

APPROVED AS FILED
OFFICE OF THE CITY CLERK
OAKLAND
2003 MAR 27 PM 12:43
AGENCY COUNSEL

REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND

RESOLUTION NO. 2003-20 C.M.S.

A RESOLUTION AMENDING RESOLUTION NO. 02-34 C.M.S. TO FORGIVE THAT PORTION OF A \$1,000,000 BRIDGE LOAN MADE TO MACARTHUR PARK DEVELOPMENT ASSOCIATES, LLC FOR THE PALM VILLAS PROJECT ON MACARTHUR BOULEVARD BETWEEN 90th AND 94th AVENUES WHICH IS NOT CONVERTED INTO MORTGAGE ASSISTANCE FOR PROJECT HOMEBUYERS

WHEREAS, pursuant to Resolution No. 02-34 C.M.S., the Redevelopment Agency and MacArthur Park Development Associates, LLC (the "Developer") entered into a bridge loan in an amount not to exceed \$1,000,000 to assist the Developer in the development and sale of the Palm Villa project (the "project"), a 78 unit homeownership project on MacArthur Boulevard between 90th and 94th Avenues; and

WHEREAS, all units in this three-phase project will be sold at prices affordable to households earning no more than 120% of area median income; and

WHEREAS, the original repayment to the Agency of the loan principal upon completion of project unit sales was to be from up to \$700,000 in Low and Moderate Income Housing Funds, authorized for use as mortgage assistance to eligible buyers, with the remainder of the loan exceeding that amount to be repaid by the Developer from net sales proceeds; and

WHEREAS, the Developer has again encountered substantial cash flow problems and increases in construction costs and is requesting that a portion of the loan be forgiven in order to cover those increased costs, to complete the project, and to realize a modest profit; and

WHEREAS, the Developer has been unsuccessful in obtaining the needed additional funds from other public or private sources; and is threatened with closure of the project just when the last units are in construction and 40 units have already closed escrow; and

WHEREAS, net sales proceeds from the project are now determined to be insufficient to cover repayment of the bridge loan; and

WHEREAS, when the Agency approved the sale of Preservation Park III and other Central District housing development sites, the Agency required proceeds from these sales to

be allocated to affordable housing activities benefiting households earning up to 60% of Area Median Income; and

WHEREAS, the Agency desires to waive the requirement that these land sale proceeds benefit households earning not more than 60% of Area Median Income for this project in order for those funds to remain in this project; and

WHEREAS, the Agency desires to modify the terms of repayment of the Agency loan with the Developer to provide that all of the bridge loan that is not converted into mortgage assistance be forgiven; now, therefore, be it

RESOLVED: That Resolution No. 02-34 C.M.S. is hereby amended to provide that the Agency Administrator is authorized to negotiate and execute an amendment to the loan agreement with the Developer for the bridge loan to provide that all of the loan amount that is not converted to second mortgages shall be forgiven and converted into a grant; and be it further

RESOLVED: That the Agency hereby waives the income limit restriction on the use of Central District land sales proceeds to permit up to \$960,000 in such proceeds to remain in the Palm Villas project, a project that is affordable to households earning up to 120% of Area Median Income; and be it further

RESOLVED: That the amendment to the loan agreement with the Developer shall be reviewed and approved by Agency Counsel for form and legality prior to execution; and be it further

RESOLVED: That the Agency hereby appoints the Agency Administrator or his or her designee as agent of the Agency to conduct negotiations, execute documents, administer the funds, and take any other action with respect to the funds and the project consistent with this Resolution and its basic purpose.


APR 15 2003

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2003

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, ~~CHANG~~, NADEL, QUAN, REID, WAN AND
CHAIRPERSON DE LA FUENTE - 7

NOES-
~~Excused~~
ABSENT- Chang - 1
ABSTENTION- Ø

ATTEST: 
CEDA FLOYD
Secretary of the Redevelopment Agency
of the City of Oakland