



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Shola Olatoye
Director, Housing &
Community Development

SUBJECT: TOD Housing Program

DATE: July 15, 2020

City Administrator Approval

Date: July 22, 2020

RECOMMENDATION

Staff Recommends That The City Council Adopt The Following Resolutions:

- 1) A Resolution Authorizing The City Administrator Or His Designee To Apply For, And Accept, And, If Awarded, The City Council To Appropriate Funds Under The State Of California Department Of Housing And Community Development's Transit-Oriented Development Housing Program In Connection With The MacArthur Project At 7525 MacArthur Boulevard, In An Amount Not To Exceed \$4,000,000;
- 2) A Resolution Authorizing The City Administrator Or His Designee To Apply For, And Accept, And, If Awarded, The City Council To Appropriate Funds Under The State Of California Department Of Housing And Community Development's Transit-Oriented Development Housing Program In Connection With The Fruitvale Transit Village Phase II-B Project At 35th Avenue and East 12th Street, In An Amount Not To Exceed \$2,500,000;
- 3) A Resolution Authorizing The City Administrator Or His Designee To Apply For, And Accept, And, If Awarded, The City Council To Appropriate Funds Under The State Of California Department Of Housing And Community Development's Transit-Oriented Development Housing Program In Connection With The Lake Park Apartments At 500 Lake Park Apartments, In An Amount Not To Exceed \$2,635,000; And
- 4) A Resolution Authorizing The City Administrator Or His Designee To Apply For, And Accept, And, If Awarded, The City Council To Appropriate Funds Under The State Of California Department Of Housing And Community Development's Transit-Oriented Development Housing Program In Connection With The 7th and Campbell Project At 1666 7th Street, In An Amount Not To Exceed \$5,000,000.

EXECUTIVE SUMMARY

Staff recommends that the City Council adopt the attached four resolutions authorizing the City Administrator or his designee to apply for, as a joint applicant with the various affordable housing developers named herein, funding from the State of California Housing and Community

City Council
July 28, 2019

Development's Transit-Oriented Development (TOD) Program. These funds will facilitate the development of desperately needed affordable housing units in the City of Oakland. The names of the developers and details of each project are presented in **Table 1** below.

The TOD Program requires that each applicant submit a resolution from the City in their respective applications. The application deadline is July 30, 2020.

BACKGROUND / LEGISLATIVE HISTORY

The TOD Housing Program is funded by Proposition 1, the Veterans and Affordable Housing Bond Act of 2018. Its primary objectives are to increase the overall supply of housing, increase the supply of affordable housing, increase public transit ridership, and minimize automobile trips. The Program seeks to accomplish these objectives by providing financial assistance for the development of housing and related infrastructure near public transit stations.

The City has a successful track record of applying for and obtaining awards of TOD funds, including the following two projects funded during the last TOD funding round in 2014:

- Fruitvale Transit Village II-A (\$8,000,000): Completed, ninety-four (94) family units, including twenty (20) for formerly homeless households
- Civic Center TOD (\$1,000,000) - Completed, thirty-nine (39) family units, including ten (10) for formerly homeless households

These projects have resulted in attractive, high-quality housing and are now home to more than one hundred thirty (130) Oakland families.

The TOD Housing program is designed to complement other State affordable housing funding programs, such as Low-Income Housing Tax Credits, the Infill Infrastructure Grant Program (IIG), Affordable Housing and Sustainable Communities (AHSC), and local funding programs.

Nearly \$141 million is available statewide through the current Notice of Funding Availability (NOFA). The TOD 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 applying to this funding round. While the award limit for each locality is \$5 million, the City is requesting nearly three times that amount, \$14.135 million, on behalf of affordable developments. This demonstrates the shortage of affordable housing funds and the need to aggressively pursue funding sources such as this one.

ANALYSIS AND POLICY ALTERNATIVES

The City and four (4) affordable housing developers (including one joint venture) plan to jointly apply for up to \$14.135 million in TOD funds for the affordable housing projects listed in **Table 1**, including the commercial space located in one of the projects:

Table 1: TOD Projects

	Project Name	Address	Developer	Number of Affordable Units	Funding Amount Sought	Awarded City Funds?
1	Fruitvale Transit Village IIB	35th Avenue & East 12th Street	Bridge Housing Corporation & Spanish Speaking Unity Council of Alameda County, Inc.	181	\$2,500,000	Yes
2	MacArthur Project	7525 MacArthur	Turner Group Construction	19	\$4,000,000	No
3	Lake Park Apartments	500 Lake Park Avenue	EAH Inc.	53	\$2,635,000	No
4	7 th and Campbell	1666 7 th Street	Oakland and The World Enterprises, Inc./ McCormack Baron Salazar	79	\$5,000,000	Yes

Fruitvale Transit Village II-B received a City funding commitment of \$5,229,000 from the City of Oakland's 2017 NOFA process, and is being recommended for an additional \$4,350,000 in additional funding under the 2020 New Construction Pipeline NOFA, for which funding recommendations are being considered in a separate report at the July 28, 2020 City Council meeting. Last month, Fruitvale Transit Village II-B was also awarded AHSC funding for the project totaling \$29,966,039, which consists of \$20,000,000 for housing and \$9,966,039 for public transit, bike and pedestrian related improvements.

The 7th and Campbell project received City funding commitments totaling \$2,414,900 from the City's 2017 and 2019-20 NOFA processes. The project has also been awarded State HCD Supportive Housing Multi-Family Housing Program (MHP) funding, as well as Alameda County A1 Bond funding.

The two additional projects, 500 Lake Park Apartments and MacArthur Project, have not yet received City funding. The 500 Lake Park Apartments project is a new construction project not currently in the City's pipeline and as such has not been able to apply in recent NOFAs that were dedicated to the pipeline. The MacArthur project applied in the 2020 Pipeline NOFA but did not garner enough points to be recommended for an award based on availability of funds. As additional funding becomes available, both projects will have opportunities to apply for City funds.

If these resolutions are not adopted by the City Council prior to the July 30, 2020 application deadline, the City will be unable to submit complete grant applications, and the projects will be deemed ineligible for funding.

Additional project details, including affordability by unit size, are included in **Attachment A**.

FISCAL IMPACT

Securing the TOD Housing Program funds will contribute to the City's affordable housing development goals through state investment, which leverages any direct City contribution. The 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, utility infrastructure, and other systems. The funds will help prepare the City for increased density and finance a sustainable and revitalized urban environment.

If awarded, TOD grant funds will be deposited in the State of California Fund (2159), Housing Development Organization (89929), Projects (TBD), State Grant Miscellaneous Accounts (46229).

PUBLIC OUTREACH / INTEREST

All of the developers have engaged the community regarding their projects through community meetings and outreach to neighborhood stakeholders:

- 500 Lake Park Apartment's developer, EAH Inc., has met with the Councilmember representing District 2 as well as several local stakeholders, including the members of various neighborhood groups. EAH also presented their proposal to the local Business Improvement District and the local Neighborhood Crime Prevention Council.
- Fruitvale Transit Village II-B Apartment's developer, the Spanish Speaking Unity Council of Alameda County, Inc. undertook an Outreach Plan that was presented in both English and Spanish to at least twenty (20) different constituent groups, as well as formed a Technical Advisory Committee comprised of community-based organizations, City staff, and local housing and transit specialists.
- The MacArthur Project's developer, Turner Construction Group, has a letter of support from the Councilmember representing District 6, nearby churches, and a local business community group.
- 7th & Campbell's Project's developer, Oakland & The World Enterprises, Inc., has had numerous community meetings, and has the support of numerous community organizations and the Councilmember representing District 3.

COORDINATION

The TOD application has required close collaboration between the Housing and Community Development Department and the Bureau of Planning of the Planning and Building Department. This report and resolutions have been reviewed and approved by the Budget Bureau and the City Attorney's Office.

SUSTAINABLE OPPORTUNITIES

Economic: TOD Housing Program funds will provide an opportunity for the City and its partners to obtain up to \$5 million in grants for infrastructure improvements and affordable housing development.

Environmental: Transit Oriented Development is one of the most important tools for reducing environmental impacts at the City's disposal. Transit oriented development 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 and Equity: By facilitating the production of affordable housing, TOD Housing Program funds will help directly reduce the housing cost burden among Oakland's low-income households. Evidence also suggests that a greater supply of affordable housing will also improve racial equity outcomes. The shortage of housing, particularly affordable housing, has led to a dramatic rise in homelessness and rent-burdened households in Oakland. According to

the EveryOne Home 2018 Strategic Update for Alameda County, African Americans and Native Americans are disproportionately impacted by homelessness. The proposed grant applications, if successful, will directly reduce homelessness and housing cost burdens among African American and other impacted communities.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

While documented compliance with either the CEQA or National Environmental Policy Act (NEPA) (depending on the type of project) is not a threshold readiness requirement for TOD 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 is required to review possible environmental impacts of a project, unless the project is exempt from CEQA review.

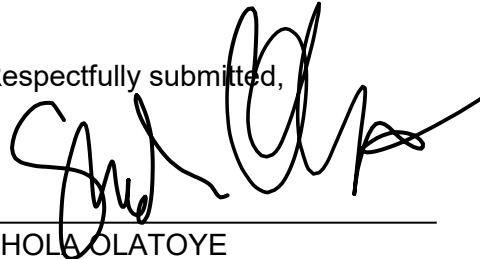
ACTION REQUESTED OF THE CITY COUNCIL

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For questions regarding this report, please contact Vanessa Kennedy, Housing Development Coordinator, at 238-6177.

Respectfully submitted,



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Attachments (1):

- A. Affordable Housing Project Details