

CITY COUNCIL MEETING

FEBRUARY 20, 2024

PRESENTATIONS

ITEM #8

PH 24-006

**Sale of Parcel Group 8 for Development of
Affordable Housing**

238 Corridor Lands Development: Parcel Group 8 First Amendment to DDLA

February 20, 2024

Christina Morales, Housing Division Manager

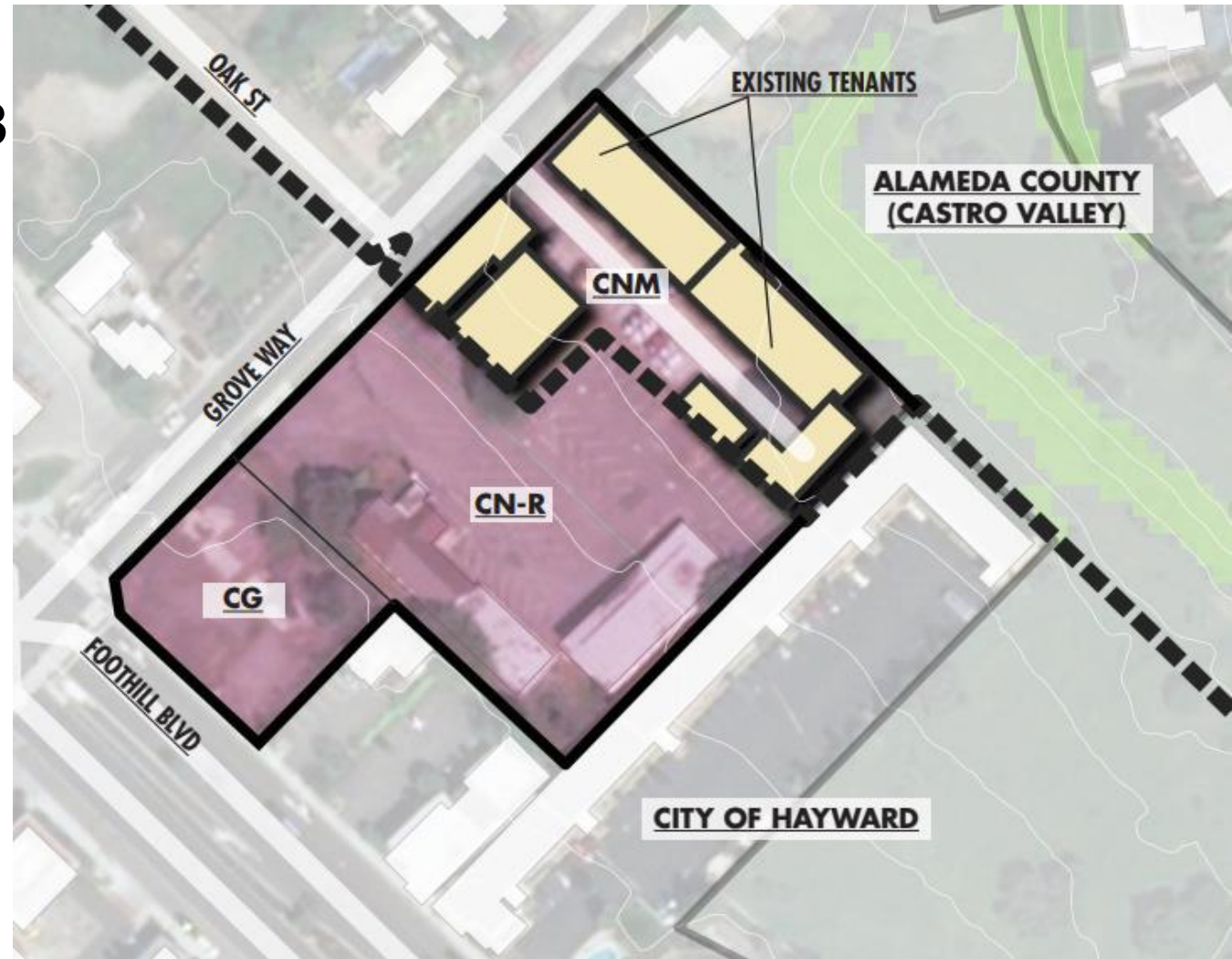
Craig Whittom, Consultant



Parcel Group 8

Parcel Group 8 Property Background

- 2016 - City and Caltrans executed Purchase Agreement to Transfer 238 Corridor lands.
- 2017 – Parcel Group 8 Parcels transferred to City by Caltrans. Portion of site is in City Limits and portion in Alameda County unincorporated land
- 2020-Council Authorized Exclusive Negotiating Rights Agreement (ENRA) with RCD
- 2022 - City executed Development Disposition and Loan Agreement (DDLA) with RCD



Original DDLA Key Terms



Purchase Price: \$0. Developer must provide evidence of financing prior to property transfer by City.



Developer signed voluntary covenant to restrict affordable units in perpetuity



City commits up to \$2M of Inclusionary Housing Fees as a loan



Zero displacement goal and relocation plan for existing tenants



Developer formed an LLC Company and Limited Partnership to support financing efforts



Developer to pay to extend City water line

Activity since DDLA was executed

- Development environment more challenging
 - Interest rates - increased
 - Construction costs - continue at high level
 - Affordable housing funds - remains strong
- Tenant profile
 - Currently 7 of original 11 households occupy units on property. City hired property manager.
- RCD recent activity
 - Pursued and was awarded grant funds for site cleanup
 - Engagement. Tenant meeting last month. Community Zoom meeting on 2/15.
 - Preparing for funding applications.

Proposed First Amendment to DDLA

Staff and RCD have negotiated terms of First Amendment 1 to DDLA. Key modifications are:

- Extension of the deadline for parcel transfer from 12/31/24 to 12/31/26
- Project on City Parcel size reduced from “up to 96 units” to 82 units but increase unit size
- Increase the amount loan funds that can be used for predevelopment costs to \$1.25 million
- Commitment to rehabilitate number of units occupied at close of escrow
- Quarterly Financing Plan updates

Recommended City Council action

Conduct public hearing.

Adopt two resolutions

- Authorizing City Manager to execute First Amendment to DDA
- Authorizing the City Manager to negotiate and enter into an agreement with RCD regarding AHSC funds.