



City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR OR DESIGNEE TO ENTER INTO AN AFFORDABLE HOUSING PRESERVATION LOAN WITH WATT COMPANIES, INC. OR ITS AFFILIATE IN AN AMOUNT NOT TO EXCEED \$5,000 FROM THE AFFORDABLE HOUSING TRUST FUND TO SUPPORT THE PRESERVATION OF AFFORDABILITY AT OAK GROVE APARTMENTS, A SCATTERED-SITE PROJECT CONSISTING OF EIGHT PROPERTIES LOCATED IN OAKLAND; AND ADOPTING APPROPRIATE CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS

WHEREAS, the Affordable Housing Trust Fund has been established to increase, improve, and preserve the supply of affordable housing in the City, including to acquire naturally occurring affordable housing at imminent risk of loss to the affordable housing supply due to rent increases; and

WHEREAS, on September 23, 2020, Watt Companies, Inc. (the “Developer”), through its affiliate, acquired Oak Grove Apartments (the “Project”), consisting of eight (8) multifamily rental developments offering below market rate rents with no existing affordability restrictions, as further described in Exhibit A, attached to this Resolution; and

WHEREAS, without City assistance, Project units will likely be rented at market rate levels to households with incomes above moderate income levels upon turnover, thus leading to a loss in the City’s affordable housing supply; and

WHEREAS, the Developer and the City wish to preserve no fewer than fifty (50) Project units as affordable housing by restricting them to lower-income households earning at or below eighty percent (80%) of Area Median Income at rent levels no greater than thirty percent (30%) of eighty percent (80%) of Area Median Income for a period of fifty-five (55) years; and

WHEREAS, this action is consistent with the purpose and eligible uses of the Affordable Housing Trust Fund; and

WHEREAS, funds in the amount of \$5,000 are available from the Affordable Housing Trust Fund (1870), Housing Development Organization (89929) Project (TBD); now, therefore, be it

RESOLVED: That the City Council hereby authorizes a preservation loan in an amount not to exceed \$5,000 for fiscal year 2020-21 from the Affordable Housing Trust Fund (1870), Housing Development Organization (89929), Project (TBD) to the Project; and be it

FURTHER RESOLVED: That the loan shall be for a term of 55 years, bearing a simple interest rate of three percent (3%) per annum, with repayment to the City from surplus cash flow from the Project and other available funds during the term of the loan with the balance due at the end of the term, or on such other repayment terms and schedule as the City Administrator or designee determines are in the best interest of the City and the Project; and be it

FURTHER RESOLVED: That as a condition of the loan, the City will require the appropriate restrictions on Project occupancy, rents and operations be recorded against Project improvements; and be it

FURTHER RESOLVED: That the loan shall be secured by a deed of trust on the Project land and / or improvements; and be it

FURTHER RESOLVED: That the City hereby authorizes the City Administrator or designee in their discretion to subordinate the priority of the City's deed of trust securing the loan to the liens or encumbrances of other private or governmental entities providing financial assistance to the Project; provided, however, that the City's affordability restrictions shall not be subordinated in priority to other liens or encumbrances with the exception of other governmental entities providing affordable housing assistance to the Project; and be it

FURTHER RESOLVED: That all documents shall be reviewed and approved by the City Attorney's Office for form and legality prior to execution; and be it

FURTHER RESOLVED: That the City hereby authorizes the City Administrator or designee to conduct negotiations, execute documents, administer the loan, extend or modify the repayment terms, and take any other action with respect to the loan and the Project consistent with this Resolution and its basic purpose; and be it

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FURTHER RESOLVED: That the City Council hereby finds that because the preservation of the Project's affordability will not have a significant effect on the environment, this action is not subject to the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Sections 15061(b)(3) and 15378(b).

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: _____

ASHA REED
Acting City Clerk and Clerk of the
Council of the City of Oakland,
California

Exhibit A

Project Properties and Rent Levels

Address	Council District	Units	Year Built	Avg Rent	Avg Restricted Rent After Unit Turnover (80% AMI)	Avg Comparable Market Rent
265 Vernon Street	3	44	1960	\$1458	\$2067	\$2600
351 Lester Avenue	2	18	1963	\$1511	\$2107	\$2698
406 Van Buren Avenue	3	30	1959	\$1711	\$2220	\$2480
444 28th Street	3	34	1955	\$1193	\$2106	\$2544
450 28th Street	3	31	1952	\$1393	\$2081	\$2572
454 34th Street	3	24	1927	\$1336	\$1954	\$2073
509 Sycamore Street	3	13	1920	\$1560	\$1959	\$2328
1425 Harrison Street	2	61	1916	\$1580	\$2049	\$2722
Total		255		\$1471	\$2066	\$2548