

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2020 FEB -6 PM 4: 06

Approved as to Form and Legality


City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION NO. 88039 C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR OR HIS OR HER DESIGNEE TO AMEND AND RESTATE AN UNSECURED PREDEVELOPMENT LOAN AGREEMENT WITH OAKLAND AND THE WORLD ENTERPRISES, INC., TO INCREASE THE TOTAL LOAN AMOUNT FROM \$50,000 TO \$350,000 USING AFFORDABLE HOUSING TRUST FUNDS (FUND 1870), FOR PREDEVELOPMENT ACTIVITIES ASSOCIATED WITH THE AFFORDABLE HOUSING PROJECT LOCATED AT 3525 LYON STREET, TO BE KNOWN AS MARK TWAIN HOMES; AND MAKING CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS FOR THIS ACTION

WHEREAS, Oakland and the World Enterprises, Inc. (the "Developer") and Memar Properties, Inc. (the "Co-developer") are seeking to jointly acquire and rehabilitate an existing housing project located at 3525 Lyon Street (the "Project"); and

WHEREAS, the Developer previously applied for and was awarded a \$50,000 unsecured predevelopment loan to conduct predevelopment activities for the Project; and

WHEREAS, the City and Developer executed the Predevelopment Loan Agreement on October 2, 2019, and the Developer has drawn down on the majority of the loan proceeds; and

WHEREAS, the Developer has requested additional funds to conduct predevelopment activities such as making option payments and commissioning architectural work, including working drawings; and

WHEREAS, the Developer is a California nonprofit public benefit corporation; and

WHEREAS, the City of Oakland, through its former Redevelopment Agency, authorized two loans in 1994 in the amount of \$250,000 and \$400,000 for the Project that are connected to a Regulatory Agreement dated May 31, 1996 and has a vested interest in ensuring the Project's continued success; and

WHEREAS, the Project has experienced numerous transfers in ownership and is in a deteriorated state in need of significant capital repairs; and as such it is in the City's interest to secure a stable long-term owner for the Project; and

WHEREAS, the Developer's proposed acquisition and rehabilitation of the Project will preserve and deepen the Project's affordability, and extend the affordability term; and

WHEREAS, the proposed rehabilitation of the Project will also provide permanent supportive housing to formerly homeless residents, and will include robust resident services; and

WHEREAS, the Project was not eligible to receive a funding award through the City's 2019 Notice of Funding Availability (NOFA) for the Acquisition, Rehabilitation & Preservation of Multifamily Affordable Housing due to not having obtained a final California Environmental Quality Act (CEQA) determination; and

WHEREAS, without additional predevelopment funds to perform additional predevelopment activities the proposed acquisition and rehabilitation of the Project may become infeasible causing potential displacement and the loss of critically needed affordable housing; and

WHEREAS, additional predevelopment loan funding to cover the cost of an option payment to maintain site control and architectural drawings, including working drawings, will help the Developer obtain the necessary documents to secure a final CEQA determination; and

WHEREAS, sufficient funding is available to the City from the Affordable Housing Trust Fund (City Fund 1870, Org 89929, Account 58312, Project to be determined) to provide the requested additional predevelopment funding; and

WHEREAS, the Developer has not yet acquired the property, and it is therefore not possible to secure the predevelopment loan with a deed of trust at this time; and

WHEREAS, the activities authorized by this proposed amendment to the Predevelopment Loan will not cause a direct or indirect physical change in the environment, and therefore do not meet the CEQA definition of a project; now, therefore, be it

RESOLVED: That the Oakland City Council hereby authorizes an amended and restated Predevelopment Loan Agreement that increases the total loan to an amount not to exceed \$350,000 and that allows for the cost of option payments to maintain site control and architectural drawings, including working drawings, to be eligible uses; and be it

FURTHER RESOLVED: That the funding for these loans shall be allocated from the Affordable Housing Trust Fund (City Fund 1870, Org 89929, Project to be determined); and be it

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

FURTHER RESOLVED: That the amended and restated Predevelopment Loan Agreement shall have a new effective date, and that the term of the predevelopment loan shall be for a maximum of twenty-four (24) months (with a six-month extension available at the City Administrator's discretion), with a three percent (3%) interest rate, with the aggregate balance due at the end of the term or on such other repayment terms and schedule as the City Administrator or his or her 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 loan documents for the restatement of the Predevelopment Loan Agreement and take whatever other action that is necessary with respect to the loan consistent with this Resolution and its basic purposes, including amendments to the loan documents; and be it

FURTHER RESOLVED: That the City hereby finds and determines, after independent review and consideration, that the authorization to enter into the predevelopment loans with the Developer does not constitute a project under CEQA.

IN COUNCIL, OAKLAND, CALIFORNIA,

FEB 18 2020

PASSED BY THE FOLLOWING VOTE:

AYES – FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, ~~TAMM~~ THAO AND PRESIDENT KAPLAN **-7**

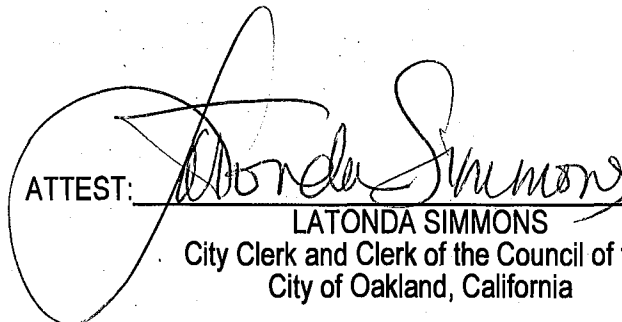
NOES – **0**

ABSENT – **0**

ABSTENTION – **0**

Excused - 1 Taylor

ATTEST:


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