

**REDEVELOPMENT AGENCY  
OF THE CITY OF OAKLAND**

RESOLUTION NO. 97 - 19 C.M.S.



**A RESOLUTION AUTHORIZING A \$1,150,000 LONG-TERM COMMERCIAL DEVELOPMENT LOAN, A \$600,000 LONG-TERM RENTAL HOUSING DEVELOPMENT LOAN, AND A \$750,000 BRIDGE LOAN TO THE EAST BAY ASIAN LOCAL DEVELOPMENT CORPORATION (EBALDC) FOR DEVELOPMENT OF THE SWAN'S MARKET HALL PROJECT IN THE CENTRAL DISTRICT**

**WHEREAS**, the East Bay Asian Local Development Corporation ("EBALDC") is a nonprofit development corporation; and

**WHEREAS**, EBALDC is purchasing certain real property, commonly known as the Swan's Market site, bounded by 9th, 10th, Washington and Clay Streets (the "Property") from the Agency pursuant to a Disposition and Development Agreement with the Agency, in order to develop the Property as the Swan's Market Hall project consisting of the rehabilitation of the old Swans Market building as 18 units of affordable rental housing, 21 units of condominium housing, and approximately 32,000 square feet of commercial space (the "Project"); and

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

**WHEREAS**, the Project uses are in conformity with the Central District Urban Renewal Plan and its Five-Year Implementation Strategy (together, "the Central District Redevelopment Plan"), will help meet the objectives of the Central District Redevelopment Plan, and serves redevelopment purposes as defined under the California Community Redevelopment Law (California Health and Safety Code Sections 33000, et seq.); and

**WHEREAS**, the Project will assist in the elimination of physical and economic blight, as defined by the California Community Redevelopment Law, in the Central District Redevelopment Project Area in the following respects: (1) the Project will rehabilitate a building that has been vacant and in a deteriorated condition for many years; (2) the Project will preserve and restore a historically significant structure; (3) the Project will increase the stock of housing, both rental and ownership, available to low and moderate income households in the Central District; (4) the Project will provide necessary neighborhood-serving commercial facilities lacking in the Central District; (5) the Project, once developed, will create permanent jobs for low and moderate income people, including jobs for area residents; (6) the Project will create a stable 24-hour residential community which will enhance the viability of retail businesses in the area; and (7) the Project, once developed, will enhance depreciated and stagnant residential and commercial property values in the surrounding City Center area, and will encourage efforts to alleviate economic and physical blight conditions in the area, including high business vacancy rates, excessive vacant lots, and abandoned buildings, by enhancing the development potential and overall economic viability of neighboring properties; and

**WHEREAS**, the Agency has previously loaned \$500,000 to EBALDC pursuant to an Amended and Restated Predevelopment Loan Agreement dated March 3, 1997 (the "Predevelopment Loan"), to fund certain predevelopment costs associated with the Project, with the understanding that this short-term financing would be rolled into any future long-term funding provided by the Agency; and

**WHEREAS**, EBALDC has requested additional funds from the Redevelopment Agency to assist with development of the Project; and

**WHEREAS**, Section 33444.5. of the California Health and Safety Code authorizes a redevelopment agency to loan funds to property owners for the purpose of rehabilitating commercial buildings within a project area; Section 33449 authorizes a redevelopment agency to provide subsidies (including the donation of land and the rehabilitation of structures) for the provision of housing affordable to persons and families of low and moderate income; Section 33791 authorizes a redevelopment agency to enter into loan agreements relating to residential construction of any kind or character; and Section 33600 authorizes a redevelopment agency to expend funds for any redevelopment purpose provided for in the Community Redevelopment Law; and

**WHEREAS**, the Agency is a Responsible Agency for this Project for purposes of environmental review under the California Environmental Quality Act of 1970 ("CEQA"); and

**WHEREAS**, the City of Oakland, the Lead Agency for this Project under CEQA, has determined that that 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, based on that Mitigated Negative Declaration and Initial Study considered by and approved by the Planning Commission on April 16, 1997 and May 7, 1997, and the mitigation measures identified therein, the Project will not have a significant adverse impact on the environment; and

**WHEREAS**, funds are available from the Agency to assist the Project; now, therefore, be it

**RESOLVED:** That the Redevelopment Agency hereby authorizes the Agency Administrator or his designee to provide the following loans to EBALDC, or to an affiliated entity or entities approved by the Agency Administrator or his designee, to be used for development of the Project:

1. A long-term development loan for the commercial rehabilitation component of the Project in an amount not to exceed \$1,150,000, (the "Commercial Loan"), at an interest rate of three percent simple interest per year, for a term of 30 years, with repayments to the Agency deferred until the owner begins receiving a 10% return on its investment on the commercial component of the Project or other surplus funds are available, with the balance due at the end of the term, or on such other repayment terms and schedule as the Agency Administrator or his designee determines are in the best interests of the Agency and the Project;
2. A long-term development loan for the residential rental component of the Project in an amount not to exceed \$600,000 (the "Rental Loan"), at an interest rate of three percent simple interest per year, for a term of 55 years, with repayments to the

Agency from surplus cash flow from the residential rental component of 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 designee determines are in the best interests of the Agency and the Project; and

3. A bridge loan for development of the residential ownership component of the Project in an amount not to exceed \$750,000 (the "Bridge Loan"), at an interest rate of six percent simple interest per year, for a term of 18 months, with the loan due at the end of the term or the availability of permanent financing or equity investment, or on such other repayment terms and schedule as the Agency Administrator or his designee determines are in the best interests of the Agency and the Project;

and be it further

**RESOLVED:** That \$500,000 of these loan amounts shall be used to take out the Predevelopment Loan; and be it further

**RESOLVED:** That the making of the loans shall be contingent on and subject to appropriate terms and conditions as the Agency Administrator or his designee may establish; and be it further

**RESOLVED:** That loan funds shall come from the Agency's 1989 bond proceeds; and be it further

**RESOLVED:** That the loans shall be secured by deeds of trust on the Project land and/or improvements, or subdivided portions of the Project, to be determined by the Agency Administrator or his designee in his discretion; and be it further

**RESOLVED:** That the Agency hereby authorizes the Agency Administrator or his designee in his or her discretion to subordinate the priority of the Agency's deeds of trust to a lien or encumbrance of another private or governmental entity providing financial assistance to the Project, if subordination is in the best interests of the Agency and the Project; and be it further

**RESOLVED:** That all loan documents shall be reviewed and approved by Agency Counsel for form and legality prior to execution, and copies will be placed on file with the Agency Secretary; and be it further

**RESOLVED:** That the Agency hereby appoints the Agency Administrator or his designees as agent of the Agency to conduct negotiations, execute documents, administer the loans, extend or modify the repayment terms, and take any other action with respect to the loans and the Project consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, MAY 20 1997, 19\_\_

**PASSED BY THE FOLLOWING VOTE:**

AYES- BRUNNER, ~~CHANG~~, DE LA FUENTE, MILEY, NADEL, REID, ~~RUSCO~~, SPEES, and  
~~CHAIRPERSON HARRIS~~ - 6


NOES- None

ABSENT- None

ABSTENTION- None

Excused - Chang/Russo/Harris - 3

ATTEST:

  
CEDA FLOYD  
Secretary of the Redevelopment Agency  
of the City of Oakland