



Meeting Date: October 7, 2019

Agenda Item: 5.4

Created By: M. Tiernan

Approval of a New Capital Improvement Program project and MOU for the Ashland - Resource for Community Development site

Executive Summary:

The Board of Directors will consider approval of a new Capital Improvement Program (CIP) project for the Ashland - Resource for Community Development (RCD) site and a Memorandum of Understanding between Resources for Community Development and H.A.R.D. for a joint project at 16060 East 14th Street.

Financial Impact:

If the partnership is successful the District would contribute \$5.0 million for the construction of a 12,300-square foot Community Center and the District would provide an initial deposit of \$100,000. The majority of funding would come from future Measure F1 Bond proceeds.

Staff Recommendation:

Staff recommends the Board of Directors:

1. Approve a new Capital Improvement Program (CIP) project for the Ashland-RCD site.
2. Authorize the General Manager to enter into a Memorandum of Understanding between Resources for Community Development and HARD establishing the roles and responsibilities of the parties with respect to the development of the property.

If RCD and HARD are successful in securing entitlements and funding for the project, then work would begin on the necessary legal agreements for funding, construction, lease and operations. Staff would return to the Board for separate approvals on these documents, at a future date.

Description of Item:

On November 1, 2018 the Board of Directors approved a Letter of Intent for a partnership with Resources for Community Development (RCD), a Berkeley-based non-profit housing developer and operator, to construct a new Community Center on the first and second floors of a proposed mixed-use development project at 16060 East 14th Street in Ashland.

The Board of Directors has directed staff to work on opportunities to expand parks and recreation facilities in the Ashland area, which have been determined to be deficient on a per capita basis for that community. RCD approached HARD about a potential partnership to develop a new community center in Ashland, as a key component of the mixed-use development project their organization is proposing. The site of the proposed project is at 16060 East 14th Street in Ashland just north of 162nd Avenue next to Tiburcio Vasquez Health Center. RCD has signed a Purchase and Sale Agreement with the current property owner to purchase the site.

The District now desires to enter into a Memorandum of Understanding (MOU) between RCD and HARD establishing the roles and responsibilities of the parties with respect to the development of the property as described below.

CONCEPT PLAN

In concept, HARD would develop a new community center for Ashland at the RCD site as part of a new mixed-use development. There is a significant lack of parks and recreation facilities on a per capita basis in Ashland. It is important for the District to address both indoor and outdoor recreational opportunities. The new community center would be adjacent to the Mateo Street parcels that District is acquiring for a future park.

The County adopted the Ashland and Cherryland Business District Specific Plan in December of 2015. The goals of the Specific Plan are to provide for the economic revitalization of the Ashland and Cherryland area as a destination that draws visitors and customers to the area. The plan focuses on attractive and high-quality public and private improvements along East 14th Street, Mission Boulevard and Lewelling Boulevard. It is hoped the area will be well known by residents as a fun, safe destination for families that fosters a sense of community and pride. The Specific Plan requires this parcel to have residential development and ground-floor commercial uses. As proposed, RCD is planning for 79 affordable rental apartments serving households earning 20 to 60 percent of Area Media Income (AMI), and approximately 12,300 square feet of indoor community-serving recreational space for HARD's long term use. The Community Center would have dedicated use of approximately 24 onsite parking spaces. The early concept for the Community Center space has the following spaces:

- Three multi-purpose rooms
- An fitness/exercise/dance studio
- A Pre-K Classroom for up to 24 students with attached outdoor play area
- Lobby/Reception and administrative offices

This facility would be larger than the existing Ashland Community Center and also provide for many more program spaces. The current community center is 5,600 square feet and primarily comprised of the large social hall, and has few spaces for classes and other programs, that typically have less than 20 participants and do not need a large social hall space. This new community center would augment what is available at the existing community center with more break-out spaces for classes.

PROPOSED FUNDING PLAN

RCD has created a funding plan for the proposed development that uses low income housing tax credits and local and state funding sources to reduce the funding needed for capital outlay for the project. As proposed in the draft terms, if the partnership was successful HARD would need to contribute \$5.0 million towards development of the project. For RCD's financing requirements, this contribution would be made as a loan to build the community center space on the first and second floors. RCD would form a "Tax Credit Ownership Entity" which is required to take advantage of federal tax credit programs for the construction of the project. RCD would build the community center and the residential spaces as two separate legal lots (like a condo). Upon completion of the project, RCD would "lease" the commercial space to HARD for 20 years in an amount equal to the cost of property taxes, RCD asset management and common area maintenance. RCD would structure the lease so at the end of the 20-year term, HARD could purchase the community center space for a nominal amount (close to \$1). If the partnership is successful, Staff also recommends pursuing acquisition of the commercial parcels adjacent to the project, when the sellers are willing.

PROJECT OUTCOMES AND BENEFITS

This project would expand the indoor recreation space in Ashland from 5,600 square feet to 12,300 square feet (220% increase), and provide more flexible multipurpose programming spaces to better accommodate the recreational needs in the area. HARD would be able to develop this space for 50% less than without the partnership due to the leverage of local, state, and federal funding available for the development.

Staff is working with RCD to finalize the Loan Agreement and Lease Agreement and will bring those agreements for approval to a future Board meeting.

Noticing Requirements/Public Outreach:

RCD Housing

ATTACHMENTS:

| Description | Upload Date | Type |
|--------------|-------------|---------|
| Hard-RCD MOU | 10/2/2019 | Exhibit |