

Substantial Recapitalization Plan for Independence Plaza & China Clipper

Alameda Affordable Housing Corporation Board of Directors
January 11, 2023

Agenda Item 5.C



Renovation Scopes

Staff created the following three scopes of work for the renovations at IP & CC:

1. Life-Safety Scope
2. Minimum Scope
3. Syndication Scope



Funding Renovations

Staff evaluated the feasibility of using the following strategies to fund proposed renovations:

1. Existing Property Reserves
2. Mortgage Refinance
3. Tax Credit Syndication
4. Preservation Funds from the AHA Reserve Policy
5. Defer Renovations



Funding Renovations, 2

For Mortgage Refinance & Tax Credit Syndication, staff evaluated financing scenarios using:

- a. Reducing Expenses
- b. Increasing Property Income
- c. Combination of Reducing Expenses and Increasing Income

Funding Renovations, 3

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Funding Renovations, 4

AHA Reserve Policy

- Established in Oct. 2021, for the next five years
- Funded by AHA's net income
- Three category of funds:
 1. Operating Reserve
 2. Preservation Fund
 3. Production Fund



Staff Considerations

Pending analysis on Esperanza Apartments, there are a couple of paths forward:

- Implement renovations at all three properties, with a \$5 M spending cap.**
- Prioritize China Clipper's minimum scope, with a portion of funds going towards critical scope items at IP and Esperanza. Staff propose a \$5 M spending cap.**

***Either strategy would be funded through the Preservation funds from the AHA Reserve Policy.**

Next Steps

1. Consult with auditors regarding the potential to structure funds as a soft loan, by February 2023;
2. Evaluate Esperanza's construction scope and financing opportunities by February 2023;
3. Creation of rehabilitation and acquisition ad hoc committee in February 2023;
4. Procure seismic evaluations for portfolio by mid-2023;
5. Evaluate the tax increment operating subsidy potentially available to IP by mid-2023; and
6. Present proposed timeline and estimated costs for IP, CC, & Esperanza and impacts to the available Reserve Policy funds in August 2023.

Questions / Comments?