



Housing Authority
of the
City of Alameda

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To: Honorable Chair and Members of the Board of Commissioners

From: Tony Weng, Senior Project Manager

Date: September 29, 2022

Re: Approve and authorize the Executive Director or Designee to take all necessary actions to recast the existing North Housing predevelopment loan and other loan commitments between the Housing Authority and Island City Development as a grant from the Housing Authority to Alameda Affordable Housing Corporation for business needs.

BACKGROUND

The North Housing project has an existing predevelopment loan of \$6,238,000 from the Housing Authority to Island City Development for the acquisition of the land, demolition of the existing buildings, holding costs, master planning, and predevelopment expenses for Block A, the first phase of North Housing project, which includes the 90 permanent supportive housing units.

The chart below are expenses through August 31, 2022:

<u>North Housing</u>	<u>Total</u>
12 Acre Site Pre-Development (includes master planning and demolition)	\$4,156,327
First Phase Pre-Development (Block A, includes all three projects)	\$1,034,230
Carrying Costs (includes perimeter fencing, security, insurance, and ongoing landscape maintenance)	\$499,923
Total Spent	\$5,690,480
Funds Remaining	\$547,520

Per the approved October 2021 and May 2022 Reserve Policy:

- \$1,262,000 was approved for predevelopment; together with the existing \$6,238,000 predevelopment loan, the total predevelopment funds approved by the Board is \$7,500,000.
- \$3,000,000 was approved for North Housing PSH I



3. \$2,438,000 was approved for North Housing Senior Apartments

In 2021, Alameda Affordable Housing Corporation, a nonprofit affiliate of the Housing Authority, created the Alameda Affordable Housing Trust Fund and allocated \$5 million to each of the two permanent supportive housing projects.

1. \$5,000,000 (\$3,750,000 in local match funds and \$1,250,000 in State Local Housing Trust funds) for North Housing PSH I
2. \$5,000,000 (\$3,750,000 in local match funds and \$1,250,000 in State Local Housing Trust funds) for North Housing PSH II

DISCUSSION

Alameda Affordable Housing Trust Fund - Local Match Funds

As required by the Local Housing Trust Fund (LHTF) Program, the Housing Authority is required to fund \$7,500,000 of local match grant funds to an account for the Alameda Affordable Housing Trust Fund administered by Alameda Affordable Housing Corporation. The purpose of this grant for Alameda Affordable Housing Trust Fund/Alameda Affordable Housing Corporation is to make a loan to Island City Development to cover project costs related to the two permanent supportive housing projects.

To meet this obligation, staff requests that the Housing Authority Board of Commissioners to approve and authorize the existing North Housing predevelopment loan between the Housing Authority and Island City Development to be recast as a grant from the Housing Authority to Alameda Affordable Housing Corporation for business needs. All of the funds contemplated in this action have been allocated previously through Board actions and the Reserve Policy.

The following actions are expected to occur simultaneously:

1. Island City Development to approve and repay the existing predevelopment loan in the amount of \$6,238,000 to the Housing Authority.
2. The Housing Authority to accept the predevelopment loan repayment in the amount of \$6,238,000 from Island City Development.
3. The Housing Authority to recast the predevelopment funds in the amount of \$7,500,000 to Alameda Affordable Housing Corporation as local match grant funds for the Alameda Affordable Housing Trust Fund.
4. Alameda Affordable Housing Corporation to accept the local match grant funds in the amount of \$7,500,000 from the Housing Authority for the Alameda Affordable Housing Trust Fund.
5. Alameda Affordable Housing Corporation to make a predevelopment loan in the amount of \$7,500,000 to Island City Development.
6. Island City Development to accept the predevelopment loan in the amount of

\$7,500,000 from Alameda Affordable Housing Corporation/Alameda Affordable Housing Trust Fund.

Please refer to the attached chart summarizing the steps to be taken concurrently. (Attachment 1).

This staff report has been reviewed by Carle, Mackie, Power & Ross LLP and Novogradac & Company LLP, our legal counsel and auditor for the North Housing projects.

Moreover, the Housing Development Department is working with the Finance Department to create a master plan cost center to track and account for each separate development phases at North Housing. This information will be brought back to the Board before the end of 2022.

FISCAL IMPACT

The financial impact on the Housing Authority and its affiliates is expected to be cash neutral as no new money is involved. The actions discussed in this memo are to implement previously approved financing commitments and reserve policies. The existing predevelopment loan between the Housing Authority and Island City Development will be cancelled. The predevelopment loan funds will be recast as local match grant funds from the Housing Authority to Alameda Affordable Housing Corporation for the Alameda Affordable Housing Trust Fund. Ultimately, Island City Development will have a predevelopment loan and permanent loan from Alameda Affordable Housing Corporation via the Alameda Affordable Housing Trust Fund for the same amount as previously approved by the Housing Authority Board of Commissioners in July 2021.

CEQA

Not Applicable

RECOMMENDATION

Approve and authorize the Executive Director or Designee to take all necessary actions to recast the existing North Housing predevelopment loan and other loan commitments between the Housing Authority and Island City Development as a grant from the Housing Authority to Alameda Affordable Housing Corporation for business needs.

ATTACHMENTS

1. Attachment 1 Concurrent Steps Summary Chart

Respectfully submitted,

Tony Weng

Tony Weng, Senior Project Manager

Attachment 1: Chart summarizing concurrent actions to recast the predevelopment loan funds as grant funds for the North Housing project.

