

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION:

AUTHORIZING THE CITY ADMINISTRATOR TO (A) ESTABLISH THE PERMIT READY EXPRESS PROGRAM (B) ALLOCATE UP TO \$5,199,517 FROM THE PATHWAYS TO REDUCING OBSTACLES TO HOUSING GRANT FOR PERMIT READY EXPRESS PROGRAM, (C) ALLOCATE ASSOCIATED PREDEVELOPMENT LOAN REPAYMENTS TO THE PERMIT READY EXPRESS PROGRAM, AND (D) MAKE AFFORDABLE HOUSING PREDEVELOPMENT LOANS TO QUALIFIED DEVELOPERS UNDER THE PERMIT READY EXPRESS PROGRAM

WHEREAS, on August 13, 2024, the United States Department of Housing & Urban Development (HUD) issued FY24 Pathways to Removing Obstacles to Housing (PRO Housing) Notice of Funding Opportunity; and

WHEREAS, on October 1, 2024, the City Council adopted Resolution No. 90451 C.M.S., which authorized the City Administrator to apply for, accept, and appropriate up to \$7 million in funds from the PRO Housing program; and

WHEREAS, HUD awarded the City of Oakland (City) \$7 million in funds from the PRO Housing program on January 14, 2025; and

WHEREAS, one of the intended uses of the PRO Housing grant funds is to establish the Permit Ready Express Program (PREP), a new revolving predevelopment loan program that will use PRO Housing grant funds and associated loan repayments to fund predevelopment loans; and

WHEREAS, the City has awarded local affordable housing resources to proposed projects via competitive Notices of Funding Availability (NOFAs) such as the New Construction NOFA, Rapid Response Homeless Housing (R2H2) RFP, and Acquisition and Conversion to Affordable Housing (ACAH); and

WHEREAS, affordable housing developers lack access to low-cost predevelopment capital to pay for predevelopment costs such as feasibility assessments, architectural fees, environmental testing, and building-permit related fees prior to construction loan closing; and

WHEREAS, providing predevelopment loans to developers with projects ready to apply for building permits reduces financing costs for affordable housing projects and accelerates affordable housing production by encouraging developers to apply for building permits earlier in the development process to create “shovel-ready” projects once final competitive funding is in place; and

WHEREAS, providing early-stage feasibility and predevelopment loans to developers evaluating potential projects can expand the pool of potential affordable housing projects, make Oakland projects more competitive for state and federal funding, identifying cost-efficient affordable housing opportunities, and expand opportunities for emerging developers; and

WHEREAS, providing early-stage feasibility funding to potential affordable housing projects will increase the number of viable projects, make Oakland projects more competitive for state and federal funding, and support the efficient use of local affordable housing funding resources; now, therefore, be it

RESOLVED: That the City Council authorizes the City Administrator to establish a revolving predevelopment loan program- PREP-for affordable housing predevelopment loans; and be it

FURTHER RESOLVED: That the City Council allocates up to \$5,199,517 in PRO Housing Grant Funds (HUD-CDBG Fund 2108, Housing Development Organization 89929, HUD Pro Housing Grant Project 1008007) to the PREP for the purpose of making affordable housing predevelopment loans; and be it

FURTHER RESOLVED: That the City Council hereby authorizes the City Administrator to periodically appropriate repayments from affordable housing predevelopment loans under the PREP and allocates such funds to the PREP for the purpose of making affordable housing predevelopment loans; and be it

FURTHER RESOLVED: That the expenditure budget will be appropriated to HUD-CDBG fund (2108), Housing Development organization (89929), HUD Pro Housing Grant project (1008007), Loan Expenditures: Non-Grant account (58312); and be it

FURTHER RESOLVED: That the City Administrator is authorized to establish appropriate guidelines and policies for the administration of the PREP, including, but not limited to, maximum loan amounts, eligible uses, interest rates, selection procedures, the length of commitment of funds once awarded to a qualified applicant, repayment terms and schedule, and other terms; and be it

FURTHER RESOLVED: That the City Council hereby authorizes the City Administrator to provide loans to be used for eligible predevelopment costs of potential affordable housing projects to qualified applicants; and be it

FURTHER RESOLVED: That the making of each loan shall be contingent on the availability of sufficient funds in the above fund in the fiscal year in which such loan is made; and be it

FURTHER RESOLVED: That each loan will be secured through an assignment of work product funded with loan proceeds, and if a qualified applicant owns or leases the real property upon which the potential project is to be located, the loan will additionally be secured by a deed of trust on the applicant's interest in the land; and be it

FURTHER RESOLVED: That the City hereby authorizes the City Administrator in their discretion to subordinate the priority of any of the City's recorded interests in each property to a lien or encumbrance of another private or governmental entity, if the City Administrator determines that (1) an economically feasible alternative method of financing the project on substantially comparable terms and conditions but without subordination is not reasonably available, (2) the City's investment in the potential project in the event of default is reasonably protected, and (3) subordination is in the best interests of the City; and be it

FURTHER RESOLVED: That the City Council finds and determines that this action is not subject to the California Environmental Quality Act (CEQA) since it is not funding any specific projects; and be it

FURTHER RESOLVED: That the City Council finds that the issuance of predevelopment loans to potential projects under PREP are categorically excluded from the National Environmental Policy Act (NEPA) as all soft cost uses of PRO Housing grant funds, including predevelopment funds, are covered by a notice of categorical exclusion previously filed by the Department of Housing and Urban Development (HEROS number 900000010458589); and be it

FURTHER RESOLVED: That prior to execution, all loan documents shall be reviewed and approved as to form and legality by the City Attorney and executed copies shall be filed with the City Clerk; and be it

FURTHER RESOLVED: That the City Council hereby authorizes the City Administrator to determine funding allocations, conduct negotiations, execute documents, administer the loans, and take any other action with respect to the loans, funding allocations, and the projects 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