

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

**FILED**  
**OFFICE OF THE CITY CLERK**  
**OAKLAND**

**2009 JUL 28 PM 6:56**  
TO: Office of the City Administrator  
Dan Lindheim  
FROM: Community and Economic Development Agency  
DATE: July 28, 2009

**RE: Resolution Authorizing A Waiver To Resolution No. 64573 C.M.S. To Authorize A Predevelopment Loan To The Urban Strategies Council/The Oakland Community Land Trust In An Amount Not To Exceed \$130,000 And To Waive The Requirement For Matching Funds**

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**SUMMARY**

A Resolution has been prepared for City Council to authorize a waiver of certain provisions of Resolution No. 64573 C.M.S., which established the Predevelopment Revolving Loan Program, to permit the City to provide a loan to the Urban Strategies Council/The Oakland Community Land Trust in an amount not to exceed \$130,000, and to waive the requirement to provide matching funds for the loan for a predevelopment loan to Urban Strategies/The Oakland Community Land Trust.

**BACKGROUND**

In 1987, the City Council authorized the creation of a revolving loan fund to provide nonprofit housing developers with working capital for early predevelopment costs of a project, particularly for costs associated with determining project feasibility and preparing applications for development financing. Loans up to \$35,000 are provided at a six percent (6%) interest rate for a term of 18 months, with principal and interest deferred for the term. If a project successfully moves forward, the predevelopment loans are repaid from the project's development financing. If the projects cannot move forward, the loans may be forgiven. The program has operated efficiently since 1987.

On April 21, 2009, the City Council adopted Resolution No. 81933 C.M.S. to allocate \$5,025,000 in funding from the federal Neighborhood Stabilization Program to the Oakland Community Land Trust to acquire, rehabilitate and resell foreclosed homes in East and West Oakland.

**FISCAL IMPACT**

There is currently over \$200,000 available in the loan pool for new loans, budgeted in Mortgage Revenue Fund (2826), HCD Administration Organization (88919) Housing Predevelopment Program (P04820).

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## **KEY ISSUES AND IMPACTS**

The Oakland Community Land Trust (OCLT) has requested that the City provide it with \$130,000 in financing to cover initial costs for appraisals, property inspections and other predevelopment costs for properties being considered for acquisition. If the properties are acquired, the federal NSP funds can pay for these costs, but not until after the close of escrow. OCLT has indicated that at this time they have no other source of financing for these expenses.

These costs are eligible expenses under the City's existing Predevelopment Revolving Loan Program (PDRLP), but such loans may not exceed \$35,000. This amount has not changed since the creation of the program in 1987, despite the fact that typical predevelopment costs have increased substantially since that time.

The PDRLP also requires borrowers to provide matching funds from non-City/Agency sources in an amount equal to fifty percent (50%) of the City's loan amount. OCLT has not been able to secure matching funds for this stage of their project.

## **RECOMMENDATION AND RATIONALE**

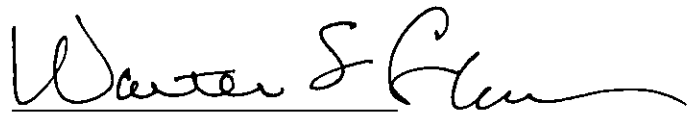
Staff is recommending that the Council waive the loan limits and matching funds requirement of the PDRLP to permit a loan of \$130,000 to OCLT. Providing these funds will allow the land trust to move forward with acquisition of foreclosed properties and do the work for which they were funded by the Council.

Without a source of funds for predevelopment costs, implementation of this project could be delayed for several months while OCLT seeks an alternative source of financing, and there is no assurance that such funds would be forthcoming.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff requests that the City Council adopt the proposed resolution to waive the loan limits and matching fund requirements of the Housing Predevelopment Revolving Loan and Grant Program (PDRLP), thereby permitting the City Administrator to enter into an agreement to permit Oakland Community Land Trust to borrow an amount not to exceed \$130,000 and to allow staff to waive the requirement of providing matching funds.

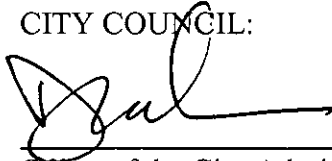
Respectfully Submitted,



Walter S. Cohen, Director  
Community and Economic Development Agency

Prepared by:  
Michele Byrd, Acting Deputy Director  
Housing and Community Development

APPROVED AND FORWARDED TO  
CITY COUNCIL:



Office of the City Administrator

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**DRAFT**

APPROVED AS TO FORM AND LEGALITY:

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

DEPUTY CITY ATTORNEY

2009 JUL 23 PM 6:56

## OAKLAND CITY COUNCIL

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

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**RESOLUTION AUTHORIZING A WAIVER TO RESOLUTION NO. 64573 C.M.S. TO AUTHORIZE A PREDEVELOPMENT LOAN TO THE URBAN STRATEGIES COUNCIL OR THE OAKLAND COMMUNITY LAND TRUST IN AN AMOUNT TO NOT TO EXCEED \$130,000 AND TO WAIVE THE REQUIREMENT FOR MATCHING FUNDS**

**WHEREAS**, on May 5, 1987, the City Council adopted Resolution No. 64573 C.M.S., authorizing the creation of a Housing Predevelopment Revolving Loan and Grant Program (PDRLP) and the provision of \$250,000 in Mortgage Revenue Bond funds to establish the program; and

**WHEREAS**, the PDRLP has a maximum loan amount of \$35,000 and a requirement that borrowers provide matching funds equal to fifty percent (50%) of the loan amount; and

**WHEREAS**, since the creation of PDRLP there has not been increase in the maximum loan amount permitted; and

**WHEREAS**, the Urban Strategies Council/The Oakland Community Land Trust have a need for a predevelopment loan in the amount of \$130,000; and

**WHEREAS**, the Urban Strategies Council/The Oakland Community Land Trust at this time have been unable to identify a source of matching funds; and

**WHEREAS**, the City considers it necessary to provide this financial assistance to permit the Oakland Community Land Trust's work to acquire and rehabilitated foreclosed home to move forward; now, therefore, be it

**RESOLVED**: That the City Council hereby authorizes a waiver to the requirements of Resolution No. 64573 C.M.S. and the PDRLP to: 1) increase the maximum loan amount to \$130,000; and 2) waive the requirement for matching predevelopment funds for the purposes of making a predevelopment loan to the Urban Strategies Council/The Oakland Community Land Trust; and be it

**FURTHER RESOLVED:** That the City Council authorizes the City Administrator or his designee to take any action with respect to this contract and project consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 20\_\_\_\_\_

**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and  
PRESIDENT BRUNNER

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_

LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California