

2007 APR 23 AM 10:24

**CITY OF OAKLAND**  
**AGENDA REPORT**

TO: Office of the City Administrator  
ATTN: Deborah Edgerly  
FROM: Community and Economic Development Agency  
DATE: May 8, 2007

RE: **A Resolution Amending Resolution No. 70597 C.M.S. To Extend The Term Of A \$1,678,000 Affordable Housing Development Loan To Harrison Hotel Associates For The Rehabilitation Of The Harrison Hotel Located At 1415 Harrison Street In Order To Secure A \$5.6 Million Loan From The State Of California**

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#### **SUMMARY**

In 1994, the City made a loan for rehabilitation of the Harrison Hotel. Because that rehabilitation was limited in scope, additional work was needed and was completed in 2006. No city funds were used at that time. Permanent financing for the additional work was arranged from the State of California Multifamily Housing Program (MHP). As a condition of closing the MHP loan, the State requires that the term and due date of the City loan be extended to match theirs.

#### **FISCAL IMPACT**

No additional funds are involved, although the loan due date will change from the year 2048 to the year 2062. The loan in question is an affordable housing residual receipts loan, with payments made only if there is available cash flow after all operating costs are paid.

#### **BACKGROUND**

The City originated a loan of \$1,678,000 in 1994 which allowed Resources for Community Development (RCD) to acquire and rehabilitate the Harrison Hotel. The Harrison, at 1415 Harrison Street, is an 81-unit single-room occupancy hotel built in 1914. It was damaged by the Loma Prieta earthquake, and was returned to service by RCD's work. Since that time, the hotel has served very low-income tenants with special needs.

By 2005, the Harrison needed additional rehabilitation, due partly to the fact that the 1994 work was intentionally limited in scope, so that the building could be returned to service quickly. No additional City money was requested for the new work because RCD obtained an award from the

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State for a \$5.65 million MHP loan. The MHP loan will be used to refinance the short-term high-rate construction loan which paid for the rehabilitation work. This is a permanent loan, with a 55-year term and a 3% interest rate. Like the City loan, it requires payments only to the extent cash is available after all operating costs are paid. Other financing came from Citibank (the short-term construction loan of \$4.6 million), and Local Initiatives Support Corporation, or LISC (a predevelopment loan of \$363,300).

In order to receive the State financing, the State requires the much smaller City of Oakland loan not only to be subordinated to their loan, but also to have the loan term extended to be no shorter than theirs. The City is already prepared to subordinate its loan to the State. This amendment will extend the City's loan term so that both loans mature in the same year.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** The hotel rehabilitation, now complete, provided construction and professional services jobs as well as materials purchased in the Oakland area.

***Environmental:*** As high-density in-town housing, the Harrison minimizes environmental impact. During rehabilitation, construction waste was recycled.

***Social Equity:*** All of the units at the Harrison are affordable to very low-income individuals, and will continue to be available for 55 years as a result of this action. The hotel has 59 units reserved for participants in Alameda County's Shelter Plus Care program, and 13 units specifically for persons with HIV/AIDS.

### **DISABILITY AND SENIOR CITIZEN ACCESS**

Because of the 1994 rehabilitation, the Harrison has six units accessible to the disabled. An accessible elevator was also installed then. During the 2006 rehabilitation, signage throughout the building was upgraded to include Braille.

Although the Harrison is not a senior facility, the affordable housing and the services provided there benefit those tenants who are elderly.


### **RECOMMENDATION AND RATIONALE**

Staff recommends the loan extension, in order to secure the \$5.6 million in State of California funds, and to ensure the continued availability of the affordable very low-income housing at the Harrison Hotel.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff requests that the City Council authorize the amendment of Resolution No. 70597 C.M.S. to extend the term of the Harrison Hotel loan.

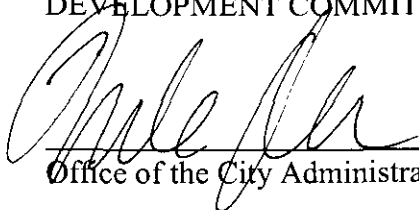
Respectfully submitted,

*for*   
\_\_\_\_\_  
GREGORY HUNTER  
Interim Director of Redevelopment, Economic  
Development, and Community Development

Reviewed by: Sean Rogan, Deputy Director,  
Housing and Community Development *SKR*

Prepared by: Jeff Angell  
Housing Development Coordinator

APPROVED AND FORWARDED TO  
THE COMMUNITY AND ECONOMIC  
DEVELOPMENT COMMITTEE:

  
\_\_\_\_\_  
Office of the City Administrator

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Approved as to form and legality:

By:   
Deputy City Attorney

## OAKLAND CITY COUNCIL

RESOLUTION No. \_\_\_\_\_ C.M.S.

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**A RESOLUTION AMENDING RESOLUTION NO. 70597 C.M.S. TO EXTEND THE TERM OF A \$1,678,000 AFFORDABLE HOUSING DEVELOPMENT LOAN TO HARRISON HOTEL ASSOCIATES FOR THE REHABILITATION OF THE HARRISON HOTEL LOCATED AT 1415 HARRISON STREET IN ORDER TO SECURE A \$5.6 MILLION LOAN FROM THE STATE OF CALIFORNIA**

**WHEREAS**, Resolution No. 70597 C.M.S. dated November 30, 1993, authorized an affordable housing development loan in an amount not to exceed \$1,678,000 (the "City Loan") to Harrison Hotel Associates (the "Developer"), a nonprofit organization devoted to the provision of affordable housing; and

**WHEREAS**, the Loan was for the acquisition and rehabilitation of the Harrison Hotel (the "Project"), an 81-unit single-room occupancy hotel located at 1415 Harrison Street in the City of Oakland; and

**WHEREAS**, the Project was completed as planned in 1994; and

**WHEREAS**, the Project, because of the limited scope of the 1994 rehabilitation, needed additional improvement work in 2005; and

**WHEREAS**, the Developer, without requesting additional funds from the City, has completed that work with a commercial construction loan; and

**WHEREAS**, the State of California, through the Multifamily Housing Program, has agreed to repay the construction loan and provide permanent financing for the completed additional work with a new \$5.6 million loan (the "MHP loan"); and

**WHEREAS**, Resolution No. 70597 C.M.S. states that the City Loan shall be for a term of 55 years, resulting in a maturity date in the year 2048, while the terms of the MHP Loan require that the City Loan mature no sooner than the MHP Loan, which matures in the year 2062; now, therefore, be it

**RESOLVED:** That the City Council hereby amends Resolution No. 70957 C.M.S. to provide that the term of the City Loan be extended sufficiently to meet the requirements of the MHP Loan; and be it further

**RESOLVED:** That the City Council hereby authorizes the City Administrator or his or her designee to negotiate and enter into an amendment to the loan documents for the City Loan to extend the loan term; and be it further

**RESOLVED:** That all documents needed to amend the City Loan shall be reviewed and approved by the City Attorney's Office for form and legality prior to execution, and copies will be placed on file with the City Clerk; and be it further

**RESOLVED:** That the City Council hereby appoints the City Administrator and his or her designee as agent of the City to conduct negotiations, execute documents, administer the loan, extend or modify the repayment terms, and take any other action with respect to the City Loan and the Project consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2007

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND  
PRESIDENT DE LA FUENTE,

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_  
LA TONDA SIMMONS  
City Clerk and Clerk of the Council  
of the City of Oakland, California