



CITY COUNCIL STAFF REPORT

ITEM NO. 5.15

DATE: June 9, 2025

TO: Honorable Mayor and City Council

FROM: Brent Smith, Community Development Director

SUBJECT: Resolution authorizing the first amendment to Loan Agreement between the City of Livermore and Housing Consortium of the East Bay for the property located at 2346 Walnut Street.

RECOMMENDED ACTION

Staff recommends the City Council adopt a resolution authorizing the City Manager, or her designee, to execute the first amendment to the Loan Agreement with Housing Consortium of the East Bay for the property located at 2346 Walnut Street and all other related documents authorized and described in that agreement.

SUMMARY

In May 2022, the City Council approved the allocation of \$2,400,000 from the Affordable Housing Trust Fund to Housing Consortium of the East Bay (HCEB) for the acquisition of 2346 Walnut Street (the Property), with the intent to develop a substance use disorder (SUD) treatment facility for unhoused Livermore residents. Under the original agreement, if a nonprofit service provider could not be secured within two years, the Property could be repurposed for affordable multifamily housing. Following collaboration with La Familia, a nonprofit organization, it was determined through community outreach efforts and feasibility that the Property could not adequately meet the needs of the proposed treatment facility. The Developer now seeks to amend its agreement with the City to provide additional time for predevelopment activities on the Property to repurpose it for affordable housing. The Developer is exploring plans to create approximately 15 units of service-enriched housing, with a focus on providing support for unhoused senior residents. If approved, the Developer will conduct community outreach on the concept and return to the City with a development plan and timeline for approval by June 1, 2026.

DISCUSSION

On May 23, 2022, the City Council approved Resolution No. 2022-080, allocating \$2,400,000 from the City's Affordable Housing Trust Fund to the Developer for the acquisition of the property located at 2346 Walnut Street (the Property). On June 27, 2022, the City entered into an Affordable Housing Loan Agreement (the Agreement) to finance the acquisition of the Property and some predevelopment costs.

Under the terms of the Agreement, the Developer committed to acquiring, developing, owning, and operating the Property until a nonprofit service provider—approved by the City and Alameda County Behavioral Health—could be identified. The identified provider would develop, own, and operate a substance use disorder (SUD) treatment facility for low-income and unhoused Livermore residents (the SUD Project). If a service provider was not secured within two years, the Developer would be permitted to retain the Property for affordable multifamily housing for unhoused residents.

Following the execution of the Agreement, the Developer collaborated with the City and La Familia, a community non-profit, to implement the SUD Project. However, after conducting community outreach and evaluating the Property's limitations, it was determined that the capacity and needs of the Project exceeded what the Property could support. Recognizing the ongoing priority for SUD services within the community, La Familia secured funding through the State Continuum Infrastructure Program to acquire a 10-acre site on Tesla Road in unincorporated Alameda County. This site will be renovated to establish a state-of-the-art treatment facility which will provide 16 dedicated beds for Tri-Valley residents.

Given the decision not to utilize the Property as a treatment facility, the Developer now seeks to amend the Agreement to pursue the affordable housing option. This amendment would grant the Developer additional time for predevelopment activities, including: 1) site due diligence and feasibility studies to be completed by October 1, 2025; 2) community/neighborhood outreach by February 1, 2026; and 3) the final submission of a development plan for future entitlement to the City by June 1, 2026. The Developer is currently assessing the feasibility of creating approximately 15 units of service-enriched housing, with a focus on addressing the needs of unhoused senior residents.

Following the successful collaboration on the Vineyard 2.0 project, the Developer will once again partner with Gunkel Architecture during the predevelopment phases of this project. Gunkel Architecture is an Alameda County-based firm that specializes in affordable residential and mixed-use projects. In the event the City does not approve the development plan, the City has the right to require the Developer to transfer the Property and assign its rights and obligations to an entity designated by the City.

FISCAL AND ADMINISTRATIVE IMPACTS

There are no fiscal impacts to report. Through this amendment, the Developer will have access to the remaining funds from the original loan for predevelopment and site carrying costs, including taxes and insurance.

COMMUNITY PILLAR

1: A Safe Community that Thrives

GOAL

7: Expand and preserve the supply of affordable housing opportunities

ATTACHMENTS

1. Resolution
2. Exhibit A - First Amendment to Loan Agreement

Prepared by: Shelly Haynes
Management Analyst

Approved by:



Marianna A. Burch
City Manager

Fiscal Review by:



Tina Olson
Administrative Services Director