



CITY OF NEWARK

Community Development Advisory Committee

City Administration Building, City Council Chambers

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MINUTES

Thursday, January 19, 2023

6:00 p.m.

I. ROLL CALL

Chairperson Hannon called the meeting to order at 6:02 p.m. Present were members Fitts, Hentschke, Aguilar, Freitas, Borjon, and Mathew. Committee members Lucia and Saksena were absent.

II. MINUTES

Approval of Minutes of the March 8, 2022, Meeting

MOTION APPROVED

Member Fitts moved, and member Hentschke seconded to approve the Minutes of the March 8, 2022, meeting. **The motion passed 7 AYES.**

III. STAFF REPORTS

A. Recommendation for allocation of a \$12 million funding award to Satellite Affordable Housing Associates for an affordable housing project at 6347-6375 Thornton Avenue.

Community Development Director (CDD) Steven Turner announced that Senior Planner (SP) Carmelisa Lopez would be giving a presentation on behalf of Staff, followed by a presentation from the Satellite Affordable Housing Associates (SAHA) developer.

Before starting her presentation, SP Carmelisa Lopez started by introducing the team who has been working on the initiative, which included CDD Steven Turner, Deputy Community Development Director (DCDD) Art Interiano, herself, the housing consultant team composed of Principal Kristy Wang from Community Planning Collaborative, Paul Peninger, Principal from Bay Area Economics, and the developer's representative, Jonathan Astmann, who is the Senior Project Manager at SAHA. SP Lopez then discussed the Affordable Housing Work Plan, the Notice of Funding Availability (NOFA), where the financing would come from, the NOFA process, which was announced in June 2022, and the Staff invitation to developers to submit proposals, which was due in August 2022. She went on to say that Staff had received only one proposal, from SAHA, with whom they had been collaborating to present the project to the Community Development Advisory Committee (CDAC) for their assessment and recommendations, and then to the City Council for final funding approval, which would be \$12,000,000 to SAHA. SP Lopez also explained what the CDAC review priorities on the proposal were. With that, SP Lopez stated that Jonathan Astmann, Senior Project Manager at SAHA, would be presenting the project proposal, and Kristy Wang, who is part of the consulting team.

Jonathan Astmann introduced himself as SAHA's Associate Director of Real Estate Development and stated that SAHA was formed in 2013 by the merger of two non-profit satellite affordable housing associations founded in the late 1960s and 1993. He went on to say that his organization has developed 70 properties that serve over 4,000 residents, is in the process of developing 15 additional developments that, when completed, will represent 1,200 units and approximately half a billion dollars in assets, and has provided 150 units for senior affordable housing in Western Newark. He proceeded on to indicate that the proposed development would have 57 apartment units with a mix of one, two, and three bedrooms, as well as many amenities such as a community room with a kitchenette, a courtyard, a gardening program with wheelchair accessibility, an outdoor playground, a computer lab, a music practice room, secure parking, a bicycle repair station, and storage. He also indicated that the rent will not exceed \$2,100. Jonathan Astmann explained that the proposed project's funding sources would include a \$12 million loan from the City of Newark, approximately \$10 million from the State, a forgivable federal home loan of \$15,000 per unit, and a loan from federal and state tax credits, which would be the largest source of funding. Jonathan Astmann detailed the proposed development's next phases, which ranged

from the Community Development Advisory Committee (CDAC) review and recommendation through the City Council approval and purchase of the site, which would take place between January and April 2023. He concluded his presentation by outlining the proposed project timeline, which includes property acquisition, design, community engagement, application approval, securing funding, construction drawings, obtaining building permits, starting, and completing construction, and finally reaching 100% occupancy in the units.

SP Carmelisa Lopez turned to the consulting team's Kristy Wang, who assessed the CDAC Review Priorities against the project. Kristy Wang then indicated that she and Paul Peninger assisted the City staff in developing the NOFA and reviewing the SAHA application.

According to their study, Kristy Wang noted that the project would provide a safe, affordable shelter for Newark residents, is compatible with Newark's Housing Element standards, and is consistent with the General Plan's High-Density Residential designation. She went on to say that the project's design is aligned with the City's vision for the community and that both the SAHA developer and the architect have a solid reputation for community-oriented design. She continued by stating that all the units focus on targeting all lower-income households and family units, and the amenities and services on-site that SAHA is proposing would fulfill the needs of families with children. She then discussed the project's economic viability, stating that it is a costly project, but it is within industry standards, and its efficiency in value is now predicted at \$850,000 for every unit at the lower scale with 57 units. She went on to explain that the financial assistance comes from a \$210,000 per unit funded by the city and that SAHA will continue to look for other significant funding sources. She concluded her presentation by adding that Paul and she were available to answer any questions and that, based on their knowledge of the market and industry standards, they believed that the project was excellent and met the priorities of the Affordable Work Plan and the NOFA.

SP Carmelisa Lopez completed their presentation by outlining the Staff's recommendation and requesting that the CDAC make their recommendations to the City Council for financing approval. Staff would just need to sort out loan agreements, which were still being negotiated, and present them to the City Council for final funding approval, likely in March, she stated.

Staff Recommendation: Staff recommends that the CDAC recommend that the City Council approve the allocation of \$12,000,000 from the Housing Impact Fee Fund to Satellite Affordable Housing Associates for an affordable housing project proposed at 6347-6375 Thornton Avenue, submitted in response to the June 2, 2022, Notice of Funding Availability released by the City.

Mayor Hannon expressed his enthusiasm for the project, stating that the City of Newark had accumulated close to a little more than \$30,000,000 in affordable housing fees and that as a council member and a member of the community, he was content collecting that kind of money for later affordable housing, but he wanted to see some units built because of the community's need for affordable housing; thus, he made it a priority for him to move forward that affordable housing needed to be in future developments, so it was great to see a purely affordable housing project being proposed. He recognized that looking at the financials presented to them, it is expensive, but when trying to provide services, especially housing, to the most vulnerable in the community, it comes at a cost; at the end of the day, he said, the City would be providing quality housing for some of the most in-need residents, which is the City's responsibility. Mayor Hannon noted the Homekey Project as well as the SAHA Project presented that night, and how pleased he is to see units being built and converted in the community for most people in need. Finally, he requested from Staff that in the future, when listing priorities, veterans be included, as he noted that they were not and that this group is one of the most vulnerable in the community. He proceeded to pass it on to the rest of the committee members for comments and/or questions.

Member Mathew inquired about the nature of the housing impact fee. Community Development Director (CDD) Steven Turner noted that the City has implemented a set of fees meant to alleviate the impact of projects on the city, such as transportation and parks, and stated that one of the amounts paid is for affordable housing. He went on to say that when development in the city, whether commercial or residential, occurs at market rates, it creates a need for affordable housing in the city, so the city conducted a study of the effect and assigned a monetary value that may be used on a specific percentage for development projects, fees that would be collected during the building permits process based on the development. He stated that the fees collected for those

purposes, including affordable housing, go into a fund, earn interest, and that such fund's value is presented to the City Council on an annual basis. He concluded his explanation by adding that, under the present NOFA, the City and City Council can spend the funds on affordable housing construction.

Member Mathew questioned if those fees are always collected from developers. CDD Turner replied in the affirmative.

Member Mathew asked what the conditions were for Newark residents to apply for affordable housing. CDD Turner explained that the Housing Element has a few policies and programs that promote affordable housing in the community. He went on to say that the City Council participates in the Affordable Housing Work Plan and has requested Staff to investigate the City's local live-work preference ordinance, which would require developers to consider affordable housing for people who live or work in Newark. CDD Turner stated that the local preference legislation has not yet been set and is currently being studied; however, Staff intends to produce one with conditions because there are State and Federal fair housing regulations that must be observed.

Member Mathew inquired whether the affordable housing would be available for rent exclusively, rather than purchase. Mayor Hannon nodded in agreement.

Member Mathew questioned about the anticipated unit average rent charges. Kristy Wang, the Community Collaborative Consultant, projected that the rent would range between \$727.00 and \$2,000.00.

Member Hentschke stated that, as indicated to them, the more units created, the lower the cost, and that there was the option of purchasing the property adjacent to the planned location, therefore he questioned whether the \$12,000,000 request would change or would go away. Based on Kristy Wang of Community Collaborative, adding will increase costs, but it will also cut down on the price per unit, and other finance sources will provide more money as more units are added. She went on to emphasize that while there is a chance that SAHA will ask for more money, the City is unable to guarantee it. Member Hentschke stated that he does not want the deal to fall through. Kristy Wang believes there could be a dialogue, but SAHA is unlikely to concede anything that will end the current deal.

Mayor Hannon said, if they approve the funding, that regardless of what happens to the other two properties the project would be moving forward. Kristy Wang responded positively and added that if there was another option, they would present it back to the Committee for approval.

Member Fitts asked if the traffic studies and community notifications would be done later, based on the project's scale and the potential traffic and parking that the five-story building with most single-family homes around could produce.

CDD Turner responded positively. He then stated that the Community Development Advisory Committee (CDAC) was asked to evaluate the project against the NOFA, whereas the Planning Commission is the City's land use advising body, which would be the body that considers the entitlements application, such as the design review, the CEQA, and any other entitlements of it, which would be submitted later. He stated that no formal application for entitlements has been submitted yet, but that it is expected in late Spring or early Summer, after which Staff will assess the application and proceed through the normal process for these types of projects.

Member Borjon asked if everyone in need of a place to live could apply for housing rather than just Newark residents, considering that the money is coming from the City of Newark.

CDD Turner answered that the leasing units would be open to the public, but if a people who live/work preference is in place, and to be compliant with fair housing regulations, Newark residents or individuals who work in Newark would be given priority for housing.

Mr. Peninger also stated that there will be an affirmative marketing effort to reach out to Newark residents who do not have a live/work policy, which may or may not be implementable in the near future.

Member Borjon inquired whether there was only one proposal received for this project, or if there was another contractor that might do the work.

Ms. Wang stated that for the NOFA development, they had a series of interviews with affordable housing developers to understand their needs and interests, and they took that into account to help the process run smoothly, which was then communicated to

the developers. She noted that when the NOFA was released, they hosted a Q&A session with past interested developers as well as some new ones. She went on to state that they only got the SAHA developer, who had been most excited from the start, and that they are still trying to find out why other developers who appeared to be interested did not apply. She went on to state that she had spoken with one of them, whose office is in San Francisco and does not have a significant presence in the East Bay, and that she feels this is why they did not apply. Furthermore, she stated that they were looking for site control, someone who would come with a signed letter of agreement with an owner, but they elected to go with only one through the RFP method. Still, it could have gone with a request for qualification (RFQ) as a different strategy. She finally stated that they intend to do additional interviews before the release of the second NOFA in the future.

Member Borjon inquired as to where the high-density project would be located.

Mayor Hannon identified the site of a property on Thornton Avenue that had vacant lots on each side of it and lots of cars parked behind it.

Member Borjon inquired as to whether it would be a development in the middle of nowhere.

Mayor Hannon remarked that the remaining two properties would hopefully see future development.

Member Borjon expressed worry over the presence of a high-density property on Cedar Boulevard, as well as the prospect of another one on Thornton Avenue.

Mayor Hannon questioned if the City Council approved a four or five-story structure near City Hall.

The City Council approved a five-story assisted living building of roughly 69 feet, as stated by Deputy Community Development Director (DCDD) Art Interiano. He then explained that the Thornton Avenue properties are single-family homes that are currently being used for commercial purposes. In the rear of the subject site are the Cherry Street Apartments, which are two-story apartments, in the northeast area, there is the Fox Townhomes project, and three blocks down are the three-story Villas Townhomes. Considering that, he added, this neighborhood consists of taller structures,

and it is classified as residential high-density, which means they can be up to 100 feet tall.

As stated by Senior Planner (SP) Carmelisa Lopez, the zoning for the SAHA property is high-density residential, which allows buildings up to 100 feet.

Member Borjon stated that with so many units on Thornton Avenue, the traffic impact could become terrifying.

Mayor Hannon emphasized that, as stated by Commissioner Fitts and CDD Turner, the item would have to go to the Planning Commission, and traffic analysis would be required, which the Planning Commission would need to evaluate its impact.

Commissioner Aguilar stated that it is wonderful to see developers proposing affordable housing with money that the City has been gathering for mitigation issues for almost six years. He questioned what would happen if the City provided the money to a developer but the project never materialized.

Ms. Wang responded that there would be agreements between the City and the developer that would state that if a developer fails to meet their commitments, the City would be able to take possession of the property, and if any deliverables paid with City funds were not met, the City would get the funds back and look for another developer to complete the project.

Commissioner Aguilar questioned the project's competitiveness in going to the State and securing the tax financing credit.

The developer's representative, Jonathan Astmann, walked into the podium and stated that those resources had been accessible for quite some time and that if they were unsuccessful on the first round, they would try again. He also stated that the project is competitive for the funds, and as Mayor Hannon mentioned, there are funds available to benefit veterans as well.

Mayor Hannon indicated that he noticed that veterans were not mentioned in the report that was addressed to Staff, and he wanted to ensure that the City does not lose sight of the importance of assisting veterans.

Member Freitas inquired about the number of buildings intended for the project's proposed site.

Ms. Wang stated that there are now three U-shaped buildings on the sites.

Member Freitas inquired whether there would be three buildings on the planned site and whether they would be built on the other properties to the east and west of it if they were available for purchase.

Ms. Wang explained that the proposed site would only have one building and that if the two additional sites could be added, they would do so later. They would need to see if the owners of those properties would be prepared to sell and put in the effort to gain them, but if not, the project would proceed as planned.

Member Freitas questioned the building's elevation.

Ms. Wang replied that it would be 60 feet tall.

Member Freitas inquired of DCDD Interiano concerning the height of the Villa Townhomes on Thornton Avenue.

DCDD Interiano responded that he could not confirm the full extent of the townhomes' height but that they are three stories and around 30 feet tall.

Member Freitas stated that he is very excited about the project's amenities, which include a bike shop, bike tracks for security, a music and computer lab, and a public garden, and that he has not seen any of those amenities in any of the developments in the area for tenants to enjoy.

Mayor Hannon inquired of Mr. Astmann what was the meaning of the statement on the Staff Report, page 46, where HUD designated the city of Newark as a 2022 difficult development area.

Ms. Wang responded to the question by stating that HUD analyzes statistics to make those designations, which she believes has something to do with the cost of constructing homes in the area. She noted that it cannot be controlled and that it is beneficial to the project since it allows it to request more money per unit from state and federal tax credits.

The Mayor then inquired about the definition of "photovoltaic array" on page 39 of the Staff Report.

Mr. Astmann stated that it means solar panels.

Mayor Hannon inquired of Mr. Astmann whether he had contacted the Housing Authority, Section 8 Housing, for the proposed development regarding base vouchers or vouchers.

Mr. Astmann responded that he had heard from them a week or two ago and that there are no plans to conduct an RFP for project-based vouchers at this time, but that they will follow up later this year.

Mayor Hannon asked Mr. Astmann to make project-based vouchers available for the project and encouraged him to speak with the Alameda County Housing Authority about it.

CDD Turner advised Mayor Hannon that there are two types of Section 8 vouchers: project-based vouchers, such as those recently awarded to Cedar Community Apartments and the developer there, and vouchers that households can obtain. He also stated that SAHA can apply for project-based Section 8 vouchers, which if available, can be applied for those units, or that SAHA would welcome household vouchers if such units were available.

Member Borjon inquired whether it would be more beneficial for the property or the City to consider eminent domain of those two properties rather than building in one and leaving the other two undone.

Mayor Hannon indicated that he is aware that eminent domain can be used if other items, such as street extensions or similar projects, can be completed, and requested CDD Turner or Mr. Peninger to remark on whether this project could be a possibility for eminent domain.

CDD Turner stated that it is a tool accessible to cities that can be used as a last resort when no other options are available and that a property owner would be fairly compensated, but the developer has tried to engage with the property owners to expand the site area to add more units, but people must participate, and if they do not

want to take part there is nothing the developer can do except continue working with them.

Mayor Hannon inquired about the timing for acquiring the remaining two properties before the project is too far along to be expanded to include those two additional sites.

Ms. Wang suggested that it would need to be within the next few months.

CDD Turner explained that the developer is looking into submitting entitlement applications and at some point, they must decide what their project is.

Mayor Hannon inquired if anyone had any further questions or comments. No one had any more questions or comments.

Mayor Hannon made a motion to vote. Member Hentschke moved, and Member Aguilar seconded, to recommend that the City Council approve the allocation of \$12,000,000 from the Housing Impact Fee Fund to Satellite Affordable Housing Associates for an affordable housing project proposed at 6347-6375 Thornton Avenue, submitted in response to the June 2, 2022, Notice of Funding Availability released by the City. **The motion passed with 7 AYES and 2 ABSENT** (Members Lucia and Saksena were absent).

(MOTION)

IV. ADJOURNMENT

Mayor Hannon adjourned the Community Development Advisory Committee meeting at 7:17 pm.

Respectfully submitted,



Steven Turner,
Secretary