



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Shola Olatoye
Director, HCDD

SUBJECT: Infill Infrastructure Grant Program
Support Letter

DATE: August 22, 2022

City Administrator Approval

Date: Sep 2, 2022

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Council To Execute A Letter Of Support For the Infill Infrastructure Grant Program Projects, Under The State Of California Department Of Housing And Community Development's Infill Infrastructure Grant Program In Connection with 285 12th Street (285 12th Street), 500 Lake Park Apartments (500 Lake Park Avenue), 2700 International Boulevard (2700-2720 International Boulevard And 1490-1415 Mitchell Street), 3050 International (3050 International Boulevard), 3135 San Pablo (3135 San Pablo), 34th & San Pablo (3419-3431 San Pablo), Agnes Memorial Senior Housing (2372 International Boulevard), Lake Merritt Bart Senior (51 9th Street), Longfellow Corner (3801-3807 & 3823-3829 Martin Luther King Jr. Way); And Mandela Station (1451 7th Street).

EXECUTIVE SUMMARY

Staff recommends that the Oakland City Council (City Council) adopt the attached resolution authorizing the City Council President or designee to sign a letter of support for ten (10) affordable housing projects within the City of Oakland (City) that applied for State of California Infill Infrastructure Grant Program (IIG) funds, as required by State IIG Program Guidelines Section 206(a)(2). Staff will work with the City Administrator to draft the support letter for review and approved by the City Council President or designee, as agent of the City and a copy will be placed on file with the City Clerk.

This letter of support from the City Council will advance the City's IIG proposal to develop desperately needed affordable housing units in Oakland. This resolution for the letter of support is a new requirement of the IIG applications and are thus required by the IIG application submittal deadline of October 14, 2022.

City Council
September 20, 2022

BACKGROUND / LEGISLATIVE HISTORY

The State Housing and Community Development Department (CA HCD) released the Multifamily Finance Super Notice of Funding Availability (NOFA) in July 2022 in order to streamline four of CA HCD's rental housing programs by aligning eligibility criteria, scoring and release of funds allowing for a coordinated single application and award process.

The IIG Program is administered by the California of Housing and Community Development Department and funded by Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006. The purpose of the IIG Program is to promote infill housing development. Eligible uses of grant funds are primarily targeted towards infrastructure improvements associated with a capital improvement project that is part of an affordable housing project, such as utility service improvements, streetscape improvements, or environmental remediation costs. Site acquisition costs are also an eligible use of funds.

The IIG program is designed to complement other programs such as Low-Income Housing Tax Credits, Affordable Housing and Sustainable Communities (AHSC) funds, and local funding programs. Nearly \$280 million is available through this current IIG Notice of Funding Availability (NOFA), more than three times larger than previous funding rounds. The IIG program does not release NOFAs on a fixed annual schedule. As such, the uncertainty regarding the timing or availability of future funds underscores the importance of supporting Oakland projects applying to this funding round.

On June 7, 2022, the City Council authorized affordable housing development loans for the following affordable housing new construction projects pursuant to City Council Resolution No. 89241 C.M.S.,¹ and amended Resolution No. 89299 C.M.S.,² dated July 5, 2022 for the following: 3050 International (Satellite Affordable Housing Associates), 34th & San Pablo (East Bay Asian Local Development Corporation), Longfellow Corner at 3801-3807 & 3823-3829 Martin Luther King Jr. Way (Resources for Community Development), Agnes Memorial Senior Housing at 2372 International Boulevard (Related Companies of California), 500 Lake Park (EAH, Inc), and 2700 International (Mercy Housing). These projects, along with four (4) other affordable housing projects: 285 12th Street (285 12th Street), 3135 San Pablo (3135 San Pablo), Lake Merritt Bart Senior (51 9th Street), and Mandela Station (1451 7th Street) have also applied for the State of California Housing and Community Development's Infill Infrastructure Grant (IIG) Program and are in need of letters of support from the City Council.

ANALYSIS AND POLICY ALTERNATIVES

The developers (including three joint ventures) applied for up to \$62.7 million in IIG funds on July 12, 2022, for the following affordable housing projects listed in **Table 1**.

This recommended policy action aligns with our Citywide priority by supporting housing, economic, and cultural security to increase affordable housing to be built in Oakland.

¹ [City of Oakland - File #: 22-0436 \(legistar.com\)](#)

² [City of Oakland - File #: 22-0570 \(legistar.com\)](#)

Table 1: Proposed IIG Projects

	Project Name	Address	Developer	Number of Affordable Units	City Funding Amount Requested in 2022 NOFA	Awarded City Funds
1)	285 12 th Street	285 12 th Street	East Bay Asian Local Development Corporation (EBALDC)	66	N/A	No
2)	500 Lake Park	500 Lake Park Avenue	EAH Housing Inc.	53	\$10,061,00	Yes
3)	2700 International Boulevard	2700-2720 International Blvd and 1490-1415 Mitchell Street	The Unity Council	74	\$7,000,000	Contingent Award (dependent on CA HCD Local Housing Trust Fund award)
4)	3050 International Boulevard	3050 International Boulevard	Satellite Affordable Housing Associates (SAHA)	75	\$5,000,000	Yes
5)	3135 San Pablo Avenue	3135 San Pablo Avenue	SAHA	72	\$5,000,000	No
6)	34 th & San Pablo	3419-3431 San Pablo	EBALDC	60	\$4,000,000	Yes
7)	Agnes Memorial Senior Housing	2372 International Boulevard	Related Companies of California	60	\$4,500,000	Yes
8)	Lake Merritt Bart Senior	51 9 th Street	EBALDC	96	\$8,000,000	No
9)	Longfellow Corner	3801-3829 Martin Luther King Junior Way	Resources for Community Development (RCD)	76	\$7,000,000	Yes
10)	Mandela Station at West Oakland BART	1451 7 th Street	Strategic Urban Development Alliance, LLC (SUDA)	238	\$8,000,000	No

Of these ten (10) projects, six (6) of the projects have received a commitment of funds from the City's 2021 New Construction NOFA process, pursuant to City Council amended Resolution No. 89299 C.M.S. Another project, 285 12th Street, applied for funding through the City's 2017-18 Measure KK Site Acquisition Program and for IIG funds in 2021, was unsuccessful at obtaining a funding commitment for IIG, and has now applied for the 2022 round of funding. If the six (6) City funded projects do not receive a commitment through the States IIG Program, the developers will continue their best efforts to secure additional financing through alternative sources. This will cause a delay if they do not receive IIG funds.

Three (3) additional projects, Mandela Station at the West Oakland Bay Area Rapid Transit (BART) station, 3135 San Pablo, and Lake Merritt Bart Senior applied for City funding and were not awarded funds through the City's 2021 NOFA round. When the City's Housing and Community Development Department (HCDD) releases its next NOFA, (date to be determined) staff expects these three projects to apply for funding with the City. Projects with City commitments will leverage these dollars with IIG program funds and other public and private funding sources. Mandela Station and Lake Merritt BART Senior may rely on BART land commitments as well in their funding applications with the State. This letter of support does not obligate the City to provide City financing to these three (3) additional projects.

If this resolution and the project combined support letter are not adopted by the City Council prior to the October 14, 2022 IIG application deadline, the projects will be unable to submit complete grant applications; and therefore will be deemed ineligible for funding and unable to move forward until another round of funding is released by the State at an undetermined date.

FISCAL IMPACT

This Council request has no direct fiscal impact on the City because no City funds are being requested or obligated through this action. However, the letter of support for these CA HCD IIG applications will contribute to the City's affordable housing development goals by securing state investment to create more housing, which leverages any direct City contribution to projects. The State's grant funds will finance infrastructure improvements to the City and thereby reduce the City's cost to maintain aging infrastructure. Eligible project expenses include upgrades to City streets, parks, sewers, stormwater infrastructure, and other systems that are tied to the housing project. The funds will help prepare the City for increased density and finance a sustainable and revitalized urban environment.

PUBLIC OUTREACH / INTEREST

All of the developers have engaged the community regarding their projects through community meetings and outreach to neighborhood stakeholders. The projects that have applied for funding through HCDD's NOFA have met the City's requirement to provide evidence of community engagement and support.

COORDINATION

The State Super NOFA IIG application has required close collaboration between HCDD and the Bureau of Planning of the Planning and Building Department. This report was prepared by HCDD and has been reviewed and approved by the City Attorney's Office.

PAST PERFORMANCE, EVALUATION AND FOLLOW-UP

Although no projects in Alameda County were awarded funds during the 2020/21 IIG grant cycle, the City's affordable housing developers has a successful track record of applying for and obtaining awards of IIG funds, as follows:

- In 2019 (funding round 6), two projects were awarded IIG funds:
 - o SAHA - Ancora Place (\$5,602,112)
 - o EBALDC - West Grand & Brush (\$3,076,568) (100% committed funding and construction loan closing targeted for August 30, 2022)
- In 2018 (funding round 5), one project was awarded IIG funds:
 - o RCD - Coliseum Place (\$1,944,850)
- In 2015 (funding round 4), one project was awarded IIG funds:
 - o SAHA - Camino 23 (\$1,698,504) (Completed)
- In 2014 (funding round 3), four projects were awarded IIG funds:
 - o EBALDC - Prosperity Place (\$3,156,639) (Completed)
 - o Meta Housing Corporation (META) - MLK MacArthur Transit Oriented Development (TOD) (\$1,894,234) (Completed)
 - o META - Civic Center 14 TOD (\$1,876,704) (Completed)
 - o SAHA - Redwood Hill Townhomes (\$1,000,000) (Completed)

These projects have resulted in high-quality, permanent affordable housing and are now home to more than 250 Oakland families.

SUSTAINABLE OPPORTUNITIES

Economic: IIG program funds will provide an opportunity for the City and its partners to obtain up to \$79 million in grants for infrastructure improvements and affordable housing development. This will result in construction related jobs and opportunities for Oakland residents and businesses.

Environmental: Infill housing—new housing development within an existing community such as Oakland—is one of the most important tools for reducing environmental impacts at the City's disposal. 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 bike-friendly communities. The scoring criteria for projects includes points for proximity to transit stations and other amenities. The projects will also directly improve the environment to the extent that program funds will be used to pay for remediation of contaminated sites.

Race & Equity: The shortage of housing, particularly affordable housing, has led to a dramatic rise in homelessness and rent-burdened households in Oakland. By facilitating the production of affordable housing, projects supported by IIG program funds will help directly reduce the housing cost burden for low-income households that will reside in these units. Evidence also suggests that a greater supply of affordable housing will also improve racial equity outcomes by targeting neighborhoods where residents are subject to displacement pressures. For example, the most recent point-in-time (PIT) count of unsheltered persons occurred on February 23, 2022. Data analyzed from the PIT indicated that from 2019 to 2022, the number of unsheltered persons increased 24%. In addition, while the City's overall population of Black/African-American residents is currently 23%, Black people represent 60% of all unsheltered persons in Oakland. Housing insecurity is a major issue facing the African-American community in Oakland, and increasing the number of available affordable units can help to address issue by getting people into stable housing.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

While documented compliance with either the California Environmental Air Quality Act (CEQA) or National Environmental Policy Act (NEPA) (depending on the type of project) is not a threshold readiness requirement for IIG funding, having this clearance will make applicants more competitive for the funding. However, prior to a definitive commitment of City funding, pursuant to CEQA, the City was required to review possible environmental impacts of all projects prior to a definitive commitment of funding unless the project is exempt from CEQA review. The ten (10) projects recommended for support have reviewed and complied with CEQA review requirements.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Council To Execute A Letter Of Support For the Infill Infrastructure Grant Program Projects, Under The State Of California Department Of Housing And Community Development's Infill Infrastructure Grant Program In Connection with 285 12th Street (285 12th Street), 500 Lake Park Apartments (500 Lake Park Avenue), 2700 International Boulevard (2700-2720 International Boulevard And 1490-1415 Mitchell Street), 3050 International (3050 International Boulevard), 3135 San Pablo (3135 San Pablo), 34th & San Pablo (3419-3431 San Pablo), Agnes Memorial Senior Housing (2372 International Boulevard), Lake Merritt Bart Senior (51 9th Street), Longfellow Corner (3801-3807 & 3823-3829 Martin Luther King Jr. Way); And Mandela Station (1451 7th Street).

For questions regarding this report, please contact Christia Katz Mulvey, Housing Development Manager, at 510-332-4461, or Arlecia Durades, Housing Development Coordinator, at 510-238-6992.

Respectfully submitted,

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