Association of Bay Area Governments	Bay Area Housing Finance Authority
ABAG Housing Committee	Oversight Committee

February 12, 2025 Agenda Item 7.a.

REAP 2.0 Priority Sites Predevelopment Loan Program Updates and Amendment

Subject

Request for referral to Bay Area Housing Finance Authority (BAHFA) to approve BAHFA Resolution No. 0035, Revised, reallocating $3,000,000 in Priority Sites Predevelopment Pilot funding from the Orbisonia Village project to the Amador Station project. This item is also a progress update on the Priority Sites Predevelopment Loan Pilot program.

Background

In November 2023, the Commission and ABAG Executive Board approved MTC Resolution No. 4618 and ABAG Resolution No. 15-2023, respectively, establishing 211 Priority Sites. Priority Sites are locally nominated, regionally significant places that will offer homes affordable to people of all incomes close to essential services, green space, and frequent public transit. Following approval, sites became eligible for ongoing technical assistance and funding opportunities. In late November 2023, staff released a call for Letters of Interest for $28 million in predevelopment loans. Priority Sites predevelopment loan funding had been approved by the Commission for REAP 2.0 funding in March 2023, a state program administered by the Department of Housing and Community Development (HCD).

In May 2024, the BAHFA Board approved BAHFA Resolution No. 0035 awarding 10 projects funding and authorizing the Executive Director or designee to negotiate and enter into loan agreements for the Priority Site Pilot Projects as listed below:

- Mandela Station, Mandela Station Affordable, LLC, $3,000,000;
- South San Francisco PUC Site, SSF PUC Housing Partners, LLC, $2,100,000;
- Lake Merritt BART, East Bay Asian Local Development Corporation, $3,000,000;
- North Berkeley BART, North Berkeley Housing, $3,000,000;
- Blossom Hill, Blossom Hill NC, L.P., $3,000,000;
- Midway Village, Midway Associates 2, L.P., $2,500,000;
- Treasure Island, Treasure Island Development Authority, $3,000,000;
- Capitol Station, MP Capitol Station Associates I, L.P., $3,000,000;
- El Cerrito Plaza, ECP Parcel A South Housing Partners, L.P and ECP Parcel C East Housing Partners, L.P., $2,400,000;
- Orbisonia Village, Pacific West Communities Inc.(or affiliated borrowing entity), $3,000,000.

The focus of this agenda is to provide an update on the Priority Sites Predevelopment Pilot Loan program and reallocate $3,000,000 in funding from the Orbisonia Village project to the Amador Station project.

REAP 2.0 Priority Sites Predevelopment Loan Program Updates and Amendment

Predevelopment Loan Program Update

All projects must "close," or enter into a loan agreement, and submit their first draw request by June 2, 2025. As an HCD requirement, all awarded Priority Sites Predevelopment Pilot Loan funding must be expended by June 2026. No project has identified any issues with either timeline.

BAHFA closed its first predevelopment loan in August 2024 with the Lake Merritt BART station project, now known as the "Chinatown Senior TOD." BAHFA's loan filled a gap in financing before the project's construction loans closed, allowing the project to keep moving forward. The project broke ground in mid-October and is expected to open for occupancy by summer 2026. Chinatown Senior TOD will deliver 96 permanent affordable homes, 44 of which will be reserved for formerly homeless households. The Lake Merritt Station Plan, which guided this transit-oriented development, was funded in part by MTC and developed by a team including staff from MTC and ABAG.

In December 2024, BAHFA closed its second predevelopment loan with the South San Francisco PUC project, now known as "1051 Mission." The loan will fund the design and permitting of horizontal infrastructure work necessary to unlock over six (6) acres of land for the subsequent vertical master development of the SSF PUC site, inclusive of the Affordable Project and Market Rate Project and associated infrastructure. The loan will be repaid in 2-3 years and can be recycled into other Priority Sites projects upon repayment.

The progress made on each Priority Sites Predevelopment Loan for all 10 awarded projects can be found on Slide 7 of **Attachment A**.

Predevelopment Loan Program Amendment

In December 2024, the developer of the Orbisonia Village project informed BAHFA staff that they no longer need predevelopment funding; the project is slated to proceed without BAHFA funding. Since then, staff have reevaluated the list of Priority Sites applicants who were not awarded funding to recommend how to redirect the $3 million previously allocated to the Orbisonia Village project.

The list of non-funded projects had previously been scored and ranked according to the terms of the Notice of Funding Availability (NOFA) released on November 17, 2023 and outlined in **Attachment C**. Factors that contribute to high scores include, but are not limited to, project readiness, number of affordable units, serving unhoused households, access to and provision of amenities, demonstration of cost controls, and/or only seeking predevelopment funding.

The highest scoring project that did not receive funding from the initial awards is Amador Station. This project will revitalize the West Dublin/Pleasonton BART station and construct 154 affordable homes. Staff contacted the developer of Amador Station to confirm the need for

funding and requested project updates that could affect scoring. The developer submitted timely information that confirmed funding needs and project characteristics that support its high score. Accordingly, staff recommend reallocating $3 million from the Obisonia Village project to the Amador Station project.

Please see **Attachment B** for a full list of predevelopment loan applications and approved predevelopment funding awards with the amendment.

Next Steps

Upon approval by the BAHFA Board, staff will engage the project team for Amador Station to negotiate and enter into a loan agreement, with target execution by June 2025. For all other approved awardees, staff will continue to work on final due diligence requirements and proceed with loan execution. Staff expects to close all outstanding loans by June 2, 2025.

Issues:

None.

Recommended Action:

The BAHFA Oversight Committee is requested to refer to the Bay Area Housing Finance Authority Board approval of BAHFA Resolution No. 0035, Revised.

Attachments:

A: Presentation
B: List of Approved Pilot Project Awards, Revised
C: Scoring Criteria
D: BAHFA Resolution No. 0035, Revised

Reviewed:

Andrew Fremier