
ALAMEDA AFFORDABLE HOUSING CORPORATION

701 Atlantic Avenue, Alameda, CA 94501

IF YOU WISH TO ADDRESS THE BOARD:

1. Please file a speaker's slip with the Executive Director, and upon recognition by the President, approach the rostrum and state your name; speakers are limited to 5 minutes per item.
2. If you need special assistance to participate in the meetings of the Board of Directors of Alameda Affordable Housing Corporation, please contact Stacey Wilson at (510) 747-4307 (TTY/TRS: 711) or swilson@alamedahsg.org. Notification 48 hours prior to the meeting will enable the Alameda Affordable Housing Corporation Board of Directors to make reasonable arrangements to ensure accessibility.

AGENDA

SPECIAL MEETING OF THE BOARD OF DIRECTORS

DATE & TIME

Wednesday, February 19, 2020 – 7:02 PM

LOCATION

Independence Plaza, 703 Atlantic Avenue, Alameda, CA

Public Participation

Anyone wishing to address the Board on agenda items or business introduced by Directors may speak for a maximum of five minutes per agenda item when the subject is before the Board. Please file a speaker's slip with the Executive Director if you wish to address the Board of Directors.

PLEDGE OF ALLEGIANCE

1. **ROLL CALL** - Board of Directors
2. Public Comment (Non-Agenda)
3. **CONSENT CALENDAR**

Consent Calendar items are considered routine and will be approved or accepted by one motion unless a request for removal for discussion or explanation is received from the Board of Directors or a member of the public.

- 3-A. Approve Minutes of the Annual Meeting of the Board of Directors held September 18, 2019, **page 1**



4. AGENDA

- 4-A Adopt Authorizing Resolution for the Real Property Transfer of Independence Plaza from the Housing Authority of the City of Alameda and Authorize Executive Director, or Designee, to Negotiate and Execute Related Documents, **page 3**
- 4-B Approve the Amendment No. 1 to the Property and Asset Management Agreement with the Housing Authority of the City of Alameda, **page 10**
- 4-C Accept the Assignment of Purchase Rights for Defaulted or Resale BMR Homeownership Units from the Housing Authority of the City of Alameda, **page 15**

5. ORAL COMMUNICATIONS, Non-Agenda (Public Comment)

6. DIRECTORS COMMUNICATIONS, (Communications from the Directors)

7. ADJOURNMENT OF ANNUAL MEETING

* * *

Note

If you need special assistance to participate in the meetings of the Board of Directors of Alameda Affordable Housing Corporation, please contact Stacey Wilson at (510) 747-4307 (TTY/TRS: 711) or swilson@alamedahsg.org. Notification 48 hours prior to the meeting will enable the Alameda Affordable Housing Corporation Board of Directors to make reasonable arrangements to ensure accessibility.

Documents related to this agenda are available for public inspection and copying at the Alameda Affordable Housing Corporation office, 701 Atlantic Avenue, during normal business hours.

KNOW YOUR RIGHTS UNDER THE Ralph M. Brown Act: Government's duty is to serve the public, reaching its decisions in full view of the public. The Board of Directors exists to conduct the business of its constituents. Deliberations are conducted before the people and are open for the people's review.

In order to assist the Alameda Affordable Housing Corporation's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the Alameda Affordable Housing Corporation accommodate these individuals.



ALAMEDA AFFORDABLE HOUSING CORPORATION

701 Atlantic Avenue, Alameda, CA 94501

DRAFT MINUTES

Annual Meeting of the Board of Directors
Alameda Affordable Housing Corporation
September 18, 2019

The Board of Directors Meeting was called to order at 5:47 p.m.

1. ROLL CALL -

Present: Art Kurrasch, Stuart Rickard, Sandra Kay, Carly Grob, Bachir Hadid
Absent: Kenji Tamaoki, Brad Weinberg
Staff Present: Vanessa Cooper, Kathleen Mertz, Stacey Wilson

2. Public Comment (Non-Agenda)

None.

3. CONSENT CALENDAR

Consent Calendar items are considered routine and will be approved or accepted by one motion unless a request for removal for discussion or explanation is received from the Board of Directors or a member of the public.

3-A. Approve Minutes of the Annual Meeting of the Board of Directors held June 19, 2019, **page 1**

3-B. Accept Report on the Federal and State Tax Returns for the Fiscal Year Ending June 30, 2018, **page 4**

Director Grob abstained. Director Rickard moved to approve the Consent Calendar and Director Kay seconded the motion. The motion carried unanimously.

4. AGENDA

4-A. Adopt Resolution Authorizing Real Property Acquisition and Authorize the Executive Director, or her Designee, to Negotiate and Execute Property Transfer Documents, **page 44**



Director Grob moved to adopt the Resolution Authorizing Real Property Acquisition and Authorize the Executive Director, or her Designee, to Negotiate and Execute Property Transfer Documents. Director Hadid seconded the motion. The motion carried unanimously.

5. ORAL COMMUNICATIONS, Non-Agenda (Public Comment)

None.

6. DIRECTORS COMMUNICATIONS, (Communications from the Directors)

None.

7. ADJOURNMENT OF MEETING

There being no further business, the President adjourned the meeting at 6:05 p.m.

CERTIFICATE OF SECRETARY

I, Vanessa Cooper, hereby certify that I am the duly elected, qualified Secretary of Alameda Affordable Housing Corporation, a California nonprofit public benefit corporation, organized and existing under the laws of the State of California, and the foregoing minutes are true, full and correct copy of the minutes of the first meeting of the Board of Directors of said Corporation held on this September 18, 2019.

Dated: _____

Vanessa Cooper,
Secretary



ALAMEDA AFFORDABLE HOUSING CORPORATION

To: Board of Directors

From: Candace Latigue
Asset Manager, Housing and Community Development

Date: February 19, 2020

Re: Adopt Authorizing Resolution for the Real Property Transfer of Independence Plaza from the Housing Authority of the City of Alameda and Authorize Executive Director, or Designee, to Negotiate and Execute Related Documents

BACKGROUND

The Housing Authority (AHA) is the contract administrator for the Section 8 program in the City of Alameda, which includes Housing Assistance Payment (HAP) contracts for both the Housing Choice Voucher (HCV) and Project Based Voucher (PBV) programs. Additionally, AHA owns real property which is assisted by the HCV and PBV programs.

In 2017, the U.S. Department of Housing and Urban Development (HUD) published PIH Notice 2017-21 that clarifies HAP contract requirements for Public Housing Authority-owned units. Attachment A, Section 5, of the Notice states: "Because the HAP contract administrator and the owner cannot be the same legal entity (i.e., the PHA acting as contract administrator cannot execute a contract with itself as the owner of the PBV or HCV units), the PHA must establish a separate legal entity to serve as the owner."

On October 18, 2017, the Board of Commissioners authorized the Executive Director to create a new, wholly controlled, nonprofit entity that will serve as owner of certain Housing Authority properties in order to comply with HUD's contracting requirements. This entity is Alameda Affordable Housing Corporation (AAHC). The governing Board of AAHC is the Board of Commissioners of the Housing Authority, as defined in the bylaws. On November 20, 2019, the Board authorized staff to prepare documents to transfer each of the Housing Authority owned properties to AAHC. The details of the specific transactions must come back to the Board for approval.

In December 2019, AHA has received preliminary approval to execute a Project Based Voucher contract at Independence Plaza. AHA applied for these PBVs as part of the financial self-sufficiency plan discussed by the Board in May 2018. Please refer to the May 2018 Board Meeting Agenda and Minutes for further details about this discussion. AHA cannot execute this contract under the current ownership because AHA would be signing on both sides of the HAP contract. AHA does not want to forfeit this valuable



subsidy that furthers the mission of the Housing Authority and protects the 25 very low income senior residents who will benefit from this subsidy safety net. To receive this Project Based Voucher award, this transfer to AAHC must occur within approximately two months of the award, per AHA's Administrative Plan. Therefore, staff moved this transfer forward to March 1, 2020.

DISCUSSION

The successful transfer of the Property from the Housing Authority to AAHC includes various cross departmental coordination across a number of months, as well as three specific sets of activities: Transfer Transaction, Budget, and Property Management.

Transfer Transaction

Independence Plaza, real property located at 703 Atlantic Avenue, in the City of Alameda (the "Property") is currently owned by the Housing Authority. To meet HUD's PBV HAP contract requirements, AAHC needs to become the owner of the Property. Based on Board direction from the January 15, 2020 meeting, the Housing Authority will convey the Property to AAHC through a grant deed. A reversion clause permitting a ground lease structure upon loan maturity in July 2026 will be added to the transaction via an Option Agreement. The Property will be conveyed to AAHC, via Grant Deed, for its as-is value of thirty-four million dollars (\$34,000,000), as substantiated by an appraisal. The Housing Authority will provide seller financing in the form of a Seller Promissory Note, secured with a Deed of Trust. This loan will be at 0% interest rate, 30 year term, and paid from residual cash flow. This structure is more desirable than a donation because it is least disruptive to the Housing Authority's operating budget. Currently, any cash flow from the Property comes to the Housing Authority as the owner. Under the new structure the cash flow will come to AHA in the form of soft loan payments.

In addition to the seller financing, the Housing Authority will record an Affordable Housing Agreement to provide additional assurance of the Property's continued use as low-income housing. New household eligibility will be restricted to 80% of the Area Median Income for the term of 20 years.

Independence Plaza currently has existing debt with Fannie Mae, which is serviced by Northmarq Capital. Therefore, this transaction requires consent from the lender and assignment of the existing loan documents. Fannie Mae approved the transaction and staff is working through the rest of the transaction documents. Additionally, the Successor Agency of the Community Improvement Commission has consented to the transfer at the Alameda City Council meeting on January 21, 2020. Staff and legal counsel are finalizing the assignment of the Affordable Housing Agreement with the City's Attorney's Office.



Budget

Currently, Independence Plaza is part of the Housing Authority's 2019-2020 budget cycle and the Cost Allocation Plan. The AAHC budget for the Property will follow the same Cost Allocation Plan methodology for the balance of fiscal year 2019-2020. This budget plan will be written into the Property and Asset Management Agreement between the Housing Authority and AAHC. In addition to the budget, any residual cash flow will come back to the Housing Authority through AAHC's obligations under the Seller Loan discussed above and subject to approval by the lender.

Currently, the Housing Authority maintains a replacement reserve for the Property, invested with either CAMP or LAIF. As part of the transfer, \$186,000 replacement reserve funds will be transferred to AAHC from AHA's LAIF replacement reserve account.

Additionally, AAHC will open a new bank account for the regular operating checking account. Security Deposits will be transferred to the existing AAHC Security Deposit account established with the 2018 transfer. The Housing Authority will no longer be the trustee of these funds for the Property.

To cover the first three months of operations while the new rents and subsidy payments are transferred to AAHC, AHA will provide an operating short-term cash line of credit for the Property of \$210,000 until regular operations under AAHC accounting are stabilized. This is the same protocol used for the 2018 transfers and any operating cash was fully refunded to AHA within the first year of operations.

Property Management

The Housing Authority will continue to be the property manager for Independence Plaza. As property manager, the Housing Authority will continue to provide accounting, leasing, maintenance, capital needs, and asset management support for the affairs of AAHC. Staff developed a Property and Asset Management Agreement to document the roles and responsibilities of the management agent, which was previously approved by the Alameda Affordable Housing Corporation (AAHC) Board on February 21, 2018 and Independence Plaza will be added to this agreement through an amendment. This Amendment is provided in a separate report.

FISCAL IMPACT

The seller note will be added to the AHA balance sheet, along with the corresponding loan obligations on AAHC's balance sheet. The net balance sheet impact will be eliminated on the audited financial statement. The Housing Authority will pay all expenses related to this real property transfer from the Property's operating funds. See below chart of current known expenses.



EXPENSE	AMOUNT	NOTES
Review Fee (Non-Refundable)	\$ 3,000	Lender fee
Legal Fee Deposit	\$ 15,000	Lender fee
Transfer Approval Fee	\$ 45,000	Lender fee- 1% of unpaid principal balance as of the anticipated effective date
Goldfarb & Lipman	\$5,000	Legal Counsel
Appraisal	\$4,200	
Replacement Reserves	\$186,000	
Operating Funds	\$210,000	Three months
Escrow & Title fees	\$15,000	Title and Closing

RECOMMENDATION

Adopt Authorizing Resolution for the Real Property Transfer of Independence Plaza from the Housing Authority of the City of Alameda and Authorize Executive Director, or Designee, to Negotiate and Execute Related Documents.

Respectfully submitted,



Candace Latigue

Attachment: Authorizing Resolution



ALAMEDA AFFORDABLE HOUSING CORPORATION

Resolution No. 2020-01

At a duly constituted meeting of the Board of Directors (the “Board”) of Alameda Affordable Housing Corporation, a California nonprofit public benefit corporation (the “Corporation”), held on February 19, 2020, the following resolutions were adopted:

WHEREAS, the Housing Authority of the City of Alameda (the “Housing Authority”) is the owner of that certain real property known as Independence Plaza, located at 703 Atlantic Avenue in the City of Alameda (the “Property”);

WHEREAS, Alameda Affordable Housing Corporation (the “AAHC”) was formed with the goal of having AAHC own Housing Authority properties with Housing Choice Vouchers and Project-Based Vouchers so that the Housing Authority was not both the property owner and the contract administrator for the Housing Assistance Payments contracts (the “HAP Contracts”);

WHEREAS, the Board of the Corporation deems it in the best interest of the Corporation to have the Housing Authority serve as property manager at the Properties, or delegate that responsibility to a 3rd party agent, through a Property and Asset Management Agreement;

WHEREAS, staff contracted for an “as-is” property appraisal of the Property, which was valued at thirty-four million dollars (\$34,000,000);

WHEREAS, the Board of the Corporation deems it in the best interest of the Corporation to assist in the acquisition of the Property for the amount thirty-four million dollars (\$34,000,000), secured by a recorded Deed of Trust, to be paid from no more than seventy-five percent (75%) of the cash flow of the Property; thereby still maintaining the required separation between owner and contract administrator for the HAP Contract;

WHEREAS, the Board of the Corporation deems it to be in the best interest of the Corporation to include an Option Agreement with a reversion clause permitting a ground lease structure upon Fannie Mae loan maturity on July 1, 2026;

WHEREAS, the Board of the Corporation deems it to be in the best interest of the Corporation to receive an unsecured short-term operating cash line of credit in the amount up to two hundred ten thousand dollars (\$210,000) until regular operations under AAHC accounting are stabilized.

WHEREAS, the Board of the Corporation deems it to be in the best interest of the Corporation to record an Affordable Housing Agreement at the Property to restrict occupancy to low-income households for 20 years;

WHEREAS, the Board of the Corporation deems it to be in the best interest of the Corporation and the Properties to capitalize a replacement reserve for the Property, at \$1,000 per

unit, at the time of acquisition from Housing Authority investment funds, and for avoidance of doubt, such AAHC held replacement reserve is separate and apart from the Lender-held replacement reserve under the existing Fannie Mae loan;

WHEREAS, the Board of the Corporation deems it to be in the best interest of the Corporation to execute and deliver, and to perform its obligations under, any and all documents or agreements necessary or advisable in furtherance of AAHC's acquisition of the Property, including, all grant deeds and any other document required to transfer the Property to AAHC, the Housing Authority seller loan documents and deed of trust, the Housing Authority Affordable Housing Agreement, the HAP assignment and new HAP contract, the Assignment of the Community Improvement Commission's Affordable Housing Agreement, which such Affordable Housing Agreement is also being collaterally assigned to Lender as additional collateral to the loan, which is being consented to by the Successor Agency to the Community Improvement Commission, and any similar or related agreements for housing subsidies, assignment of regulatory agreements and loan agreements, assignments of rents, leases, income and profits, and property management agreements and amendments, with the advice counsel, deemed to be consistent with the resolutions contained herein (collectively, the "Property Transfer Documents").

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves and authorizes the Corporation to enter into the Property Transfer Documents and such other agreements, certificates, contracts, documents, and instruments deemed necessary to assist in the transfer of the Property and to complete all activities contemplated by this Resolution;

BE IT FURTHER RESOLVED, that the Board hereby approves soft financing for the acquisition of the Property in the form of a Seller Note and Deed of Trust for the Property based on the as-is value of thirty-four million dollars (\$34,000,000), as substantiated by an appraisal;

BE IT FURTHER RESOLVED, that the Board hereby authorizes the Executive Director, or her designee to execute an Option Agreement with a reversion clause;

BE IT FURTHER RESOLVED, that the Board hereby authorizes the Executive Director, or her designee to accept an operating short-term cash line of credit in the amount of two hundred ten thousand dollars (\$210,000);

BE IT FURTHER RESOLVED, that the Board hereby authorizes the Executive Director, or her designee to capitalize an AAHC held replacement reserve account for the Property at \$1,000 per unit, totaling \$186,000; and

BE IT FURTHER RESOLVED, that the Board hereby authorizes the Executive Director, or her designee of the foregoing, acting alone, to negotiate, accept and execute the Property Transfer Documents subject to any minor conforming, technical or clarifying changes approved by the Executive Director or her designee and legal counsel. The Executive Director, or her designee, are hereby further authorized and directed to take such further actions and execute and record such documents as are necessary to negotiate, accept and execute the Property Transfer Documents.

CERTIFICATE OF SECRETARY

I, Vanessa Cooper, hereby certify that I am the duly elected, qualified Secretary of Alameda Affordable Housing Corporation, a California nonprofit public benefit corporation, organized and existing under the laws of the State of California, and the foregoing Authorizing Resolution was adopted at a duly constituted meeting of the Corporation held on this February 19, 2020.

Dated: _____

Vanessa Cooper, Secretary

ALAMEDA AFFORDABLE HOUSING CORPORATION

To: Board of Directors

From: Lisa Caldwell
Director of Property Operations

Date: February 19, 2020

Re: Approve the Amendment No. 1 to the Property and Asset Management Agreement with the Housing Authority of the City of Alameda

BACKGROUND

With the transfer of various properties from the Housing Authority to AAHC in May 2018, the two entities entered into a Property and Asset Management Agreement to establish that role of the Housing Authority to continue to manage the properties. AAHC does not have staff, but rather contracts all staffing needs from the Housing Authority. The original agreement was executed in May 2018 for China Clipper, Anne B. Diament, Lincoln-Willow, and Stanford House.

DISCUSSION

The attached Amendment No. 1 to the Property and Asset Management Services Agreement amends the contract to include Independence Plaza and invokes the rights of renewal in the original contract to extend the term until June 30, 2022. This Amendment also includes a clause allowing the Housing Authority to delegate property management responsibilities to a third party agent. This clause is for future properties that transfer to AAHC and have a third party property manager. Any and all current contracts and service agreements with the Housing Authority will remain in place to operate the properties (e.g. elevator maintenance, fire alarm monitoring, laundry contracts, etc.). The Housing Authority will provide all property and asset management services per the Cost Allocation Plan and budget approved by the Housing Authority for these properties.

FISCAL IMPACT

None. There is no change to the budget.

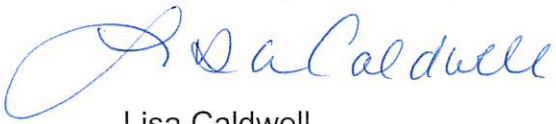
RECOMMENDATION

Approve the Amendment No. 1 to the Property and Asset Management Agreement with



the Housing Authority of the City of Alameda.

Respectfully submitted,



Lisa Caldwell
Director of Property Operations

Attachment: Amendment No. 1 to the Property and Asset Management Services Agreement



**AMENDMENT NO. 1 TO THE PROPERTY AND
ASSET MANAGEMENT SERVICES AGREEMENT**

This Amendment of the Property and Asset Management Services Agreement made by and between Alameda Affordable Housing Corporation (“Owner”), and The Housing Authority of the City of Alameda, (“Agent”), is made with reference to the following:

RECITALS

A. On May 1, 2018, a Property and Asset Management Services Agreement was entered into by and between Alameda Affordable Housing Corporation (“Owner”), and The Housing Authority of the City of Alameda (“Agent”), for Property and Asset Management services for certain residential improved properties located in Alameda, California, commonly known as:

1. China Clipper Plaza, 460 Buena Vista Avenue (26 units);
2. Anne B. Diament, 920 Park Street (65 units);
3. Lincoln-Willow Apartments, 2101-3 Lincoln Avenue (5 units); and
4. Stanford House, 1917 Stanford Street (4 units),; and

B. Owner desires to include an additional property and obtain the services of Agent for the purpose of managing and operating that certain residential property known as Independence Plaza located at 703 Atlantic Avenue in Alameda, California.

C. The original expiration date of the contract was June 30, 2020.

D. The effective date of this Amendment shall be February 19, 2020.

E. All conditions of the Consultant Agreement will remain the same except as amended below.

NOW, THEREFORE, it is mutually agreed by and between the undersigned parties as follows:

1. Section 11. Shall be replace in full with the following paragraph:

“11. Assignment and Delegation. The whole or part of this agreement may be assigned or delegated by Agent to a 3rd party property management agent with the prior written approval of Owner.”

2. The attached Exhibit A replaces in full the Exhibit A of the original 2018 Agreement.

3. The contract term shall be not be modified. The original Agreement term shall be in effect until June 30, 2022.

IN WITNESS WHEREOF, the parties hereto have caused this modification of the Property and Asset Management Services Agreement to be executed on the day and year first above written.

OWNER
Alameda Affordable Housing Corporation

AGENT
Housing Authority of the City of Alameda

Vanessa Cooper
Executive Director

Vanessa M. Cooper
Executive Director

EXHIBIT A

**FEEES FOR PROPERTY MANAGEMENT, ASSET MANAGEMENT, AND
CONSULTING SERVICES**

Name of Firm: **The Housing Authority of the City of Alameda**

Properties Covered by this Proposed Schedule:

**China Clipper Plaza, 460 Buena Vista Avenue
Anne B. Diament, 920 Park Street
Lincoln-Willow, 2101-3 Lincoln Avenue
Stanford House, 1917 Stanford Street
Independence Plaza, 703 Atlantic Avenue**

These Properties are a part of the Housing Authority's annual budget cycle and the Cost Allocation Plan, approved by the Board of Commissioners of the Housing Authority of the City of Alameda. The budget for these Properties will follow the same Cost Allocation Plan methodology until such time that Board action changes this.

ALAMEDA AFFORDABLE HOUSING CORPORATION

To: Board of Directors

From: Kathleen Mertz
Director of Housing and Community Development

Date: February 19, 2020

Re: Accept the Assignment of Purchase Rights for Defaulted or Resale BMR Homeownership Units from the Housing Authority of the City of Alameda

BACKGROUND

Under the City of Alameda's Inclusionary Housing Ordinance, market rate developers are required to build affordable homes (for rental or homeownership) and to encumber those units with an affordability covenant. When the Housing Authority of the City of Alameda (AHA) received the Housing Assets from the City upon dissolution of the redevelopment agency in 2012, it also assumed responsibility for monitoring and enforcing affordability covenants on housing developed pursuant to the Ordinance. Additionally, under the affordability covenant, AHA assumed the option to purchase the property following a notice of default.

DISCUSSION

The Housing Authority intends to have AAHC serve as title holding corporation for AHA properties so that AHA maintains compliance with HUD guidance on all Housing Assistance Payment (HAP) contracts. See the prior real property transfer authorization Board report from February 21, 2018 for more details on this HUD guidance. Like all prior property transfers to AAHC, AHA would make a seller loan and record an affordability covenant, subject to City approval under the Inclusionary Housing affordability covenant. The exact transaction details would return to the Board for an Authorizing Resolution once the final price and terms have been negotiated.

FINANCIAL IMPACT

The total purchase price is capped at the Affordable Sales price for the BMR unit, depending upon if it is designated a Very-Low, Low, or Moderate Income homeownership unit. Additional legal fees, title policy, recording costs, and escrow fees depend upon the size of the seller loan and the complexity of the transaction. As discussed above, the details of the transaction would come back for Board approval prior to purchase execution.




Acquisition funds for defaulted or resale BMR units would come from AHA unrestricted reserves, or other sources as available.

RECOMMENDATION

Accept the Assignment of Purchase Rights for Defaulted or Resale BMR Homeownership Units from the Housing Authority of the City of Alameda

Respectfully submitted,



Kathleen Mertz
Director of Housing and Community Development

