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OAKLAND

2018 SEP 12 PM 4:42

# AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Michele Byrd  
Director, HCD

**SUBJECT:** Loan Term Extension For Madison  
Park Apartments

**DATE:** August 31, 2018

City Administrator Approval

Date:

9/6/18

## RECOMMENDATION

**Staff Recommends That The City Council Adopt A Resolution Amending City Council Resolution No. 2011-0015 C.M.S. To Extend The Loan Term Of The Existing Madison Park Apartments Loan To Fifty-Five (55) Years.**

## EXECUTIVE SUMMARY

Adoption of this ordinance will extend the current loan term by six (6) years to expire in 2070. Staff recommends that the City Council amend Resolution No. 2011-0015 C.M.S. to extend the existing loan term for a loan made to East Bay Asian Local Development Corporation (EBALDC) for Madison Park Apartments located at 100 9<sup>th</sup> Street. The current loan has a fifty-five (55) year loan term with forty-six (46) years remaining and is set to expire in 2064. The extension will extend this date to 2070. Authorization to extend the existing loan term to fifty-five (55) years would enable EBALDC to refinance and rehabilitate the property to perform necessary health and safety upgrades.

## BACKGROUND / LEGISLATIVE HISTORY

In 2012, EBALDC was granted a loan in the amount of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) to rehabilitate ninety-eight (98) residential units at Madison Park Apartments. Improvements for this rehabilitation included, but were not limited to, roof replacement, upgrades to the electrical system for the entire building; replacement of bathroom floor and bathroom lavatory cabinets in all units; replacement of boiler system and installation of a solar hot water system; replacement of kitchen floors and stairway flooring; and egress door repairs.

It has been over, six (6) years since EBALDC completed the last rehabilitation and the building needs additional work. To pay for the repairs, EBALDC needs to refinance the property. The building needs approximately Fifteen Million Dollars (\$15,000,000) to complete the life safety systems upgrades. These repairs would include the following: inspection and improvements to the exterior fire escapes and elevator, structural upgrades that would improve the longevity and safety of the building, improvements to plumbing and safety features in bathrooms,

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CED Committee  
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modernization and accessibility upgrades in ten percent of the units which would include: floor replacement, countertops, cabinetry work and appliance replacement as needed.

By refinancing the loan as a four percent tax credit, tax-exempt bond, EBALDC would be able to generate sufficient equity to implement the improvements to the property. In order to refinance as a tax credit, tax exempt bond, the existing City loan term must be extended to fifty-five (55) years.

### **ANALYSIS AND POLICY ALTERNATIVES**

Amending City Council Resolution No. 2011-0015 C.M.S. to extend the term of the loan to fifty-five (55) years would help enable EBALDC to refinance the property and thus, receive funds to replace vital life-safety systems in the building. Extending the loan ensures consistency among the different public financing partners and their regulatory agreements: California Tax Credit Allocation Committee (CTCAC), California Department of Housing and Community Development (HCD), and the City of Oakland. CTCAC and State HCD will also have 55-year terms, therefore, syncing up the loan terms will allow for greater administrative ease for EBALDC. Amending the City Council Resolution to extend the term of the loan will also ensure the City, who has the most restrictive rents, will maintain its senior regulatory position for a longer duration.

### **FISCAL IMPACT**

The recommended action does not appropriate any new funds or reallocate any previously budgeted funds. Rather, the recommended action will extend the existing City loan term to Madison Park Apartments by six years to a 55-year term. The loan is currently set to expire in 2064 and the extension will push back this date to 2070. The City loan that was provided in 2012 in the amount of \$1,250,000 has been fully expended and was allocated from the Low Mod Operations Fund (9580), Housing Development Organization (88929), Housing Development Program project (P209310).

### **PUBLIC OUTREACH / INTEREST**

This item was originally approved by the City Council on March 3, 2011 and the public had the opportunity to comment at that time. As with the City's other funds for affordable housing development, the City and Agency funds were awarded to the Madison Park Apartments project after a thorough application and review process through the City's Notice of Funding Availability (NOFA).

Since 2011, EBALDC has directly engaged in outreach, polling, advocacy, service and community feedback, from residents of low-income housing and small business owners to private and institutional property owners. EBALDC has built strong and multifaceted relationships with many of the stakeholders in Oakland Chinatown, including existing residents, nonprofit service agencies, the Chinatown Chamber of Commerce, local commercial and

residential property owners, preservationists, artist and cultural workers, elected officials, City staff and local institutions.

### **COORDINATION**

Housing and Community Development staff consulted with the Office of the City Attorney to ensure legality of the amendment. The Budget Bureau has also reviewed this staff report.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** The proposed target population for this rehabilitation preservation project includes extremely low and low income tenants. Providing viable affordable housing helps provide financial stability for low and very-low income individuals.

***Environmental:*** Madison Park Apartments is across the street from Lake Merritt BART station. Projects near public transit enables residents to reduce dependency on automobiles and helps to further reduce any adverse impacts on the environment.

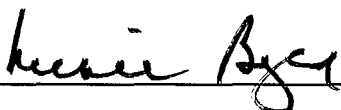
***Social Equity:*** Affordable housing is a means of achieving greater social equity. The rehabilitation project will provide affordable housing for low and very-low residents, some of whom may have experienced homelessness or are currently at-risk of homelessness.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Adopt A Resolution Amending City Council Resolution No. 2011-0015 C.M.S. To Extend The Loan Term Of The Existing Madison Park Apartments Loan To Fifty-Five (55) Years.

For questions regarding this report, please contact Raynette Dunbar, Housing Development Coordinator, at (510) 238-6127.

Respectfully submitted,



Michele Byrd  
Director, Housing and Community Development  
Department

Reviewed by:  
Meg Horl, Housing Development Coordinator  
Housing Development Services

Prepared by:  
Raynette Dunbar, Housing Development  
Coordinator, Housing Development Services

Attachment (1):

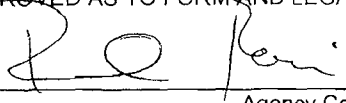
A: City Council Resolution No. 2011-0015 C.M.S.

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CED Committee  
September 25, 2018

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OAKLAND

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APPROVED AS TO FORM AND LEGALITY:

  
\_\_\_\_\_  
Agency Counsel

REDEVELOPMENT AGENCY  
OF THE CITY OF OAKLAND

RESOLUTION NO. 2011-0015 C.M.S.

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**A RESOLUTION AUTHORIZING A PRESERVATION AND REHABILITATION LOAN IN AN AMOUNT NOT TO EXCEED \$1,250,000 TO EAST BAY ASIAN LOCAL DEVELOPMENT CORPORATION FOR THE MADISON PARK APARTMENTS PROJECT LOCATED AT 100 9<sup>TH</sup> STREET, AND AUTHORIZING LOAN EXTENSIONS AND/OR CHANGES IN TERMS FOR EXISTING AGENCY LOANS FOR THE PROJECT**

**WHEREAS**, on September 3, 2010, the Redevelopment Agency and the City of Oakland jointly issued a Notice of Funding Availability ("Rehabilitation NOFA") soliciting applications for funding the preservation and rehabilitation of existing affordable rental housing; and

**WHEREAS**, East Bay Asian Local Development Corporation ("Developer"), a nonprofit developer of affordable housing, submitted a proposal in response to the Rehabilitation NOFA to rehabilitate the Madison Park Apartments affordable rental project at 100 9<sup>th</sup> Street in the City of Oakland (the "Property") to continue to provide 98 units of housing to serve families; and

**WHEREAS**, the Redevelopment Agency has made previous affordable housing development loans for development of the Property, and the Property is subject to recorded long-term rent and occupancy restrictions enforceable by the Agency; and

**WHEREAS**, all units at the Property are rented at prices affordable to households earning no more than 60% of area median income; and

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

**WHEREAS**, the Project is located in the Central District Redevelopment Project Area; and

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

**WHEREAS**, the Project will ensure the protection and preservation of the supply of existing 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 continue to benefit the redevelopment project areas in the City of Oakland by maintaining affordable housing within the community which will continue to 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 is the Responsible Agency and 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**, per the CEQA Guidelines, this Project is exempt from environmental review; 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; and

**WHEREAS**, funds are available from the Agency's Low and Moderate Income Housing Fund to assist the Project; now, therefore, be it

**RESOLVED:** That the Redevelopment Agency hereby authorizes the Agency Administrator or his or her designee to provide a loan in an amount not to exceed \$1,250,000 to East Bay Asian Local Development Corporation or to an affiliated entity approved by the Agency Administrator or his or her designee, to be used for rehabilitation of the Project; and be it

**FURTHER RESOLVED:** That \$1,250,000 shall be allocated from the Low Mod Operations Fund (9580), Housing Development Organization (88929), Housing Development Program project (P209310) for this loan; and be it

**FURTHER RESOLVED:** That the loan shall be contingent on the availability of sufficient funds in the Agency's Low and Moderate Income Housing Fund to cover the Agency loan of \$1,250,000; and be it

**FURTHER RESOLVED:** That the Agency has independently reviewed and considered this environmental determination, and the Agency finds and determines, based on the information provided in the staff report accompanying this Resolution, that this action complies with CEQA because the Project is exempt from CEQA pursuant to Section 15301 (Existing Facilities) of the CEQA Guidelines; and be it

**FURTHER RESOLVED:** That the Agency Administrator or his or her designee shall cause to be filed with the County of Alameda a Notice of Exemption for the Project; and be it

**FURTHER RESOLVED:** That the 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 Project; and be it

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

**FURTHER RESOLVED:** That the loan shall be secured by a deed of trust on the Project; and be it

**FURTHER RESOLVED:** That the loan funds shall be reserved for a period of no more than twenty four months from the date of this Resolution, and the making of the loan shall be contingent on Developer's success in securing commitments for full Project funding, or other assurances of adequate Project funding the Agency Administrator or his or her designee deems sufficient within his or her discretion, within this reservation period; and be it

**FURTHER RESOLVED:** That if the Project is unable to secure commitments for full Project funding due to delays in state financing that are out of the control of the Developer, the Agency Administrator or his or her designee may approve an extension of time for Project funding at his or her discretion; and be it

**FURTHER RESOLVED:** That the making of the loan 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 Administrator is authorized to extend the term of any existing Agency loans on the Property up to 55 years, consolidate the existing loans with the new loan authorized by this Resolution, modify other terms and conditions of the existing Agency loans to be consistent with the terms and conditions of any new funding for the Project, and negotiate and execute loan documents with respect to existing Agency loans; and be it

**FURTHER RESOLVED:** That the Redevelopment 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 securing the loan to the liens or encumbrances of other private or governmental entities providing financial assistance to the Project; provided, however, that the Agency's affordability restrictions shall not be subordinated in priority to other liens or encumbrances with the exception of preexisting

liens, refinancings of preexisting liens, or encumbrances or the liens or encumbrances of other governmental entities providing affordable housing assistance to the Project; 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, administer the loan, extend or modify the repayment terms, and take any other action with respect to the loan and the Project consistent with this Resolution and its basic purpose; and be it

**FURTHER RESOLVED:** That all loan documents shall be reviewed and approved by Agency Counsel for form and legality prior to execution.

IN AGENCY, OAKLAND, CALIFORNIA, MAR 3 2011, 2011

**PASSED BY THE FOLLOWING VOTE:**

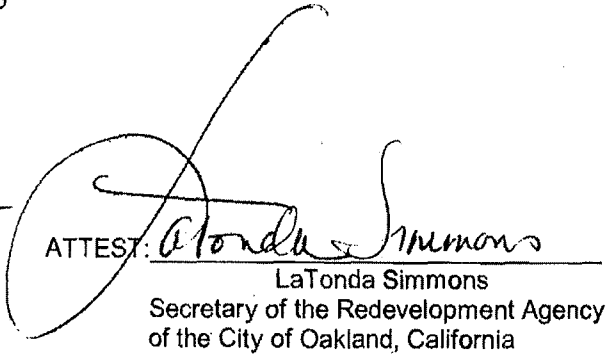
AYES- ~~BROOKS~~, BRUNNER, ~~DE LA FUENTE~~, KAPLAN, KERNIGHAN, NADEL, SCHAAF, AND CHAIRPERSON REID - 6

NOES- 0

ABSENT- 0

ABSTENTION- 0

Excused- Brooks, De la Fuente - 2

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



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Approved as to Form and Legality

  
Deputy City Attorney

## OAKLAND CITY COUNCIL

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

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**RESOLUTION AMENDING CITY COUNCIL RESOLUTION NO. 2011-0015 C.M.S. TO EXTEND THE LOAN TERM OF THE EXISTING MADISON PARK APARTMENTS LOAN TO FIFTY-FIVE (55) YEARS.**

**WHEREAS**, Resolution No. 2011-0015 C.M.S., adopted on March 3, 2011, authorized a preservation and rehabilitation loan in the amount of \$1,250,000 to East Bay Asian Local Development Corporation (EBALDC) for rehabilitation of the Madison Park Apartments; and

**WHEREAS**, the Madison Park Apartments is now in need of additional improvements to the property, including structural upgrades, plumbing improvements, creation of accessible units and modification of the fire escapes; and

**WHEREAS**, by refinancing the loan as a four percent tax credit, tax-exempt bond, EBALDC will be able to generate sufficient equity to implement the improvements to the property; and

**WHEREAS**, the loan term of the existing Madison Park Apartments needs to be extended in order for EBALDC to refinance the property as a four-percent tax credit, tax-exempt bond; and

**WHEREAS**, the City Council wishes to extend the maturity date of the loan to enable EBALDC to refinance the property; now, therefore; be it

**RESOLVED:** That the City Council hereby amends Resolution No. 2011-0015 C.M.S. to extend the maturity date of the existing Madison Park Apartments loan to fifty-five (55) years.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_

**PASSED BY THE FOLLOWING VOTE:**

BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLEN, KALB, KAPLAN, AND PRESIDENT REID

AYES -

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_  
LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California