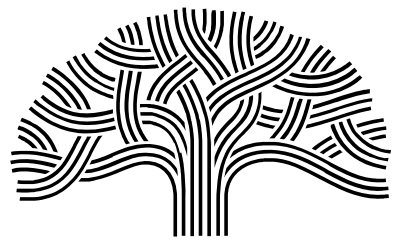


EBALDC Property Loan/Sale

Forgiveness

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**CITY OF
OAKLAND**



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Staff Recommendation

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Forgive \$3,000,000 In Outstanding Principal And ALL Accrued And Unpaid Interest Owed By East Bay Highland Palms II, LP For The Highland Palms Property, And \$5,000,000 In Outstanding Principal And All Accrued And Unpaid 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.

Background & Legislative History

- Measure KK (2016) authorized \$100M for affordable housing.
- Acquisition and Conversion to Affordable Housing (ACAH) Program established 2017; rebranded under Resolution 87876 C.M.S. (2019).
- **Eastlake** (\$5M) and **Highland Palms** (\$3M) were among first ACAH awards.
- Both serve residents up to 80% AMI, **rents capped at 30% of 80% AMI.**

Background & Legislative History

Property Overviews

Eastlake (2515 10th Ave)

- 35 units built in 1957; 29 one-bed, 5 two-bed, 1 studio.
- \$1.1M in repairs including seismic retrofit.
- Deferred maintenance, habitability suits, and vacancies.
- Working families and individuals earning $\leq 80\%$ AMI.



Highland Palms (1810 E. 25th St)

- 23 units built in 1964; 8 one-bed, 14 two-bed, 1 three-bed.
- \$3.3M in repairs including seismic retrofit.
- Deferred maintenance.
- Working families and seniors earning $\leq 80\%$ AMI.



Background & Legislative History

Financial Conditions

Both properties **operate at losses** with negative partner equity.

2024 Audit:

Property	Revenue	Expenses	Difference
Highland Palms	\$404,827	\$427,576	-\$22,749
Eastlake	\$538,987	\$585,978	-\$46,991

- **Reserves depleted;** EBALDC is currently subsidizing operations.

Background & Legislative History

Debt Structure & Sale Proceeds Allocation

Property sale proceeds are expected to be insufficient to cover first-position debt (Hard Loan).

Property	Sale Proceeds	Hard Loan	Net Hard Loan	City Investment	City Debt	Net City Debt
Highland Palms	-\$3.1M	\$4.6M	-\$1.5M	\$3M	\$3.6M	-\$3.6M
Eastlake	-\$2.8M	\$3.7M	-\$0.9M	\$5M	\$6.1M	-\$6.1M

- No residual to City.
- Forgiveness allows sale and preserves affordability through 2073.

Analysis & Policy Alternatives

- Full forgiveness – preserves affordability, avoids foreclosure.
 - Foreclosure – costly, displaces residents.
 - Partial forgiveness – insufficient for stabilization.
- Full forgiveness is fiscally responsible and sustains public benefit.
- Proposal would preserve affordability through 2073 and prevent displacement.
 - Avoids foreclosure and ensures portfolio stability.
 - Aligns with housing and racial equity goals.

Fiscal & Equity Impact(s)

Fiscal Impact(s)

If **not** approved

- Both properties face risk of foreclosure, leading to loss of 58 affordable homes and displacement of long-term residents.

If approved

- The City enables a **stabilized transfer** to a new qualified owner who will **rehabilitate, preserve, and continue affordability through 2073**.
- Safeguards the City's original Measure KK investment and avoids a precedent-setting foreclosure in Oakland's affordable housing portfolio.
- Prevents the potential loss of \$8 million in City-secured affordability and **keeps 58 families housed at below-market rents** in East Oakland.

Equity Impact(s)

- 71% of residents are Black or African American.
- Average household income ~\$45,000.
- Prevents displacement in East Oakland.
- Aligns with City racial equity and anti-displacement goals.

Implementation Timeline

1. December 2nd – Council consideration
2. December 3-5th – Execute forgiveness & reconveyance
3. Within 15 days of approval – Execution of the purchase and sale contract
4. January 2026 – Recordation of reconveyance & update to regulatory agreements
5. Q1-2026 – City will begin KPI oversight and monitoring

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THANK YOU

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