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OAKLAND
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AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Fred Blackwell

SUBJECT: Application for Proposition 1C Funds for Fruitvale Transit Village Phase II
DATE: August 29, 2013

City Administrator
Approval

Date

9/29/13

COUNCIL DISTRICT: # 5

RECOMMENDATION

Staff Recommends that the City Council adopt the following legislation:

Resolution Authorizing The City Administrator To Apply For, Accept And Appropriate Funds In A Total Amount Not To Exceed \$8 Million From The California Department Of Housing And Community Development Under The Transit Oriented Development Program For The Fruitvale Transit Village Phase II Housing Project

EXECUTIVE SUMMARY

Staff seeks authorization for an application, as a co-applicant with the Spanish Speaking Unity Council (Unity Council), for up to \$8 million in combined grant and loan funds for the Fruitvale Transit Village Phase II housing development (FTV Phase II) from the California Department of Housing and Community Development (HCD) under the Transit Oriented Development (TOD) program. The application was submitted to HCD on August 14, 2013. Staff also seeks authorization to accept and appropriate grant funds and to sign grant agreements with HCD if the application is successful.

OUTCOME

If the resolution is approved, the City and Unity Council will be eligible to receive HCD grant funds under the final funding round for the TOD grant program. The FTV Phase II project is to be located on 3.41 acres currently used for BART parking, and current plans for the first stage of housing development are for 92 rental units on a 1.41 acre portion of the site.

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BACKGROUND/LEGISLATIVE HISTORY

The TOD Housing Program was funded by Proposition IC, the Housing and Emergency Shelter Trust Fund Act of 2006. Its primary objectives are to increase the overall supply of housing, increase public transit ridership, and minimize automobile trips. The program seeks to accomplish these objectives by providing financial assistance for the development of housing and related infrastructure near public transit stations. The TOD Housing Program is authorized by Health and Safety Code sections 53560-53564, adopted by SB 1689 (chpt. 27, stats. 2006).

Under the program, low-interest loans are available as gap financing for rental housing developments that include affordable units, and as mortgage assistance for homeownership developments. In addition, grants are available to cities, counties, and transit agencies for infrastructure improvements necessary for the development of specified housing developments, or to facilitate connections between these developments and the transit station. The Oakland Redevelopment Agency (Agency) and the Unity Council applied for but did not receive Proposition IC funds for FTV Phase II during the second funding round for the program in 2009, per Agency Resolution No. 2009-0041.

In May of 2013 HCD announced the third and final funding round, and on August 14, 2013 the City and the Unity Council, the non-profit developer for the FTV Phase II project, co-applied for a \$4 million grant and \$4 million loan for FTV Phase II. Because the Unity Council decided to apply shortly before the application deadline and because of the Council schedule it was not possible to have the application authorized by Council before it was submitted.

The FTV Phase II project is to be located at the Fruitvale BART Station on a 3.41 acre site owned by the City which is currently used as a BART parking lot. In 2010, pursuant to Agency Resolution No. 2010-0100 C.M.S., the Agency purchased the project site from BART for \$6 million. Proposition IC grant funds will help finance the initial 92 units of housing as well as infrastructure to support the fully entitled development of 275 units.

Under the Guidelines for the third round of Proposition IC funding, housing construction must commence within two years of the grant award and funds must be disbursed by February 2016. FTV Phase II can meet these deadlines because the development has already received planning approval and the City owns the site. Other transit-oriented development projects in Oakland are not viable candidates for this funding round because they have already received Proposition IC funding, as is the case with the Coliseum BART, MacArthur BART and 19th Street BART infill and transit-oriented developments, or because they are not sufficiently advanced to meet the program deadlines, as is the case with West Oakland BART and Lake Merritt BART developments.

ANALYSIS

The overall plan for the Fruitvale Transit Village Phase II project includes 275 units of market-rate and affordable housing wrapped around a five-story parking garage. On May 19, 2010, the Oakland City Planning Commission approved a Preliminary Development Plan, Tentative Tract Map, Conditional Use Permit and certification of an Environmental Impact Report for the project, which have been extended until December 2013. If the grant application is successful, TOD infrastructure grant funds will be used to partially reimburse the developer for the costs of the parking structure and other infrastructure supporting the housing development. The TOD loan will provide gap financing for the first stage of housing development, with 92 units on a 1.41 acre portion of the 3.41 acre site. The Proposition 1C application proposed 80 affordable units for the 92-unit initial stage of the housing development, but the mix of market-rate and affordable units may be adjusted based on funding sources and prior agreements when the project development team is identified. If the grant application is successful, the City will negotiate the disposition of the housing site with the developers.

PUBLIC OUTREACH/INTEREST

The City is co-applying for the TOD Program grant with the Spanish Speaking Unity Council, a local non-profit community development corporation which has led revitalization efforts at the Fruitvale BART station since 1991. The Unity Council's mission is to help families and individuals build wealth and assets through comprehensive programs of sustainable economic, social and neighborhood development. The City and the Unity Council held public and community meetings regarding the FTV Phase II project prior to its approval by the Oakland City Planning Commission. The Unity Council has worked with the Fruitvale community extensively for over 20 years on issues related to the development of the Fruitvale Transit Village and enjoys the strong support of the surrounding community for this project.

COORDINATION

This staff report and resolution have been reviewed by the Office of the City Attorney and by the City Administrator's Budget Office.

COST SUMMARY/IMPLICATIONS

If awarded, the City will receive a grant of up to \$4 million from the California Department of Housing and Community Development (HCD) under the Transit Oriented Development (TOD) program for the purpose of creating parking facilities and other necessary infrastructure for Fruitvale Transit Village Phase II. Funds will be deposited into the California Housing and Community Development Fund (2144), and will be used to partially reimburse the developer for the costs of infrastructure improvements. Existing staff will administer the grant. The state will consider infrastructure projects close to the FTV Phase II site, such as the recently completed

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Fruitvale Alive streetscape project, as evidence of local investment in the project area. If awarded, the \$4 million loan requested for the housing development will be issued directly by HCD to the developer and will not involve the City.

FISCAL/POLICY ALIGNMENT

The development of the Fruitvale Transit Village is a long-standing goal of the City and former Agency. For example, in the most recent Coliseum Area Redevelopment Project Five-Year Implementation Plan, for fiscal years 2009-2014, the first proposed project listed is the development of the transit villages at the Fruitvale and Coliseum BART stations. The former Agency purchased the project site in 2010 for development of the FTV Phase II project.

SUSTAINABLE OPPORTUNITIES

Economic: The addition of 92, and ultimately 275, residential units from the proposed transit oriented development will increase the demand for goods and services from Fruitvale area businesses. This project will improve neighborhood conditions and make the neighborhood area more attractive to current and prospective residents, tenants and businesses that can provide employment within Oakland.

Environmental: The proposed transit oriented development will contribute to smart growth by creating neighborhood housing adjacent to mass transit, thereby reducing carbon emissions and other pollution.

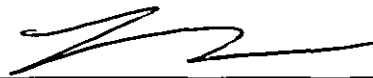
Social Equity: The proposed development provides a positive stimulus to the neighborhood, which has suffered from economic and physical blight.

CEQA

The May 19, 2010 Staff Report to the Oakland City Planning Commission determined that the 275 unit Fruitvale Transit Village Phase II project meets the required findings under CEQA Guidelines Sections 15090-15093 for Certification of the EIR and Project Approval.

For questions regarding this report, please contact Larry Gallegos, Area Manager, at 510-238-6174.

Respectfully submitted,



Fred Blackwell
Assistant City Administrator

Reviewed by:
Gregory Hunter, Neighborhood Investment Manager


Larry Gallegos, East Oakland Area Manager

Prepared by:
Daniel Seamans, Urban Economic Analyst II
Office of Neighborhood Investment

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Approved as to Form and Legality


Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO APPLY FOR, ACCEPT AND APPROPRIATE FUNDS IN A TOTAL AMOUNT NOT TO EXCEED \$8 MILLION FROM THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT UNDER THE TRANSIT ORIENTED DEVELOPMENT PROGRAM FOR THE FRUITVALE TRANSIT VILLAGE PHASE II HOUSING PROJECT

WHEREAS, the California Department of Housing and Community Development (“HCD”) has issued a Notice of Funding Availability for the Transit-Oriented Development (“TOD”) Housing Program established under the Housing and Emergency Shelter Trust Fund Act of 2006 (“Proposition 1C”); and

WHEREAS, the City wishes to submit an application, as a co-applicant with the Spanish Speaking Unity Council, to obtain from HCD a \$4 million grant and a \$4 million loan for the Fruitvale Transit Village Phase II housing project at the Fruitvale BART station; now, therefore, be it

RESOLVED: That the City Administrator is hereby authorized to submit to HCD an application for funding from the TOD program in an amount not to exceed \$8 million, consisting of a \$4 million infrastructure grant to be awarded to the City and a \$4 million loan to be awarded to the housing developers, and to accept such infrastructure grant funds for the construction of some or all of the following activities related to the Fruitvale Transit Village Phase II project at the Fruitvale BART station:

- Parking facilities
- Water, sewer and other utility improvements and relocation
- Streets and road construction improvements
- Site preparation and demolition
- Sidewalk and streetscape improvements including lighting, trees and irrigation
- Storm drains and storm water detention basins
- Facilities to support pedestrian and bicycle transit
- Other eligible activities, still to be determined; and be it

FURTHER RESOLVED: That if the application for funding is approved, the City Administrator hereby agrees to use the TOD Housing Program funds for eligible activities in the manner presented in the applications as approved by HCD and in accordance with the Program Guidelines; and be it

FURTHER RESOLVED: That the City Administrator, Deanna Santana, or her designee is authorized to negotiate and execute in the name of the City of Oakland the application, the Standard Agreement, the Disbursement Agreement, and all other documents required by HCD for participation in the TOD Housing Program for the Fruitvale Transit Village Phase II project, and to execute any amendments thereto; and be it

FURTHER RESOLVED: That said agreements shall be reviewed and approved by the City Attorney's Office for form and legality prior to execution, and copies will be placed on file with the City Clerk; and be it

FURTHER RESOLVED: That any funds that are received by the City for this project under the TOD Housing Program will be appropriated into the California Housing and Community Development Fund (2144) under project numbers to be established; and be it

FURTHER RESOLVED: That the Council hereby authorizes the City Administrator or her designee to negotiate grant terms, execute, modify, amend and extend agreements, allocate revenue, make expenditures, and take all other actions with respect to the TOD Housing Program in accordance with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID, SCHAAF and PRESIDENT KERNIGHAN

NOES -

ABSENT -

ABSTENTION -

ATTEST. _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California