

2010 JUN 30 AM 10: 54


Deputy City Attorney

OAKLAND CITY COUNCIL

Resolution No. 82910 C.M.S.

A CITY RESOLUTION AMENDING RESOLUTION NO. 82652 C.M.S. TO INCREASE THE AFFORDABILITY LEVEL, IN THE EVENT OF A FORECLOSURE, FROM 50% TO 60% OF AREA MEDIAN INCOME FOR THE LION CREEK CROSSINGS PHASE IV RENTAL PROJECT LOCATED AT 69TH AVENUE AND SNELL STREET, TO BE DEVELOPED BY THE EAST BAY ASIAN LOCAL DEVELOPMENT CORPORATION AND THE RELATED COMPANIES OF CALIFORNIA JOINTLY

WHEREAS, in the Fall of 2007, East Bay Asian Local Development Corporation and The Related Companies of California jointly (the “Developers”) submitted a Notice of Funding Availability (“NOFA”) proposal for Lion Creek Crossings, Phase IV, one of four rental phases of a mixed income/replacement public housing HOPE VI project developed in partnership with the Oakland Housing Authority (“OHA”) for the construction of 72 multi-family apartments; and

WHEREAS, on March 4, 2008, by City Resolution 81111 C.M.S., the Oakland City Council (the “Council”) approved funds in the amount of \$3,499,453 to assist with the Phase IV predevelopment and construction expenses; and

WHEREAS, after the award of these 2007/2008 NOFA funds, the project team experienced a few set-backs including unexpected environmental soil remediation , which coincided with the dramatic downturn of the real estate market that rendered the Developers unable to close the City loans within the eighteen months reservation period, and they were therefore granted an extension on March 17, 2010 by City Council Resolution No. 82652 C.M.S.; and

WHEREAS, the original project structure proposed 71 project units at rent levels affordable to households earning no more than 30% to 50% of Area Median Income (“AMI”) with twenty-one of these units considered OHA replacement units (referred to as “ACC units”); and

WHEREAS, the Developers expected that the California Housing Financial Agency (“CalHFA”) would provide the construction and permanent first mortgage financing, as it had done for each of the three previous project phases, but due to the State of California’s unprecedented financial crisis and CalHFA’s poor credit rating, was unable to sell bond, curtailing its multifamily lending program; and

WHEREAS, the Developers were thus presented with the unique challenge of financing the construction and permanent loans for Phase IV; and

WHEREAS, the development team approached five lenders before settling on California Community Reinvestment Corporation, the only lender willing to make a permanent loan on this project on competitive terms; and

WHEREAS, those terms require changing the original terms so that in the unlikely event of foreclosure, the permanent lender could raise rents on 45 of the 50 no-ACC units to levels affordable to households at 60% AMI; and

WHEREAS, the Council believes that the financing from California Housing Finance Agency is critical for the completion of the Lion Creek Crossings Phase IV project, which will provide sorely needed affordable housing units in East Oakland; now, therefore, be it

RESOLVED: That the Council hereby approves an increase in affordable rent levels in the event of foreclosure, so that 45 of the 50 non-ACC units are affordable to households earning no more than 60% AMI; and be it

FURTHER RESOLVD: That in the event of foreclosure, this transition to 60% AMI levels will occur over a three year period; and be it

FURTHER RESOLVED: That the City Administrator or his designee is authorized to negotiate and execute, amend and extend any agreements, and take any other actions consistent with this Resolution and its basic purposes; and be it

FURTHER RESOLVED: That all documents executed pursuant to this action shall be reviewed and approved by the City Attorney for form and legality prior to execution, and copies will be placed on file with the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, JUL 20 2010

PASSED BY THE FOLLOWING VOTE:

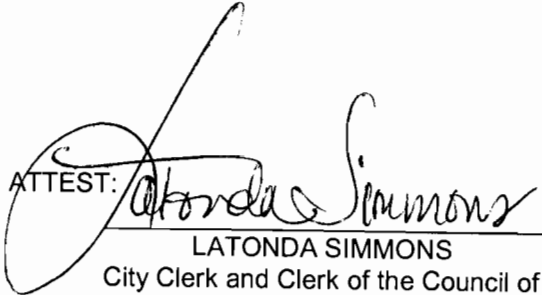
AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, AND
CHAIRPERSON BRUNNER - 8

NOES - 0

ABSENT - 0

ABSTENTION - 0

ATTEST:


LATONDA SIMMONS
City Clerk and Clerk of the Council of
the City of Oakland, California