



## ISLAND CITY DEVELOPMENT AGENDA

### **AGENDA**

### **DATE & TIME**

### **SPECIAL MEETING OF ISLAND CITY DEVELOPMENT**

**Wednesday, October 25, 2023 - 6:01 PM**

### **LOCATION**

Independence Plaza, 703 Atlantic Avenue, Alameda - Ruth Rambeau Memorial Community Room

### **PUBLIC PARTICIPATION**

Public access to this meeting is available as follows:

Join Zoom Meeting:

<https://us06web.zoom.us/j/88946959564?pwd=OVJpYUcya05ROEFTZEI2aENNa24vUT09>

Meeting ID: 889 4695 9564

Passcode: 067149

1. CALL TO ORDER & ROLL CALL
2. AB2449 COMPLIANCE - The Chair will confirm that there are 2 members in the same, properly noticed meeting room within the jurisdiction of the City of Alameda. Each board member who is accessing the meeting remotely must disclose verbally whether they are able to be remote under AB2449: (1) just cause (max. 2 per year), or (2) emergency circumstances." For Emergency Circumstances, the request must be approved by a majority vote of the Board of Directors for the emergency circumstances to be used as a justification to participate remotely. Remote Directors must provide a general description of the circumstances relating to need to appear remotely at the given meeting. Directors must also publicly disclose at the meeting, prior to any action, whether any other individuals 18 years or older are present in the room with the member at the remote location, and the general nature of the member's relationship with such individuals. Note: A Director cannot participate in meetings of the Board of Directors solely by teleconference from a remote location for a period of more than 3 consecutive months or 20% of the regular meetings for ICD within a calendar year, or more than 2 meetings if the Board of Directors regularly meets fewer than 10 times per calendar year.
3. PUBLIC COMMENT (Non-Agenda)
4. CONSENT CALENDAR (Action)



- B. Approve the Disposition Plan for Furnishings at Hawthorn Suites Alameda/Poppy Place
- C. Accept the Monthly Development Report for The Poplar (2615 Eagle Avenue).
- D. Accept the Monthly Development Report for The Estuary I.
- E. Accept the Monthly Development Report for Linnet Corner.
- 5. NEW BUSINESS
  - A. Adopt the Authorizing Resolution for the Acquisition, Ground Lease, Ground Lease Loan, Cash Loan, \$12, 255,000 loan Housing Trust Silicon Valley Loan, and \$13,410,705 loan State of California Loan, and Ownership Structure for Poppy Place.
- 6. NON-AGENDA (Public Comment)
- 7. WRITTEN COMMUNICATIONS
- 8. ORAL COMMUNICATIONS – BOARD MEMBERS AND STAFF
- 9. 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 Sarah Raskin at (510) 747-4360 (TTY/TRS: 711) or [sraskin@alamedahsg.org](mailto:sraskin@alamedahsg.org). Notification 48 hours prior to the meeting will enable the Island City Development Board of Directors to make reasonable arrangements to ensure accessibility or language assistance.
- 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

Special Meeting, September 20, 2023

In person at Independence Plaza Community Room,  
703 Atlantic Avenue, Alameda Ca 94501, and  
Teleconference via Zoom

### 1. CALL TO ORDER & ROLL CALL

*Director Cooper called the meeting to order at 7:53 PM. The following Board members were present: Director Vanessa Cooper, Director Carly Grob, and Director Greg Kats; quorum established. Staff in attendance: Sylvia Martinez, Tony Weng, Joseph Nagel, Louie So, Janet Lee, Leon Ko, Sarah Raskin, Paris Howze, Jenny Wong, Stephen Zhou, Richard Yoshida, and Jasmine Polar.*

2. AB2449 COMPLIANCE - The Chair will confirm that there are 2 members in the same, properly noticed meeting room within the jurisdiction of the City of Alameda. Each board member who is accessing the meeting remotely must disclose verbally whether they are able to be remote under AB2449: (1) just cause (max. 2 per year), or (2) emergency circumstances." For Emergency Circumstances, the request must be approved by a majority vote of the Board of Directors for the emergency circumstances to be used as a justification to participate remotely. Remote Directors must provide a general description of the circumstances relating to need to appear remotely at the given meeting. Directors must also publicly disclose at the meeting, prior to any action, whether any other individuals 18 years or older are present in the room with the member at the remote location, and the general nature of the member's relationship with such individuals. Note: A Director cannot participate in meetings of the Board of Directors solely by teleconference from a remote location for a period of more than 3 consecutive months or 20% of the regular meetings for ICD within a calendar year, or more than 2 meetings if the Board of Directors regularly meets fewer than 10 times per calendar year.

*Director Cooper, Chair of the meeting confirmed that directors were present at the physical location of the meeting, therefore AB 2449 compliance was established.*

### 3. PUBLIC COMMENT (Non-Agenda) **NONE**

### 4. CONSENT CALENDAR (Action)

- A. Approve the minutes of the ICD Special Meeting on August 16, 2023
- B. Accept Monthly Development Report for Rosefield Village.
- C. Accept Monthly Development Report on Poppy Place (formerly Hawthorn Suites Hotel).
- D. Accept the Monthly Development Report for The Poplar (2615 Eagle Avenue).
- E. Accept the Monthly Development Report for The Estuary I (North Housing PSH I).



- F. Accept the Monthly Development Report for Linnet Corner (North Housing Senior Apartments)

*No Comments. Director Cooper motioned to accept consent calendar items 5A – 5H, Director Kats seconded. A call for all in favor, the motion passed unanimously.*

5. NEW BUSINESS

- A. Ratify and Adopt the Resolutions for a State of California Grant and Loans, and Authorize the President or her designee to make necessary Minor Adjustments and Execute all Other Documents Required for the North Housing Senior Apartments Development.

*Staff P. Howze requested a revision to the last paragraph of the previously approved Resolution No. 2023-05 from March 15, 2023's ICD Board of Directors Meeting. The revision is to include the persons who are authorized to execute loan documents and to include Secretary Kats as an authorized signer. Additionally, North Housing Senior designated a General Partner for the development of the project. Director Cooper asked for clarification on whether the above Resolutions needed to be signed tonight, and staff T. Weng stated that the resolutions did need to be physically signed to be returned to the State.*

6. NON-AGENDA (Public Comment) **NONE**

7. WRITTEN COMMUNICATIONS **NONE**

8. ORAL COMMUNICATIONS – BOARD MEMBERS AND STAFF

*T. Weng informed the Board that the Debt and Equity RFP responses have been reviewed and the vendors were chosen.*

9. ADJOURNMENT

*Director Grob Adjourned the meeting at 7:58 PM.*



**ISLAND CITY DEVELOPMENT**

Fax (510) 522-7848 | TTY/TRS 711

To: Board of Directors  
Island City Development

From: Sylvia Martinez, Director of Housing Development

Date: October 25, 2023

Re: Approve the Disposition Plan for Furnishings at Hawthorn Suites  
Alameda/Poppy Place

**BACKGROUND**

In November 2023, Island City Development, working in collaboration with AHA, will purchase the existing hotel at 1628 Webster Street and all interior furnishings and equipment. Much of the onsite furnishings will be retained for ongoing use. However, some of the equipment is not needed and will be disposed according to our disposition policy. Attachment 1 to this report is a list of all equipment and the proposed use or disposition.

**DISCUSSION**

Per the appraisal dated 5/1/2023, the replacement cost for new furnishings, fixtures and equipment would be \$894,100. However, the property's equipment was refitted in 2019-2020, and the appraiser determined that "the bulk of the furnishings likely have a remaining useful life of about 75-80%...as some of the equipment is older, a 25% depreciation allowance leaves a depreciated value of 74% or \$671,000." (Napoliello Appraisal dated 2/27/23)

It is estimated that over half of the furnishings will be retained, including common area and office furniture, unit furniture (except the current beds/mattresses, hotel linens, and mini-fridges). Some equipment, such as the onsite commercial laundry, will be offered for sale/disposition in the following manner:

- 1) Equipment will be offered to at least three commercial/office equipment liquidators. The highest bid will be accepted (net of removal costs). It is likely that some of the equipment will not be accepted by the brokers.
- 2) Remaining items will be listed on a public auction site (Public Purchase) for a maximum of four weeks and if not sold, will be donated/disposed.

All proceeds from the disposition of the unwanted furnishings will be used to support the adaptive reuse of this site and reduce the total amount of the AHA Cash loan to the property.

**FISCAL IMPACT**

It is not clear what the proceeds will be for this used equipment, which will also need to be dismantled or removed from the site. However, any net proceeds will be used to support the cost of the Poppy Place development.



**CEQA**

Not applicable

**RECOMMENDATION**

Approve the Disposition Plan for Furnishings at Hawthorn Suites Alameda/Poppy Place

**ATTACHMENTS**

1. Att 1 Furniture List Inventory

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Sylvia Martinez', with a stylized flourish at the end.

Sylvia Martinez, Director of Housing Development

**Poppy Place - 1628 Webster St Furniture Inventory**

<b>Bedroom items</b>	<b>Amount of item</b>	<b>Dispose</b>	<b>Keep</b>
King mattress	30	30	0
king headboard	30	0	30
queen mattress	40	27	13
queen headboard (attached)	40	0	40
desks (attached)	50	0	50
living room dresser	5	0	5
luggage bench	46	0	46
bedroom dresser	5	0	5
love seat	32	19	13
sleeper sofa	18	18	0
chair	50	37	13
coffee table	50	37	13
hair dryer	50	50	0
waste bin	100	80	20
desk lamp	40	20	20
TV	100	74	26
Telephone	50	50	0
Mini fridges	50	50	0
Coffee makers	50	0	50
Microwaves	50	0	50
	<b>886</b>	<b>492</b>	<b>394</b>

<b>Common area items</b>	<b>Amount of item</b>	<b>Dispose</b>	<b>Keep</b>
Jackson Dish Washer	1	0	1
Turbofan Hoodless Oven	1	0	1
Panasonic Microwaves	3	0	3
Hatco Toaster	1	0	1
Insignia 40" Television	1	0	1
Dining Tables	10	0	10
Dining chairs	28	0	28
Chafing Dish	1	0	1
Lounge Chairs	4	0	4
Coffee Table	1	0	1
Side Tables	2	0	2
Sofa	1	0	1
Computer Desk & Chair	1	0	1
Ice Machine	3	3	0
Treadmill	1	1	0
Weight Machine	1	1	0
Free Weights Set	1	1	0



Stretching Machine	1	1	0
Speed Queen Coin Washer	1	1	0
Speed Queen Coin Dryer	1	1	0
6" Tables	6	0	6
Chairs	25	0	25
Podium	1	1	0
Luggage Carts	2	1	1
	<hr/> 98	<hr/> 11	<hr/> 87

Staff area items	Amount of		
	item	Dispose	Keep
Manager's Desk and Chair	1	0	1
Book Case	1	0	1
Unimac Commercial Washer	2	2	0
Unimac Commercial Dryer	2	2	0
Sheet folder	1	1	0
Linen Table	1	0	1
Housekeeping Cart	3	0	3
Baby Cribs	2	2	0
Linen Cart	2	2	0
Garbage Cart	1	0	1
Vacuum Cleaners	3	0	3
Matrix Telephone System	1	1	0
Dish Network Dish & Receivers	1	1	0
Amenities Rack	1	0	1
	<hr/> 22	<hr/> 11	<hr/> 11

**ISLAND CITY DEVELOPMENT**

Fax (510) 522-7848 | TTY/TRS 711

To: Board of Directors  
Island City Development

From: Jenny Wong, Senior Project Manager

Date: October 25, 2023

Re: Accept the Monthly Development Report for The Poplar (2615 Eagle Avenue).

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**BACKGROUND**

The Housing Authority of the City of Alameda (AHA) purchased the property at 2615 Eagle Avenue in April 2022 in order to develop the site as affordable housing. AHA anticipates that the site will serve 40-50 families, with up to 25% supportive housing units if required by funding sources. The development will be required to have a preference for Alameda Unified School District (AUSD) staff due to the City redevelopment funding awarded to the project.

**DISCUSSION****Funding**

On April 20, 2022, AHA approved the purchase of the property for \$2.5 million, and an option to ground lease to Island City Development (ICD). In May 2022, the Board agreed to \$500,000 in funding for design and development (this is typically a predevelopment, short-term commitment). AHA has received approximately \$3 million from the City of Alameda redevelopment funding for this development. The current Reserve Policy commitment is zero at this time.

In June 2023, the Board directed staff to pursue a predevelopment loan from Capital Impact Partners, a Community Development Financial Institution, for this development at highly favorable rates. Capital Impact is committing up to \$3,337,000 in acquisition and predevelopment funding to the project. The term sheet has been fully executed. The project has credit approval from Capital Impact and is undergoing due diligence for the loan. anticipate that the funds could be available by the end of the year, which is important as the liquidity helps AHA meet its other funding obligations.

**Design and Permit**

As part of the application process, staff received confirmation that the development will not require CEQA review and is entitled for the planned use. The site will have to submit drawings for a ministerial design review process on objective design standards, and for offsite public works approvals.

**Procurement**

Staff has begun procurement for the architect and design team and will be completed early



#### Community Outreach

A press release was issued after escrow closed, and the AHA website now references a quarterly newsletter regarding all pipeline developments. Staff anticipates holding community outreach meetings in early 2024.

#### Environmental Mitigation

The property was formerly used as a maintenance and storage yard by AUDS to facilitate their daily operations. Additional testing will be required to assess the full extent of the residual impacts in order to determine the appropriate plan for mitigation and/or remediation.

Staff is preparing a grant application for Equitable Community Revitalization Grant (ECRG) funds from the Department of Toxic Substances Control Office of Brownfields. The ECRG grant funds would serve as a potential funding source to offset site investigation and clean-up costs. ECRG Round 2 grant funding applications are due October 9, 2023 and awards are anticipated to be announced in February 2024.

#### **FISCAL IMPACT**

The Capital Impact loan will provide predevelopment funding for all costs associated with this project, with any fees and carrying costs anticipated to be recovered by the future development.

#### **CEQA**

Not applicable.

#### **RECOMMENDATION**

Accept the Monthly Development Report for The Poplar (2615 Eagle Avenue).

#### **ATTACHMENTS**

None

Respectfully submitted,



Jenny Wong, Senior Project Manager

**ISLAND CITY DEVELOPMENT**

Fax (510) 522-7848 | TTY/TRS 711

To: Board of Directors  
Island City Development

From: Jenny Wong, Senior Project Manager

Date: October 25, 2023

Re: Accept the Monthly Development Report for The Estuary I.

**BACKGROUND**

The Estuary I, formerly known as North Housing PSH I, is one of the first three projects within North Housing Block A and Block A is the first phase of the larger 12-acre North Housing parcel redevelopment at the former Alameda Naval Air Station (NAS) at the site known as Coast Guard Housing. The Estuary I project is expected to have 45 units of permanent supportive housing for formerly homeless individuals and households.

The Housing Authority of the City of Alameda (AHA) is leading the development under a homeless accommodation conveyance, alongside partners Alameda Point Collaborative (APC) and Building Futures. Island City Development (ICD) is the developer. On February 21, 2016, the Board authorized acceptance of the Quit Claim deed for conveyance of the property to AHA. On June 5, 2018, City Council approved the resolution to transfer the North Housing site to AHA. The North Housing parcel was successfully transferred to AHA ownership on May 30, 2019. The Board approved the Agency's Vision for the North Housing site at its August 2019 meeting. On August 17, 2020, the Planning Board approved the Development Plan, and on September 15, 2020, the City Council approved the Tentative Map.

Please see previous Board reports for project details before this month's update.

**DISCUSSION****Funding**

AHA has made two funding commitments through its Reserve Policy, one for \$3,750,000 which is flowing through the Alameda Affordable Housing Trust Fund (AAHTF), and one for \$3,000,000 in a direct AHA loan. The AAHTF commitment has been awarded matching funds of \$1,250,000 from the State Local Housing Trust Fund program. Together, the AAHTF commitment is \$5,000,000. AHA approved an option to ground lease the property, at a subsidized rate, in 2021.

The project has received combined City of Alameda funding commitments of approximately \$1,858,000 from various federal and local sources.



The Federal Home Loan Bank of San Francisco awarded \$660,000 in Affordable Housing Program (AHP) funds to the project.

The Estuary I project has a total of forty (40) Section 8 Project-Based Vouchers awards from AHA. The initial Housing Assistance Payment (HAP) Contract for a total of forty (40) PBVs over twenty (20) years is expected to be worth approximately \$10 million. On October 4, 2023, the project signed an Agreement To Enter Into A Housing Assistance Payment Contract (AHAP) with AHA.

On July 26, 2023, the California Tax Credit Allocation Committee (CTCAC) approved a 9 percent Low-Income Housing Tax Credit (LIHTC) allocation recommendation for the project. The Estuary I is required to close on construction financing and begin construction no later than January 22, 2024.

### Permit

The building permit is ready to be issued upon payment of building permit fees for the Estuary I project. Also, the Public Works Department completed its review of the first phase Final Map and the associated backbone improvements plan. On May 16, 2023, City Council approved the first phase Final Map. On September 19, 2023, the remnant Right of Way (ROW) parcels along Mosley Avenue transferred from the City to AHA as contemplated in the approved Development Plan. Staff are working with the City to memorialize the first phase Final Map with Alameda County Recorder.

### Procurement

Staff released the RFP for a construction manager in August 2023 and is reviewing proposals from multiple parties..

Staff released the RFQ for debt and equity investor in February 2023 and received interest from multiple parties. Staff, together with the Review Panel, reviewed and ranked all the responses to the Debt and Equity RFQ and selected the highest-ranking equity proposal from Enterprise Housing Credit Investment (Enterprise) with Bank of America as debt lender for The Estuary I. Staff is working with the financing team on due diligence towards an early 2024 loan closing and construction start. The final financing package will come back to the Board for approval once due diligence is complete.

### **FISCAL IMPACT**

The Board previously authorized a predevelopment loan to ICD of \$7,500,000 for costs associated with master planning, carrying costs, demolition, and redevelopment work for Block A of the North Housing project, which includes 155 units of permanent supportive and senior housing, including Estuary I. At the August 2023 Board meeting, the Board authorized an additional \$2,500,000 predevelopment loan to ICD. This brings the predevelopment loan on the North Housing Block A projects to a total of \$10,000,000. Funds are disbursed to ICD on an as-needed basis.

The current total available predevelopment loan balance is \$2,214,958 net of anticipated soil stabilization costs. Please refer to the attached chart summarizing expenses through September 30, 2023 (Attachment 1).

### **CEQA**



**RECOMMENDATION**

Accept the Monthly Development Report for The Estuary I.

**ATTACHMENTS**

1. North Housing Expenses Chart Through September 30, 2023

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Jenny', is positioned above the printed name.

Jenny Wong, Senior Project Manager

**North Housing Block A Predevelopment Expenses Chart Through September 30, 2023.**

North Housing Block A	Total
The Estuary I – 45 units (includes predevelopment, pro rata shares of master plan, demolition, and land carrying costs)	\$1,071,876
The Estuary II – 46 units (includes predevelopment, pro rata shares of master plan, demolition, and land carrying costs)	\$1,076,480
Linnet Corner – 64 units (includes predevelopment, pro rata shares of master plan, demolition, and land carrying costs)	\$1,223,487
Grand Total	\$3,371,843
Anticipated Soil Stabilization Costs for Block A	\$4,413,119
Remaining Predevelopment Loan Available for Block A	\$2,214,958

North Housing	Total
Remaining Nine (9) Acre Land Carrying Costs and Site Pre-Development (includes master planning and demolition) *Shown for informational purposes only	\$4,000,000

**ISLAND CITY DEVELOPMENT**

Fax (510) 522-7848 | TTY/TRS 711

To: Board of Directors  
Island City Development

From: Paris Howze, Project Manager

Date: October 25, 2023

Re: Accept the Monthly Development Report for Linnet Corner.

**BACKGROUND**

Linnet Corner, formerly known as North Housing Senior Apartments, is one of three projects within North Housing Block A and Block A is the first phase of the larger 12- acre North Housing parcel redevelopment at the former Alameda Naval Air Station (NAS) at the site known as Coast Guard Housing. Linnet Corner is expected to have sixty-four (64) affordable units for seniors aged 62 and over. Twenty-five percent (25%) of the units or sixteen (16) units are expected to serve senior homeless veterans.

The Housing Authority of the City of Alameda (AHA) is leading the development under a homeless accommodation conveyance. Island City Development (ICD) is the developer. On February 21, 2016, the Board authorized acceptance of the Quit Claim deed for conveyance of the property to the Housing Authority. On June 5, 2018, City Council approved the resolution to transfer the North Housing site to the Housing Authority. The North Housing parcel was successfully transferred to Housing Authority ownership on May 30, 2019. The Board approved the Agency's Vision for the North Housing site at its August 2019 meeting. On August 17, 2020, the Planning Board approved the Development Plan, and on September 15, 2020, the City Council approved the Tentative Map.

Please see previous Board reports for project details before this month's update.

**DISCUSSION****Funding**

On August 23, 2023, the California Tax Credit Committee (CTCAC) and the California Debt Allocation Committee (CDLAC) awarded Linnet Corner an allocation of 4 percent Low-Income Housing Tax Credits (LIHTC) and Tax-Exempt Bonds, respectively. The CTCAC and CDLAC awards will enable the project to break ground in the next six months.

The Federal Home Loan Bank of San Francisco awarded \$945,000 in Affordable Housing Program (AHP) funds to the project.

On March 9, 2023, the California Housing and Community Development Department (HCD) released the 2023 Local Housing Trust Fund (LHTF) Program Notice of Funding Availability





(NOFA) with funding applications due through May 17, 2023. Staff submitted an LHTF application for additional state-matching funds for this project. On October 2, staff was notified the project received a \$1,000,000 LHTF award.

In February 2023, staff received a Multifamily Super NOFA Conditional Award Commitment in the amount of \$20,635,312 from the California Department of Housing and Community Development (HCD) for this project. Staff is working with HCD staff on finalizing the project report and the standard agreement.

In June 2022, AHA conditionally awarded forty (40) Section 8 PBVs for this project. The initial Housing Assistance Payment (HAP) Contract for a total of forty (40) PBVs over twenty (20) years is expected to be worth approximately \$10 million. On October 4, 2023, the project signed an Agreement to Enter Into A Housing Assistance Payment Contract (AHAP) with AHA. Staff submits quarterly reports as required by the PBV award.

### Permits

The building permit is ready to be issued upon payment of building permit fees for the Linnet Corner project. Also, the Public Works Department completed its review of the first phase Final Map and the associated backbone improvements plan. On May 16, 2023, City Council approved the first phase Final Map. On September 19, 2023, the remnant Right of Way (ROW) parcels along Mosley Avenue were transferred from the City to AHA as contemplated in the approved Development Plan. Staff is working with the City to memorialize the first phase Final Map with Old Republic Title and Alameda County Recorder's Office.

### Procurement

Staff released the RFP for a construction manager on August 31, 2023 and is reviewing proposals received from multiple parties.

Staff released the RFQ for a debt and equity investor in February 2023 and received interest from multiple parties. Staff, together with the Review Panel, reviewed and ranked all the responses to the Debt and Equity RFQ. The highest-ranking equity proposal from Enterprise Housing Credit Investment (Enterprise) with Bank of America as the debt lender was selected for Linnet Corner. Staff is working with the financing team on due diligence towards an early 2024 loan closing and construction start. The final financing package will come back to the Board for approval once due diligence is complete.

## **FISCAL IMPACT**

The Board previously authorized a predevelopment loan to ICD of \$7,500,000 for costs associated with master planning, carrying costs, demolition, and redevelopment work for Block A of the North Housing project, which includes 155 units of permanent supportive and senior housing, including the Linnet Corner project. At the August 2023 Board meeting, the Board authorized an additional \$2,500,000 predevelopment loan to ICD. This brings the predevelopment loan on the North Housing Block A projects to a total of \$10,000,000. Funds are disbursed to ICD on an as-needed basis.

The current total available predevelopment loan balance is \$2,214,958, net of anticipated soil stabilization costs. Please refer to the attached chart summarizing expenses through



**CEQA**

Not applicable.

**RECOMMENDATION**

Accept the Monthly Development Report for Linnet Corner.

**ATTACHMENTS**

1. North Housing Expenses Chart Through September 30, 2023

Respectfully submitted,



Paris Howze, Project Manager

**North Housing Block A Predevelopment Expenses Chart Through September 30, 2023.**

North Housing Block A	Total
The Estuary I – 45 units (includes predevelopment, pro rata shares of master plan, demolition, and land carrying costs)	\$1,071,876
The Estuary II – 46 units (includes predevelopment, pro rata shares of master plan, demolition, and land carrying costs)	\$1,076,480
Linnet Corner – 64 units (includes predevelopment, pro rata shares of master plan, demolition, and land carrying costs)	\$1,223,487
Grand Total	\$3,371,843
Anticipated Soil Stabilization Costs for Block A	\$4,413,119
Remaining Predevelopment Loan Available for Block A	\$2,214,958

North Housing	Total
Remaining Nine (9) Acre Land Carrying Costs and Site Pre-Development (includes master planning and demolition) *Shown for informational purposes only	\$4,000,000

**ISLAND CITY DEVELOPMENT**

Fax (510) 522-7848 | TTY/TRS 711

To: Board of Directors  
Island City Development

From: Sylvia Martinez, Director of Housing Development

Date: October 25, 2023

Re: Adopt the Authorizing Resolution for the Acquisition, Ground Lease, Ground Lease Loan, Cash Loan, \$12, 255,000 loan Housing Trust Silicon Valley Loan, and \$13,410,705 loan State of California Loan, and Ownership Structure for Poppy Place.

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**BACKGROUND**

In fall 2020, the Housing Authority of the City of Alameda (AHA) was approached by the owner of the Hawthorn Suites, on Webster Street, with an opportunity to convert the hotel to residential use. The Board authorized the Executive Director to sign a purchase and sale agreement in June 2022 and provided an \$8 million conditional long term commitment of funding to the project from the agency reserve policy. Staff applied to the State of California Housing and Community Development Department in July 2022 for funding and received an award in February 2023. Staff has accepted due diligence and negotiated an extension to purchase the land and improvements in November 2023. The Poppy Place project is expected to close its acquisition and construction financing on November 15, 2023. This report summarizes the current status and describes the final financing plan.

**DISCUSSION**

Poppy Place will create 50 affordable homes, including one onsite manager's unit, that will serve small households in highly affordable units, including thirteen (13) supportive housing units with intensive case management and supportive services. Island City Development (ICD) is the developer. The overall project scope includes accessibility upgrades, light renovation to add kitchenettes, a tenant laundry, and outdoor recreation areas and bicycle parking. On the exterior, a new roof and a solar photovoltaic system are included in the renovation scope. The project will proceed quickly, assuring that much needed affordable homes are available by mid-2024 to benefit local residents and workers. Lease up has already begun via the County Housing Portal <https://housing.acgov.org/>. The County of Alameda will be providing referrals for formerly homeless individuals and will support the development with in-kind social service funding for the 13 permanent supportive housing units.

The rehab architect, Garavaglia Architecture, Inc. have submitted the permit drawings and anticipate a building-permit ready letter by mid-November. Staff has published an RFP for the tenant improvements and anticipates awarding up to three contracts for the roofing, solar, and interior work, as described below.



Staff is working with lenders for all of the underwriting and due diligence approvals. The project is projected to close on the financing on November 15, 2023. Renovation will take approximately 5 months.

### **Financial Closing Summary**

The construction lender will be the Housing Trust of Silicon Valley. The permanent lender will be the State of California. ICD, through its affiliate ICD Webster LLC, and the AHA will be co-sponsors and parties to both loans. AHA will purchase the land and improvements from the seller, and then ICD Webster LLC will purchase the improvements from AHA and execute a ground lease with AHA for the land. AHA will own the land. These activities will occur in one escrow transaction. A draft proforma and draft resolution are attached. A narrative description of the financing is provided below and the financial proforma is attached:

1. Property purchase – AHA will purchase the land and improvements from the seller.
2. Ground lease - The land will be leased to ICD Webster LLC from AHA for 99 years. The consideration for the lease is the market value of half of the land value, as discussed below under the Ground Lease loan. AHA will purchase the balance of this land outright with reserves.
3. Construction Loan -Housing Trust Silicon Valley will provide a loan that will be the first trust deed during construction and taken out by the State of CA Multifamily Housing Program Loan. The construction loan has a fixed 5.5% interest rate and extensions available.
4. Ground Lease Loan - The land value is based on a third-party appraisal and forms the basis for a loan to prepay the ground lease. The loan is from AHA to ICD Webster LLC with a fixed rate of 0% interest for 55 years. This loan will be used during construction and permanent phases.
5. Cash Loan - AHA will provide a cash loan with a fixed interest rate of 0% for 55 years to be repaid by residual receipts. This loan will be used during construction and permanent phases.
6. State of CA Multifamily Housing Program Loan - The State will provide a cash loan with a fixed rate of 0% interest for 55 years at project completion that will have the first trust deed once the construction lender is repaid by these funds.

### **Operations**

The operating budget assumptions are based on existing AHA portfolio costs, plus input from FPI Management. The project will serve extremely low income and working households, from 20% - 60% of the Area Median Income. Capitalized replacement and operating reserves will be created to support the project in the future.

**Operating Income:** There are no vouchers currently assigned to the property, but vouchers will be accepted.

**Operating Expenses:** Projected initial expenses are \$11,000 per unit/per year, inclusive of services. This includes a full-time manager and a maintenance person. The project is expected to qualify for a property tax exemption under the California welfare exemption. The operating income can support services, with case management being provided through the County Health and Human Services department through an in-kind contract to LifeSTEPS,



**Affordability Restrictions:** There will be two affordability agreements recorded at the property. AHA will record an Affordability Agreement restricting 49 units at 80% AMI. At completion, HCD will record a regulatory agreement as well. There are fifteen (15) units at 20% AMI, and 34 units at 60% AMI, with one unrestricted manager's unit. Utilities are paid by the owner directly, not the tenants. Thirteen (13) of the units will serve formerly homeless and disabled individuals, referred by the Coordinated Entry System or other providers. There is a preference for Alameda residents or workers.

AHA will be required to provide construction completion and operating guarantees, along with ICD, for the term of the construction period loan. The financial guarantees will be reflected in the Housing Authority's financial statements as 'contingent liabilities'. The construction guarantee will be released at construction completion and conversion to HCD's permanent financing.

The Authorizing Resolution, attached, and all legal documents associated with the transaction has been reviewed by AHA third-party counsel, Downs Pham Kuei. The Authorizing Resolution permits the Executive Director or her designee to execute the project documents, subject to minor, technical or clarifying changes, as well as to negotiate and accept documents with terms favorable to the Housing Authority.

### **Construction Contract Summary**

ICD published two requests for proposals regarding the tenant improvements, roofing and solar work at Poppy Place. Staff has reviewed the proposals and independent cost estimates and will make recommendations that fit the budget to the ICD Board of Directors for approval.

### **FISCAL IMPACT**

Originally, the AHA Board had approved a total outlay of \$8 million for the acquisition and renovation of Poppy Place. The current financial proposal for the project will require up to \$9.1 million or an increase of \$1.1 million dollars. This additional funding is needed to cover cost overruns for the renovation, a construction term shortfall due to limited construction loan financing, and an additional hard and soft cost cushion to assure that the project can complete and begin leasing up in a timely manner. Total development costs are \$470,000/unit, which is less than half the cost of a similar new construction unit, and will be achieved in a quarter of the development time due to adaptive reuse of an existing site.

\$1,650,000 of the AHA investment is targeted to retain half of the site as landbanking for future development.

This project is scheduled to deliver \$150,000 in total developer fee, which has been deferred to the end of construction to not accrue additional loan interest.

### **CEQA**

Not Applicable

### **RECOMMENDATION**

Adopt the Authorizing Resolution for the Acquisition, Ground Lease, Ground Lease Loan, Cash Loan, \$12, 255,000 loan Housing Trust Silicon Valley Loan, and \$13,410,705 loan



October 25, 2023

State of California Loan, and Ownership Structure for Poppy Place.

**ATTACHMENTS**

1. 11 D 1628 Webster\_Oct 2023
2. AHA Alameda Adaptive Reuse\_HTSV 23-1011
3. Att 2 DRAFT ICD Resolution 2023-XX Poppy Place Transaction

Respectfully submitted,



Sylvia Martinez, Director of Housing Development

# **Poppy Place Authorizing Resolutions**

**October 25, 2023**





# Timeline to Ownership

- Fall 2020 – Acquisition discussions start
- June 2022 – Purchase and Sale Agreement signed
- February 2023 – Award of State funding
- November 2023 – Purchase & Start of construction

# Transaction Overview

- CO-SPONSORS, CO-GUARANTORS – ICD and AHA
- CONSTRUCTION
  1. Construction loan from Housing Trust Silicon Valley
  2. AHA ground lease to ICD and cash loan commitment
  3. AHA construction gap financing
- PERMANENT
  1. State of California Multifamily Housing Program Loan
  2. AHA ground lease to ICD and cash loan commitment

# AHA Commitment - \$9,000,000

1.	AHA owns the land. 50% is outside this transaction. Land banking.	\$1,650,000
2.	Ground lease	\$1,650,000
3.	Cash loan*	<u>\$5,800,000</u>
		\$9,100,000

\*Cash loan covers const. gap and contingency



# Key Considerations

1. 50 multifamily units in less than 2 years
2. Walkable, amenity-rich location
3. Popular small units, with elevator
4. Long term affordability from 20% to 60% AMI
5. Cost per unit – less than ½ of new construction

# Timeline to Operations

- October 2023– Pre leasing
- Jan 2024 – First move ins
- April 2024 – Construction completion
- September 2024 – Conversion & Stabilized Operations

Adopt the Authorizing Resolution for the Ground Lease Loan, \$1.1 million Cash Loan, \$12,255,000 Loan from Housing Trust Silicon Valley, and \$13,410,705 Loan from the State of California, and Ownership Structure for Poppy Place.

# Questions or Comments?



F	G	H	I	J	K	L	M	N	O	P	Q	R
1	Alameda Adaptive Reuse Project Type: Non-Tax Credit, Special Needs											
2	County: Alameda											
3												
4	SOURCES OF FUNDS	TOTAL	RESIDENTIAL	COMMERCIAL						Notes	Construction Period	
5												
6	Perm Loan	0	0	0						20 yr term/ 20 yr amt- 7.00%		
7	SuperNOFA - MHP	13,410,705	13,410,705	0		0				55 yr-0% DEF	0	
8	PHA Lease	1,650,000	1,650,000	0						55 yr-0% DEF	1,650,000	
9	PHA Loan - balancing here, up to \$4.7M	4,700,000	4,228,112	471,888							4,700,000	
10	AHA Sponsor Loan	735,268	735,268	0							735,268	
11	GP Equity	0	0	0								
12	LP Equity	0	0	0								
13												
14	TOTAL SOURCES	20,495,973	20,024,085	471,888								
15	Surplus/Gap	0	0	0								
16												
17	HTSV Construction Loan	12,255,000	5.50% fixed rate							HTSV Loan	12,255,000	
18	AHA Construction Contribution	370,263				785,442				Funds available	19,340,268	
19		6 mo const +	6							Funds Needed	370,263	
20										Const period costs	19,710,531	
21												
22	USES OF FUNDS	TOTAL COST	RESIDENTIAL	COMMERCIAL	REHAB	ACQ				Construction Period Costs	Deferred Costs	
23												
24	LAND COST/ACQUISITION											
25	Acquisition - Land	1,650,000	1,610,164	39,836						1,650,000		
26	Acquisition - Improvements	13,700,000	13,369,237	330,763					13,369,237	13,700,000		
27	Environmental Remediation	0	0	0						0		
28	Carrying Costs	0	0	0					0	0		
29	Legal & Closing Costs	0	0	0						0		
30	Total Land Cost or Value	0	0	0						0		
31	Relocation	5,000	0	5,000						5,000		
32	Demo of Buildings	0	0	0						0		
33	Off-Site Improvements	0	0	0					0	0		
34	Total Acquisition Cost	15,355,000	14,979,401	375,599						15,355,000		
35	REHABILITATION											
36	Site Work and Utilities	50,000	48,793	1,207		48,793				50,000		
37	Structures	1,500,000	1,463,785	36,215		1,463,785				1,500,000		
38	Solar Net Cost	0	0	0		0				0		
39	GC Contingency	0	0	0		0				0		
40	General Requirements	0	0	0		0				0		
41	Contractor Insurance & Bond	0	0	0		0				0		
42	Contractor Overhead & Profit	0	0	0		0				0		
43	Total New Construction Costs	1,550,000	1,512,578	37,422						1,550,000		
44	ARCHITECTURAL FEES											
45	Design	200,000	195,171	4,829		195,171				200,000		
46	Supervision	0	0	0		0				0		
47	Total Architectural Costs	200,000	195,171	4,829						200,000		
48	Survey and Engineering includes testing	25,000	24,396	604		24,396				25,000		
49	CONSTR. INTEREST & FEES											
50	Const. Loan Interest	650,000	634,307	15,693		0				650,000		
51	Predev Loan Costs	0	0	0		0				0		
52	Construction Loan Fee (1%) and \$17,200 Expenses	139,750	136,376	3,374		136,376				139,750		
53	City or County Loan Fees	0	0	0		0				0		
54	Taxes	239,000	233,230	5,770		233,230				239,000		
55	Insurance	50,000	48,793	1,207		48,793				50,000		
56	Title and Recording	65,000	63,431	1,569		63,431				65,000		
57	Total Construction Interest and Fees	1,143,750	1,116,136	27,614						1,143,750		
58	PERMANENT FINANCING											
59	Perm loan fee (@1% + \$10K expenses)	0	0	0		0				0		
60	Cost of Bond Issuance	0	0	0		0				0		
61	Title and Recording	4,500	4,500	0		0				4,500		
62	Owner Perm Legal	0	0	0		0				0		
63	Other - Perm Lender Costs	0	0	0		0				0		
64	Total Permanent Financing Costs	4,500	4,500	0						4,500		
65	LEGAL FEES											
66	Lender Legal Costs Paid by Applicant	75,000	73,189	1,811		73,189				75,000		
67	County or City legal	0	0	0		0				0		
68	Other - Owner Legal	50,000	48,793	1,207		48,793				50,000		
69	Total Attorney Costs	125,000	121,982	3,018						125,000		
70	RESERVES											
71	Capitalized Operating Reserve - 4 mo	200,550	200,550							200,550		
72	Capitalized Replacement Reserve	284,000	284,000							284,000		
73	Capitalized Lease Up Reserve	171,781	171,781							171,781		
74	Operating Deficit Reserve	150,892	150,892							150,892		
75	Transition Reserve	0	0							0		
76	Total Reserve Costs	807,223	807,223	0						807,223		
77	Total Construction Owner Contingency	20.00% 313,000	305,443	7,557		305,443				313,000		
78	Total Construction Escalation Contingency	0.00% 0	0	0		0				0		
79	OTHER											
80	Tax Credit App./Alloc./Monitoring fees	0	0	0		0				0		
81	Project Management Support + Misc DD	53,500	52,208	1,292		52,208				53,500		
82	Special Inspections/Monitoring	10,000	9,759	241		9,759				10,000		
83	Permit Processing Fees+ Utility Connection Fees	200,000	195,171	4,829		195,171				200,000		
84	Market Study	6,000	6,000	0		0				6,000		
85	Marketing & Lease up	75,000	75,000	0		0				75,000		
86	Environmental	140,000	136,620	3,380		136,620				140,000		
87	Mural	15,000	14,638	362		14,638				15,000		
88	Furnishings	100,000	100,000	0		100,000				100,000		
89	Prevailing Wage Monitoring	10,000	10,000	0		10,000				10,000		
90	Appraisal	3,000	2,928	72		2,928				3,000		
91	Soft Cost Contingency	6.56% 130,000	126,861	3,139		126,861				130,000		
92	Total Other Costs	742,500	729,185	13,315						742,500		
93	Total Project Cost	20,265,973	19,796,016	469,957		3,289,585			13,369,237	19,630,531		
94	DEVELOPER COSTS											
95	Developer Overhead/Profit	150,000	150,000	0		0			150,000	150,000		
96	Consultant/Processing Agent	0	0	0		0				0		
97	Project Administration	0	0	0		0				0		
98	Broker Fees paid by owner	0	0	0		0				0		
99	Construction Management Oversight	0	0	0		0				0		
100	Other	0	0	0		0				0		
101	Total Developer Costs	150,000	150,000	0		0			150,000	0		
102												
103	TOTAL PROJECT COST	20,415,973	19,946,016	469,957		3,289,585			13,519,237	19,630,531		
104	Syndication Costs											
105	Legal - Syndication & Investor Fees	0	0	0		0				0		
106	Audit	30,000	29,276	724		724				30,000		
107	Consultant - Syndication	45,000	43,914	1,086		1,086				45,000		
108	Legal - Organization	5,000	4,879	121		121				5,000		
109	Total Syndication Costs	80,000	78,069	1,931						80,000		
110	TOTAL PROJECT COSTS INCL. SYNDICATION	20,495,973	20,024,085	471,888		3,289,585			13,519,237	19,710,531		785,442

AHA Permanent Contribution	7,085,268
AHA Construction Contribution	7,455,531

DEVELOPER FEE	
HCD SuperNOFA	
Total in the budget - New Construction	2,000,000
Net Fee	2,000,000
Total in the budget - Conversion	470,000
Max Allowable Total Fee	470,000
Max Allowable Net/Cash Fee	470,000
Project's Developer Fee	150,000

	T	U	V	W	X	Y	Z
21			HTSV				AHA
22	SOURCES BY USES	TOTAL COST	Const. Loan	PHA Lease	PHA Loan	HCD - MHP	Sponsor Loan
23							
24	LAND COST/ACQUISITION						
25	Acquisition - Land	1,650,000	0	1,650,000			
26	Acquisition - Improvements	13,700,000	8,262,969		4,700,000		737,031
27	Environmental Remediation	0	0				
28	Carrying Costs	0	0				
29	Legal & Closing Costs	0	0				
30	Total Land Cost or Value	0	0				
31	Relocation	5,000	5,000				
32	Demo of Buildings	0	0				
33	Off-Site Improvements	0	0				
34							
35	REHABILITATION						
36	Site Work and Utilities	50,000	50,000				
37	Structures	1,500,000	1,500,000				
38	Solar Net Cost	0	0				
39	GC Contingency	0	0				
40	General Requirements	0	0				
41	Contractor Insurance & Bond	0	0				
42	Contractor Overhead & Profit	0	0				
43							
44	ARCHITECTURAL FEES						
45	Design	200,000	200,000				
46	Supervision	0	0				
47							
48	Survey and Engineering includes testing	25,000	25,000				
49	CONSTR. INTEREST & FEES						
50	Const. Loan Interest	650,000	650,000				
51	Predev Loan Costs	0	0				
52	Construction Loan Fee (1%) and \$17,200 Expenses	139,750	139,750				
53	City or County Loan Fees	0	0				
54	Taxes	239,000	0				239,000
55	Insurance	50,000	50,000				
56	Title and Recording	65,000	65,000				
57							
58	PERMANENT FINANCING						
59	Perm loan fee (@1% + \$10K expenses)	0	0				
60	Cost of Bond Issuance	0	0				
61	Title and Recording	4,500	0			0	4,500
62	Owner Perm Legal	0	0				
63	Other - Perm Lender Costs	0	0				
64							
65	LEGAL FEES						
66	Lender Legal Costs Paid by Applicant	75,000	75,000				
67	County or City legal	0	0				
68	Other - Owner Legal	50,000	0				50,000
69							
70	RESERVES						
71	Capitalized Operating Reserve - 4 mo	200,550	0			200,550	
72	Capitalized Replacement Reserve	284,000	0			284,000	
73	Capitalized Lease Up Reserve	171,781	171,781				
74	Operating Deficit Reserve	150,892	0			150,892	
75	Transition Reserve	0	0				
76							
77	Total Construction Owner Contingency	313,000	313,000				
78							
79	OTHER						
80	Tax Credit App./Alloc./Monitoring fees	0	0				
81	Project Management Support + Misc DD	53,500	53,500				
82	Special Inspections/Monitoring	10,000	10,000				
83	Permit Processing Fees+ Utility Connection Fees	200,000	200,000				
84	Market Study	6,000	6,000				
85	Marketing & Lease up	75,000	0				75,000
86	Environmental	140,000	140,000				
87	Mural	15,000	15,000				
88	Furnishings	100,000	100,000				
89	Prevailing Wage Monitoring	10,000	10,000				
90	Appraisal	3,000	3,000				
91	Soft Cost Contingency	130,000	130,000				
92							
93							
94	DEVELOPER COSTS						
95	Developer Overhead/Profit	150,000	0			150,000	
96	Consultant/Processing Agent	0	0				
97	Project Administration	0	0				
98	Broker Fees paid by owner	0	0				
99	Construction Management Oversight	0	0				
100	Other	0	0				
101							
102							
103							
104	Syndication Costs						
105	Legal - Syndication & Investor Fees	0	0				
106	Audit	30,000	30,000				
107	Consultant - Syndication	45,000	45,000				
108	Legal - Organization	5,000	5,000				
109							
110	REPAYMENT OF CONSTRUCTION LOAN	12,255,000				12,255,000	
111	REPAYMENT OF AHA CONSTRUCTION LOAN	370,263				370,263	
112							
113	TOTAL PROJECT COSTS INCL. SYNDICATION	20,495,973	12,255,000	1,650,000	4,700,000	13,410,705	1,105,531

	AC	AD	AE	AF	AG	AH
21						
22	<b>SCHEDULE</b>					
23						
24	<b>LAND COST/ACQUISITION</b>					
25	Acquisition - Land	1,650,000	1,650,000			
26	Acquisition - Improvements	13,700,000	13,700,000			0
27	Environmental Remediation	0	0			
28	Carrying Costs	0	0			
29	Legal & Closing Costs	0	0			
30	Total Land Cost or Value	0	0			
31	Relocation	5,000	5,000			
32	Demo of Buildings	0	0			
33	Off-Site Improvements	0	0			
34						
35	<b>REHABILITATION</b>					
36	Site Work and Utilities	50,000	50,000			
37	Structures	1,500,000	1,500,000		0	
38	Solar Net Cost	0	0		0	
39	GC Contingency	0	0		0	
40	General Requirements	0	0		0	
41	Contractor Insurance & Bond	0	0		0	
42	Contractor Overhead & Profit	0	0		0	
43					0	
44	<b>ARCHITECTURAL FEES</b>					
45	Design	200,000	200,000		0	
46	Supervision	0	0		0	
47					0	
48	Survey and Engineering includes testing	25,000	25,000		0	
49	<b>CONSTR. INTEREST &amp; FEES</b>					
50	Const. Loan Interest	650,000	650,000		0	
51	Predev Loan Costs	0	0		0	
52	Construction Loan Fee (1%) and \$17,200 Expenses	139,750	139,750		0	
53	City or County Loan Fees	0	0		0	
54	Taxes	239,000	239,000		0	0
55	Insurance	50,000	50,000		0	
56	Title and Recording	65,000	65,000		0	
57					0	
58	<b>PERMANENT FINANCING</b>					
59	Perm loan fee (@1% + \$10K expenses)	0	0		0	
60	Cost of Bond Issuance	0	0		0	
61	Title and Recording	4,500	4,500		0	0
62	Owner Perm Legal	0	0		0	
63	Other - Perm Lender Costs	0	0		0	
64					0	
65	<b>LEGAL FEES</b>					
66	Lender Legal Costs Paid by Applicant	75,000	75,000		0	
67	County or City legal	0	0		0	
68	Other - Owner Legal	50,000	50,000		0	0
69					0	
70	<b>RESERVES</b>					
71	Capitalized Operating Reserve - 4 mo	200,550	0		200,550	
72	Capitalized Replacement Reserve	284,000	0		284,000	
73	Capitalized Lease Up Reserve	171,781	171,781		0	
74	Operating Deficit Reserve	150,892	0		150,892	
75	Transition Reserve	0	0		0	
76					0	
77	Total Construction Owner Contingency	313,000	313,000		0	
78					0	
79	<b>OTHER</b>					
80	Tax Credit App./Alloc./Monitoring fees	0	0		0	
81	Project Management Support + Misc DD	53,500	53,500		0	
82	Special Inspections/Monitoring	10,000	10,000		0	
83	Permit Processing Fees+ Utility Connection Fees	200,000	200,000		0	
84	Market Study	6,000	6,000		0	
85	Marketing & Lease up	75,000	75,000		0	0
86	Environmental	140,000	140,000		0	
87	Mural	15,000	15,000		0	
88	Furnishings	100,000	100,000		0	
89	Prevailing Wage Monitoring	10,000	10,000		0	
90	Appraisal	3,000	3,000		0	
91	Soft Cost Contingency	130,000	130,000		0	
92					0	
93					0	
94	<b>DEVELOPER COSTS</b>					
95	Developer Overhead/Profit	150,000	0		150,000	
96	Consultant/Processing Agent	0	0		0	
97	Project Administration		0		0	
98	Broker Fees paid by owner		0		0	
99	Construction Management Oversight		0		0	
100	Other		0		0	
101					0	
102					0	
103					0	
104	<b>Syndication Costs</b>					
105	Legal - Syndication & Investor Fees	0	0		0	
106	Audit	30,000	30,000		0	
107	Consultant - Syndication	45,000	45,000		0	
108	Legal - Organization	5,000	5,000		0	
109					0	
110	REPAYMENT OF CONSTRUCTION LOAN	12,255,000			12,255,000	
111	REPAYMENT OF AHA SPONSOR LOAN	370,263			370,263	
112						
113		0	33,121,236	19,710,531	0	13,410,705
114						0

	AR	AS	AT	AU	AV	AW	AX	AY	AZ	BA
5	<b>CASH FLOW ANALYSIS</b>									
6	<b>Tenant Income</b>									
7										
8	Unit Size	AMI	# of Units	Monthly Rent Charged	Total Monthly	Total Annual	Utility Allowance	2023 RENTS Gross Rents	Total Annual Gross Rents	2023 RENTS Max TC rents
9	Studio 20% AMI - homeless	20%	15	518	7,770	93,240	0	518	7,770	518
10	Studio 30% AMI	30%	0	777	0	0	0	777	0	777
11	Studio 40% AMI	40%	0	1,036	0	0	0	1,036	0	1,036
12	Studio 50% AMI	50%	0	1,295	0	0	0	1,295	0	1,295
13	Studio 60% AMI	60%	34	1,554	52,836	634,032	0	1,554	52,836	1,554
14	Studio 70% AMI	70%	0	1,813	0	0	0	1,813	0	1,813
15										
16	Manager - 2 BR		1	0	0	0				
17										
18	<b>Totals</b>		<b>50</b>		<b>60,606</b>	<b>727,272</b>				
19	Laundry		10	500		0				
20	Vacancy	5.0%				-36,364			49	
21	EGI from tenant rents					<b>690,908</b>			1	
22									<b>50</b>	
23	<b>Section 8 income</b>		<b>Payment Standard</b>	<b>Alameda HA Effct. 1/1/22</b>	<b>diff</b>					
24	Studio 20% AMI - homeless	0	1,691		1,173	0				
25	Studio 30% AMI	0	1,691		914	0				
26	Studio 40% AMI	0	1,691		655	0				
27	Studio 50% AMI	0	1,691		396	0				
28	Total Section 8 income	0				0				
29	Vacancy Reserve	5.0%				0				
30	<b>EGI Section 8 income</b>					<b>0</b>				
31										
32	<b>Total Project EGI</b>					<b>690,908</b>				
33										
34	<b>Operating Expenses</b>	10,000	per unit per year			500,000				
35	Services coordinator	1,000	per unit per year			50,000				
36	HCD 0.42% Monitoring Fee					0				
37	Bond Issuer Fee					0				
38	Local Monitoring Fee					0				
39										
40	<b>Draw From Operating Deficit Reserve</b>					<b>0</b>				
41										
42	<b>NET OPERATING INCOME</b>					<b>140,908</b>				
43										
44	Debt Service - First					0				
45	Debt Service - Sec 8 loan					0				
46	Operating Reserve		all capitalized			0				
47	MHP Debt Service		0.42%			56,325				
48	Replacement Reserve		500			25,000				
49										
50	<b>Excess Cash</b>					<b>59,583</b>				
51										
52	Supportable Debt - Tranche A and B				0					
53		20	20	7.00%	1.15					

**Unit Count**  
 1 BR 49  
 2 BR 1  
**Total 50**

**Affordability**  
 20% AMI Units 15 30.6%  
 30% AMI Units 0 0.0%  
 40% AMI Units 0 0.0%  
 50% AMI Units 0 0.0%  
 60% AMI Units 34 69.4%  
 70% AMI Units 0 0.0%  
**Average Afford. - Total 47.8%**  
**Average Afford. - Non-Voucher 47.8%**

**Commercial YR1 Cash Flow**  
 Income 3,045 36,540  
 Vacancy 50% -18,270  
 EGI 18,270  
 Expenses 6,680  
 Deposit Into Commercial Reserve 4,000  
 Debt Service 0  
**Excess Cash 7,590**

**Commercial Perm Loan**  
 15 6.00% 1.15

	BL	BM	BN	BO	BP	BQ	BR	BS	BT	BU	BV	BW	BX	BY	BZ	CA	CB
2																	
3	20 YEAR CASH FLOW																
4	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
5																	
6	Potential Gross Tenant Income	2.50%	727,272	745,454	764,090	783,192	802,772	822,842	843,413	864,498	886,110	908,263	930,970	954,244	978,100	1,002,552	1,027,616
7		2.50%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Laundry	2.50%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Vacancy	5.00%	-36,364	-37,273	-38,205	-39,160	-40,139	-41,142	-42,171	-43,225	-44,306	-45,413	-46,548	-47,712	-48,905	-50,128	-51,381
10	EGI - Tenant Rent		690,908	708,181	725,886	744,033	762,634	781,699	801,242	821,273	841,805	862,850	884,421	906,532	929,195	952,425	976,235
11																	
12	Section 8 Increment	2.50%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Vacancy	5.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	EGI - Section 8 increment income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15																	
16	Commercial Income	2.50%	36,540	37,454	38,390	39,350	40,333	41,342	42,375	43,435	44,520	45,633	46,774	47,944	49,142	50,371	51,630
17	Vacancy	50.00%	-18,270	-18,727	-19,195	-19,675	-20,167	-20,671	-21,188	-21,717	-22,260	-22,817	-23,387	-23,972	-24,571	-25,185	-25,815
18	EGI - Commercial Income		18,270	18,727	19,195	19,675	20,167	20,671	21,188	21,717	22,260	22,817	23,387	23,972	24,571	25,185	25,815
19																	
20	Effective Gross Income (EGI)		709,178	726,908	745,081	763,708	782,800	802,370	822,430	842,990	864,065	885,667	907,808	930,504	953,766	977,610	1,002,051
21	Less Annual Operating Expenses	3.50%	500,000	517,500	535,613	554,359	573,762	593,843	614,628	636,140	658,405	681,449	705,299	729,985	755,534	781,978	809,347
22	Less Services	3.50%	50,000	51,750	53,561	55,436	57,376	59,384	61,463	63,614	65,840	68,145	70,530	72,998	75,553	78,198	80,935
23	Less VHHP 0.42% Monitoring Fee	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Less Bond Monitoring fee	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25	Less Local/County HOME Monitoring Fee	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Less Commercial Expenses	3.50%	6,680	6,914	7,156	7,406	7,665	7,934	8,211	8,499	8,796	9,104	9,423	9,753	10,094	10,447	10,813
27	Less Commercial Reserve Deposit	0.00%	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
28																	
29	Net Annual Operating Income		148,498	146,744	144,751	142,507	139,997	137,209	134,128	130,738	127,024	122,969	118,556	113,768	108,584	102,987	96,956
30	Less Debt Service - First		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	Less Debt Service- Sec 8 loan		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	Less MHP Debt Service	0.00%	56,325	56,325	56,325	56,325	56,325	56,325	56,325	56,325	56,325	56,325	56,325	56,325	56,325	56,325	56,325
33	Less Replacement Reserves		25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
34																	
35	Draw from Operating Deficit Reserve		0	0	0	0	0	0	0	0	2,862	8,617	14,789	21,398	28,466	36,013	44,064
36																	
37	Cash Flow		67,173	65,419	63,426	61,182	58,672	55,884	52,803	49,413	45,561	40,261	34,520	28,341	21,725	14,766	8,194
38	DCR		2.38	2.36	2.32	2.29	2.25	2.20	2.15	2.10	2.09	2.12	2.16	2.20	2.24	2.28	2.32
39																	
40	Investor Asset Management Fee - N/A	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
41	Deferred Developer Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42	AHA Asset Management Fee	3.5%	36,878	38,169	39,505	40,887	42,318	43,799	45,332	46,919	48,561	50,261	52,020	53,841	55,725	57,676	59,694
43	50% to Sponsor		15,148	13,625	11,961	10,147	8,177	6,042	3,735	1,247	0	0	0	0	0	0	0
44	Residual Receipts to lenders - HCD		15,148	13,625	11,961	10,147	8,177	6,042	3,735	1,247	0	0	0	0	0	0	0
45																	
46																	
47																	
48																	
49																	
50	AHA Asset Management Fee w/ escalator	3.5%	36,878	38,169	39,505	40,887	42,318	43,799	45,332	46,919	48,561	50,261	52,020	53,841	55,725	57,676	59,694
51	Accruing		36,878	38,169	39,505	40,887	42,318	43,799	45,332	46,919	48,561	50,261	52,020	53,841	55,725	57,676	59,694
52	Paid		-36,878	-38,169	-39,505	-40,887	-42,318	-43,799	-45,332	-46,919	-48,561	-50,261	-52,020	-53,841	-55,725	-57,676	-59,694
53	Balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
54																	
55	Operating Deficit Reserve																
56	balance		150,892	151,646	152,405	153,167	153,933	154,702	155,476	156,253	157,034	157,815	158,597	159,379	160,161	160,943	161,725
57	draw for deficits		0	0	0	0	0	0	0	0	2,862	8,617	14,789	21,398	28,466	36,013	44,064
58	deposit from cash flow																
59	interest earned	0.50%	754	758	762	766	770	774	777	781	785	789	793	797	801	805	809
60	ending balance		151,646	152,405	153,167	153,933	154,702	155,476	156,253	157,034	157,815	158,597	159,379	160,161	160,943	161,725	162,507

	CC	CD	CE	CF	CG
2					
3					
4	16	17	18	19	20
5					
6	1,053,307	1,079,639	1,106,630	1,134,296	1,162,654
7	0	0	0	0	0
8	0	0	0	0	0
9	-52,665	-53,982	-55,332	-56,715	-58,133
10	1,000,641	1,025,657	1,051,299	1,077,581	1,104,521
11					
12	0	0	0	0	0
13	0	0	0	0	0
14	0	0	0	0	0
15					
16	52,921	54,244	55,600	56,990	58,415
17	-26,460	-27,122	-27,800	-28,495	-29,207
18	26,460	27,122	27,800	28,495	29,207
19					
20	<b>1,027,102</b>	<b>1,052,779</b>	<b>1,079,099</b>	<b>1,106,076</b>	<b>1,133,728</b>
21	837,674	866,993	897,338	928,745	961,251
22	83,767	86,699	89,734	92,874	96,125
23	0	0	0	0	0
24	0	0	0	0	0
25	0	0	0	0	0
26	11,191	11,583	11,988	12,408	12,842
27	4,000	4,000	4,000	4,000	4,000
28					
29	<b>90,469</b>	<b>83,504</b>	<b>76,039</b>	<b>68,049</b>	<b>59,510</b>
30	0	0	0	0	0
31	0	0	0	0	0
32	56,325	56,325	56,325	56,325	56,325
33	25,000	25,000	25,000	25,000	25,000
34					
35	0	0	0	0	0
36					
37	<b>9,144</b>	<b>2,179</b>	<b>-5,286</b>	<b>-13,276</b>	<b>-21,815</b>
38	1.43	1.32	1.19	1.06	0.91
39					
40					
41					
42					
43	4,572	1,090	-2,643	-6,638	-10,907
44	4,572	1,090	-2,643	-6,638	-10,907
45					
46					
47					
48					
49					
50					
51					
52					
53					
54					
55					
56	5,014	5,039	5,064	5,090	5,115
57	0	0	0	0	0
58					
59	25	25	25	25	26
60	5,039	5,064	5,090	5,115	5,141

ISLAND CITY DEVELOPMENT

*Resolution No. 2023-XX*

**Poppy Place Transaction**

At a duly constituted meeting of the Board of Directors (the “**Board**”) of Island City Development, a California nonprofit public benefit corporation (“**ICD**”), held on October 25, 2023 (the “**Meeting**”), the following resolutions were adopted:

WHEREAS, ICD has formed and is the sole member and manager of ICD Webster LLC, a California limited liability company (the “**LLC**”).

WHEREAS, the Housing Authority of the City of Alameda (the “**Authority**”) has entered into that Agreement of Sale and Purchase (the “**PSA**”) effective as of June 29, 2022, as amended, between Alameda Hospitality LLC, a California limited liability company (“**Seller**”) and the Authority as buyer.

WHEREAS, the Authority and ICD entered into that certain Amended and Restated Option Agreement effective as of June 29, 2022, by and between the Authority as seller/lessor and ICD as buyer/lessee (the “**Option Agreement**”) with respect to the Improvements and a ground lease for the Land.

WHEREAS, as part of the transactions contemplated below, The Authority will assign the PSA to the LLC.

WHEREAS, the Authority intends to record an “**Affordable Housing Agreement**” against the Land prior to entering into the Ground Lease (as defined below). The form of such agreement was approved by the Board on October 18, 2017.

WHEREAS, the Board deems it to be in the best interests of ICD and the LLC as lessee, for the LLC to enter into a ground lease and memorandum of ground lease with the Authority as lessor, with respect to the Land for a term of 99 years, or longer if so deemed necessary by an Officer (as defined below), and upon such terms and conditions as deemed necessary or appropriate by an Officer (the “**Ground Lease**”).

WHEREAS, the Authority and LLC intend to acquire, rehabilitate, own and operate 49 units of affordable housing (in addition to 1 unrestricted manager’s unit) on the Land (the LLC’s leasehold interest in the Land and fee interest in the improvements, including the affordable housing, now or hereafter located thereon is collectively referred to herein as the “**Project**”).

WHEREAS, the Board deems it to be in the best interests of ICD and the LLC to enter into a development agreement with the Authority, as developer of the Project (the “**Development Agreement**”).

WHEREAS, the Board deems it to be in the best interests of ICD and the LLC to assist in the acquisition, rehabilitation, and development of the Project by facilitating the LLC to enter into the Housing Trust of Silicon Valley (the “**HTSV**”) Loan Agreement (the “**HTSV Loan Agreement**”) and entering into a Guaranty Agreement (the “**Guaranty Agreement**”) for the benefit of the Project, in connection with the HTSV Loan ( as defined below).

WHEREAS, the Board deems it to be in the best interests of ICD and the LLC to obtain the following financings for the Project, which will be secured by liens on the Project (“**Secured Financings**”):

(a) A recourse, construction loan from Housing Trust Silicon Valley, a Community Development Finance Association, in the approximate amount of \$12,255,000 (the “**HTSV Loan**”)

(b) The Cash Loan.

(c) The Ground Lease Loan.

(d) A nonrecourse loan from the State of California (the “State”) of Multifamily Housing Program funds in the approximate amount of \$13,410,705 (the “State Loan”).

WHEREAS, as a condition of the Secured Financings the lenders may require that ICD and the LLC (a) guaranty the payment and performance by ICD, and/or the LLC of their obligations under the documents evidencing and securing the Secured Financings, and guaranty timely lien-free completion of the Project and make certain indemnities (the “**Guaranties**”), and/or (b) assign the LLC’s interest in any fees from the Project as security for the Secured Financings and the Syndication (the “**Security Assignments**”), and/or (c) provide the LLC’s fee interest in the Land as security for the Secured Financings (the “**Deeds of Trust**”), and the Board deems it to be in the best interests of the LLC to make and enter into the Guaranties, Security Assignments and Deeds of Trust.

WHEREAS, the Board deems it to be in the best interests of ICD and the LLC, for ICD, and the LLC to execute and deliver any and all documents or agreements necessary or advisable for the acquisition, development, financing, construction, rehabilitation, management, operation and maintenance of the Project, including, but not limited to, all grant deeds, deeds of trust, UCC financing statements, regulatory agreements, assignments of rents, leases, income and profits, general assignments, construction contracts, architect agreements, grant agreements, development agreements, sub-development agreements, management agreements, service contracts, housing assistance payments contracts and similar or related agreements for housing subsidies, and any other types of agreements (collectively, the “**Project Documents**”).

WHEREAS, the Board deems it to be in the best interests of ICD and the LLC for ICD and the LLC, as applicable, to grant, any easement and/or a dedication of a portion of the Project, as may be necessary, to the City and/or the County of Alameda, or other public body, and to execute such documents and to perform such actions as may be required in order to obtain all necessary and appropriate entitlements, permits and any other authorization for the acquisition, development, management or operation of the Project and for any waiver of entitlement or similar fees (collectively, the “**Entitlement Documents**”).

WHEREAS, the Board deems it to be in the best interests of ICD and the LLC for ICD and the LLC to execute such documents (including, without limitation, any indemnities and guaranties) and to perform such actions as may be required in order to obtain all necessary and appropriate title insurance (owner and lender policies) for the Project (collectively, the “**Title Documents**”).



NOW, THEREFORE, BE IT RESOLVED, that ICD for itself and the LLC does hereby approve and is authorized to enter into the following transactions and documents, as applicable:

1. Ground Lease and memorandum thereof;
2. Development Agreement;
3. Guaranty Agreements
4. Secured Financings;
5. Guaranties and Security Assignments;
6. Project Documents;
7. Entitlement Documents;
8. Title Documents; and
9. Such other documents, agreements and contracts deemed necessary or advisable by an Officer in furtherance of these resolutions and/or to assist in the development of the Project (collectively, the “**Transaction Documents**”), using his or her own independent judgment.

BE IT FURTHER RESOLVED, that Board hereby authorizes each of (a) Vanessa Cooper, President of ICD, (b) Greg Kats, Secretary and Treasurer of ICD, and (c) any other person designated by Vanessa Cooper, President of ICD (each, an “**Officer**”), acting alone to accept the Transaction Documents subject to any minor conforming, technical or clarifying changes approved by an Officer and ICD counsel. The Board also authorizes each Officer to negotiate and accept documents with terms more favorable than summarized above. Each Officer is hereby further authorized and directed to take such further actions and execute and record such documents as are necessary to accept the Transaction Documents, for itself and the LLC.

BE IT FURTHER RESOLVED, that all actions previously taken by ICD and LLC and any of their employees, officers and agents, in connection with the Project or the transactions described herein are hereby ratified and approved.

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**ATTEST:**

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Vanessa M. Cooper  
President

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Greg Kats  
Secretary

**Adopted:**

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Date