	\$7,484,410
HOME Investment Partnership (HOME)	\$2,368,547
Housing Opportunities for Persons with AIDS (HOPWA)	\$3,761,466
Emergency Solutions Grant (ESG)	\$646,128
<b>Total</b>	<b>\$14,260,551</b>

Per 24 Code of Federal Regulations (CFR) 91.105 (d) the City's citizen participation plan, HUD will only release funds for an AAP after two public hearings have been conducted. Following a second public hearing held December 17, 2024, HUD released to the City of Oakland its Fiscal Year 2024/2025 CPD grant agreement for access to allocated funds. The public review/comment period and public hearing process has complied with citizen participation requirements, set forth by the City's adopted Citizen Participation Plan, mandated by Title 24 Code of Federal Regulations ((24 CFR) 91.105 and (24 CFR) 91.115).

City of Oakland HCD prepared the draft FY 2024/25 AAP for the funds awarded and finalized the plan after the public hearing process was concluded.

The proposed resolution requests would authorize a proportional use of the HUD FY 2024/25 CDBG award to the City, first as an unsecured predevelopment loan in the amount not to exceed \$500,000 to Mercy Housing California, or an affiliated entity or entities, for a term of 24 months, three percent (3%) interest. In addition, to authorize a separate construction loan in the amount not to exceed \$500,000 to Mercy Housing California, or to an affiliated entity or entities, for a maximum term of fifty-five (55) years, with an interest rate to be determined by the City Administrator in their discretion, and with repayment to the City from surplus cash flow from The Eliza at the end of the loan term. The predevelopment loan will be consolidated with the construction loan at the closing of the construction loan for a not to exceed amount of \$1,000,000, a term of fifty-five (55) years, and the interest rate to be determined. The proposed CDBG eligible new construction activity in addition to the cost of acquisition related expenses, includes public improvements, site clearance, and the relocation of privately owned utilities.

The AAP and Council Resolution 90372 C.M.S. appear to authorize acquisition and/or rehabilitation activities only. The Eliza is a new construction project, and the proposed activities go beyond the acquisition. The proposed activities are allowed under the HUD categories of eligible activities for CDBG funds. In addition, the authorization to enter into agreements for each funding award above (Resolution 90372 C.M.S.) is limited to grant agreements and the proposal is to structure the contribution as a loan. Council Resolution 90372 C.M.S. does not authorize a CDBG loan without returning to Council.

Mercy Housing also submitted a New Construction NOFA application in November 2024 and received an additional loan funding commitment of \$20 million for the Eliza development in January 2025. On September 17, 2024 and December 16, 2024, pursuant to [Oakland City Council Resolution No. 90419 C.M.S.](#) and [No. 90552 C.M.S.](#), City Council authorized making funding awards through HCD's established NOFA processes without returning to City Council, but with a requirement to report on usage of funding and project status in a report in mid-2025.

Mercy Housing California is a highly experienced and qualified non-profit housing developer with the capacity to complete the development of The Eliza on time and budget. In the past ten (10) years Mercy has developed forty-seven (47) housing developments including rehab and new construction. With over ten thousand three hundred (10,300) units in California, Mercy is known for successfully developing and operating quality projects, providing an affordable place to call home for thousands of low-income families, veterans, seniors, and people with special needs. Approximately one-third of Mercy's portfolio is senior properties, serving over 4,000 seniors.

### **ANALYSIS AND POLICY ALTERNATIVES**

The current Five-Year Con Plan includes the following priority needs:

1. Affordable Housing/Fair Housing
2. Homeless Solutions
3. Economic Development
4. Neighborhood Stabilization
5. Community Development/Public Services
6. Public Facility and Infrastructure Improvements

FY 2024/25 AAP projects are summarized in [Attachment A](#) and align with the four formula grants listed above in **Table 1** (CDBG, HOME, HOPWA, and ESG Allocations). All strategic actions were performed from a racial equity perspective to best target resources to the most vulnerable residents in consideration of housing needs, the state of homelessness, the level of under-served communities, and the disparities of access and opportunity for Oakland residents living with low- to moderate- incomes, especially those most impacted by racial disparities.

The Eliza is eligible to be funded under approved AAP activity line 15, **Attachment A**. The eligible uses in the AAP provide an opportunity for the City to support the acquisition, production, protection and/or preservation of affordable housing for the most vulnerable populations of Oakland. AAP activities will help to advance the citywide priorities of housing, homeless solutions, economic and cultural security. The Eliza will be instrumental in producing newly constructed affordable rental housing for low-income seniors, providing permanent residency and reducing the risk of homelessness. City Council action is required here to make the commitment as a loan, which is standard practice for affordable housing development projects funded by HCD, instead of a grant as originally approved in the AAP.

## **FISCAL IMPACT**

The proposed resolution to authorize the use of FY 2024/25 CDBG funds, as a loan for The Eliza affordable senior housing project will foster new production of affordable rental housing for low-income seniors, including 20 units set aside for formerly homeless seniors, and once constructed, will reduce the potential for homelessness. The activity is eligible under CDBG program guidelines. Structuring the use of funds as a long-term affordable housing residual receipt loan supports the new development by underwriting annual loan repayments, as funds are available, with a balloon payment at the end of a 55-year loan term.

The 2024/25 AAP authorized resolution (Council Resolution No. 90372 C.M.S.) accepts and appropriates \$14,260,551 in HUD CPD grant funds for the Federal entitlement grants in **Table 1** above. Sufficient funding in the amount not to exceed \$1,000,000 is available in HUD-CDBG Fund (2108), CDBG Coordination Organization (89949), CDBG Acq\_Rehab Afford Hsg Project (1006893). Funding will be transferred to a new project code to be determined (TBD) for The Eliza to expend the loans.

The additional funding from the NC NOFA process was approved by separate Council action.

## **PUBLIC OUTREACH / INTEREST**

The City's FY 2024/25 AAP is subject to the Citizen Participation Plan as mandated by Title 24 Code of Federal Regulations (CFR) 91.105 and 24 CFR 91.115, and held two public hearings, each of which included a 30-day public comment and review period, as part of the City's approval process. In addition, the New Construction NOFA funding authorization approvals mentioned in the Background section above provided opportunity for public feedback and comment on the City's proposed priorities for utilizing the City's affordable housing funding resources.

## **COORDINATION**

The 2024/25 AAP was prepared in July 2024 in coordination with the City Attorney's Office, Budget Bureau, Human Services Department, Department of Housing & Community Development, and the Department of Economic & Workforce Development.

## **SUSTAINABLE OPPORTUNITIES**

**Economic:** HUD Community Planning & Development (CPD) Division grants (CDBG, HOME, ESG, and HOPWA) support activities and services that benefit low- and moderate-income residents of Oakland, unsheltered residents, special needs populations and persons to provide affordable housing, economic opportunities, and suitable living environments. All of which contribute to sustainable economic opportunities for Oakland residents. Authorizing CDBG funds towards The Eliza, as an affordable senior housing new construction project, will help provide safe, accessible, and age-appropriate living spaces for an increasingly aging low-income population.

**Environmental:** An environmental review process is required for all HUD-assisted projects to ensure the proposed project does not negatively impact the surrounding environment. While every project is not subject to a full environmental review, every project's environmental impact must be examined. City staff encourages property owners and housing developers to make better use of recycled building materials, energy-efficient building designs, and water conserving fixtures and landscaping.

City of Oakland affordable housing development loans support the construction of projects meeting or exceeding green building standards. Including those developed by Stop Waste of Alameda County and the GreenPoint Rated Program. Projects near transportation hubs are also prioritized for funding. Thus, helping to advance development on undeveloped land and reduce dependency on automobiles.

**Race & Equity:** CDBG, HOME, ESG, and HOPWA programs promote equitable and affordable access to housing, services, business assistance, and other resources benefiting low- to moderate-income residents, homeless, those with special needs, and communities of color. Program funding seeks to minimize disparities in outcomes by race and supports equitable activities promoting a healthy wellbeing for Oakland residents, providing safe, healthy, and secure affordable housing options and suitable living environments, thus expanding economic opportunities for low- and moderate-income persons and areas.

### **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

The Eliza affordable senior housing project was processed under California Senate Bill 35 (SB 35) streamlining housing construction, and thus, a CEQA determination was not required to establish planning and zoning entitlements.

### **ACTION REQUESTED OF THE CITY COUNCIL**

**Staff Recommends That The City Council Adopt The Following Resolution:**

- 1. Authorizing The Use Of Fiscal Year 2024-2025 Community Development Block Grant (CDBG) Funds In An Amount Not To Exceed \$1,000,000 For Expenses Related To The Acquisition Of Real Property, Public Improvements, Site Clearance, And The Relocation Of Privately Owned Utilities To Support The New Construction Of The Eliza Affordable Senior Housing Project (The Eliza);**
- 2. Authorizing The City Administrator To Enter Into An Unsecured CDBG Predevelopment Loan Agreement With Mercy Housing California And/Or Its Affiliated Entity Or Entities (Mercy) In An Amount Not To Exceed \$500,000;**
- 3. Authorizing The City Administrator To Enter Into A CDBG Secured Construction Loan With Mercy Housing California And/Or Its Affiliated Entity Or Entities (Mercy) In An Amount Not To Exceed \$500,000; And**
- 4. Adopting Appropriate California Environmental Quality Act (CEQA) Findings.**

For questions regarding this report, please contact Everett Cleveland Jr., Housing Development Coordinator, at 510-238-6543, or Christia Katz Mulvey, Housing Development Services Manager, at 510-238-3623.

Respectfully submitted,

Emily Weinstein

Emily Weinstein (Feb. 20, 2025 16:21 PST)

Emily Weinstein, Director  
Housing & Community Development  
Department

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Attachment (A): CDBG, HOME, ESG, and HOPWA 2024/25 Allocations; CDBG Line 15.

## CDBG, HOME, ESG, HOPWA 2024/25 ALLOCATIONS

### Attachment A

HOPWA PROJECT	Line	AWARDEE	Project Numbers	HOPWA
City of Oakland HCD - Grantee Administration FY 2023/24-2026/27	1	City of Oakland HSD Community Housing Services	1006700	\$ 112,844
City of Oakland HCD - Facility Based Operating Costs FY 2023/24-2026/27	2	Alameda County Healthy Homes Department	1006700	\$ 975,000
City of Oakland HCD - Project Sponsor Admin. FY 2023/24-2026/27	3	Alameda County Healthy Homes Department	1006700	\$ 68,250
City of Oakland HCD - Information and Referral FY 2023/24-2026/27	4	Alameda County Healthy Homes Department - Eden I & R	1006700	\$ 215,000
City of Oakland HCD - Project Sponsor Admin. FY 2023/24-2026/27	5	Alameda County Healthy Homes Department - Eden I & R	1006700	\$ 15,050
City of Oakland HCD - Permanent Housing Placement FY 2023/24-2026/27	6	Alameda County Healthy Homes Department - East Oakland Community Project	1006700	\$ 45,000
City of Oakland HCD - Information & Referral FY 2023/24-2026/27	7	Alameda County Healthy Homes Department - East Oakland Community Project	1006700	\$ 56,250
City of Oakland HCD - Support Services FY 2023/24-2026/27	8	Alameda County Healthy Homes Department - East Oakland Community Project	1006700	\$ 250,000
City of Oakland HCD - Support Services FY 2023/24-2026/27	9	Alameda County Healthy Homes Department - East Oakland Community Project	1006700	\$ 24,587
City of Oakland HCD - Support Services FY 2023/24-2026/27	10	Alameda County Healthy Homes Department - East Bay Innovations	1006700	\$ 42,000
City of Oakland HCD - Support Services FY 2023/24-2026/27	11	Alameda County Healthy Homes Department - East Bay Innovations	1006700	\$ 2,940
City of Oakland HCD - Short Term Rent Mortgage & Utilities FY 2023/24-2026/27	12	Alameda County Healthy Homes Department - AIDS Project of the East Bay	1006700	\$ 230,000
City of Oakland HCD - Tenant Based Rental Assistance FY 2023/24-2026/27	13	Alameda County Healthy Homes Department - AIDS Project of the East Bay	1006700	\$ 120,000
City of Oakland HCD - Tenant Based Rental Assistance FY 2023/24-2026/27	14	Alameda County Healthy Homes Department - AIDS Project of the East Bay	1006700	\$ 335,000
City of Oakland HCD - Tenant Based Rental Assistance FY 2023/24-2026/27	15	Alameda County Healthy Homes Department - AIDS Project of the East Bay	1006700	\$ 47,950
City of Oakland HCD - Support Services FY 2023/24-2026/27	16	Alameda County Healthy Homes Department - Resources for Community Development	1006700	\$ 54,400



## CDBG, HOME, ESG, HOPWA 2024/25 ALLOCATIONS

### Attachment A

HOPWA PROJECT	Line	AWARDEE	Project Numbers	HOPWA
City of Oakland HCD - Support Services FY 2023/24-2026/27	17	Alameda County Healthy Homes Department - Resources for Community Development	1006700	\$ 3,782
City of Oakland HCD - Short Term Rent, Mortgage and Utilities FY 2023/24-2026/27	18	Contra Costa County	1006700	\$ 180,543
City of Oakland HCD - Information & Referrals FY 2023/24-2026/27	19	Contra Costa County	1006700	\$ 253,708
City of Oakland HCD - Permanent Housing Placement FY 2023/24-2026/27	20	Contra Costa County	1006700	\$ 60,000
City of Oakland HCD - Support Services FY 2023/24-2026/27	21	Contra Costa County	1006700	\$ 590,364
City of Oakland HCD - Project Sponsor Admin. FY 2023/24-2026/27	22	Contra Costa County	1006700	\$ 78,798
<b>HOPWA TOTAL</b>				<b>\$ 3,761,466</b>

ESG PROJECT	Line	AWARDEE	Project Numbers	ESG
PATH ESG Admin	1	City of Oakland HSD Community Housing Services	1006693	\$ 48,460
PATH ESG Grant Agreements	2	Crossroads/East Oakland Community Project	1006693	\$ 141,147
PATH ESG Grant Agreements	3	First Place For Youth/OPRI	1006693	\$ 165,488
PATH ESG Grant Agreements	4	St. Mary's Center	1006693	\$ 115,433
PATH ESG Grant Agreements	2	Building Futures for Women With Children	1006693	\$ 175,600
<b>ESG Total</b>				<b>\$ 646,128</b>

HOME PROJECT	Line	AWARDEE	Project Numbers	HOME
Affordable Housing Funding New Construction/Rehabilitation	1	City of Oakland HCD/ Housing Development Services	1000379	\$ 236,855
Affordable Housing Funding New Construction/Rehabilitation	2	City of Oakland HCD/ Housing Development Services	1000379	\$ 2,131,692
<b>HOME Total</b>				<b>\$ 2,368,547</b>

**CDBG, HOME, ESG, HOPWA 2024/25 ALLOCATIONS**

**Attachment A**

<b>CDBG PROJECT</b>	<b>Line</b>	<b>AWARDEE</b>	<b>Project Numbers</b>	<b>CDBG FY 24/25 Funding - Up To</b>	<b>REVOLVING LOAN PROGRAM - Up To</b>	<b>CDBG CARRY-FORWARD - Up To</b>	<b>TOTAL</b>
City of Oakland Housing and Community Development Minor Home Repair Program	1	Alameda County Healthy Homes Department	<b>1006862</b>	\$ 159,200			\$ 159,200
City of Oakland Access Improvement Project and Lead Safe Painting	2	City of Oakland HCD Residential Lending/ Rehabilitation Unit	<b>1006863</b>			\$ 123,657	align="right">\$ 378,000
			<b>1005945</b>			\$ 129,343	
			<b>1006253</b>			\$ 125,000	
Emergency Home Repair Program & Home Maintenance & Improvement Program	3	City of Oakland HCD Residential Lending/ Rehabilitation Unit	<b>1006869</b>		\$850,000		\$ 850,000
Rehabilitation Program Delivery	4	City of Oakland HCD Residential Lending/ Rehabilitation Unit	<b>1006881</b>	\$ 785,826			\$ 785,826
Department of Human Services/ Admin	5	City of Oakland HSD Community Homelessness Services Administration	<b>1006689</b>	\$ 495,462			\$ 495,462
Department of Human Services/ Program Delivery	6	City of Oakland HSD Community Housing Services Program Delivery	<b>1006690</b>	\$ 240,327			\$ 240,327
Department of Human Services/ PATH Program Set Aside	7	East Oakland Community Project Operations	<b>1006707</b>	\$ 158,244			\$ 158,244
		Community Housing Services PATH 3rd Party Agreements- Abode Services	<b>1006692</b>	\$ 246,772			\$ 246,772

## CDBG, HOME, ESG, HOPWA 2024/25 ALLOCATIONS

### Attachment A

CDBG PROJECT	Line	AWARDEE	Project Numbers	CDBG FY 24/25 Funding - Up To	REVOLVING LOAN PROGRAM - Up To	CDBG CARRY-FORWARD - Up To	TOTAL
City of Oakland Business Assistance	8	City of Oakland Economic Workforce Development Department	1006871	\$ 310,858			\$ 310,858
CDBG Program Administration	9	City of Oakland HCD Community Development & Engagement Unit Administration	1006883	\$ 909,944			\$ 909,944
CDBG Program Delivery	10	City of Oakland HCD Community Development & Engagement Unit Program Delivery	1006883	\$ 601,635			\$ 601,635
Anti-Displacement Info and Referral & Relocation Staff	12	City of Oakland HCD Community Development & Engagement Unit Anti-Displacement Program	1006883	\$ 181,000			\$ 181,000
Code Compliance Relocation Program	11	City of Oakland HCD Community Development & Engagement Unit	1006877	\$ 162,000			\$ 262,000
Code Compliance Relocation Program			1006876			\$ 100,000	
City of Oakland HCD Fair Housing	13	East Bay Community Law Center	1006873	\$ 261,476			\$ 261,476
Commercial Lending	13	Main Street Launch	1006889	\$ 300,000			\$ 300,000
Homeless Prevention Pilot (Housing Stability/Housing Related Legal and Rental Assistance)	14	Bay Area Community Services	1006891	\$ 604,818			\$ 604,818

**CDBG, HOME, ESG, HOPWA 2024/25 ALLOCATIONS**

**Attachment A**

CDBG PROJECT	Line	AWARDEE	Project Numbers	CDBG FY 24/25 Funding - Up To	REVOLVING LOAN PROGRAM - Up To	CDBG CARRY-FORWARD - Up To	TOTAL
Acquisition and/or Rehabilitation for support of affordable housing and/or Rapid Response Homeless Housing	15	City of Oakland/ HCD Protection and Preservation	<b>1006893</b>	\$2,066,848			\$ 2,066,848
<b>CDBG &amp; RLPI Total</b>				<b>\$7,484,410</b>	<b>\$850,000</b>	<b>\$ 478,000</b>	<b>\$ 8,812,410</b>

		Totals (All 24/25 Grants+ CDBG Carryforward)		\$14,260,551	\$850,000	\$ 478,000	\$ 15,588,551
				CDBG, HOME, HOPWA, ESG	RLPI	CDBG Carryforward	All 2024/25 Funds