



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Shola Olatoye
Director, HCDD

SUBJECT: Housing Accelerator Program Award

DATE: May 24, 2022

City Administrator Approval

Date: Jun 9, 2022

RECOMMENDATION

Staff Recommends That The City Council Adopt The Following Pieces Of Legislation:

- 1) **A Resolution Authorizing The City Of Oakland, A California Municipal Corporation, To Enter Into, Execute, And Deliver A Housing Accelerator Standard Agreement From The California Department Of Housing And Community Development For The Ancora Place Affordable Housing Project Located At 2227-2257 International Boulevard To Be Developed By Satellite Affordable Housing Associates (“SAHA”) In An Amount Not To Exceed Thirty-Eight Million Six Hundred Twenty-Eight Thousand Eight Hundred Sixty-Seven Dollars (\$38,628,867).**
- 2) **A Resolution Authorizing The City Of Oakland, A California Municipal Corporation, To Enter Into, Execute, And Deliver A Housing Accelerator Program Standard Agreement From The California Department Of Housing And Community Development For The West Grand And Brush, Phase 1 Affordable Housing Project Located At 2201 Brush Street To Be Developed By East Bay Asian Local Development Corporation (“EBALDC”) And Allied Housing, Inc. In An Amount Not To Exceed Twenty-Five Million Six Hundred Seventy-Five Thousand Five Hundred Seventeen Dollars (\$25,675,517).**

EXECUTIVE SUMMARY

Staff recommends that the City Council adopt two resolutions authorizing the City Administrator to execute the Standard Agreements as needed for the Ancora Place and West Grand & Brush, Phase 1 (“WG&B”) affordable housing projects. Ancora Place was awarded \$38,628,867 from the California Department of Housing and Community Development (“Department”) through its Housing Accelerator program (“Accelerator”). Because the City of Oakland (“City”) is considered by the Department to be a co-sponsor of the Project, and is a party to a Standard Agreement in connection with the Department’s Infill Infrastructure Grant (“IIG”) program, it must also enter into a Standard Agreement for the Housing Accelerator (“Accelerator”) program. This is a necessary step in order for the project to receive the Accelerator funds and begin construction by August 2022.

City Council
June 21, 2022

WG&B was also awarded funds from the Department’s Accelerator program (“Accelerator”) in the amount of \$25,675,517. For the WG&B project, the City is not currently a party to the Standard Agreement in connection with the Department’s IIG program, and the State initial guidance has been that the City does not need to enter into a Standard Agreement for the Accelerator program. However, in an abundance of caution, City staff are seeking authority to enter into the Standard Agreement for WG&B as well, in case the State changes their direction for this new program, in order to ensure that there’s nothing in the way of the project commencing construction by August 2022.

BACKGROUND / LEGISLATIVE HISTORY

The affordability and other basic features of the two projects are summarized in **Table 1**, below:

Table 1: Project Summaries

Project Name	Ancora Place	West Grand & Brush, Phase 1
Address	2227-2257 Intl Blvd	2201 Brush Street and 760 22 nd Avenue
Council District	2	3
Project Sponsor	SAHA	EBALDC and Allied Housing Inc.
Tenure	Rental	Rental
Total Units (incl. manager's unit)	77	59
Total Affordable Units	76	58

Affordability Level	# of Units	# of Units
20% of Area Median Income	20	28
30% of Area Median Income	15	5
40% of Area Median Income	0	0
50% of Area Median Income	25	17
60% of Area Median Income	6	0
70% of Area Median Income	10	8

Unit Size of Affordable Units	# of Units	# of Units
Studio	5	24
1 BR	25	5
2 BR	27	14
3 BR	19	15

Permanent Supportive Housing for Formerly Homeless Households (“PSH”)	16	28
Homeless Housing (non PSH)	0	2

Ancora Place

Ancora Place is a proposed 77-unit affordable housing development to be located at 2227-2257 International Boulevard in Oakland.

In 2018, the City awarded \$3,500,000 in Measure KK bond funds to SAHA to acquire the Project site. Ancora Place received an additional commitment of \$4,841,000 in City funds through the 2019-2020 Notice of Funding Availability (“NOFA”) for New Construction of Multifamily Affordable Housing.

Affordable housing developments typically require construction subsidies from several different sources. Ancora Place has received commitments of public funds from the City of Oakland, County of Alameda, the Department, and the Oakland Housing Authority:

Table 2: Ancora Place Public Agency Funding Commitments

Program	Agency	Amount	Associated City Resolution	City Action
Measure KK Site Acquisition Program (Measure KK Bond Funds)	City of Oakland	\$3,500,000	86774 C.M.S. (6/19/2017) and 86814 C.M.S. (6/29/2017)	Award Funds
2019-2020 New Construction NOFA (Local & HOME funds)	City of Oakland	\$4,841,000	87994 C.M.S. (1/21/2020)	Award Funds
Measure A1 Bond Funds	County of Alameda	\$5,370,606	n/a	n/a
No Place Like Home (“NPLH”)	Department	\$3,390,309	n/a	n/a
IIG	Department	\$5,587,216	88020 C.M.S. (2/4/2020)	Co-sponsor application
Multifamily Housing Program (“MHP”)	Department	\$11,740,653	88361 C.M.S. (11/10/2020)	Amend affordability
Accelerator	Department	\$38,628,867	(this resolution)	Enter into Standard Agreement
Project Based Section 8 Vouchers	Oakland Housing Authority	n/a (operating subsidy)	n/a	n/a
Total Construction Subsidy		\$73,058,651		

In addition to the construction subsidies, Ancora Place received a commitment of 31 Project-Based Section 8 vouchers through the Oakland Housing Authority. This commitment will provide an ongoing operating subsidy, which will help underwrite a private loan to complete the Project financing.

In order to submit a competitive application for MHP funds, SAHA needed to amend the proposed affordability levels of the Project. The income and rent restrictions for some units were revised upwards, while others were revised downwards. City Council approved these changes with [Resolution No. 88361 C.M.S.](#), adopted on November 10, 2020.

SAHA also applied for and was awarded IIG funds from the Department. The IIG program regulations required each Project to be co-sponsored by the local jurisdiction. The City Council adopted [Resolution No. 88020 C.M.S.](#) on February 4, 2020, authorizing the City to co-apply for the program, execute the IIG Standard Agreement, and accept and appropriate funds if necessary. The Project was awarded IIG funds, and the City executed the IIG standard agreement on January 27, 2022.

Accelerator program requirements stipulate that if the City is a party to the IIG Standard Agreement, it must also become a party to the Accelerator Standard Agreement. The proposed resolution would authorize this action. The City will not be a payee under the Standard Agreement or be responsible for administering Accelerator program oversight.

West Grand & Brush, Phase 1

WG&B is a proposed 59-unit development located at 2201 Brush Street and 760 22nd Avenue. More than half of the units will serve extremely low-income households, with the remainder at the very low-income (50%) level and the 70% AMI level. A total of 28 Project-Based Vouchers have been awarded to the project. The public funding commitments to WG&B are summarized in **Table 3**, below.

Table 3: WG&B Public Agency Funding Commitments

Program	Agency	Amount	Associated City Resolution	City Action
2017 New Construction NOFA (Local funds)	City of Oakland	\$1,700,000	87019 C.M.S. (12/18/2017)	Award Funds
2019-2020 New Construction NOFA (Local funds)	City of Oakland	\$3,965,000	87994 C.M.S. (1/21/2020)	Award Funds
Measure A1 Bond Funds	County of Alameda	\$5,266,428	n/a	n/a
IIG	Department	\$3,076,568	88022 C.M.S. (2/4/2020)	Co-sponsor application
Multifamily Housing Program ("MHP")	Department	\$11,616,978	89181 C.M.S. (5/17/2022)	Amend affordability
Accelerator	Department	\$25,675,517	(this resolution)	Enter into Standard Agreement, if necessary

Project Based Section 8 Vouchers	Oakland Housing Authority	n/a (operating subsidy)	n/a	n/a
Total Construction Subsidy		\$51,300,491		

Like Ancora Place, WG&B applied for and was awarded IIG funds from the Department, and has now been awarded Accelerator funds. Unlike Ancora Place, the Department did not require the City to execute the IIG Standard Agreement, and has provided email communication indicating that the City is not required to execute the Accelerator Standard Agreement. However, the Accelerator program is new, and the Department's policies may evolve as it works to administer the program and disburse funds. In the event that the Department modifies its current guidance, the City will be poised to execute the Standard Agreement on behalf of the WG&B project.

ANALYSIS AND POLICY ALTERNATIVES

Executing the Accelerator Standard Agreement is a necessary step to securing the Accelerator funds and completing the Ancora Place project. The proposed action is aligned with and would leverage the \$8,341,000 in direct financial support that the City has already committed to Ancora Place. Development of this affordable housing project for low-income and formerly homeless households directly advances the citywide priority of **housing security**.

If this resolution is not adopted by the City Council, Ancora Place's construction would be significantly impeded and delayed, jeopardizing the City's ability to provide affordable housing for extremely low, very low, and low-income residents.

Although early indications are that for the WG&B project, the City does not need to enter into a Standard Agreement with the Department for their Accelerator award, staff are seeking authority to do so in the event that the State changes its previous direction, given the August deadline to commence construction. This will ensure that the WG&B project's ability to leverage the City's \$5,665,000 investment to provide affordable housing for extremely low, very low, and low-income residents, again advancing the citywide priority of **housing security**.

FISCAL IMPACT

The program funds will be provided by the state and do not impact the City's budget. Adopting these resolutions will allow the projects to leverage state funds in order to maximize the impact of local funds. Because both projects were awarded IIG program funds, the City will also benefit from the infrastructure improvements at no cost to the City. These improvements include water, sewer, and other utility service improvements.

PUBLIC OUTREACH / INTEREST

Both developers have conducted extensive community outreach regarding their projects through community meetings and dialogue with neighborhood stakeholders. SAHA held a community meeting attended by close to fifty (50) neighbors and has reached out to numerous schools and

organizations within the vicinity of the proposed Ancora Place development. EBALDC and Allied Housing, Inc. have conducted a series of meetings with neighborhood groups on an ongoing basis to seek feedback on the project design for WG&B and priorities for the commercial and residential space.

COORDINATION

This report was prepared by the Housing and Community Development Department (“HCDD”) and has been reviewed and approved by the Budget Bureau and the Office of the City Attorney.

SUSTAINABLE OPPORTUNITIES

Economic: Accelerator program funds associated with these two projects will provide up to \$64,304,384 in state investment towards affordable housing, spurring employment in the construction and professional services sectors. Once completed, the projects will provide permanent employment for property managers, maintenance staff, and other workers. Residents will have close access to the employment hubs of downtown Oakland and San Francisco.

Environmental: Infill housing—new housing within an existing developed area—is a critical tool for reducing environmental impacts. Infill housing near jobs and transit reduces commute times for workers, which in turn reduces air pollution and greenhouse gas emissions; reduces development pressure on the wildland-urban interface, which reduces the risk of catastrophic wildfire to the state; and promotes pedestrian and bicycle-friendly communities. The City’s scoring criteria for these projects includes points for proximity to transit stations and other amenities. The projects will also directly improve the environment by remediating contaminated soil and other hazardous waste materials currently on the site.

Race & Equity: By facilitating the production of affordable housing, Accelerator program funds will help directly reduce the housing cost burden among Oakland’s low-income households. African-American and Native American residents are disproportionately likely to be unsheltered in Oakland, and African-American households are the most likely to be rent-burdened (paying more than 30% of their income towards rent); these projects will directly address these problems by providing affordable rental homes to low-income and formerly homeless households.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Both Ancora Place and WG&B have been determined to be categorically exempt from CEQA on the basis of being consistent with a community plan, general plan, or zoning (California Code of Regulations, Title 14, Section 15183(f)).

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt The Following Pieces Of Legislation:

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For questions regarding this report, please contact Brian Warwick, Housing Development Coordinator IV, at 510-238-6984.

Respectfully submitted,

Shola Olatoye

SHOLA OLATOYE
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