



AGENDA

ISLAND CITY DEVELOPMENT
Regular Meeting
July 23, 2019 at 11:30 AM
Independence Plaza – Community Room
703 Atlantic Avenue, Alameda

1. CALL TO ORDER & ROLL CALL
 2. PUBLIC COMMENT (Non-Agenda)
 3. CONSENT CALENDAR (**Action**)
 - a. Approval of Minutes – April 30, 2019 Meeting, **Page 1**
 4. NEW BUSINESS
 - a. Accept the Rosefield Project Update Report and Ratify the Acceptance and Execution of the Amended \$2 Million Predevelopment Loan from the Housing Authority of the City of Alameda, **Page 2 (Action)**
 - b. Approve the Authorizing Resolution to Apply for State of California Multifamily Housing Program Funds for Rosefield Village, **Page 5 (Action)**
 5. NON-AGENDA (Public Comment)
 6. WRITTEN COMMUNICATIONS
 7. ORAL COMMUNICATIONS – BOARD MEMBERS AND STAFF
 8. ADJOURNMENT
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NOTES:

- If you need special assistance to participate in the meetings of the Island City Development Board of Directors, please contact Stacey Wilson at (510) 747-4307 (TTY/TRS: 711) or swilson@alamedahsq.org. Notification 48 hours prior to the meeting will enable the Island City Development Board of Directors to make reasonable arrangements to ensure accessibility.
- Documents related to this agenda are available for public inspection and copying at the Office of the Housing Authority, 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 Island City Development'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 Island City Development accommodate these individuals.

IF YOU WISH TO ADDRESS THE BOARD:

- Anyone wishing to address the Board on agenda items or business introduced by Board members may speak for a maximum of three (3) minutes per agenda item when the subject is before the Board. Please file a speaker's slip with the Board President. Upon recognition by the President, approach the rostrum and state your name.
- Lengthy testimony should be submitted in writing and only a summary of pertinent points presented verbally.
- Applause and demonstrations are prohibited during Board meetings.



MINUTES
Draft until approved
ISLAND CITY DEVELOPMENT
Regular Meeting
April 30, 2019 at 3:00 PM
Alameda Housing Authority Office, 701 Atlantic Avenue, Alameda

1. CALL TO ORDER & ROLL CALL

President Cooper called the meeting to order at 3:04 p.m., with the following Board Members present: Vice President McCahan, Secretary/Treasurer Basta. Members absent: none. Staff in Attendance: Kathleen Mertz, Stacey Wilson.

2. CONSENT CALENDAR (Action)

a. Approve Minutes of the Board of Directors Meeting Held November 6, 2018
Director McCahan moved to accept all items on the Consent Calendar, Director Basta seconded. The motion carried unanimously.

3. UNFINISHED BUSINESS (*none*)

4. NEW BUSINESS

- a. Authorize the President to Negotiate and Execute Amendment to Consultant Agreement with the Dahlin Group, Inc., **Page 3 (Action)**

Director McCahan moved to accept the motion, Director Basta seconded. The motion carried unanimously.

- b. Authorize the President or Designee to Negotiate and Execute a Consultant Agreement with the HKIT Architects, **Page 4 (Action)**

Director McMahan moved to accept the motion, Director Basta seconded. The motion carried unanimously.

5. PUBLIC COMMENT (*none*)

6. WRITTEN COMMUNICATIONS (*none*)

7. ORAL COMMUNICATIONS – BOARD MEMBERS AND STAFF (*none*)

Director McMahan inquired about the status of the land transfer between the U. S. Navy and the Housing Authority. HCD Director Kathleen Mertz provided a response that it is expected to be completed in May.

8. ADJOURNMENT

The meeting was adjourned at 3:19 p.m.

Respectfully submitted,

Draft until approved
Janet Basta
Secretary

To: Board of Directors
Island City Development

From: Kathleen Mertz
Director of Housing and Community Development

Prepared By: Tony Weng
Senior Project Manager

Date: July 23, 2019

Re: Accept the Rosefield Project Update Report and Ratify the Acceptance and Execution of the Amended \$2 Million Predevelopment Loan from the Housing Authority of the City of Alameda

BACKGROUND

The Rosefield Village project includes new construction of 78 units and renovation of 14 units, totaling 92 units located on the 700 block of Buena Vista Ave. ICD is the developer. The overall project scope includes both rehabilitation of existing structures and construction of a new building in the middle of the site. In addition to the 78 units, the new central building includes onsite laundry, property management offices, social service coordination offices, a community room, and central courtyard with play structures. Twelve existing units, in five buildings, on the east and west sides of the new building will be renovated, and one house will be converted into a duplex. The property will serve households ranging from 20%-80% of the Area Median Income.

As of October 2018, the Board of Commissioners of the Housing Authority of the City of Alameda (AHA) approved a construction/permanent loan of \$7 million of AHA funds to support the project. In September 2018, AHA was awarded \$1.67 million of A1 County Bond funds from the City Base Allocation for the project. In November, the Alameda Unified School District amended their allocation to \$6.6 million of pass through funds to the project. In February 2019, AHA was awarded \$6.42 million of A1 County Bonds funds from Regional Pool Allocation for the project.

DISCUSSION

In collaboration with Paragon Partners, Property Management staff continues to offer AHA vacancies not subject to a waitlist for Rosefield transferees while Paragon Partners is working with tenants to find housing in the private market. An update on the relocation status is below:



Month	Total Units	Vacant Units	Currently Occupied	Move Completed
May 31, 2019	53	26	27	8

In addition to the relocation planning work, staff continues to work with the design team on refining the project scope and proceeding with the entitlement process. Staff is reviewing the 50% Construction Documents package from the design team.

Staff is working on an application for Multifamily Housing Program funds from the State of California of approximately \$10 Million. Staff continues to review the project competitiveness for these funds and may have to adjust the target population to include a small portion of homeless households to score additional points for the funding competition. Additionally, staff will be submitting the 4% Low-Income Housing Tax Credit and tax-exempt bond applications. The overall financing goal is to secure funding in 2019 and start construction in early 2020.

In moving forward with the predevelopment work for this project, costs will exceed the remaining balance of the \$1 million predevelopment loan previously approved by the Board. Staff requested an increase to the predevelopment loan from \$1 million to \$2 million at the Board of Commissioners meeting on June 19, 2019. They approved this predevelopment loan increase. These additional funds will enable the project get through the entitlement process and be ready for funding applications. These predevelopment funds do not increase the total project budget. Rather, they increase the availability of funds during the predevelopment phase rather than construction phase.

Below is the updated predevelopment budget for Rosefield Village:

Budget Line Items	Estimated Costs
Architecture and Engineering	\$1,400,000
Reports and Studies (appraisal, market study, environmental reports, geotechnical reports, etc.)	\$125,000
Relocation Services	\$100,000
Legal Services	\$75,000
Permit Fees	\$300,000
Total	\$2,000,000.00

FINANCIAL IMPACT

The Board has previously accepted a \$1 million loan from AHA for pre-development expenses. Predevelopment costs incurred include application fees, professional services for reports and studies, plus architecture and engineering fees.

The chart below summarizes expenses through May 2019.



Rosefield Village

Pre-development Loan from AHA	\$	1,000,000
Usage through May 2019	\$	<u>823,483</u>
Balance	\$	176,517

The updated predevelopment budget discussed above does not affect the overall project financial feasibility. The increased in predevelopment loan represents the timing of the project costs needed to complete the entitlement process and be ready for funding applications. The \$2 million predevelopment loan will be paid back from project sources at the time of the construction loan closing, similar to the process for Littlejohn Commons and Everett Commons.

RECOMMENDATION

Accept the Rosefield Project Update Report and Ratify the Acceptance and Execution of the Amended \$2 Million Predevelopment Loan from the Housing Authority of the City of Alameda.

Respectfully submitted,

Kathleen Mertz
 Director of Housing and Community Development



To: Board of Directors
Island City Development

From: Kathleen Mertz
Director of Housing and Community Development

Date: July 23, 2019

Re: Approve the Authorizing Resolution to Apply for State of California Multifamily Housing Program Funds for Rosefield Village

BACKGROUND

Island City Development (ICD) performs real estate development services for the Rosefield Village project. A separate project update report is included in this month's board agenda.

The Rosefield Village project includes new construction of 78 units and renovation of 14 units, totaling 92 units located on the 700 block of Buena Vista Ave. ICD is the developer. The overall project scope includes both rehabilitation of existing structures and construction of a new building in the middle of the site. In addition to the 78 units, the new central building includes onsite laundry, property management offices, social service coordination offices, a community room, and central courtyard with play structures. Twelve existing units, in five buildings, on the east and west sides of the new building will be renovated, and one house will be converted into a duplex. The property will serve households ranging from 20%-80% of the Area Median Income.

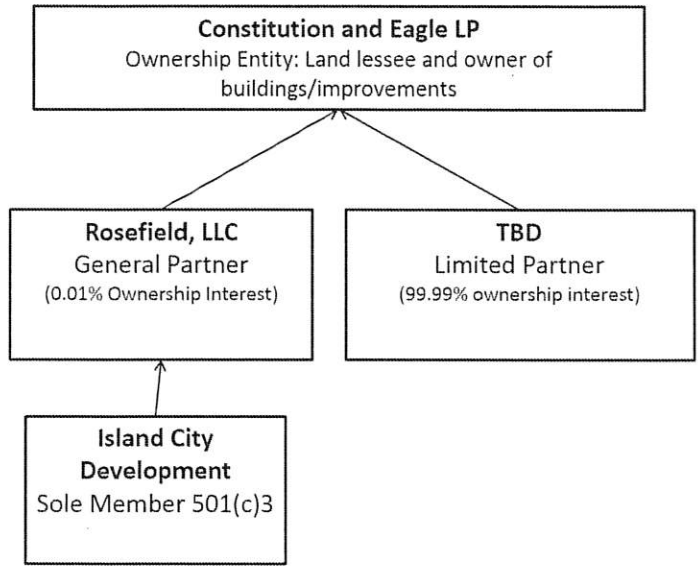
DISCUSSION

Staff is working on an application for Multifamily Housing Program funds from the State of California of approximately \$10 Million. Staff continues to review the project competitiveness for these funds and may have to adjust the target population to include a small portion of homeless households to score additional points for the funding competition. Additionally, staff will be submitting the 4% Low-Income Housing Tax Credit and tax-exempt bond applications. The overall financing goal is to secure funding in 2019 and start construction in early 2020.

The Board approved applications for funding in October 2018. However, the State of California requires a specific Board Resolutions for the applicant, which is in connection to the new ownership, to authorize the application, and to authorize and execute documents in advance of the MHP application should the project be awarded funds. These three Resolutions are attached hereto. The ownership structure for this project is similar to the other Low-Income Housing Tax Credit projects already developed by ICD, which includes ICD as the sole member of a Limited Liability Company that serves at the General Partner in a Limited Partnership with an equity investor. The Board approved this structure with Resolution 2018-02 in October 2018. The chart below summarizes the future ownership structure and ICD's role as the sole member of the general partner.



Rosefield Village Ownership Structure



FINANCIAL IMPACT

The total project budget for Rosefield is currently \$68 Million. As of October 2018, the Board of Commissioners of the Housing Authority of the City of Alameda (AHA) approved a construction/permanent loan of \$7 million of AHA funds to support the project. In September 2018, AHA was awarded \$1.67 million of A1 County Bond funds from the City Base Allocation for the project. In November, the Alameda Unified School District amended their allocation to \$6.6 million of pass through funds to the project. In February 2019, AHA was awarded \$6.42 million of A1 County Bonds funds from Regional Pool Allocation for the project. With this new MHP funding application, these funds would replace the large AHA loan, which was conditioned upon finding other sources to fill the gap. While staff are finalizing the exact MHP application ask, the loan will not exceed \$16 Million, per the maximum funding allowed under the MHP regulations.

RECOMMENDATION

Approve the Authorizing Resolution to Apply for State of California Multifamily Housing Program Funds for Rosefield Village.

Respectfully submitted,

Kathleen Mertz
Director of Housing and Community Development

Attachment: Three Authorizing Resolutions



RESOLUTION OF THE MEMBERS OF
ROSEFIELD LLC

All of the managers of Rosefield LLC, a California Limited Liability Company (the "Limited Liability Company), hereby consent to, adopt and ratify the following resolutions:

Multifamily Housing Program

WHEREAS, The State of California Department of Housing and Community Development (the "Department") has issued a Notice of Funding Availability under its Multifamily Housing Program (the "MHP") dated June 19, 2019 ; and

WHEREAS, the Limited Liability Company is authorized to do business in the State of California, and it is in the best interests of the Limited Liability Company and its Member for the Limited Liability Company to act as the managing General Partner of Constitution and Eagle, LP, a California limited partnership (the "Borrower"); and

WHEREAS, the Borrower has either received, or been assigned, a conditional commitment of funds under the above-described Notice of Funding Availability.

NOW, THEREFORE, IT IS RESOLVED: That the Limited Liability Company is hereby authorized to act as the managing General Partner of the Borrower in connection with the Department's loan of funds to the Borrower pursuant to the above-described Notice of Funding Availability (Loan No. -TBD- MHP) in an amount not to exceed \$16,000,000 (the "MHP Loan")

RESOLVED FURTHER: That in connection with the Borrower's MHP Loan, the Limited Liability Company is authorized and directed to enter into, execute, and deliver, as the managing General Partner of the Borrower, a State of California Standard Agreement, and any and all other documents required or deemed necessary or appropriate to carry into effect the full intent and purpose of the above resolution, in order to evidence the MHP Loan, the Borrower's obligations related thereto, and the Department's security therefore; including, but not limited to, a promissory note, a deed of trust and security agreement, a regulatory agreement, a development agreement, subordination agreements, and certain other documents required by the Department as security for, evidence of or pertaining to the MHP Loan, and all amendments thereto (collectively, the "MHP Loan Documents").

RESOLVED FURTHER: That Vanessa Cooper and Janet Basta are hereby authorized to execute the MHP Loan Documents, and any amendment or modifications thereto, on behalf of the Limited Liability Company as the managing General Partner of the Borrower.

RESOLVED FURTHER: That this resolution shall take effect immediately upon its passage.

Passed and adopted, effective as of _____, 20____ by the consent of the Managers of the Limited Liability Company by the following vote:

_____ AYES

_____ NAYS

_____ ABSTAIN

_____ ABSENT

[Name]

[Title]

CERTIFICATE OF THE SECRETARY

The undersigned, Secretary of Island City Development, sole member of Rosefield LLC, does hereby attest and certify that the foregoing Resolution is a true, full and correct copy of resolutions duly adopted at a meeting of the Limited Liability Company which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since its date of adoption and is in full force and effect as of the date hereof.

DATE: _____

[Name]

[Secretary]

**RESOLUTION OF THE BOARD OF DIRECTORS OF
ISLAND CITY DEVELOPMENT**

All of the Directors of Island City Development, a California nonprofit corporation (the "Corporation"), hereby consent to, adopt and ratify the following resolutions:

Multifamily Housing Program

WHEREAS the State of California Department of Housing and Community Development (the "Department") have issued a Notice of Funding Availability dated June 19, 2019 ("NOFA") under the Multifamily Housing ("MHP") Program;

WHEREAS, the Corporation is authorized to do business in the State of California and it is in the best interests of the Corporation for the Corporation to act as the sole member of Rosefield LLC (the "LLC"), the managing general partner of Constitution and Eagle LP (the "Borrower").

WHEREAS the Corporation is an Eligible Applicant/Sponsor under the MHP Program and was awarded an MHP Program loan in an amount not to exceed \$16,000,000 ("MHP Loan") under the above described NOFA.

NOW, THEREFORE, IT IS RESOLVED: That the Corporation is hereby authorized and directed to act on its own behalf and to act as the sole member of the LLC, the sole administrative general partner of the Borrower in connection with the Department's loan of MHP funds to the Borrower pursuant to the above mentioned NOFA in an amount not to exceed \$16,000,000.

RESOLVED FURTHER: The Corporation is hereby authorized and directed to act on its own behalf as well as act as sole member of the LLC as managing general partner of the Borrower to cause the Borrower and itself to incur an obligation for the MHP Loan. That in connection with the MHP Loan, the Corporation, on its own behalf and as sole member of the LLC as managing general partner of the Borrower, is authorized and directed to enter into, execute, and deliver a State of California Standard Agreement in the amount not to exceed \$16,000,000 and any and all other documents required or deemed necessary or appropriate to carry into effect the full intent and purpose of the above resolution, in order to evidence the MHP Loan, the Borrower's obligations related thereto, and the Department's security therefore; including, but not limited to, a promissory note, a deed of trust and security agreement, a regulatory agreement, a development agreement and certain other documents required by the Department as security for, evidence of or pertaining to the MHP Loan, and all amendments thereto (collectively, the "MHP Loan Documents").

RESOLVED FURTHER: The Corporation shall be subject to the terms and conditions as specified in the Standard Agreement(s). Funds are to be used for allowable capital asset project expenditures to be identified in Exhibit A of the Standard Agreement(s). The application in full is incorporated as part of the Standard Agreements(s). Any and all activities funded, information provided, and timelines represented in the application are enforceable through the Standard Agreement(s). The Corporation hereby agrees to use the funds for eligible capital asset(s) in the manner presented in the application as approved by the Department and in accordance with the NOFA, Program Guidelines and application package.

RESOLVED FURTHER: That Vanessa Cooper and Janet Basta are hereby authorized to execute the MHP Loan Documents and the MHP Grant Documents, and any amendment or modifications thereto, on behalf of the Corporation for itself and as sole member of the LLC as managing general partner of the Borrower

RESOLVED FURTHER: That this resolution shall take effect immediately upon its passage.

Passed and adopted, effective as of _____, 20____, by the consent of the Board of Directors of the Corporation by the following vote:

___AYES	___NAYS
___ABSTAIN	___ABSENT

Janet Basta Secretary

CERTIFICATE OF THE SECRETARY

The undersigned, Secretary of the Corporation does hereby attest and certify that the foregoing Resolution is a true, full and correct copy of a resolution duly adopted at a meeting of said corporation which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since its date of adoption and is in full force and effect as of the date hereof.

DATE: _____

Janet Basta Secretary

LOAN AUTHORIZATION OF CONSTITUTION AND EAGLE LP

The undersigned hereby certifies that she is the sole general partner of Constitution and Eagle LP, a California limited partnership (the "Borrower"), and as such makes the following certifications and representations to the State of California Department of Housing and Community Development (the "Department"):

1. Under the Notice of Funding Availability dated June 19, 2019, issued by the Department under its Multifamily Housing Program (MHP), the Borrower has either received, or been assigned, a conditional commitment of funds pursuant to an Award Letter issued by the Department.

2. The Borrower is duly formed as a limited partnership in the state of California is authorized to do business in the State of California, and has the power and authority to borrow the funds, which are the subject of conditional commitment of the Department, in an amount not to exceed \$ TBD (the "MHP Loan")

3. That in connection with the MHP Loan, the Borrower is authorized to enter into a State of California Standard Agreement, and any and all other documents required or deemed necessary or appropriate to evidence the MHP Loan, the Borrower's obligations related thereto, and the Department's security therefore; including, but not limited to, a promissory note, a deed of trust and security agreement, a regulatory agreement, a development agreement and certain other documents required by the Department as security for, evidence of or pertaining to the MHP Loan, and all amendments thereto (collectively, the "MHP Loan Documents").

4. That Rosefield LLC, the sole general partner of the Borrower is authorized and directed to execute the MHP Loan Documents, and any amendments thereto, on behalf of the Borrower.

Dated: _____

BORROWER:

Constitution and Eagle LP,
a California limited
partnership

By: Rosefield LLC

Its: Managing General Partner

By: _____
Vanessa Cooper, President
Island City Development