

HOUSING FINANCE NEWS

NEWS HEADLINES

Housing Project Starts as California Redevelopment Agencies Fade

By Donna Kimura

ALAMEDA, CALIF.--The transformation of a blighted motel into 62 units of new affordable housing took on added significance this week.

The groundbreaking ceremony for the Alameda Islander fell on the final day for redevelopment agencies (RDAs) across the state.

"If there's a project that can benefit from redevelopment, it is this one," said Alameda Mayor Marie Gilmore, standing next to the 40-year-old Islander Motel as crews worked inside.



The renovation of the long-troubled building is important to the community for several reasons. First, it rids the neighborhood of the motel, which kept police and code-enforcement officers busy for years, and revitalizes the city's downtown. Second, the new project will provide permanent affordable housing for workers earning 20 percent to 50 percent of the area median income.



Financing for the \$17 million project includes \$8.6 million in redevelopment funds from Alameda, a city of roughly 75,000 people in the San Francisco Bay Area.

With RDAs set to dissolve Feb. 1, the day after the groundbreaking, Gilmore said it was only fitting that nonprofit developer Resources for Community Development (RCD) and the city gathered to celebrate the redevelopment project.

RCD and the Housing Authority of the City of Alameda acquired the motel in 2011 and moved quickly to begin renovation, said RCD Executive Director Dan Sawislak, crediting the team's "can-do attitude."

The transformation into the Alameda Islander will take about a year.

In addition to the critical redevelopment funds, the city has committed \$1.3 million in HOME funds. Other financing includes about \$6.2 million in federal low-income housing tax credits, \$2.1 million in state housing tax credits, and \$685,000 in HOME Community Housing Development Organization funds and \$556,000 in Housing Opportunities for Persons with AIDS from Alameda County.

Union Bank is the tax credit investor and the construction lender.

The loss of RDAs has been the big issue for affordable housing developers throughout California.

RDAs, which dedicate at least 20 percent of their funds to affordable housing, have been critical in funding projects over the years. The state is eliminating the agencies to help reduce the state budget deficit.

It has left affordable housing developers wondering how they will fill the funding gaps in their development pipelines.

The state Senate this week approved SB 654, which protects about \$1.3 billion in existing housing fund balances held by RDAs.

"With the end of redevelopment, California lost the largest local funding source for affordable homes," said Shamus Roller, executive director of Housing California, in a statement. "Senate Bill 654 ensures that existing housing funds are used for their intended purpose, providing homes for working families, the homeless, and vulnerable seniors. We hope the state Assembly will follow the Senate's lead and pass SB 654 at its earliest opportunity and that Gov. [Jerry] Brown will sign it without delay."



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