

CITY OF OAKLAND
AGENDA REPORT

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OFFICE OF THE CITY CLERK
OAKLAND

2004 NOV 10 PM 5: 23

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: November 16, 2004

RE: **SUPPLEMENTAL REPORT ON SUBSIDIZED HOUSING UNITS AT RISK
OF CONVERSION TO MARKET RATE**

This report contains additional and updated information requested by the Community and Economic Development Committee at its October 26, 2004 meeting.

Updated Expiration Dates for Section 8 Contracts

HUD has just released an updated database on expiring Section 8 contracts. Staff has used this database to update the expiration dates for all existing project-based Section 8 contracts. In addition, several recently completed senior and special needs projects have been added to the list, although they have no risk of conversion to market rate, in order to present a fuller picture of the inventory of project-based assistance.

Attachment A provides this updated information and replaces the table provided in the original report. As can be seen, there are a total of 48 projects with a total of 4,525 units, of which 4,105 have project-based tenant assistance contracts that provide subsidies to make the units affordable even to tenants with little or no income. Of these, only 5 projects are considered to be at risk of conversion to market rate. Eleven projects have been preserved through acquisition or refinancing that will require the owners to continue to renew Section 8 contracts as long as renewals are offered by HUD. The remaining 32 projects are all owned by nonprofit organizations who have no incentive to terminate the Section 8 contracts, and therefore are considered to be at low risk of conversion.

Attachment B provides information on those projects that are at risk, those that have been preserved, and those that were converted to market rate.

As noted in the original staff report, property owners are required under California law to provide one year advance notice to tenants and the City if they intend to terminate their contracts. They are also required to give qualified purchasers the opportunity to submit purchase offers to preserve the properties. Staff will again remind owners of the at-risk properties of this obligation.

Comparison with 1998 Report to City Council

In September 1998, staff presented to the City Council a report on potential loss of affordable housing through termination of Section 8 contracts. Two projects that were identified as high risk, Garden Manor Square (72 units) and Park Villa (54 units), did in fact terminate their

Item: _____
City Council
November 16, 2004

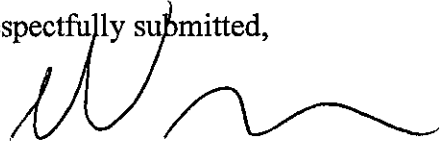
contracts in 2000 and 2001 respectively. Three other projects identified as high risk in 1998, Park Village Apartments (84 units), Lakeside Apartments (66 units) and S&S Apartments (5 units) remain at risk, although HUD reports that the Lakeside Apartments renewed earlier this year for another five-year term.

A number of other projects that were considered medium risk have been purchased by nonprofit or for profit owners and the use restrictions have been extended for as much as an additional 55 years, thereby eliminating them from the pool of at risk properties.

Ongoing Risks

As noted in the October 26, 2004 report, the biggest uncertainty lies with the continued funding of the subsidies. While to date there have been no serious proposals to eliminate the renewal of project-based subsidies (unlike tenant-based assistance, which has already experienced cuts), it will be necessary to continuously monitor the Federal budget process and join with other groups in advocating for full renewal of all existing housing subsidies.

Respectfully submitted,



DANIEL VANDERPRIEM

Director of Redevelopment, Economic
Development and Housing

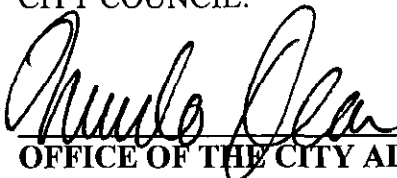
Reviewed by:

Janet M. Howley,
Interim Director of Housing and Community
Development

Prepared by:

Jeffrey P. Levin,
Housing Policy and Programs Coordinator
Housing & Community Development Division

APPROVED AND FORWARDED TO THE
CITY COUNCIL:



OFFICE OF THE CITY ADMINISTRATOR

Attachment A

Federally-Subsidized Rental Units and Date of Expiration of Section 8 Contracts

Bold Faced Projects = Preservation Projects

Highlighted Projects = Projects at Risk

Project Name	Address	Total Units	Sec 8 Units	Ownership	Financing	Expiration Date	Risk Level
Allen Temple Arms I	8135 International Blvd.	75	75	Nonprofit	CalHFA	Aug 2011	Low
Allen Temple Arms II	1388 81 st Ave	51	51	Nonprofit	HUD 202	Apr 2007	Low
Allen Temple Arms III	10121 International Blvd	49	49	Nonprofit	HUD 202 and City	Oct 2006	Low
Allen Temple Arms IV	7607 International Blvd	24	24	Nonprofit	HUD 811 and City	Jul 2021	Low
Apollo Housing/City Towers	1065 8th St	231	231	Lim. Dividend	CalHFA – Preservation Project	Aug 2005	Low
Bancroft Senior Homes	2320 55 th Ave	60	60	Nonprofit	HUD 202 and City	Sep 2006	Low
Baywood Apartments	225 41st St	77	77	For Profit	CalHFA – Preservation Project	Jul 2011	Low
Beth Asher	3649 Diamond Ave	50	50	Nonprofit	HUD 236	Dec 2004	Low
Beth Eden Housing	1100 Market St	54	54	Nonprofit	HUD 236	Jun 2005	Low
Casa Velasco	3430 Foothill Blvd.	20	20	Nonprofit	City and other	Feb 2024	Low
Coolidge Court	3800 Coolidge Ave	19	18	Nonprofit	HUD 202 and City	Jun 2018	Low
E. E. Cleveland Manor	2611 Alvingroom Court	54	53	Nonprofit	HUD 202 and City	Oct 2010	Low
East Bay Transitional Homes	2787 79 th St	12	12	Nonprofit	HUD 202	Jul 2005	Low
Eldridge Gonaway Commons	275 East 12th St	39	39	Nonprofit	CalHFA and City	Oct 2012	Low
Homes Now in the Community	1800 Linden St	10	10	Nonprofit	HUD 202	Mar 2008	Low
Hotel Oakland	270 13 th St	315	315	For Profit	HUD 221(d)4	Oct 2005	Med
Irene Cooper Terrace	250 E. 12 th ST	40	40	Nonprofit	HUD 202	Sep 2020	Low
J. L. Richard Terrace	250 East 12 th St	80	80	Nonprofit	HUD 202 and City	Aug 2008	Low
Keller Plaza	5321 Telegraph Ave	201	168	Nonprofit	HUD 236 – Preservation Project	Aug 2005	Low

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Project Name	Address	Total Units	Sec 8 Units	Ownership	Financing	Expiration Date	Risk Level
Lake Merritt Apartments	1417 First Ave	55	54	For Profit	CalHFA/City – Preservation Project	Oct 2005	Low
Lakeside Apartments	136 East 12 th St	66	66	For Profit	Other	Jun 2009	High
Las Bougainvilleas	1223 37th Ave	68	67	Nonprofit	HUD 202 and City	Mar 2018	Low
Linda Glen	32 Linda Ave	42	40	Nonprofit	HUD 236	Aug 2005	Low
Lottie Johnson Apartments	970 14 th St	27	25	Nonprofit	HUD 236	Dec 2008	Low
Marlon Riggs Apartments	269 Vernon St	12	12	Nonprofit	HUD 811 and City	Feb 2016	Low
MOHR I Housing	720 Union St	126	126	Lim. Dividend	CalHFA – Preservation Project???	Dec 2006	Low
Noble Tower	1515 Lakeside Drive	195	195	For Profit	CalHFA – Preservation Project	Jan 2022	Low
Northgate Terrace	550 24 th St	201	155	Nonprofit	HUD 202	Sep 2005	Low
Oak Center I	1515 Market St	79	78	For Profit	CalHFA – Preservation Project???	Mar 2006	Low
Oak Center Homes	850 18th St	89	89	Lim. Dividend	CalHFA	Feb 2012	Low
Oak Center Towers	1515 Market St	195	195	Nonprofit	HUD 236	Jun 2008	Low
Otterbein Manor	5375 Manila Ave	39	39	Nonprofit	HUD 236	Jul 2009	Low
Park Village	3761 Park Blvd Way	84	84	For Profit	Other	Nov 2005	High
Posada de Colores	2221 Fruitvale Ave	100	100	Nonprofit	HUD 202	Sep 2009	Low
Providence House	540 23 rd St	40	40	Nonprofit	HUD 202	Jul 2011	Low
Rose of Sharon	1600 Lakeshore Ave	141	88	Nonprofit	HUD 236	Dec 2004	Low
S & S Apartments	2235 Inyo Ave	5	5	For Profit	Other	Aug 2005	High
Satellite Central	540 21 st St	352	344	Nonprofit	HUD 236	Jul 2009	Low

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Project Name	Address	Total Units	Sec 8 Units	Ownership	Financing	Expiration Date	Risk Level
Sister Thea Bowman	6400 San Pablo Ave	56	55	Nonprofit	HUD 202 and City	Sep 2010	Low
Sojourner Truth Manor	5815 MLK Way	88	87	Nonprofit	HUD 236/City – Preservation Project	Mar 2007	Low
Southlake Tower	1501 Alice St	130	130	Nonprofit	Other and City – Preservation Project	Nov 2009	Low
St. Andrew's Manor	3250 San Pablo Ave	60	59	Nonprofit	HUD 236/City – Preservation Project	Dec 2005	Low
St. Mark's Apartments	394 12 th St	100	100	For Profit	HUD 221(d)4	Mar 2006	Med
St. Mary's Gardens	801 10 th St	100	100	Nonprofit	CalHFA	Oct 2009	Low
St. Patrick's Terrace	1212 Center St	65	65	Nonprofit	HUD 236/City – Preservation Project	Dec 2004	Low
Valdez Plaza	280 28 th St	150	150	Nonprofit	HUD 202	Aug 2006	Low
Westlake Christian Terrace	251 28 th St	199	91	Nonprofit	HUD 202	Jun 2009	Low
Westlake Christian Terrace II	275 28 th St	200	40	Nonprofit	HUD 236	Jun 2009	Low
Total		4,525	4,105				

Attachment B
Status of At-Risk Assisted Projects in Oakland
(as of November 2004)

Project Name	Units	Risk	Details
At-Risk (2002–2011)	569		
Hotel Oakland	315	Medium	Eligible for termination in 2004, but owners have no intent to terminate.
Lakeside Apartments	66	High	Expressed intention to terminate, but has renewed through 2009.
Park Village	84	High	Section 8 contract expired 2004 – extended for 1 year.
S & S Apartments	5	High	No contact from owner, expires 2005
St. Mark's Apartments	100	Medium	Expires 2006. Owner has indicated that his decision to extend affordability on the project depends on the availability and amount of Section 8 subsidies.
Preserved	1,388		
Apollo Housing/City Towers	231		Preserved, no City funding.
Baywood Apartments	77		Preserved, no City funding.
Keller Plaza	168		Preserved, no City funding.
Lake Merritt Apartments	54		Preserved with City funding.
MOHR I	125		Preserved, no City funding.
Noble Towers	195		Preserved, no City funding.
Oak Center I	78		Preserved, no City funding.
Oak Village	117		Preserved, rents at 60% of median income. No project-based Section 8. Many tenants received Section 8 Vouchers to stay or relocate.
Sojourner Truth Manor	88		Preserved with City funding.
Southlake Tower	130		Preserved with City funding.
St. Andrews Manor	60		Preserved with City funding.
St. Patricks Terrace	65		Preserved with City funding.
Converted to Market-Rate	120		
Garden Manor Square	71		Opted out July 2000, tenants received Section 8 Vouchers to stay or relocate.
Park Villa	44		Opted out June 2001, tenants received Section 8 Vouchers to stay or relocate.
Smith Apartments	5		Opted out May 1999