



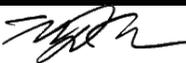
# AGENDA REPORT

**TO:** Edward D. Reiskin  
City Administrator

**FROM:** Shola Olatoye  
Director, Housing &  
Community Development

**SUBJECT:** Removal of Co-Developer at Harp  
Plaza Apartments

**DATE:** August 20, 2021

City Administrator Approval 

Date: September 7, 2021

## **RECOMMENDATION**

**Staff Recommends That The City Council Adopt A Resolution Amending City Council Resolution No. 87018 CMS, Which Authorized \$3 Million In Loan Funding For The Harp Plaza Apartments Project, To Remove Dignity Housing West Inc. As Co-Developer With Community Housing Development Corporation.**

## **EXECUTIVE SUMMARY**

Adopting the proposed resolution would authorize the substitution of 2017 Notice Of Funding Availability (NOFA) award from Dignity Housing West, Inc (DHW) and Community Housing Development Corporation (CHDC) to only CHDC for the Harp Plaza Apartments (the "Project") in West Oakland.

## **BACKGROUND / LEGISLATIVE HISTORY**

### ***Background***

Harp Plaza Apartments consists of 20 low-income units, located at 430 28<sup>th</sup> Street in the Pill Hill neighborhood (Council District 3). Since the Project was built in with tax credits in 1992 by CHDC and DHW ("Developer"), the Project remains a low-income housing development serving primarily formerly homeless persons and families. Dignity Housing West, Inc., as an operator of transitional housing in addition to permanent housing, oftentimes reserved units in this development for families and individuals exiting its transitional housing program. Currently the Project consists of eight (8) two-bedroom units and twelve (12) three-bedroom units affordable to households earning up to 60 percent area median income (AMI).

### ***Legislative History***

In December 1992, CHDC and DHW formed a limited partnership, Dignity Housing West II Associates, LP, to facilitate the tax credit transaction for the rehabilitation and stabilization of the Property. Subsequently, the Limited Partnership received a loan in the amount of \$600,000 and

City Council  
September 21, 2021

entered into a regulatory agreement with the Former Redevelopment Agency pursuant to Resolution No. 92-09 C.M.S. adopted on March 17, 1992. The loan amount was increased by \$350,000 pursuant to Resolution No. 92-67 adopted on November 10, 1992. On September 3, 2014, the City issued a NOFA soliciting applications for funding for affordable housing developments. Together, CHDC and DHW jointly submitted a proposal in response to the NOFA to rehabilitate the Harp Plaza Apartments. The Developer was awarded \$1,250,000 for the rehabilitation pursuant to Resolution No. 85410 C.M.S.

On August 18, 2015, the Developer entered into an Amended and Restated Loan Agreement to consolidate the previous loans with the new NOFA funds in the amount of \$2,200,000 and entered into an Amended Regulatory Agreement that would extend the affordability for 55 years. The funds awarded in the 2014 NOFA have been used to repair elevators, replace smoke detectors, and upgrade vacant units for accessibility and the visual/hearing impaired. The funds were also used to rehabilitate 3 units that were damaged by water.

### ***Recent City Actions***

As co-developers, DHW and CHDC submitted an application for City development funding in the amount of \$3,000,000 in the City's 2017-2019 NOFA for Affordable Housing to cover additional rehabilitation work needed on the Project. The 2017 NOFA application proposed additional enhancements for accessibility, mechanical and plumbing repairs, and replacement of doors and flooring in units.

On December 18, 2017, City Council approved City Council Resolution No. 87018 C.M.S., which placed Harp Plaza Apartments on an approved funding pipeline for affordable housing development funding. The Resolution named CHDC as DHW's co-developer for the Project.

In August 2021, the City ministerially authorized the transfer of General Partner interest from DHW to CHDC, and the limited partner interest from Dignity Housing Assistance Corporation to CHDC's affiliate, Wood Development Corporation (see ***Attachment A***).

## **ANALYSIS AND POLICY ALTERNATIVES**

### ***Request to Remove DHW as Co-Developer***

In April 2021, CHDC informed Housing & Community Development Department (HCD) staff that it was seeking to terminate its relationship with DHW. DHW has not maintained an active status with the California Secretary of State and is now suspended.

CHDC<sup>1</sup> was formed in 1990 with the goal of creating and sustaining vibrant communities for low- to moderate-income individuals, seniors and families by providing high-quality affordable housing, economic development and supportive services. CHDC serves households throughout the San Francisco/Oakland Bay Area, including Oakland, Richmond, Pittsburg, Antioch and beyond. CHDC serves people of all income levels but specializes in serving low- and moderate-income families. A large majority of CHDC's clients have incomes below 80 percent of AMI.

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<sup>1</sup> [CHDC – Creating Vibrant Communities Throughout the Bay Area \(communityhdc.org\)](http://communityhdc.org)

CHDC exceeds the minimum development qualifications under the City's NOFA process and has more recent and extensive multi-family housing experience. The removal of DHW is not anticipated to cause any adverse impacts to the Project.

### **FISCAL IMPACT**

The fiscal impact of this action is minimal, mainly consisting of staff time to review. The rehabilitation will be funded by Measure KK Housing and Infrastructure Bond (Affordable Housing Fund 5333) and 2021-22 HUD HOME Investment Program Fund (Fund 2109).

### **PUBLIC OUTREACH / INTEREST**

CHDC has met with and had extensive follow-up discussions with local elected officials and community organizations regarding its plans for the site.

### **COORDINATION**

This staff report and legislation was prepared by the Housing and Community Development Department and reviewed by the Office of the City Attorney and the Budget Bureau.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** Development loan funds will generate demand for professional services in Oakland. Providing individuals and families with affordable housing helps provide financial stability for low income households which could free-up income to spend on other goods and services in Oakland.

**Environmental:** The proposed development is close to public transit, including the 19<sup>th</sup> Street Bay Area Rapid Transit (BART) station, as well as numerous Alameda-Contra Costa (AC) Transit lines. CHDC is committed to using green materials during the rehabilitation.

**Race and Equity:** CHDC is a Black-led organization. The City is supportive of expanding the pool of emerging developers, especially Black-led developers. Further, the Project will provide housing for households that have the fewest options and face significant barriers in finding stable housing in Oakland. In addition, the Project will address the building's deferred maintenance and any outstanding health and safety items, as well as provide facility improvements for its low-income residents.

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

Staff has determined that Harp Plaza Apartments will be categorically exempt from CEQA as an existing 20-unit apartment building with no expansion of existing use as the result of the renovation and will have no significant impact on the environment. This Project meets the

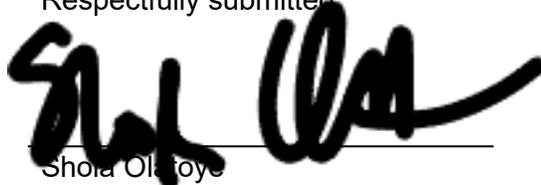
conditions for Section 15301(d)(existing facilities) and Section 15183 (Projects consistent with a community plan, general plan, or zoning).

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Adopt A Resolution Amending City Council Resolution No. 87018 CMS, Which Authorized \$3 Million In Loan Funding For The Harp Plaza Apartments Project, To Remove Dignity Housing West Inc. As Co-Developer With Community Housing Development Corporation.

For questions regarding this report, please contact Christia Katz Mulvey, Housing Development Manager, at (510) 238-3623.

Respectfully submitted,



Shola Olatoye  
Director, Housing and Community Development  
Department

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Attachments (1):

A. Organizational Chart before and after transfer of partnership interest to CHDC