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OAKLAND

2012 APR 26 PM 1:06

AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Fred Blackwell

SUBJECT: Grant for Harrison Senior Housing Project **DATE:** April 12, 2012

City Administrator
Approval

Date

4/25/12

COUNCIL DISTRICT: 2

RECOMMENDATION

Staff recommends that the City Council adopt:

A Resolution Authorizing a Grant in the Amount of \$500,000 to Oakland Housing Initiatives and Christian Church Homes of Northern California from State of California Proposition IC Funds for Development of Parking at the Harrison Senior Housing Project Located at 1633 Harrison Street and 321 17th Street.

EXECUTIVE SUMMARY

The purpose of this report is to recommend adoption of a resolution authorizing a grant in the amount of \$500,000 to Oakland Housing Initiatives and Christian Church Homes of Northern California (jointly the "Developer") from State of California Proposition IC Funds for Development of Parking (the "Project") at the Harrison Senior Housing Project (the "Housing Project") located at 1633 Harrison Street and 321 17th Street.

The former Redevelopment Agency ("Agency") previously applied for a grant using the Housing Project and Uptown Phase II under the California Department of Housing and Community Development's ("HCD") Infill Infrastructure Grant ("IIG") Program, and was awarded a grant of \$9,903,000. The IIG Grant provides funding for infrastructure improvements directly related to planned housing projects. The parking component of the Housing Project is an eligible cost under this grant. The City, as the successor to the housing functions of the Agency, ("City") desires to enter into a grant agreement with the Developer so that a portion of this grant from the IIG Program be used for the parking component. The Agency has also previously authorized an affordable housing development loan to the Developer.

The source of funding for this grant is contingent upon the execution of the Standard Agreement and the Disbursement Agreement between the City and HCD under the IIG Program.

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OUTCOME

Adoption of this legislation will allow the City to enter into a grant agreement with Oakland Housing Initiatives and Christian Church Homes of Northern California to disburse funds in the amount of \$500,000 towards the development of a parking structure for the Harrison Senior Housing Project. Funding for this grant is contingent upon the execution of the State of California Proposition IC Infill and IIG Agreement with the City.

BACKGROUND/LEGISLATIVE HISTORY

The following legislative history explains the Housing Project's existing relationship with the former Redevelopment Agency as well as the authorization of the source of funding behind this grant.

Notice of Funding Availability Loan

On March 20, 2007, pursuant to Agency Resolution No. 2007-0021 C.M.S., the former Redevelopment Agency authorized an affordable housing development loan in an amount not to exceed \$5,133,000 to Oakland Housing Initiatives and Christian Church Homes of Northern California. Two extensions on the time funds are reserved for this Project were authorized on March 17, 2009, pursuant to Agency Resolution No. 2009-0026 C.M.S., and on March 16, 2010, pursuant to Agency Resolution No. 2010-0041 C.M.S. The Developer will enter into a grant agreement with the City for funding in addition to this previously authorized loan.

Proposition IC Infill Infrastructure Grant Program

On March 4, 2008, pursuant to Agency Resolution No. 2008-0029 C.M.S, the Redevelopment Agency authorized the submittal of applications to HCD for funding under the IIG Program. The resolution also authorized acceptance and appropriation of grant funds from this program and the execution of standard agreements and any related documents necessary, if selected for funding. Specifically, this resolution authorized an allocation in the amount of up to \$20 million for infrastructure activities related to the Uptown Project.

On June 24, 2008, the Redevelopment Agency received a grant award from HCD's IIG Program for the Central Business District/Uptown Project in the amount of \$9,903,000. The application for this program is based on two Qualifying Infill Projects (QIPs), which are Harrison Street Senior Housing Project and the Uptown Mixed-Use Project. The Housing Project satisfies the required affordable housing component.

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On April 24, 2012, the Community and Economic Development (“CED”) Committee will be considering resolutions authorizing the City of Oakland to serve as successor agency and housing successor to the Redevelopment Agency to accept and appropriate grant funds under the IIG Program for the Uptown Project and authorizing the City Administrator, or her designee, to take actions with respect to the Program.

ANALYSIS

Project Description

Harrison Street Senior Housing is a 73-unit affordable housing project developed by a nonprofit partnership. It started construction on December 15, 2010, and completion is projected in September, 2012. The Housing Project converts a surface parking lot (1633 Harrison Street), which was formerly a gas station, and a vacant commercial building (321-17th Street) into an infill development serving seniors aged 62 or older who fall in the category of very low-income (up to 50% Area Median Income) and extremely low-income households (up to 30% Area Median Income). All units are either accessible or adaptable, eight of which are reserved for either mobility-impaired residents or hearing and/or vision-impaired residents.

The grant will be used towards the parking component of this Housing Project, including the garage structure, site work, such as curb, gutter, city sidewalk, and bicycle facilities. The garage will be located on the first floor of the building and will contain 20 parking spaces, including one handicap stalls, which is van-accessible and located immediately adjacent to the elevators. Per the Oakland Planning Code, 18 spaces are required for seniors, leaving two spaces for visiting staff and the resident manager.

Proposition IC Infill Infrastructure Grant (IIG) Program

The IIG Program, also known as the Infill Housing Program, was established by the State of California to increase the overall supply of housing, increase the supply of affordable housing, increase public transit ridership, and minimize automobile trips in California. More specifically, the IIG Program funds infrastructure improvements necessary to facilitate new infill housing. These improvements must be directly related to a planned affordable housing project. This program is administered by HCD.

The Agency previously applied for the IIG grant using the Harrison Senior Housing Project and Uptown Phase II. The Agency was awarded a grant in the amount of \$9,903,000. Since the award, HCD has authorized the replacement of Uptown Phase II with the Domain by Alta project. The grant must be used towards pre-approved infrastructure improvements. The Agency submitted a list of potential Capital Improvement Projects (CIPs) for use of this grant,

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one of which is the parking component for the Housing Project. HCD determined that this is an eligible cost according Section 304 (a)(5) of the HCD's Infill Infrastructure Guidelines. Therefore, \$500,000 of this grant will be applied towards costs for the parking structure, which supports residential units at the Harrison Street Senior Housing project.

Since the source for this grant is from the State's IIG Program, the funding is contingent upon the execution of the Standard Agreement, the Disbursement Agreement, and all other documents required by HCD for participation in the IIG Program, between the City as housing successor and HCD.

Schedule of Grant Agreement

The Developer of the Housing Project anticipated funding for their parking structure when the Agency first applied for the grant award from the IIG Program. Therefore, \$500,000 was budgeted in the Housing Project's pro forma.

The Agency and HCD executed Standard Agreements for the grant on March 1, 2011, and later agreed to amend the grant agreements to extend the deadline for expending grant funds and change other terms as required. However, pursuant the State's ABX1 26, the Agency dissolved effective February 1, 2012. Consequently, HCD requires that the City acting as successor agency and housing successor to the Agency adopt specific legislation authorizing the City to serve as successor agency and housing successor to the Agency to accept and appropriate grant funds under HCD's IIG program for implementation of projects. This legislation will be presented to the CED Committee on April 24, 2012, with final Council approval sought by May 1, 2012.

This grant was originally anticipated to be received last year, but due to these unforeseeable delays, the Developer has had to bridge this \$500,000 gap with a temporary bridge loan from the Oakland Housing Authority ("OHA"). Authorization of the requested grant would allow the Developer to pay back the loan to OHA.

PUBLIC OUTREACH/INTEREST

There is no public outreach required for the Project under the requirements of the Proposition IC Infill and Infrastructure Grant Agreement.

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COORDINATION

Staff consulted with the Developer's project manager and staff in HCD to prepare this report. Staff submitted this report to the City Attorney's Office and Budget Office for review and approval. Finally, staff is working with HCD to secure the funding source and administer the agreement for this grant.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:

The amount of funding recommended is \$500,000. The total cost of the Project is \$711,580. Including the Project, the total development cost of the Housing Project is approximately \$21,655,000.

2. COST ELEMENTS OF AGREEMENT/CONTRACT:

The City will enter into a grant agreement with the Developer for an amount not to exceed \$500,000.

3. SOURCE OF FUNDING:

The City/Successor Agency will receive a \$9,903,000 grant from the Infill Infrastructure Grant Program, \$500,000 of which will be allocated towards the pre-approved Capital Improvement Project, Harrison Street Senior Housing Project Parking Structure.

Funds for the \$500,000 grant will be received by the City into Fund 2144 (California Housing and Community Development) and Project Q391420 (IC Harrison Senior Housing).

4. FISCAL IMPACT:

The \$500,000 grant will provide capital funding to implement infrastructure components of development projects. It will be used for construction, construction engineering, contractor fees, and contingencies. This grant will have no direct impact on the General Fund.

FISCAL/POLICY ALIGNMENT

The proposed grant will provide opportunity to complete a Project that is in alignment with the City's priority of fostering sustainable economic growth and development for the benefit of Oakland residents and businesses.

SUSTAINABLE OPPORTUNITIES

Economic: The Housing Project is required to be in compliance with the City of Oakland's Employment and Contracting programs. The Project is compliant with all of the City and Federal contractor programs. City contracting programs include the 20% Local and Small Local Business Enterprise Program, 50% Local Employment Program, and 15% Oakland Apprenticeship Workforce Development Partnership Systems program. This ensures that this project provides employment to Oakland residents and businesses located in Oakland.

Environmental: The Housing Project that is requesting this grant replaces a former gas station site with an infill housing development project. The parking garage provides only 20 spaces, meeting the Oakland planning code, and encourages residents to utilize nearby public transportation, including AC Transit bus lines and the BART station. The Project meets the City of Oakland's Multifamily GreenPoint Checklist and the developer is working with the architect, contractor, and consultants to incorporate many energy-efficiency and sustainability features that are also consistent with the recently adopted California Tax Credit Allocation Committee sustainability standards, the standards promoted by the Sustainable Development Workgroup of the Nonprofit Housing Coalition of Northern California.

Social Equity: The Housing Project provides 100% affordable rental units to seniors earning up to 50 percent of the Area Median Income. The Housing Project is also compliant with all of the City and Federal contractor programs. All of the workers performing construction work for the City funded Project component must comply with the Davis Bacon and State of California Prevailing Wages. The developer is also subject to the Living Wage Ordinance. Federal requirements are stated in Section 3 of the Housing and Urban Development Act of 1968.

CEQA

Per the Minor Conditional Use Permit for this Housing Project (CDV08-114) issued on August 8, 2008, the Project was determined to be exempt from environmental review under the State of California Environmental Quality Act (CEQA) Guidelines per Section 15183(f) (Projects Consistent with a Community Plan, General Plan, or Zoning); and Section 15332 (Infill Development Projects). The Project received CEQA clearance from all lenders.


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For questions regarding this report, please contact Esther Tam, Urban Economic Analyst II, at (510) 238-6169.

Respectfully submitted,



FRED BLACKWELL
Assistant City Administrator

Reviewed by: 
Gregory D. Hunter, Deputy Director
Office of Neighborhood Investment

Prepared by:
Patrick Lane, Manager
Office of Neighborhood Investment

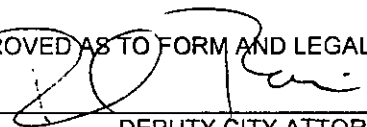
Prepared by:
Esther Tam, Urban Economic Analyst II
Office of Neighborhood Investment

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APPROVED AS TO FORM AND LEGALITY:

BY: 
DEPUTY CITY ATTORNEY

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

A RESOLUTION AUTHORIZING A GRANT IN THE AMOUNT OF \$500,000 TO OAKLAND HOUSING INITIATIVES AND CHRISTIAN CHURCH HOMES OF NORTHERN CALIFORNIA FROM STATE OF CALIFORNIA PROPOSITION 1C FUNDS FOR DEVELOPMENT OF PARKING AT THE HARRISON SENIOR HOUSING PROJECT LOCATED AT 1633 HARRISON STREET AND 321 17TH STREET

WHEREAS, on March 4, 2008, Redevelopment Agency of the City of Oakland (the "Redevelopment Agency") adopted Agency Resolution No. 2008-0029 C.M.S., authorizing the submittal of an application for funding under the Proposition 1C Infill Infrastructure Grant ("IIG") program to the Department of Housing and Community Development ("HCD") for the Uptown Project, and authorizing acceptance and appropriation of grant funds from this program for eligible activities in the manner presented in the application as approved by HCD and in accordance with IIG program guidelines; and

WHEREAS, on March 1, 2011, the Redevelopment Agency and HCD executed a Standard Agreement for IIG program funding for the Uptown Project in an amount not to exceed \$9,903,000; and

WHEREAS, the IIG Uptown program authorized a funding allocation for Capital Improvement Projects, including a \$500,000 allocation to develop a parking structure to serve the Harrison Street Senior Housing Project, a 73-unit affordable senior housing project located at 1633 Harrison Street and 321 17th Street in the City of Oakland; and

WHEREAS, on January 10, 2012, the City Council adopted Resolution No. 83680 C.M.S., electing to retain and assume the housing assets, functions, and obligations of the Redevelopment Agency pursuant to Health & Safety Code Section 34176 upon Redevelopment Agency dissolution; and

WHEREAS, the Redevelopment Agency dissolved on February 1, 2012;
and

WHEREAS, the IIG Uptown grant to the Harrison Street Senior Housing Project is a housing asset and function of the former Redevelopment Agency that has been retained and assumed by the City; and

WHEREAS, on August 8, 2008, it was determined that this project is exempt from environmental review under the State of California Environmental Quality Act (CEQA) Guidelines per Section 15183(f) (Projects Consistent with a Community Plan, General Plan, or Zoning); and Section 15332 (Infill Development Projects); and

WHEREAS, the City as the successor to the housing assets of the Agency, desires to enter into a grant agreement with Oakland Housing Initiatives and Christian Church Homes of Northern California (jointly the "Developer"), a nonprofit partnership that owns the Harrison Street Senior Housing Project and will develop the parking structure; now, therefore, be it

RESOLVED: That the City Council hereby authorizes a grant of IIG program funds to Oakland Housing Initiatives and Christian Church Homes of Northern California in the amount of \$500,000 for development of a parking structure to serve the Harrison Street Senior Housing Project; and be it

FURTHER RESOLVED: That the availability of this grant is contingent upon the execution of the Standard Agreement, the Disbursement Agreement, and all other documents required by HCD for participation in the IIG Program; and be it

FURTHER RESOLVED: That the funds received by the City for this project will be deposited and appropriated to Fund 2144 (California Housing and Community Development) and Project Q391420 (1C Harrison Senior Housing); and be it

FURTHER RESOLVED: That the City Administrator or her designee is hereby authorized to negotiate and enter into a grant agreement with the Developer in the amount of \$500,000 for development of parking at the Harrison Street Senior Housing Project; and be it

FURTHER RESOLVED: That the City Administrator or her designee is further authorized to take whatever action is necessary with respect to the grant and the project consistent with this Resolution and its basic purposes; and be it

FURTHER RESOLVED: That all documents related to this transaction shall be reviewed and approved by the City Attorney's Office prior to execution, and copies will be placed on file with the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2012

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL,
 SCHAAF AND PRESIDENT REID

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
 LATONDA SIMMONS
 City Clerk and Clerk of the Council,
 City of Oakland