



# City of Emeryville

CALIFORNIA

## MEMORANDUM

**DATE:** April 1, 2025  
**TO:** LaTanya Bellow, City Manager  
**FROM:** Chadrick Smalley, Community Development Director  
**SUBJECT:** Resolution Of The City Council Of The City Of Emeryville Authorizing The City Manager To Execute A Grant Agreement In The Amount Of \$266,250 Between The City Of Emeryville And Bay Bridge Corporation, A California Nonprofit Corporation, For Operating And Replacement Reserves For The Bay Bridge Apartments Affordable Housing Project, 1034-1044 36<sup>th</sup> Street

### STAFF RECOMMENDATION

Staff recommends the City Council adopt the attached resolution authorizing the City Manager to execute a grant agreement with Bay Bridge Corporation to provide \$266,250 in Prohousing Incentive Pilot grant funds to support operating and replacement reserves for the Bay Bridge Apartments affordable housing project located at 1034-1044 36<sup>th</sup> Street.

### BACKGROUND

In 2023, the City successfully applied for \$575,000 in funds from the California Housing and Community Development (HCD) Department's Prohousing Incentive Pilot ("PIP"), codified in California Health and Safety Code Chapter 2.5 Sections 50470 through 50475. In that application, the City proposed to create two programs, an accessibility improvement program which would assist property owners by increasing the accessibility of existing housing stock in Emeryville and an operating and maintenance reserve program, to provide funds to address needed capital for operating and replacement reserves in rental housing to ensure the housing is maintained and financially feasible. The City and HCD executed a grant agreement on January 25, 2024, allocating all of the PIP funds to the accessibility improvement program. The program guidelines and grant agreement specify that the no more than 5% of the award can be expended on administrative costs and that City must expend and invoice HCD for all funds by March 30, 2025 (the "Invoice Deadline"), to meet the expenditure deadline of June 30, 2025 (the "Expenditure Deadline"). HCD may modify the Invoice Deadline under special circumstances, but may not extend the Expenditure Deadline beyond June 30, 2025, which is set by statute.

On June 18, 2024, the City Council adopted Resolution No. 24-81 approving the Accessibility Program [i.e. the Emeryville Accessible Living Initiative ("EALI")], EALI guidelines, and authorizing the City Manager to modify the EALI guidelines from time to time to effectuate their purpose. The EALI guidelines outline the requirements for eligible borrowers, eligible uses, loan terms and other program requirements. Applications for EALI funds were accepted from July 30, 2024 to December 30, 2024.

The City received seven applications for assistance during this time and upon evaluation, staff denied one application due to the applicant requesting assistance for a property located outside the City limits of Emeryville. The six applicants approved for EALI funding totaled \$280,000.

<b>Awardee</b>	<b>Borrower Type</b>	<b>Amount Awarded</b>
Glennis Burkhalter	Homeowner	\$25,000
Laura Rifkin	Homeowner	\$25,000
Stephanie Hunter	Homeowner	\$25,000
Baybridge Corporation	MF Rental	\$45,000
Watergate Community	Homeowners Association	\$150,000
45 <sup>th</sup> Street Artist Cooperative	Homeowners Association	\$10,000
<b>Total EALI Funds Awarded</b>		<b>\$280,000</b>

Due to the tight timeline for expending the PIP funds, staff contacted HCD to determine whether the Expenditure Deadline could be extended beyond June 30, 202. This extension would have allowed staff to conduct additional outreach to identify additional participants in the EALI program or if the City could amend the Grant Agreement to reallocate the remaining balance of PIP funds to the Operating and Replacement Reserve program. HCD indicated that extending the Expenditure Deadline was not possible, however, amending the Grant Agreement to shift the remaining funds to the Operating and Replacement Reserve program was allowable.

Since October 2024, staff has been in discussions with the owners and property manager of Bay Bridge Apartments (“Project”), located at 1034-1044 36<sup>th</sup> Street (“the Site”), regarding their need for financial resources to address needed repairs and capital maintenance replacements identified in their Physical Needs Assessment report. The Project is a 100% affordable housing rental project consisting of six (6) studio units designated for very low-income persons who are disabled due to being HIV positive or having an AIDS diagnosis. Tenants pay no more than 30% of their income towards rent. Bay Bridge is owned by Baybridge Corporation, a subsidiary of Resource for Community Development (Owner) and is managed by John Stewart Company.

The Emeryville Redevelopment Agency entered into a \$325,000 loan agreement with the Owner on May 10, 1995, for the acquisition and development of the Site. A Regulatory Agreement restricts the income levels and rental rates of the six units until 2038.

In June 2024, HUD authorized Bay Bridge to increase its monthly replacement reserves deposit from \$400 per unit per month (\$28,800 annually) to \$541 per unit per month (\$38,952 annually). Unfortunately, this increase is not sufficient to fully address the maintenance and capital replacement needs of the Project. Bay Bridge had received an award from HUD for \$480,000 in Green Resilient Retrofit Program (“GRRP”) funding, and Owner had hoped to leverage the GRRP funds to complete a substantial amount of the needed renovation work later this year, unfortunately, HUD terminated the GRRP program in March 2025 and the future prospect of these funds is highly uncertain at this time.

## DISCUSSION

To support the livability and viability of the Project, staff recommends the execution of a grant agreement with Bay Bridge Corporation to provide \$266,250 in PIP financial assistance as a capitalized reserve (“Reserve”). The Reserve will allow the Owner to continue the operations and maintenance of the Project to ensure the health, safety and welfare of the City's residents are maintained, while they seek other funding to complete the renovation of the property.

PIP funds will be deposited into a specially designated, interest-bearing replacement reserve account and shall only be used by the Owner to address:

- Code Enforcement and Life/Safety Repairs
- Immediate Repairs that require immediate action as a result of: (1) material existing or potential unsafe conditions, (2) failed or imminent failure of mission critical building systems or components, or (3) conditions that, if not addressed, have the potential to result in, or contribute to, critical element or system failure within one year or will most probably result in a significant escalation of its remedial cost
- Replacement of Capital Items

Under the terms of the proposed grant agreement, the Owner shall be responsible for submitting to the City a request for withdrawal from the replacement reserve account for property maintenance and capital improvements as needed. Withdrawal requests will be reviewed by staff and if approved, the Owner will be authorized to withdraw funds from the account to pay for work.

## FISCAL IMPACT

As noted above, the City was awarded \$575,000 in PIP grant funding. Five percent (\$28,750) of the award is set aside for program administration and \$280,000 has been awarded through the EALI program for accessibility improvements. Staff is recommending the City provide the balance of the PIP funds, \$266,250, to BayBridge Corporation as an operating and replacement reserve to ensure the City meets the Expenditure Deadline and supports the viability of an existing City asset. PIP funds are held in the Grant Fund (Fund 254).

<b>PIP Award</b>		<b>\$575,000</b>
<b>Funds Awarded</b>	Administration	\$ 28,750
	EALI Loans	\$280,000
<b>Available PIP Funds</b>		<b>\$266,250</b>
<b>Funding Request</b>	Operating & Replacement Reserve	\$266,250
<b>PIP Funding Balance</b>		<b>\$0</b>

## **CONCLUSION**

Staff recommends the City Council adopt the attached resolution authorizing the City Manager to execute a Grant Agreement with Baybridge Corporation for \$266,250 to provide a capitalized operating and replacement reserve utilizing Prohousing Pilot Improvement Program funds to ensure the continued viability of the Bay Bridge affordable housing project.

**PREPARED BY:** Valerie F. Bernardo, Economic Development & Housing Manager

**APPROVED AND FORWARDED TO THE  
CITY COUNCIL OF THE CITY OF EMERYVILLE:**



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LaTanya Bellow, City Manager

## **ATTACHMENTS**

- Draft Resolution
  - Exhibit A – Prohousing Grant Agreement