



# City of San Leandro

Meeting Date: March 6, 2017

## Staff Report

---

**File Number:** 17-076

**Agenda Section:** ACTION ITEMS

**Agenda Number:** 10.B.

**TO:** City Council

**FROM:** Chris Zapata  
City Manager

**BY:** Cynthia Battenberg  
Community Development Director

**FINANCE REVIEW:** David Baum  
Finance Director

**TITLE:** Staff Report for a Resolution Authorizing an Allocation Not to Exceed \$1,700,000 from the City of San Leandro's Share of Alameda County Measure A1 Housing Bond Funds to San Leandro Senior Associates, L.P., a California Limited Partnership (an Affiliate of BRIDGE Housing Corporation) to Provide Emergency Gap Financing for the Construction of San Leandro Senior Apartments, an Affordable Senior Rental Housing Project (Marea Alta Phase II)

---

### SUMMARY AND RECOMMENDATIONS

Due to recent unexpected and negative impacts on the Low Income Housing Tax Credit (LIHTC) market nationally and in California, affordable housing projects that were allocated tax credits from the California Tax Credit Allocation Committee (TCAC) are now facing funding shortfalls. BRIDGE Housing Corporation (BRIDGE) received an allocation of tax credits from TCAC in November 2016 which was expected to provide full financing for Marea Alta Phase II. However, the project now faces a funding gap of more than \$2 million due to the changes in the LIHTC market. BRIDGE is working with the Housing Authority of Alameda County to fill the funding gap, but still needs up to \$1.7 million in order to close escrow and proceed with San Leandro Senior Apartments (Marea Alta Phase II) construction in Spring/Summer 2017.

Alameda County Housing and Community Development Department (County HCD) took the initiative to address the tax credit shortfall issue by proposing that affected cities within the County could use a portion of their shares of the Measure A1 Housing Bond funds to help impacted developers fill unexpected funding gaps. County HCD plans to present this proposal for consideration by the County Board of Supervisors on March 7 for projects, such as Marea Alta Phase II, which have already received TCAC approval.

Staff recommends that the City Council adopt a resolution to 1) authorize the allocation of an amount not to exceed \$1.7 million from its share of Measure A1 Countywide Housing Bond (Bond) funds to assist with the construction of Marea Alta Phase II; and 2) authorize the City Manager, or his designee, to execute and deliver such other instruments and to take such

other actions as necessary to carry out the intent of this resolution.

## **BACKGROUND**

### **Alameda County Measure A1 Bond**

In November 2016, the Bond was passed by over 73% of voters. The \$580 million countywide Housing Bond program will fund the following three programs related to homeownership and two programs related to rental housing development:

- 1) Down Payment Assistance Loan Program (\$50 million), designed to assist middle-income households to purchase homes and stay in Alameda County;
- 2) Homeownership Housing Development Program (\$25 million), designed to assist in the development and long-term affordability of homeownership housing for low-income households to become first-time homebuyers; and,
- 3) Housing Preservation Loan Program (\$45 million), to help seniors, people with disabilities, and other low-income homeowners to remain safely in their homes.
- 4) Rental Housing Development Fund (\$425 million), to create and preserve affordable rental housing for vulnerable populations. See below for allocations by city from this Fund within Alameda County; and,
- 5) Innovation and Opportunity Fund (\$35 million), to respond quickly to capture opportunities that arise in the market to preserve and expand affordable rental housing and/or prevent tenant displacement.

Below is a summary of the Bond funding allocations by Alameda County city from the Rental Housing Development Fund totaling \$225 million. The remaining \$200 million from the Rental Housing Development Fund will be allocated to a regional competitive housing pool divided by North County, Mid County, East County and South County. BRIDGE seeks \$1.7 million from the City's \$11.9 million allocation from this Fund.

- City of Alameda (\$10.3 million)
- City of Albany (\$2.6 million)
- City of Berkeley (15.8 million)
- City of Dublin (\$8.8 million)
- City of Emeryville (\$2.8 million)
- City of Fremont (\$33.3 million)
- City of Hayward (\$20.3 million)
- City of Livermore (\$12.7 million)
- City of Newark (\$6 million)
- City of Oakland (\$54.8 million)
- City of Piedmont (\$2.4 million)
- City of Pleasanton (\$13.7 million)
- **City of San Leandro (\$11.9 million)**
- Unincorporated Alameda County (\$19.7 million)
- City of Union City (\$9.8 million)

Implementation of the programs to be funded by the Bond is expected to happen over an eight-year period. Initial work by County HCD towards implementation has already begun. The initial focus is on implementation work needed through June 2018, including development of more detailed program policies, development and issuances of requests for proposals, discussions with each city regarding focus and selection process for rental housing developments to be financed from base city allocations of funds.

County HCD is currently preparing detailed Bond program policies and will seek input from each city. County HCD plans to release a public draft of the proposed program policies in Spring 2017 and then should begin to finalize the policies and begin operating the housing programs in Summer/Fall 2017. San Leandro staff will update the City Council on all of the Bond programs once the program policies are closer to finalization this summer.

### **Marea Alta Phase II**

Marea Alta Phase II, is the final phase of the 200-unit Marea Alta affordable mixed-use development, which will include 85 units of affordable senior rental housing. Marea Alta Phase I contains 115 affordable rental housing units as well as a childcare center and underground BART parking. The City provided \$9.75 million in funding from former Redevelopment Agency Housing Set-Aside funds to the \$58 million Marea Alta Phase I development.

With the award of low income housing tax credits from TCAC in Fall 2016, BRIDGE had the necessary financing for Marea Alta Phase II, which has a total estimated development cost of \$42 million. In Summary 2016, the City awarded BRIDGE \$1 million (from HOME and former Redevelopment Agency Housing loan repayments) in funding assistance Marea Alta Phase II. Other notable funding sources that BRIDGE received include State Housing and Community Development (State HCD) Proposition 1C grant funds, State Cap and Trade funds, Alameda County HOME/Boomerang funds, Federal Home Loan Bank Affordable Housing Program, and private permanent loans. See Attachment A for the Marea Alta Phase II pro forma. Marea Alta Phase II is now facing a financing gap of over \$2 million due to unexpected disruptions to the recent low income housing tax credit market.

### **Analysis**

Subsequent to the November 2016 Presidential election, the President-elect's statements regarding his intention to lower the corporate tax rate and a bill pending in Congress had an immediate impact on the market for low-income housing tax credits nationally. LIHTC corporate investors lowered the amount they are willing to pay for the credits, causing significant funding gaps in local projects that are far along in the development process. This impacts projects that 1) have received an allocation of tax credits (such as Marea Alta Phase II) and 2) projects intending to apply in March 2017 for LIHTC allocations.

In Alameda County, the new funding gap created by this situation is approximately \$25 million spread out amongst Alameda, Berkeley, Emeryville, Fremont, Livermore, Oakland, Pleasanton, and San Leandro (see Attachment B). All of the developments contain units targeted to very low-income households and all have received city investments.

The Housing Bond presents an opportunity to close the unanticipated new funding gaps and allows the impacted developments to move forward. County HCD staff is in conversation with the cities (and affected developers such as BRIDGE) regarding this issue and the possibility of cities using portions of their base city bond allocations to fill these gaps.

In the case of Marea Alta Phase II, BRIDGE issued an RFP for the project's tax credits in

December 2016, but received limited interest. The proposals that were submitted included significantly lower pricing than the market prior to the Presidential election. The change in tax credit pricing resulted in a more than \$2 million dollar funding shortfall for the project. In recent years, the California LIHTC market has been highly competitive with multiple bidders on most projects. The sudden change in market conditions was unexpected and has had a widespread impact on the affordable housing industry.

BRIDGE is working with the Alameda County Housing Authority to revise the Housing Authority's commitment of project-based vouchers. Those conversations have resulted in additional project funding. A \$1.7 million gap remains..

The Proposition 1C affordable housing infrastructure State grants totaling over \$20 million (which the City and BRIDGE received for Marea Alta in 2008) require the project build at least 200 units or repay the grant, adding urgency for Marea Alta Phase II to proceed.

### **Previous Actions**

- April 6, 2009 - City Council approved the Owner Participation and Loan Agreement (OPLA) for a \$9.1 million Housing Set-Aside Loan to BRIDGE Housing for a 100-unit affordable rental housing development ("The Alameda").
- July 20, 2009 - City Council approved planning entitlements and environmental clearance under CEQA for the Cornerstone (formerly The Alameda) at 1400 San Leandro Boulevard and BART replacement parking.
- April 9, 2012 - Staff from the City's Community Development Department, BRIDGE Housing, Westlake Development Partners, and OSIssoft presented a revised San Leandro Crossings Master Plan at a City Council Work Session. Public comments included requests that the project developer work with City staff and key community members to put a childcare center in the Cornerstone project.
- June 18, 2012 - City Council approved the Amended and Restated Owner Participation and Loan Agreement (OPLA) with Alameda Housing Associates, L.P. and authorized the execution of all Transit Oriented Development Housing Program (TOD) Agreements required by CA State Department of Housing and Community Development (HCD).
- July 16, 2012 - City Council approved a Loan Agreement for a \$650,000 HOME Loan to BRIDGE Housing for the 115-unit multifamily affordable rental housing development Marea Alta - Phase I (formerly Cornerstone).
- December 2, 2013 - City Council approved the First Amendment to the OPLA, including changes reflecting the City's replacement as successor agency to the former Redevelopment Agency.
- June 6, 2016 - City Council approved \$1 million funding for Marea Alta Phase II. The \$1 million consist of \$256,761 in federal HOME funds and \$743,239 in funds held by the City in its capacity as Housing Successor to the Redevelopment Agency.

### **Applicable General Plan Policies**

**Policy 3.01: MIX OF UNIT TYPES**

Encourage a mix of residential development types in the City, including single-family homes on a variety of lot sizes, as well as townhomes, row houses, live-work units, planned unit developments, and multi-family housing.

**Policy 3.02: MIX OF PRICE RANGES**

Encourage a mix of price ranges to provide housing choices for San Leandro residents of all incomes and ages. Opportunities to include affordable units and market rate units within the same development projects should be pursued.

**Policy 3.03: AFFORDABLE HOUSING DESIGN**

Design new affordable housing to blend in with the existing fabric of the community. Affordable housing should be located in a variety of neighborhoods rather than concentrated in one particular part of the City.

**Policy 3.04: PROMOTION OF INFILL**

Encourage infill development on vacant or underused sites within residential areas.

**Policy 3.05: MIXED USE ON TRANSIT CORRIDORS**

Encourage mixed-use projects containing ground floor retail and upper floor residential uses along major transit corridors. Such development should be pedestrian-oriented, respect the scale and character of the surrounding neighborhood, and incorporate architectural themes that enhance the identity of adjacent commercial districts.

**Policy 3.06: HOUSING BY NON-PROFIT DEVELOPERS**

Promote the participation of non-profit housing organizations in the construction of new affordable housing in San Leandro, with particular emphasis on housing for seniors and working families.

**Policy 3.07: AMENITIES AND SOCIAL SERVICES WITHIN NEW HOUSING**

Encourage new affordable housing development to provide amenities for future residents, such as on-site recreational facilities and community meeting space. Where feasible, consider the integration of social services such as childcare within such projects.

**Policy 53.06: NEW RENTAL HOUSING**

Strongly encourage the development of additional rental housing in the City, including both market rate units and affordable units.

**Policy 58.01: SENIOR HOUSING**

In accordance with the needs analysis conducted as part of this Housing Element, encourage the production of housing targeted to San Leandro seniors.

**Environmental Review**

The City, acting as the lead agency, reviewed and approved a mitigated negative declaration under the California Environmental Quality Act (CEQA) for the project on July 20, 2009. Prior to taking action on the Original Agreement, the Agency considered the approved mitigated negative declaration for the project as required by Section 15096 of Title 14 of the California

Code of Regulations. In addition, the project was considered in connection with the Final Environmental Impact Report for the Downtown San Leandro Transit-Oriented Development Strategy certified by the City Council pursuant to Resolution No. 2007-111 adopted on September 4, 2007.

Because Marea Alta Phases I and II received federal HOME funds, the appropriate level of environmental review under the National Environmental Protection Act (NEPA), was completed prior to the execution of the City HOME loan agreements.

### **Legal Analysis**

This resolution was reviewed and approved as to form by the City Attorney's Office.

### **Fiscal Impacts**

There is no fiscal impact to the City's General Fund. The \$1.7 million requested to fill the Marea Alta Phase II remaining gap will come from the City's estimated \$11.9 million share of the Alameda County Measure A1 Housing Bond. Therefore, the City's Bond allocation may be reduced to \$10.2 million.

### **Attachment to Staff Report**

- Attachment A - San Leandro Senior Apartment Pro Forma
- Attachment B - Affordable Housing Projects in Alameda County Facing Financing Gaps from Low Income Housing Tax Credits.

**PREPARED BY:** Tom Liao, Deputy Community Development Director

**San Leandro Senior**

**Assumptions**

Total Site Area (Acres)	<b>1.12</b>	48,787 s.f.	Density (Units per Acre):	76 DUAC	Gross Building Area	68,943
Total Number of Units	<b>85</b>				Residential Net Area	48,750
Special Needs Units @ 35%	<b>0</b>					
Number of Parking Spaces	<b>37</b>					

**DEVELOPMENT BUDGET SUMMARY**

Description	Total Amount	per Resid. Unit	per Resid. NSF	per Resid GSF
Acquisition & Related Holding Costs	\$7,094,786	\$83,468	\$145.53	\$102.91
	0	0	0.00	0.00
<b>subtotal</b>	<b>\$7,094,786</b>	<b>\$83,468</b>	<b>\$145.53</b>	<b>\$102.91</b>
Construction	\$24,397,127	\$287,025	\$500.45	\$353.87
Offsites	\$226,323	\$2,663	\$4.64	\$3.28
Furnishings and Equipment	130,000	1,529	2.67	1.89
Hard Cost Contingency	1,612,621	18,972	33.08	23.39
	0	0	0.00	0.00
<b>subtotal</b>	<b>\$26,366,071</b>	<b>\$310,189</b>	<b>\$540.84</b>	<b>\$382.43</b>
Architecture/Engineering	\$1,335,500	\$15,712	\$27.39	\$19.37
Permits and Fees	2,812,453	33,088	57.69	40.79
Construction Loan Interest/Fees	1,679,603	19,760	34.45	24.36
Perm Loan Fees & Costs	451,330	5,310	9.26	6.55
Permanent Loan Fees/Costs	0	0	0.00	0.00
Legal	215,000	2,529	4.41	3.12
Appraisal/Market Study	16,000	188	0.33	0.23
Marketing/Lease-up	383,750	4,515	7.87	5.57
Title/Audit/Cost Certification	130,000	1,529	2.67	1.89
Insurance	500,000	5,882	10.26	7.25
Property Taxes	0	0	0.00	0.00
Soft Cost Contingency and Reserves	969,545	11,406	19.89	14.06
<b>subtotal</b>	<b>\$8,493,181</b>	<b>\$99,920</b>	<b>\$174.22</b>	<b>\$123.19</b>
Syndication Costs and Developer Fee	\$2,230,064	\$26,236	\$45.74	\$32.35
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$44,184,103</b>	<b>\$519,813</b>	<b>\$906.34</b>	<b>\$640.88</b>
check \$	-			

**SOURCES AND USES**

Sources of Funds	Construction Period	Permanent Period
Permanent Mortgage - Tranche A		\$1,164,593
Permanent Mortgage - Tranche B		\$8,706,009
Construction loan (residential)	69%	\$29,016,542
Cap and trade		\$2,482,761
Fee Waivers		\$0
Investor Equity - Tax Credits		\$759,742
City of San Leandro		\$1,000,000
Land Donation		\$5,925,112
Alameda County Boomerang		\$350,000
Alameda County HOME Construction Pool		\$566,066
<b>Alameda County Prop A1</b>		<b>\$0</b>
HCD Prop 1C Funds - Parking Garage		\$1,129,674
AHP		\$1,000,000
<b>TOTAL SOURCES</b>	<b>\$42,229,897</b>	<b>\$44,184,103</b>

**Uses of Funds**

Acquisition	\$7,094,786	\$7,094,786
Construction	\$26,366,071	\$26,366,071
A/E, Permits	\$4,147,953	\$4,147,953
Indirect Expenses	\$1,229,750	\$1,244,750
Financing and Carry Costs	\$2,130,933	\$2,130,933
Other (Prop. taxes + Soft Cost Contingency)	\$630,339	\$969,545
Developer Fee + Syndication Costs	\$630,064	\$2,230,064
<b>TOTAL USES</b>	<b>\$42,229,897</b>	<b>\$44,184,103</b>

**NET SURPLUS(SHORTFALL)** \$0 \$0

**FINANCING ASSUMPTIONS**

**CONSTRUCTION LOAN**

Lender:	
Loan Amount:	<b>\$29,016,542</b>
Loan Term:	<b>21</b>
Note Rate:	<b>4.00%</b>
> 50% Basis plus land?	<b>yes</b>

**PERMANENT DEBT SOURCE 1 (A Tranche)**

Lender:	
Loan Amount:	<b>\$1,164,593</b>
Loan Term:	<b>30</b>
Note Rate:	<b>5.85%</b>
Payment (annual):	\$83,253
DCR:	<b>1.20</b>

**PERMANENT DEBT SOURCE 2 (B Tranche)**

Lender:	
Loan Amount:	<b>\$8,706,009</b>
Loan Term:	<b>30</b>
Note Rate:	<b>5.85%</b>
Payment (annual):	\$622,364
DCR:	<b>1.20</b>

**Cap and Trade**

Grant/Loan Amount:	<b>\$7,447,808</b>
	4965047

**Investor Equity - Federal Credit**

Credit Rate (follow link below)	9%
Net Rate	<b>\$0.950</b>
Net Pay-in	\$15,194,842
Initial Pay-in	\$759,742.09
Credit Rate	9.00%
Annual Federal Credits	\$1,599,617

**Investor Equity - State Credit**

Net Rate	<b>\$0.600</b>
Net Pay-in	\$0

Reduction in Basis -\$18,000,000

**AHP**

Loan Amount:	<b>\$1,000,000</b>
Loan Term:	<b>15</b>
Note Rate:	<b>0.00%</b>
Per BMR Unit	\$11,765

**Alameda County Boomerang**

Loan Amount:	<b>\$350,000</b>
Loan Term:	<b>30</b>
Note Rate:	<b>3.00%</b>
Per BMR Unit	\$4,118

**Alameda County HOME Construction Pool**

Loan Amount:	<b>\$566,066</b>
Loan Term:	<b>30</b>
Note Rate:	<b>3.00%</b>
Per BMR Unit	\$6,660

**City of San Leandro**

Loan Amount:	<b>\$1,000,000</b>
Loan Term:	<b>30</b>
Note Rate:	<b>3.00%</b>
Per BMR Unit	\$11,765

**Alameda County Prop A1**

Loan Amount:	<b>\$1,700,000</b>
Loan Term:	<b>30</b>
Note Rate:	<b>3.00%</b>
Per BMR Unit	\$1,700,000

**ANNUAL OPERATING EXPENSES ( /UNIT)**

	7,061.23 per unit per year \$38,000 Services (incl above)			Property Tax	
	per year			Y1 Value	\$35,347,282
	per year			Y1 Prop Tax	\$0
	100% BMR Welfare exemption				
UNIT MIX AND RENTS	30% AMI	40% AMI	50% AMI	Manager	Total (%)
<b>Junior 1 Bedroom</b>					
#	0	0	0	0	0
Net Rent (incl. subsidy)	\$471	\$641	\$812	\$983	0%
<b>1 Bedroom 1 Bath</b>					
#	8	14	54	1	77
Net Rent (incl. subsidy)	\$499	\$682	\$865	\$1,056	91%
<b>2 Bedroom 1 Bath</b>					
#	5	0	3	0	8
Net Rent (incl. subsidy)	\$591	\$811	\$1,030	\$1,249	9%
<b>2 Bedroom 2 Bath</b>					
#	0	0	0	0	0
Net Rent (incl. subsidy)	\$591	\$811	\$1,030	\$1,249	0%
<b>3 Bedroom 2 Bath</b>					
#	0	0	0	0	0
Net Rent (incl. subsidy)	\$766	\$1,048	\$1,331	\$1,614	0%
<b>Total (%)</b>	<b>13%</b>	<b>14%</b>	<b>57%</b>	<b>1%</b>	<b>85%</b>
<b>% of Affordable</b>	<b>15%</b>	<b>17%</b>	<b>68%</b>	<b>0%</b>	<b>100%</b>

ATTACHMENT B

AFFORDABLE HOUSING PROJECTS IN ALAMEDA COUNTY FACING FINANCING GAPS FROM LOW INCOME HOUSING TAX CREDITS

<b>Project with Tax Credits Commitment – Must close Spring, 2017</b>					
<b>Developer</b>	<b>Project</b>	<b>Jurisdiction</b>	<b># of Units</b>	<b>Gap Increase</b>	<b>City Funding Commitments</b>
EAH	Olympia Place	Emeryville	87	\$1,000,000	\$6,500,000
Alameda HA	2437 Eagle Avenue	Alameda	20	\$1,000,000	\$3,050,000
Bridge Housing	San Leandro	San Leandro	85	\$2,000,000	\$1,700,000
Eden Housing	Parc 55	Fremont	90	\$2,700,000	\$7,407,000
OEDC/Urbancore	Coliseum Connections	Oakland	110	\$2,500,000	\$12,000,000
SAHA	Redwood Hills	Oakland	28	\$1,000,000	\$10,000,000
			<b>420</b>	<b>\$10,200,000</b>	<b>\$39,957,000</b>

<b>Project Expected to Apply for Tax Credits in March, 2017</b>					
<b>Developer</b>	<b>Project</b>	<b>Jurisdiction</b>	<b># of Units</b>	<b>Gap Increase</b>	<b>City Funding Commitments</b>
SAHA	Grayson St. Apts.	Berkeley	23	\$500,000	\$1,095,000
Mid-Pen	Stevenson	Fremont	81	\$700,000	\$11,910,000
Mid-Pen	Sunflower Hill	Livermore	45	\$1,300,000	\$2,100,000
EBALDC	Fruitvale BART	Oakland	94	\$5,700,000	\$2,250,000
SAHA	Camino 23	Oakland	32	\$1,400,000	\$2,700,000
Mid-Pen	Kottinger Place Phase II	Pleasanton	54	\$2,000,000	\$4,000,000
RCD	EMBARK	Oakland	70	\$3,200,000	\$3,000,000
<b>TOTALS</b>			<b>399</b>	<b>\$14,800,000</b>	<b>\$27,055,000</b>





# City of San Leandro

Meeting Date: March 6, 2017

## Resolution - Council

---

**File Number:** 17-077

**Agenda Section:** ACTION ITEMS

**Agenda Number:**

**TO:** City Council

**FROM:** Chris Zapata  
City Manager

**BY:** Cynthia Battenberg  
Community Development Director

**FINANCE REVIEW:** David Baum  
Finance Director

**TITLE:** RESOLUTION Authorizing an Allocation in an Amount Not to Exceed \$1,700,000 from the City of San Leandro's Share of Alameda County Measure A1 Housing Bond Funds to San Leandro Senior Associates, L.P., a California Limited Partnership (an Affiliate of BRIDGE Housing Corporation) to Provide Emergency Gap Financing for the Construction of San Leandro Senior Apartments, an Affordable Senior Rental Housing Project (Marea Alta Phase II)

---

WHEREAS, San Leandro Senior Associates, L.P., a California limited partnership ("Developer") and BRIDGE Housing Corporation affiliate (BRIDGE), has a lease for certain real property located at 528 West Juana Avenue in the City of San Leandro, California, Alameda County Assessor's Parcel Number 075-0230-001-00 (the "Property"); and

WHEREAS, Developer intends to construct San Leandro Senior Apartments - eighty-five (85) affordable senior residential units on the Property, consisting of seventy-seven (77) one-bedroom, one-bath units and eight (8) two-bedroom, one bath units (the "Project"); and

WHEREAS, the San Leandro City Council approved \$1,000,000 in funding to the Developer on June 6, 2016 (Resolution 2016-74) consisting of a loan in the amount of Two Hundred Fifty-Six Thousand Seven Hundred Sixty-One Dollars (\$256,761) from federal HOME Program funds and a separate loan of Seven Hundred Forty-Three Thousand Two Hundred Thirty-Nine Dollars (\$743,239) from repayments of former Redevelopment Housing Set-Aside loan funds held by the City in its capacity as Housing Successor to the Redevelopment Agency to assist with the construction and development of the Project ("HOME Loan"); and

WHEREAS, late last year the California Tax Credit Allocation Committee awarded the

Developer highly competitive low income housing tax credits (LIHTC), which represented the final major funding component to make the Project financially feasible to develop; and

WHEREAS, recent statements and efforts from the Trump Administration that propose lowering corporate tax rates had an unexpected and negative national impact on affordable rental housing development projects in the process of or which were approved for federal or State low income housing tax credits (LIHTC), which led to financing gaps that make the projects financially infeasible; and

WHEREAS, the \$580 million Alameda County Measure A1 Housing Bond (Bond) was passed by County voters in November to target affordable housing program needs for low and moderate income County residents; and

WHEREAS, each city in Alameda County received an allocation from the Bond for affordable rental housing and San Leandro's pro rata share is approximately \$11.9 million dollars; and

WHEREAS, Alameda County Housing and Community Development (County HCD) proposed that affected cities determine whether they would like to use a portion of their Bond allocation towards filling the unexpected financing gaps in applicable affordable rental housing developments in their jurisdictions; and

WHEREAS, the Developer now faces a funding shortfall of over \$2 million due to lower corporate investor interest in the LIHTC Program and lower investor payments for the tax credits; and

WHEREAS, the Developer is working diligently to pursue other funding sources to reduce the over \$2 million financing shortfall for the Project; and

WHEREAS, the City's affordable housing funding resources have dwindled and not been adequately replenished since the State of California terminated redevelopment state-wide in 2012.

NOW, THEREFORE, the City Council of the City of San Leandro does RESOLVE, as follows:

Section 1. All recitals above are true, correct and incorporated herein.

Section 2. The City Council finds that financial assistance in an amount not to exceed \$1,700,000.00 is necessary to make the Project financially feasible to construct, and the financial assistance will help to increase the supply of affordable senior housing, especially for extremely low- and very low-income senior households, in the City.

Section 3. The City Council authorizes an allocation not to exceed \$1,700,000.00 from the City of San Leandro's share of Alameda County Measure A1 Housing Bond Funds to the Developer for San Leandro Senior Apartments, also known as Marea Alta Phase II.

Section 4. The City Manager, or his designee, is hereby authorized to take such further actions and execute all documents necessary or appropriate to carry out this Resolution.