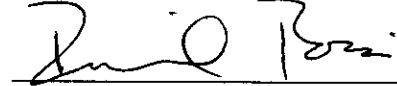


07 JUL 2007 11:54

APPROVED AS TO FORM AND LEGALITY:



Agency Counsel

REDEVELOPMENT AGENCY  
OF THE CITY OF OAKLAND

RESOLUTION NO. 2007-0044 C.M.S.

---

AN AGENCY RESOLUTION AUTHORIZING UP TO \$1 MILLION IN OPERATING LOANS TO AFFILIATES OF OAKLAND COMMUNITY HOUSING, INC., FOR THE FOLLOWING AFFORDABLE RENTAL PROJECTS: THE CALIFORNIA HOTEL (3501 SAN PABLO AVENUE); DRASNIN MANOR (2530 INTERNATIONAL BOULEVARD); ELDRIDGE GONAWAY COMMONS (115 3<sup>RD</sup> AVENUE); FOOTHILL PLAZA (6311 FOOTHILL BOULEVARD); JAMES LEE COURT (690 15<sup>TH</sup> STREET); KENNETH HENRY COURT (6455 FOOTHILL BOULEVARD); MARIN WAY COURT (2000 INTERNATIONAL BOULEVARD); NUEVA VISTA (3700 INTERNATIONAL BOULEVARD); THE OAKS HOTEL (587 15<sup>TH</sup> STREET); SAN ANTONIO TERRACE (1485 E 22<sup>ND</sup> STREET); SLIM JENKINS COURT (700 WILLOW STREET)

**WHEREAS**, in 1989 and 1990 the Redevelopment Agency and the City of Oakland jointly provided deferred loans in the amount of \$4,860,000 to Cahon Associates, an affiliate of Oakland Community Housing, Inc. (OCHI), for the substantial rehabilitation of the California Hotel, a 150 unit residential hotel located at 3501 San Pablo Avenue; and

**WHEREAS**, in 1991 and 1993 the Redevelopment Agency and the City of Oakland jointly provided deferred loans in the amount of \$800,000 to 2530 Associates, an affiliate of OCHI, for the development of Drasnin Manor, a 26 unit residential development located at 2530 International Blvd.; and

**WHEREAS**, in 1981 the Redevelopment Agency provided a deferred loan in the amount of \$1,185,280 to Eldridge Gonaway Commons Associates, an affiliate of OCHI, for the development of Eldridge Gonaway Commons, a 40 unit residential development located at 1165 3<sup>rd</sup> Avenue; and

**WHEREAS**, in 1991 the Redevelopment Agency provided a deferred loan in the amount of \$810,000 to Dignity Housing West Associates, an affiliate of OCHI, for the

development of James Lee Court, a 26 unit residential development located at 690 15<sup>th</sup> Street; and

**WHEREAS**, in 1989 the Redevelopment Agency and the City of Oakland jointly provided deferred loans in the amount of \$850,000 to OCHI and 6455 Foothill Associates, an affiliate of OCHI, for development of Kenneth Henry Court, a 51 unit residential development located at 6455 Foothill Blvd.; and

**WHEREAS**, in 1986, 1987 and 1993 the Redevelopment Agency and the City of Oakland jointly provided deferred loans in the amount of \$1,640,500 to San Antonio Commons, Inc., an affiliate of OCHI, for the development of Marin Way Court, a 20 unit residential development located at 2000 International Blvd.; and

**WHEREAS**, in 1984 and 1987 the Redevelopment Agency and the City of Oakland jointly provided deferred loans in the amount of \$1,850,000 to Nueva Vista Associates, an affiliate of OCHI, for the development of Nueva Vista, a 30 unit residential development located at 3700 International Blvd.; and

**WHEREAS**, in 1985 and 1986 the Redevelopment Agency and the City of Oakland jointly provided deferred loans in the amount of \$2,462,763 to Oaks Associates, an affiliate of OCHI, for the substantial rehabilitation of the Oaks Hotel, a 85 unit residential hotel located at 587 15<sup>th</sup> Street; and

**WHEREAS**, in 1989 the Redevelopment Agency and the City of Oakland jointly provided deferred loans in the amount of \$1,197,000 to San Antonio Terrace Associates, an affiliate of OCHI, for the development of San Antonio Terrace, a 23 unit residential development located at 1485 East 22<sup>nd</sup> Street; and

**WHEREAS**, in 1989, 1993 and 1994 the Redevelopment Agency and the City of Oakland jointly provided deferred loans in the amount of \$5,762,415 to Slim Jenkins Court Associates, an affiliate of OCHI, for the development of Slim Jenkins Court, a 32 unit residential development located at 700 Willow Street; and

**WHEREAS**, in 2005 FHP Housing Associates, an affiliate of OCHI, acquired the property at 6311 Foothill Blvd and assumed the City of Oakland loan in the amount of \$1,054,053 for ownership of Foothill Plaza, a 54 unit residential development at 6311 Foothill Blvd.; and

**WHEREAS**, in 2006 the City of Oakland approved the restructuring of the loan to FHP Housing Associates from an amortizing loan to a residual receipts loan; and

**WHEREAS**, the OCHI affiliates contracted with Oakland Community Housing Management (OCHM) to manage the day to day operation of ten of these properties; and

**WHEREAS**, FHP Housing Associates, an OCHI affiliate contracted with A.F. Evans to manage the day to day operation of Foothill Plaza; and

**WHEREAS**, the majority of the properties have operated at a deficit for the last few years with the deficit being subsidized with funds from OCHM and OCHI; and

**WHEREAS**, both OCHI and OCHM are in a financial crisis due to the continued subsidy to the affordable housing rental buildings owned and operated by OCHI, its affiliates, and OCHM.; and

**WHEREAS**, the units in these projects are rented at prices affordable to households earning no more than 80% of area median income; and

**WHEREAS**, the 637 residential units provided by these projects are an important source of residential units housing for the low and very low income residents who would otherwise be homeless; and

**WHEREAS**, the City of Oakland's Consolidated Plan for Housing and Community Development indicates that there is a need to preserve affordable rental housing, and has identified this activity as a priority; and

**WHEREAS**, California Health and Safety Code Sections 33334.2 and 33334.3, authorize a redevelopment agency to use its low and moderate income housing funds to preserve housing affordable to very low income households and to provide subsidies for the benefit of such households; and

**WHEREAS**, funds are available from the Agency's 2006 Housing Bond Proceeds, Fund (9584), Housing Development Organization (88929), 2006 Housing Bond Project (L290410) to make operating loans to these projects; and

**WHEREAS**, the requirements of the California Environmental Quality Act of 1970 ("CEQA"), the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied; and

**WHEREAS**, this action is exempt from CEQA per Section 15301 of the CEQA guidelines (continuing operation of existing facilities); now, therefore, be it

**RESOLVED:** That the Redevelopment Agency hereby authorizes the Agency Administrator or her designee to provide loans in an aggregate amount not to exceed \$1,000,000 to affiliates of OCHI to be used for operating support for the rental housing projects listed above; and be it

**FURTHER RESOLVED:** That affiliate as used herein is defined as an entity that holds title to the individual rental housing project in the OCHI Oakland portfolio; and be it

**FURTHER RESOLVED:** That \$1,000,000 shall be allocated from the 2006 Housing Bond Proceeds, Fund (9584), Housing Development Organization (88929), 2006 Housing Bond Project (L290410) to cover the operating subsidies to the affordable housing units; and be it

**FURTHER RESOLVED:** That disbursements made under each loan will be made on a reimbursement basis or on the basis of direct Agency payments to third party vendors or

contractors, and shall only cover costs directly related to costs for the transition of the projects listed above to a new property management firm or for verifiable operating expenses for each property to the extent that the projects' income cannot cover these costs; and be it

**FURTHER RESOLVED:** That \$120,000 of the allocation shall be used to reimburse OCHI for funds previously disbursed by OCHI to its affiliate for costs associated with the California Hotel; and be it

**FURTHER RESOLVED:** That each loan shall be for a maximum term of 55 years, with an interest rate to be determined by the Agency Administrator in his or her discretion, with repayment to the Agency 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 Agency Administrator or his or her designee determines are in the best interests of the Agency and the operations of the project; and be it

**FURTHER RESOLVED:** That as a condition of each loan, the Agency will require that appropriate restrictions on project occupancy, rents and operations be recorded against the property; and be it

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

**FURTHER RESOLVED:** That the making of these loans shall be contingent on and subject to such other appropriate terms and conditions as the Agency Administrator or his or her designee may establish; and be it

**FURTHER RESOLVED:** That the Agency hereby authorizes the Agency Administrator or his or her designee in his or her discretion to subordinate the priority of the Agency's deed of trust and/or affordability restrictions to a lien or encumbrance of another private or governmental entity providing financial assistance to the project, if the Agency Administrator or his or her designee determines that (1) an economically feasible alternative method of financing the project on substantially comparable terms and conditions but without subordination is not reasonably available, (2) the Agency's investment in the project in the event of default is reasonably protected, and (3) subordination is in the best interests of the Agency; and be it

**FURTHER RESOLVED:** That all loan documents shall be reviewed and approved by Agency Counsel for form and legality prior to execution, and copies will be placed on file with the Agency Secretary; and be it

**FURTHER RESOLVED:** That the Agency hereby appoints the Agency Administrator and his or her designee as agent of the Agency to conduct negotiations, execute documents, allocate the loans to projects, administer the loans, extend or modify the repayment terms, and take any other action with respect to the loans and the projects consistent with this Resolution and its basic purpose.

IN AGENCY, OAKLAND, CALIFORNIA, JUN 5 2007, 2007

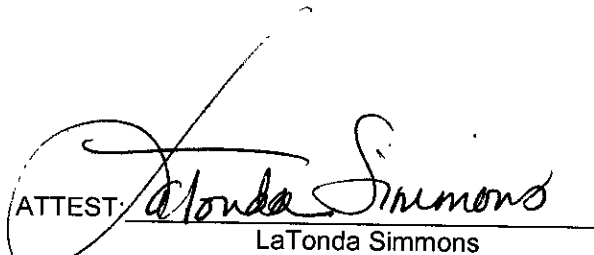
**PASSED BY THE FOLLOWING VOTE:**

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

NOES- 0

ABSENT- 0

ABSTENTION- Quan-1

ATTEST:   
LaTonda Simmons  
Secretary of the Redevelopment Agency  
of the City of Oakland