



City of Alameda

Study Session on the Future of Housing at Alameda Point

City Council Meeting
September 3, 2024

- 1. Study Session Purpose**
- 2. Current Planning Context**
- 3. Economic Realities of Housing Construction**
- 4. Next Steps and Staff Recommendation**

- Provide a common understanding of
 - Opportunities to provide more housing at Alameda Point
 - Planning context guiding these opportunities
 - Economic and structural barriers that limit housing production
- Review staff work plan to advance additional housing development at Alameda Point
 - Implementing Housing Element Goal H-5 and Program 1
 - Understand how housing fits into Alameda Point Disposition Strategy



The City has established a clear path for additional housing growth:

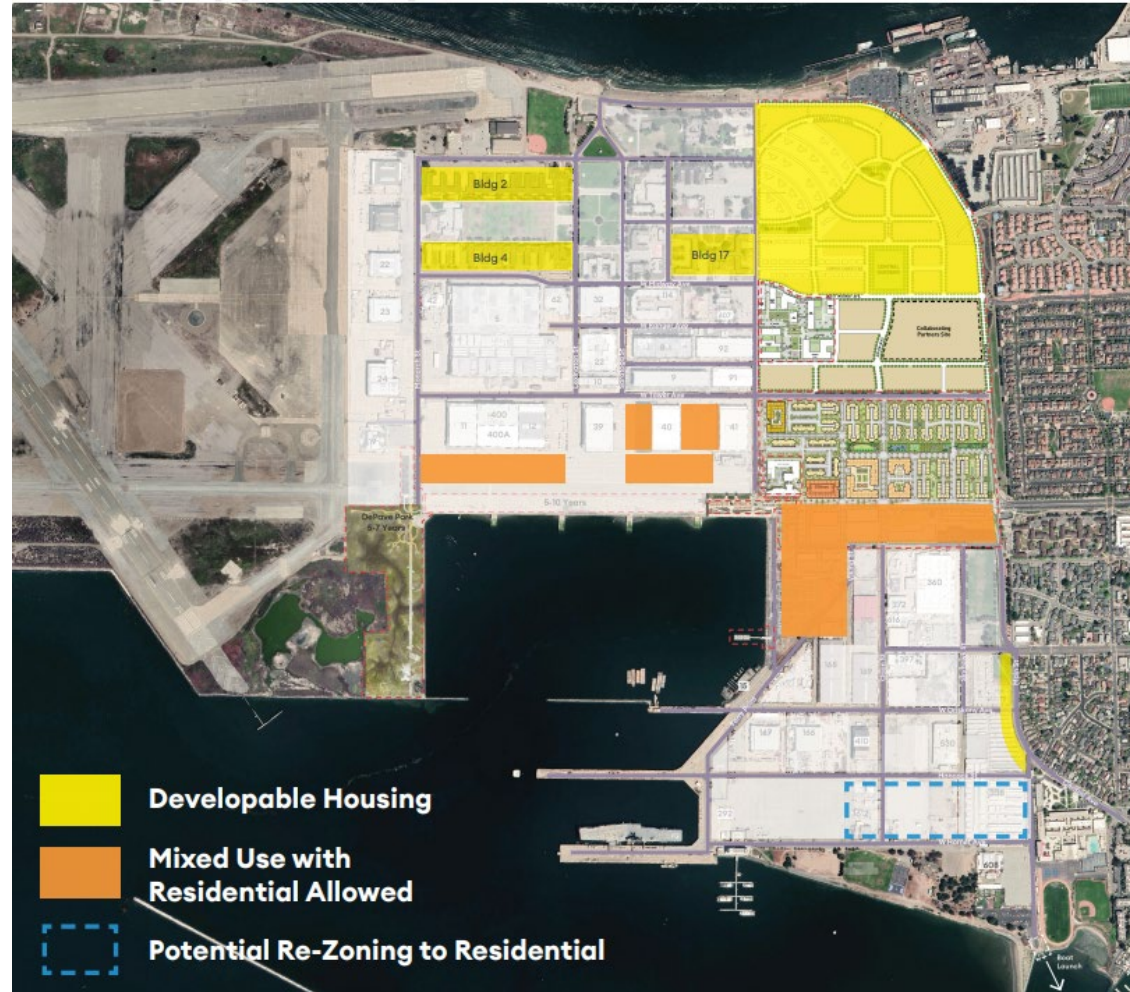
- Citywide Housing Element (2022)
- 2040 Citywide General Plan (2021)
- Alameda Point zoning district AMC 30-4.24 (2014)
- Alameda Point EIR (2013)

Various City plans establish other important design and implementation strategies to accommodate this growth:

- Alameda Point Public Services District (2017)
- Master Infrastructure Plan (2014)
- Main Street Neighborhood Specific Plan (2014)
- Waterfront Town Center Precise Plan (2014)

129 acres of future housing and mixed-use with residential opportunity

- Main Street Neighborhood
- Waterfront / Town Center Precise Plan
- Adaptive Reuse of Buildings 2, 4, 17



Planning Context – Affordable Housing



At least 25% of new units to be affordable:

- **Renewed Hope Settlement** (2001) sets this requirement
- **Standards of Reasonableness** (1999) provides additional requirements for services and space for unhoused individuals

Citywide Affordable Requirements also apply at Alameda Point:

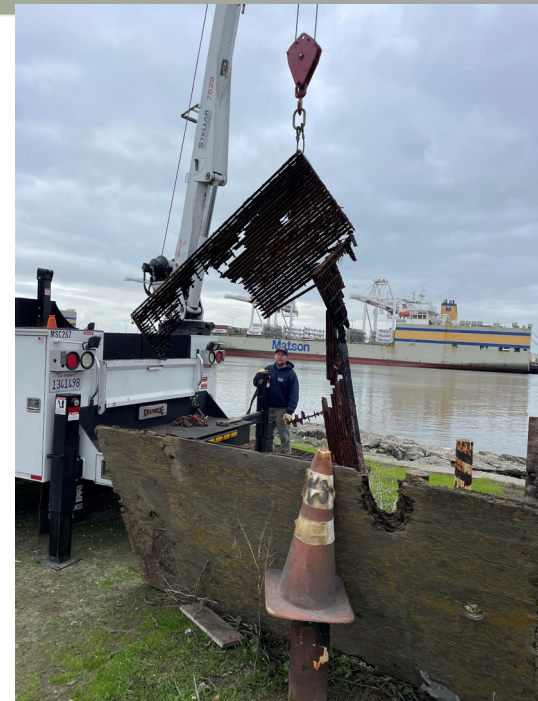
- **Inclusionary Housing Ordinance** (2004) - Inclusionary requirement for all new residential development of five units or more
- **Nonresidential Affordable Housing Unit/Fee Requirement** (2001) can be satisfied through in-lieu fee
- **Affordable Housing Density Bonus Ordinance** (2009; 2015) adopted to comply with State law

State Policies also affect affordable housing development:

- City anticipates a **Pro-Housing Designation** which would increase competitiveness for grants
- **Surplus Land Act** (AB2319, Bonta, 2022) reinforces 25% affordability requirement for Alameda Point specifically

Replacement infrastructure is a requirement for new development

- Existing infrastructure is over 70 years old
- Infrastructure replacement is necessary for new construction and long-term use - Total costs estimated at approximately \$700 million or ~\$2 million per acre
- Master development expected to replace as consideration for land
- Building sales revenue covers infrastructure costs in Reuse Area
- MIP & Disposition Strategy provides for the phased replacement of backbone infrastructure at Alameda Point – replacement infrastructure planned to move east to west





The City's existing, built and planned units are approaching the Conveyance Agreement Excess Housing Cap

	<u>Market Rate Units</u>
Residential Baseline Units, Navy Agreement	2,011
Existing + Future Units with Approved DDA	1,761
Remaining Market Rate Units until per unit payment to Navy begins to apply	250

The Conveyance Agreement with the Navy requires that every market rate unit above 2,011 market rate units must pay a fee – currently \$104,000 per unit – upon Certificate of Occupancy.

Economic Realities of Housing Construction

Difficult Overall Market / Feasibility Dynamics:

- High construction costs and stable prices are bringing much Bay Area development to a halt
- Ownership housing, especially townhomes, are most feasible currently due to higher price point and lower construction cost than multifamily buildings
- Alameda Point housing projects hindered by need for large, high-risk up-front investment in infrastructure

Funding for Affordable Housing Projects is Limited and Getting Harder:

- Constrained local, county, regional subsidy sources
- Reduced funding in state budget (removed Multifamily Housing Program funds)
- Scoring disadvantage for family units as not in a “High Resource Area” per CTCAC/HCD
- Removed from “Difficult to Develop / Qualified Census Tract” status, which provided funding boost

Special Cost Considerations for Housing at Alameda Point

1. Added costs to replace aging infrastructure, adapt to sea level rise with higher elevations
2. Navy Economic Development Conveyance Agreement
3. 25% affordable housing on site per Renewed Hope Settlement vs. 15% citywide inclusionary
4. Project Stabilization Agreement Resolution
5. Services Community Facilities District (CFD) to
 - Fund certain services at Alameda Point to maintain fiscal neutrality for City
 - Fund Transportation Demand Management
 - Reduces ability to use CFD tool to address high infrastructure costs



The City has taken many steps to incentivize housing:

- Specific Plans and CEQA Clearance
- Subdivision ordinance changes (streamlined approvals)
- Advanced housing development (Bayport, Site A, West Midway, RESHAP)
- No parking minimums | transportation management program to offset impacts
- Accept infrastructure in lieu of land payment
- Loan for RESHAP infrastructure & proactive support of RESHAP in grant funding applications
- Waive some impact fees
- Pursuing Citywide Pro-Housing Designation

Per Unit Housing Costs Exceed Possible Revenues Today

Conceptual Townhome Revenues vs. Cost

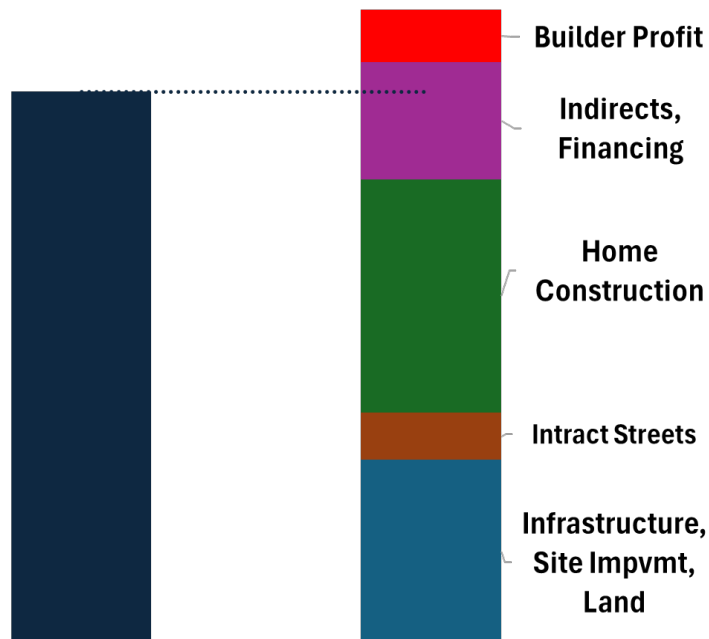


Conceptual 3-Story Rental Revenues vs. Cost



Sale Price Per Unit
1.15M

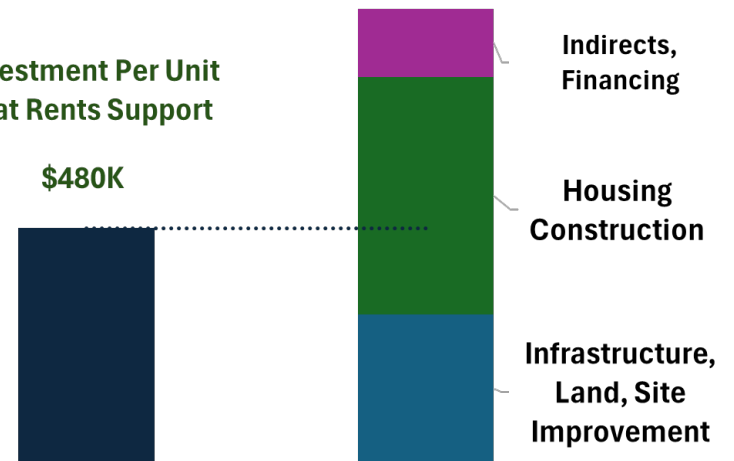
Costs Per Unit
1.32M



Costs Per Unit
\$920K

Investment Per Unit that Rents Support

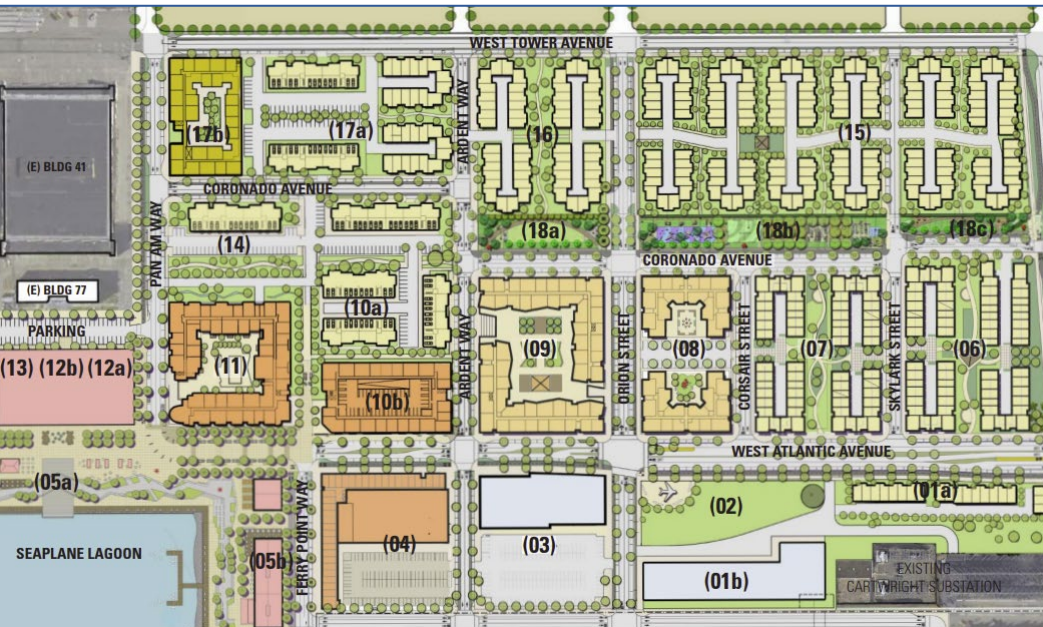
\$480K



Site A Development Example – Economic Realities

Why is housing construction paused at Site A?

- **Tighter lending environment:** Private financing plan is reliant on debt to fund design / infrastructure up front
- **Project Labor Agreement (PLA)** encompasses both infrastructure costs and vertical construction (unlike West Midway) increasing construction cost up front
- **Multifamily Construction:** Blocks 10 and 11 are multifamily (see prior slide)
- **Economic Force Majeure:** Disposition and Development Agreement (DDA) allows project to pause if housing prices drop (which they have) – awaiting 4 quarters positive growth



Site A 2022 Amended Development Plan

Current Condition

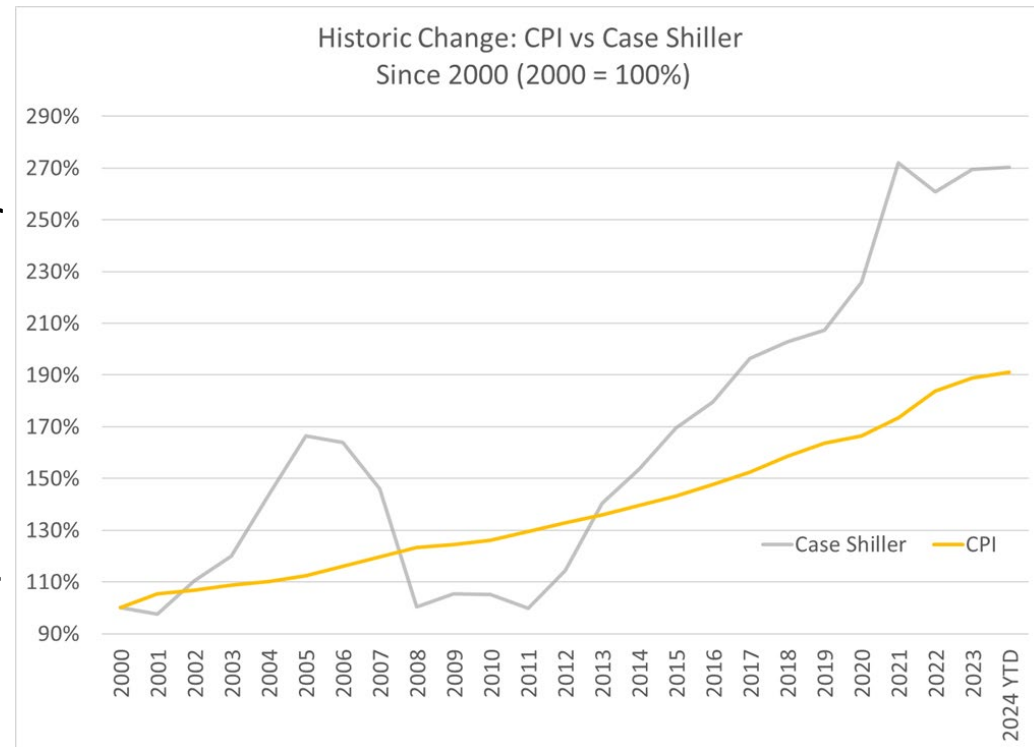


Staff and Navy have tentative agreement on Excess Unit Fee:

- Adjust escalation factor from Housing Price Index to Consumer Price Index
- Offer developers an up front payment option

For future consideration:

- Modify to per acre instead of per unit fee (to support multifamily housing)



Incentives for Housing Development at Alameda Point

Advance more housing development in Main Street Plan Area:

Considerations

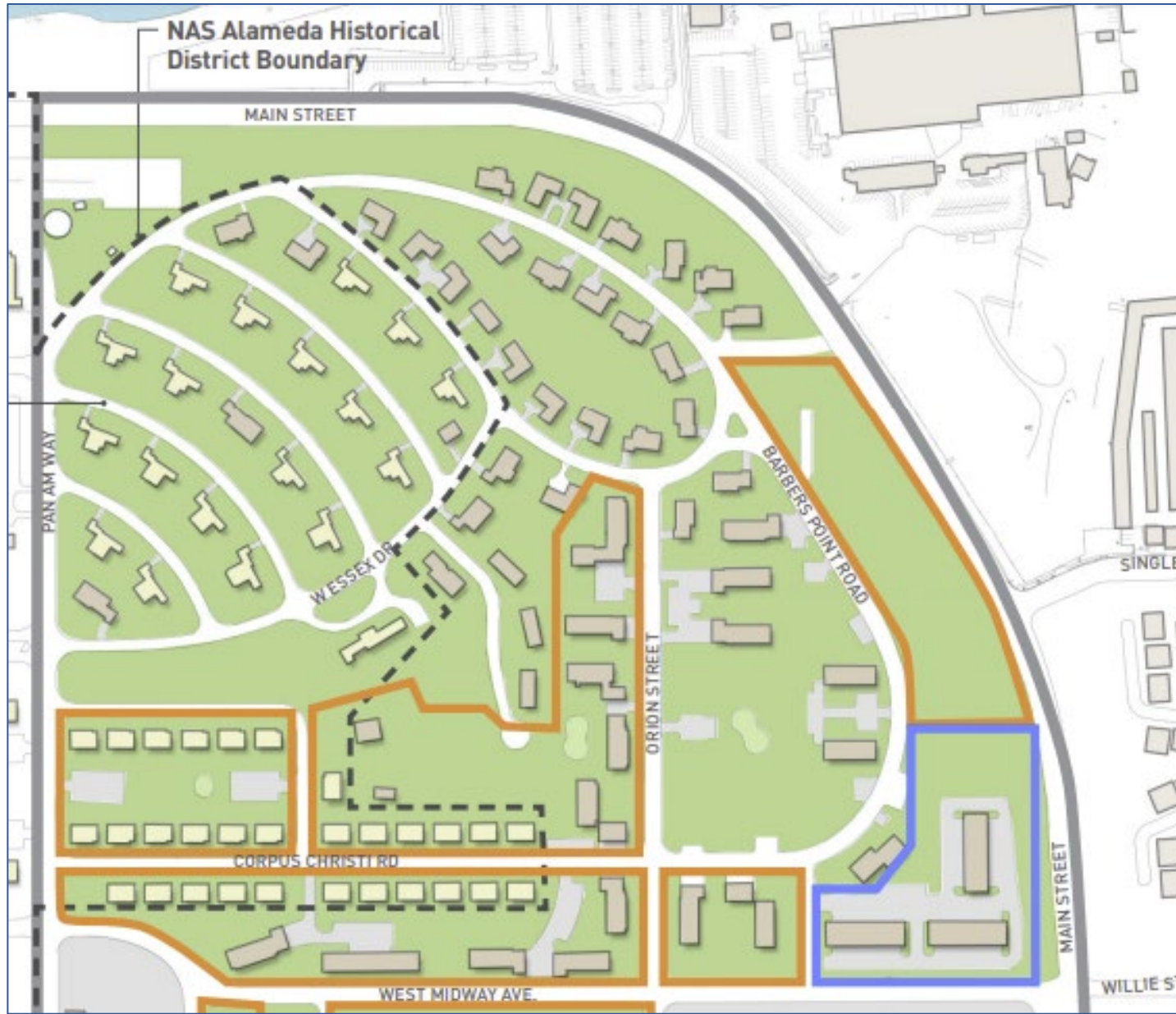
- Market conditions
 - Limited predevelopment capital
 - Timing entitlements with market cycle
- Main Street neighborhood development is dependent on completion of RESHAP
- Retain and enhance the historic homes (“Big Whites” and bungalows)
- Consider stability concerns from existing tenants



FIGURE 2-4: AERIAL MAP

- 1 Big Whites
- 2 Ploughshares Nursery
- 3 Bungalows
- 4 Alameda Point Collaborative Community Garden
- 5 The Farm at Alameda Point Collaborative

Advancing Development of Main Street Neighborhood



Staff Work Plan to Advance Housing at Alameda Point

1. Finalize Navy Conveyance Amendment on Excess Unit Fee for Council consideration
2. Continue to proactively seek grant and other funding opportunities for RESHAP
3. Advance Development of rest of Main Street Plan Area (“Package K”): advance goals for development, community engagement, market analysis
4. Explore development of Enterprise District residential buffer area on Main Street
5. Open to proposals for Bachelor’s Enlisted Quarters (BEQ - Buildings 2, 3, 4) but not a high priority
6. Delay advancing mixed-use areas until multifamily market recovers

Thank you