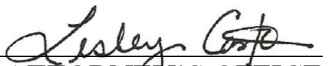


APPROVED AS TO FORM AND LEGALITY


CITY ATTORNEY'S OFFICE

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

Resolution Authorizing The City Administrator To Forgive \$3,000,000 In Outstanding Principal And \$661,042 In Accrued Interest Owed By East Bay Highland Palms II, LP For The Highland Palms Property, And \$5,000,000 In Outstanding Principal And \$1,094,490 In Accrued Interest Owed By East Bay Capital Fund II, LP For The Eastlake Property, To Preserve Long-Term Affordability Until 2073 And Facilitate The Property Sale To A New Owner.

WHEREAS, the City of Oakland (City) has issued over one hundred affordable housing loans over the past several decades to support the development and preservation of affordable housing units; and

WHEREAS, preserving the long-term affordability of properties such as Eastlake and Highland Palms, which were among the first awards under the Acquisition and Conversion to Affordable Housing (ACAH) Program in 2017 with \$5 million and \$3 million respectively from Measure KK bonds, remains a critical priority to combat gentrification and support low-income communities; and

WHEREAS, the City's ongoing partnership with East Bay Asian Local Development Corporation (EBALDC), which manages approximately 18% of the City's affordable housing portfolio, underscores the importance of supporting this nonprofit's sustainability to maintain over 2,100 existing homes for more than 4,000 residents;

WHEREAS, EBALDC has determined that selling the Eastlake and Highland Palms properties is necessary to address ongoing operational and financial challenges, including high vacancies, deferred maintenance, and insufficient revenue from limited Housing Choice Voucher participation which have strained the organization's resources and hindered its ability to sustain these assets while fulfilling affordability commitments; and

WHEREAS, EBALDC requested forgiveness of the outstanding City loans to facilitate the sale of these properties at a below-market price to a new, mission-aligned buyer, as the accumulated debt of approximately \$9,720,000, including principal and accrued interest, exceeds the projected sale proceeds and would

otherwise prevent the transaction, risking foreclosure, resident displacement, and loss of affordability; and

WHEREAS, staff recommends this forgiveness as being in the best interest of the City because it preserves 58 affordable units serving households at 80% Area Median Income until 2073, avoids the higher costs and disruptions of foreclosure proceedings, strengthens EBALDC as a long-term partner by enabling portfolio stabilization, and incorporates enhanced performance covenants—including quarterly reporting, a minimum debt coverage ratio of 1.15, reserve requirements at 5% of operating expenses, and KPI monitoring—to ensure fiscal health and prevent recurrence of similar challenges; now, therefore, be it

RESOLVED: That the City Administrator is authorized to forgive up to \$9,720,000 in outstanding debt, including \$3,000,000 in principal and \$661,042 in accrued interest owed by East Bay Highland Palms II, LP for the Highland Palms property, and up to \$5,000,000 in principal and \$1,094,490 in accrued interest owed by East Bay Capital Fund II, LP for the Eastlake property, both affiliates of EBALDC, to preserve long-term affordability until 2073 and facilitate their sale to a new owner; and be it

FURTHER RESOLVED: That appropriate due diligence, in accordance with current City policies and practices, shall be performed prior to the execution of any such forgiveness, extensions, or amendments, and the City Administrator shall retain discretion to carry out such actions based on the performance and good standing of each project; and be it

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

FURTHER RESOLVED: That the City Administrator is hereby authorized to conduct negotiations, execute documents, and take any other action with respect to the loans consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - BROWN, FIFE, GALLO, HOUSTON, RAMACHANDRAN, UNGER, WANG, AND
PRESIDENT JENKINS

NOES –

ABSENT –

ABSTENTION –

ATTEST: _____

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