

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**

Resolution No. 2006-0008 C.M.S.

**A RESOLUTION AUTHORIZING THE CONVERSION OF A
\$127,327 SITE ACQUISITION LOAN TO THE COMMUNITY
DEVELOPMENT CORPORATION OF OAKLAND FOR THE
1574-1590 7TH STREET PROJECT TO A FORGIVEABLE
AFFORDABLE HOMEOWNERSHIP DEVELOPMENT LOAN**

WHEREAS, Resolution No. 00-13 C.M.S., which authorized issuance of tax allocation bonds for affordable housing (the "Affordable Housing Bond"), required that Affordable Housing Bond proceeds be used to develop housing for households at or below 80% of area median income (AMI); and

WHEREAS, on July 25, 2000, the Redevelopment Agency adopted Resolution No. 00-55 C.M.S. authorizing funds for site acquisition loans for affordable housing sites up to a total of \$10 million from the Affordable Housing Bond; and

WHEREAS, on June 26, 2003, the Redevelopment Agency authorized a site acquisition loan of \$127,327 to the Community Development Corporation of Oakland (the "Developer") for parcels located at 1574-1590 7th Street; and

WHEREAS, the site acquisition loan is due and payable on June 26, 2006, and requires that at least 25% of units be targeted at households at or below 80% of AMI; and

WHEREAS, increasing construction costs and the lack of other subsidies for homeownership make the Project financially infeasible under the current terms of the site acquisition loan; and

WHEREAS, in order to make the project feasible, the Developer has proposed the new construction of five homeownership units, two of which will be sold at an affordable sales prices to households at or below 100% of AMI (the "Project"); and

WHEREAS, converting the site acquisition loan to a forgiveable affordable homeownership development loan would create a financially feasible Project by allowing the income limit for the restricted units to increase to 100% of AMI, extending the term of the loan, and forgiving the development loan when the units are sold; and

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

WHEREAS, the Project is consistent with the Agency's Project Development Guidelines, and Developer meets the Agency's Threshold Developer Criteria; and

WHEREAS, the Project will increase and improve the supply of low and moderate income housing available in the City of Oakland, is an eligible use of the Agency's Low and Moderate Income Housing Fund under California Health and Safety Code Sections 33334.2 and 33334.3, and will benefit the redevelopment project areas in the City of Oakland by providing affordable housing opportunities within the community that will enhance the economic viability and redevelopment potential of the project areas; and

WHEREAS, no other reasonable means of private or commercial financing of the Project at the same level of affordability and quantity are reasonably available to Developer other than the Low and Moderate Income Housing Fund; and

WHEREAS, the Agency by agreement with the City is the Lead Agency for this Project for purposes of environmental review under the California Environmental Quality Act of 1970 ("CEQA"); and

WHEREAS, the requirements of 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; now, therefore, be it

RESOLVED: That the Redevelopment Agency hereby authorizes the Agency Administrator or her designee to convert the \$127,327 site acquisition loan to the Developer for 1574-1590 7th Street to a forgivable affordable homeownership development loan for the Project; and be it further

RESOLVED: That the loan shall be for a maximum term of four years with an interest rate of three percent per year, and up to the full amount of the loan could be forgiven when all Project units are sold; and be it further

RESOLVED: That Resolution No. 00-13 C.M.S. is revised to allow the two affordable Project units to be sold to households up to 100% of AMI and that these be kept affordable to households at this income level in perpetuity; and be it further

RESOLVED: That as a condition of the loan, the Agency will require that appropriate restrictions on the sale and resale of the two affordable Project units 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 conversion of the loan shall be contingent on Developer's success in securing commitments for full Project funding, or other assurances of adequate Project funding

