



OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION AUTHORIZING THE INCREASE OF AN UNSECURED PREDEVELOPMENT LOAN TO OAKLAND AND THE WORLD ENTERPRISES, INC. AND MCCORMACK BARON SALAZAR, OR AFFILIATED ENTITIES, TO SUPPORT THE DEVELOPMENT OF AFFORDABLE HOUSING AT THE 7TH & CAMPBELL PROJECT SITE BY \$1,550,000 FROM THE PREVIOUSLY APPROVED \$650,000 TO A TOTAL PREDEVELOPMENT LOAN AMOUNT NOT TO EXCEED \$2,200,000; AND MAKING CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS FOR THIS ACTION

WHEREAS, the City of Oakland owns approximately 0.71 acres of property located at 7th and Campbell Streets in West Oakland (the "Property"); and

WHEREAS, the City and Oakland & the World Enterprises, Inc. ("OAW") entered into a Disposition and Development Agreement ("DDA") in March 2020, authorized by City Council Ordinance No. 13450 C.M.S. approved on July 18, 2017 to sell and develop the Property as a mixed use affordable housing development; and

WHEREAS, OAW's development plan for the Property includes 79 units of affordable housing of which 39 units will be permanent supportive housing, along with neighborhood-serving retail that includes employment opportunities for formerly incarcerated individuals (the "Project"); and

WHEREAS, the Oakland City Council awarded \$801,900 in Measure KK funding from the 2017-2019 Notice of Funding Availability (NOFA) to OAW and its designated co-developer at that time, Community Housing Development Corporation, Inc. ("CHDC") for this project, pursuant to City Council Resolution No. 87019 C.M.S. approved on December 18, 2017, and pursuant to City Council Resolution No. 87132 C.M.S. approved on April 17, 2018, McCormack Baron Salazar, Inc. ("MBS") or its affiliate was approved to be substituted in place of CHDC as OAW's co-developer; and

WHEREAS, City staff has determined that MBS's developer qualifications far exceed the City's minimum development qualifications, and MBS's experience with New Market Tax Credits would be extraordinarily beneficial to the project; and

WHEREAS, on July 9, 2019, the Oakland City Council deemed that it would be beneficial for the Project to receive a predevelopment loan so that OAW and MBS would have working capital to undertake predevelopment activities to ready the Project for additional financing applications, and approved a predevelopment loan using the proceeds from the NOFA award, in the amount of \$650,000 pursuant to City Council Resolution No. 87775 C.M.S.; and

WHEREAS, the Oakland City Council awarded an additional \$1,613,000 in Affordable Housing Trust Fund funding from the 2019 NOFA to OAW and its designated co-developer, MBS, for the Project to further finance the development of the Project, pursuant to City Council Resolution No. 87994 C.M.S. approved on January 21, 2020; and

WHEREAS, OAW was awarded \$8,750,000 in State of California Supportive Housing Multifamily Housing Program funding, which further closes the financing gaps; and

WHEREAS, it will be beneficial for the Project to receive an increase to the predevelopment loan using proceeds from the 2019 NOFA award so that OAW and MBS will have ongoing working capital to undertake predevelopment activities for the project and ready it for going in for four percent Low Income Housing Tax Credits and facilitate its ability to start construction either within 180 or 194 days of receipt of a tax credit award; and

WHEREAS, sufficient funding is available to the City from Affordable Housing Trust Funds (Fund 1870) to provide the requested increase to the predevelopment loan; and

WHEREAS, the City currently owns the parcels associated with the 7th & Campbell project and it is therefore not possible for OAW to secure a predevelopment loan against the Property at this time; and

WHEREAS, after a detailed CEQA Analysis, the City found that a Notice of Exemption (NOE) for the development project for the predevelopment loan was appropriate. The NOE was approved and ultimately filed on July 3, 2017 under the California Environmental Quality Act (CEQA) on the basis that the Project: (1) is consistent with a Community Plan, General Plan, or Zoning (CEQA Guidelines Section 15183), (2) met the requirements for streamlining of infill projects (CEQA Guidelines Section 15183.3), and (3) qualifies for the Infill Projects exemption (CEQA Guidelines Section 15332); and

WHEREAS, under CEQA Guidelines Section 15162, no subsequent environmental review is required unless the project has changed substantially, the circumstances under which the project would occur have changed substantially, or new information demonstrates that any potential environmental impacts would be substantially more severe than previously demonstrated; and

WHEREAS, none of the circumstances necessitating further environmental review under CEQA Guidelines Section 15162 are present, since the predevelopment loan: (1) does not affect the development envelope previously reviewed and approved by the City, (2) is not a change in the project that involves any new significant effects or a substantial increase in the severity of previously identified significant effects and, (3) has not revealed any new information that would involve new or substantially more severe effects of feasible alternatives or mitigations measures; now, therefore, be it

RESOLVED: That the City Council hereby authorizes the increase of the \$650,000 unsecured predevelopment loan to OAW and MBS, or affiliated entities approved by the City Administrator or their designee, by \$1,550,000 for a total predevelopment loan in the not to exceed amount of \$2,200,000 to support predevelopment work associated with the development of the Project; and be it

FURTHER RESOLVED: That the additional funding for this loan shall be allocated from Affordable Housing Trust Funds (Fund 1870), Org 89929, Projects 1000386 and 1001664; and be it

FURTHER RESOLVED: That the loan shall be contingent on the availability of sufficient funds in the Affordable Housing Trust Fund; and be it

FURTHER RESOLVED: That the predevelopment loan shall be for a maximum term of 18 months (with a six month extension available at the City Administrator's discretion), with a three percent (3%) interest rate, with the balance due at the end of the term, or on such other repayment terms and schedule as the City Administrator or their designee determines are in the best interests of the City and the Project; and be it

FURTHER RESOLVED: That the City Administrator is hereby authorized to negotiate and execute the amendment and restatement of the existing City predevelopment loan and take whatever other action is necessary with respect to the loan consistent with this Resolution and its basic purposes, including amendments to the loan documents; and be it

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FURTHER RESOLVED: That the City Council, having independently heard, considered and weighed all the evidence in the record, hereby finds that, in accordance with CEQA Guidelines Section 15162, none of the circumstances requiring further environmental review or preparation of an EIR are present for this action.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES – FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND
PRESIDENT KAPLAN

NOES –

ABSENT –

ABSTENTION –

ATTEST: _____
LATONDA SIMMONS
City Clerk and Clerk of the Council of the
City of Oakland, California