

  
CITY ATTORNEY'S OFFICE

## OAKLAND CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_ C.M.S.

---

**RESOLUTION (1) AUTHORIZING A \$10 MILLION UNSECURED RECOURSE LOAN TO THE HOUSING ACCELERATOR FUND TO ESTABLISH A FUND TO FINANCE AFFORDABLE HOUSING ACQUISITION AND REHABILITATION, AND ALLOCATING MEASURE U BOND FUNDS FOR THIS PURPOSE; (2) AUTHORIZING AND ALLOCATING \$30 MILLION IN MEASURE U BOND FUNDS FOR PERMANENT FINANCING TO TAKE-OUT THESE ACQUISITION AND REHABILITATION LOANS; AND (3) MAKING RELATED CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS**

**WHEREAS**, on June 19, 2017, the City Council approved Resolution No. 86774 C.M.S. identifying the programs that are authorized for funding with proceeds from Measure KK bonds, which included the Site Acquisition Program; and

**WHEREAS**, on September 12, 2019, the City Council adopted Resolution No. 87876 C.M.S., which renamed and revised the former Site Acquisition Program to establish the Acquisition and Conversion to Affordable Housing (“ACAH”) Program; and

**WHEREAS**, on December 6, 2022, the City Council adopted Resolution No. 89503 C.M.S., authorizing additional funds for the ACAH Program; and

**WHEREAS**, the purpose of the ACAH Program is to help Oaklanders avoid displacement and eviction by removing properties from the speculative market, stabilizing housing for current tenants of those properties, and converting the properties to permanent affordable housing; and

**WHEREAS**, the ACAH Program has provided loans to eligible borrowers for acquisition- and rehabilitation-related costs associated with protecting and preserving long term affordable housing throughout the City of Oakland, with funds set aside for community land trusts/limited equity housing cooperatives in addition to all types of affordable housing developers; and

**WHEREAS**, on December 6, 2019, December 17, 2020, and December 21, 2022, the City of Oakland issued Notices of Funding Availability (“NOFAs”) soliciting applications for funding for ACAH projects; and

**WHEREAS**, the City has since awarded a total of \$53,050,000 in Measure KK bond funds across the three NOFAs funding 312 affordable housing units, and twelve properties owned by community land trusts/limited equity housing cooperatives; and

**WHEREAS**, funds for the ACAH Program are now fully committed to other ACAH projects yet there is still a significant need for affordable housing resources to help preserve affordable housing in the City; and

**WHEREAS**, City staff has received consistent feedback for years that the ACAH Program is missing impactful real estate opportunities since the Department of Housing and Community Development does not have sufficient staff or processes in place to rapidly evaluate applications on a rolling bases and close loans within the timeframe needed in the competitive real estate market; and

**WHEREAS**, the Housing Accelerator Fund (the “HAF”) is a certified nonprofit community development financial institution formed in 2017 that has provided \$189.5 million in fast-acting private capital for the acquisition, rehabilitation, and preservation of multi-family housing in San Francisco and other Bay Area jurisdictions to advance those jurisdictions’ anti-eviction and affordable housing preservation strategies; and

**WHEREAS**, the City desires to make a loan to the HAF to create a revolving loan fund for the HAF to work with and provide loan financing to developers to support the creation and preservation of affordable housing in Oakland under the ACAH model; and

**WHEREAS**, upon completion of the acquisition and rehabilitation of each of the properties funded by these loan funds, the City will be a permanent loan source to repay the HAF loan using permanent debt, and the HAF will used these take-out funds to revolve the acquisition and rehabilitation loan funds to new pipeline preservation properties; and

**WHEREAS**, the HAF is able to act more quickly than City staff to evaluate project feasibility, provide technical assistance and offer acquisition, rehabilitation and preservation financing for the ACAH Program due to organizational structure and expertise and access to private and philanthropic financial sources, which would greatly improve the efficiency and effectiveness of the ACAH Program; and

**WHEREAS**, the HAF can offer technical assistance to developers, which is particularly helpful give the complicated rehabilitation scopes of work for these older buildings with considerable deferred maintenance and needed upgrades; and

**WHEREAS**, the HAF will be able to leverage an initial \$10 million City investment with private and philanthropic funds due to their proven experience, track-record and relationships with funders; and

**WHEREAS**, the Affordable Housing and Infrastructure Bond (Measure U) was adopted by the Oakland voters in November 2022, and authorized the City of Oakland to issue \$350 million in General Obligation Bonds to support affordable housing; and

**WHEREAS**, the second and third issuances of the bonds authorized by Measure U are expected to take place in late 2024, 2025 and/or 2026; and

**WHEREAS**, pursuant to Section 3(C) of Measure U, prior to issuance of the bonds, Council must identify how the projects authorized for funding with Measure U bond proceeds address social and geographic equity and provide greater benefit to underserved populations and geographic areas of greatest need, address improvements to the City's existing core capital assets, and maintain or decrease the City's existing operations and maintenance costs; and

**WHEREAS**, the City desires to fund the loan to the HAF from Measure U funds, as well as fund the permanent take-out financing for HAF projects from Measure U funds; and

**WHEREAS**, the City is the Lead Agency for ACAH projects 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 or will be satisfied for the projects funded by the loan to HAF, since ACAH projects are exempt from CEQA pursuant to Sections 15301 (minor alterations to existing facilities), Sections 15302 (replacement or reconstruction of existing structures), Section 15332 (infill development projects) and Section 15183 (projects consistent with a community plan, general plan, or zoning) of the CEQA Guidelines; now, therefore, be it

**RESOLVED:** That the City Council hereby authorizes the City Administrator to make a loan (the "HAF initial loan") in an amount not to exceed \$10,000,000 to the HAF to be used by the HAF to establish a fund for acquisition and rehabilitation bridge financing of Oakland ACAH projects; and be it

**FURTHER RESOLVED:** That the HAF shall loan funds from this fund, along with additional leveraged private and philanthropic dollars, to developers of Oakland ACAH projects under terms established by the City Administrator and the HAF; and be it

**FURTHER RESOLVED:** That the HAF initial loan shall be unsecured but shall be recourse to the HAF; and be it

**FURTHER RESOLVED:** That the City Council hereby authorizes the City Administrator to provide loans in a total amount not to exceed \$30,000,000, to be used as permanent financing for the ACAH Program (the "permanent City ACAH loans") to take-out loans made by the HAF from Oakland revolving funds, without returning to Council; and be it

**FURTHER RESOLVED:** That the funding of the HAF initial loan and the permanent City ACAH loans shall be allocated from Measure U Bond funds (Fund TBD) once the second tranche and/or third tranche of Measure U Bond funds are issued; and be it

**FURTHER RESOLVED:** That the making of each permanent City ACAH loan shall be contingent on approval of the FY2024-25 Midcycle Budget and future budgets and the availability of sufficient funds in the Measure U Bond funds; and be it

**FURTHER RESOLVED:** That each permanent City ACAH loan shall be for a maximum term of 55 years, with an interest rate to be determined by the City Administrator in his or her discretion, with repayment to the City from surplus cash flow from rental units at 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 determines are in the best interests of the City and the project; and be it

**FURTHER RESOLVED:** That as a condition of the HAF initial loan and each permanent City ACAH loan, the City will require that appropriate restrictions on project occupancy, rents and operations be recorded against project land and/or improvements that receive funds from the HAF or the City; and be it

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

**FURTHER RESOLVED:** That the funds for each permanent City ACAH loan shall be reserved for a period of no more than 30 months from the date of the commitment letter, and shall be subject to reprogramming at the end of this period unless the developer has provided other assurances of project feasibility and adequate project funding that the City Administrator deems sufficient within his or her discretion, within the reservation period; and be it

**FURTHER RESOLVED:** That the making of the HAF initial loan and each permanent City ACAH loan shall be contingent on and subject to such other appropriate terms and conditions as the City Administrator may establish; and be it

**FURTHER RESOLVED:** That the City Council hereby authorizes the City Administrator to make specific allocations of the funds approved under this Resolution for the HAF initial loan and each permanent City ACAH loan without returning to Council; and be it

**FURTHER RESOLVED:** That all HAF initial loan 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 Council has independently reviewed and considered this environmental determination, and the City Council finds and determines, based on the information provided in the staff report accompanying this Resolution, that this action complies with CEQA because it is exempt from CEQA pursuant to Section 15301 (minor alterations to existing facilities), Section 15302 (replacement or reconstruction of existing structures), Section 15332 (infill development projects) and Section 15183 (projects consistent with a community plan, general plan, or zoning) of the CEQA Guidelines; and be it

**FURTHER RESOLVED:** That the City Administrator shall cause to be filed with the County of Alameda a Notice of Exemption for this action; and be it

**FURTHER RESOLVED:** That the City Council finds and determines that the HAF initial loan and the permanent City ACAH loans funded by this Resolution (1) will address social and geographic equity and provide greater benefit to underserved populations and geographic areas of greatest need by increasing the stock of affordable rental housing with long-term affordability restrictions throughout Oakland; (2) will not impact the City’s existing core capital assets, but may provide collateral improvements to such assets as part of project development; and (3) will not impact the City’s existing operations and maintenance costs, since the operations and maintenance cost of the projects will be covered by the property owner; and be it

**FURTHER RESOLVED:** That the City Council hereby authorizes the City Administrator to determine funding allocations, approve projects for ACAH loans by the HAF and the City, conduct negotiations, execute documents, administer loans, extend or modify repayment terms, and take any other action with respect to the HAF initial loan, ACAH loans made by the HAF, and each permanent City ACAH loan consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FIFE, GALLO, JENKINS, KALB, KAPLAN, RAMACHANDRAN, REID AND  
PRESIDENT FORTUNATO BAS

NOES –

ABSENT –

ABSTENTION –

ATTEST: \_\_\_\_\_  
ASHA REED  
City Clerk and Clerk of the Council of  
the City of Oakland, California