

**REDEVELOPMENT AGENCY
AND THE CITY OF OAKLAND**
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2008 APR 10 PM 4:38

To: Office of the City/Agency Administrator
Attn: Deborah Edgerly
From: Community and Economic Development Agency
Date: April 22, 2008

Re: A Status Report and Request for Direction on Pursuing Workout Plans Regarding the Oakland Community Housing, Inc. (OCHI) Affordable Housing Portfolio, Including the Following Properties: Bishop Roy C. Nichols Senior Housing (1027 62nd Street); The California Hotel (3501 San Pablo Avenue); Coolidge Court (3800 Coolidge Avenue); Drasnin Manor (2530 International Boulevard); Eldridge Gonaway Commons (115 3rd Avenue); Foothill Plaza (6311 Foothill Boulevard); James Lee Court (690 15th Street); Kenneth Henry Court (6455 Foothill Boulevard); Marin Way (2000 International Boulevard); Nueva Vista (3700 International Boulevard); The Oaks Hotel (587 15th Street); San Antonio Terrace (1485 E 22nd Street); Slim Jenkins Court (700 Willow Street); Sylvester Rutledge Manor (3255 San Pablo Avenue); and Four Site Acquisition Loans (1662-1664 7th Street, 1666 7th Street, 1672 7th Street and 715 Campbell Street)

SUMMARY

This purpose of this report is to provide a progress update to the City Council and the Redevelopment Agency regarding the development of workout plans for Oakland Community Housing Inc.'s (OCHI) Oakland-based affordable housing portfolio. This update was requested by Council and the Agency on February 5, 2008 as part of their funding approval for an additional \$500,000 in operating grant funds to OCHI's rental portfolio.

As of the writing of this report, the individual workout plans are still works-in-progress. Each property has a unique set of funders, physical needs, operating resources and challenges, so the plans must be individually tailored, although several major categories for handling disposition are emerging. Community Housing Development Corporation of North Richmond (CHDC), continues to work with City staff and to serve as a steward for this process, even after the previously proposed merger between OCHI and CHDC was deemed infeasible.

1. As described in detail below, CHDC has proposed to assume ownership (either on its own or as managing general partner) of five properties from the OCHI portfolio: Eldridge Gonaway Commons, Foothill Plaza, Kenneth Henry Court, Marin Way Court and Nueva Vista.
2. At four properties—Bishop Roy C. Nichols, Sylvester Rutledge Manor, Slim Jenkins, Court and James Lee Court—OCHI (or an affiliate) co-sponsored the development as a

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limited partnership with another entity. Discussions are underway with three of those entities regarding their interest in removing OCHI from the limited partnership and managing the properties alone or with a new partner. At James Lee Court, efforts to contact the partner's representative have been unsuccessful as of the writing of this report, but continue to take place.

3. At the California Hotel and Coolidge Court, the partnership substitution process is well underway.
4. For the three final properties (Drasnin Manor, San Antonio Terrace and the Oaks Hotel), staff proposes to use a Request for Proposal (RFP) or similar process to identify new owner/sponsors.

The major issues to be resolved in the next few months are described in detail below. Staff is not requesting specific actions by the Council and Agency at this time, but requests direction regarding whether to continue pursuing this course of action. Prior to the Council's summer recess, staff will provide another update regarding disposition of the portfolio.

FISCAL IMPACT

This report is informational only, so no fiscal impacts are included.

BACKGROUND

As reported at the Agency's June 5, 2007 and February 5, 2008 meetings, nonprofit affordable housing developer Oakland Community Housing, Inc. (OCHI) is in fiscal crisis and unable to manage its affordable housing portfolio. During the past year, several measures have been undertaken by the City and Agency to protect more than \$24,000,000 in investments made over the last 20 years in OCHI's 638 units of affordable housing, prevent displacement of the households living in these units, and provide regulatory relief on some of the properties.

On June 5, 2007 the Agency approved Resolution No. 2007-0044 C.M.S., which provided \$1,000,000 in secured loans to OCHI affiliates to cover operating deficits and substantial outstanding payables at 11 rental properties that have (or had) cash flow problems.

Although the Agency approved the removal of affordability restrictions on four parcels (7th and Campbell Streets) originally purchased with Agency funds, to facilitate the market sale of those properties, they still have not sold and have thus failed to generate excess sales proceeds to provide additional necessary on-going operating support to the portfolio during the transition process.

At its February 5, 2008 meeting, the Agency approved Resolution No. 2008-0004 C.M.S. providing an additional \$500,000 in operating grants. It was anticipated that a portion of the \$500,000 grant would help cover legal expenses related to the transfer of the portfolio's property interests from OCHI-controlled entities to more stable parties.

Also on February 5, 2008, the Agency approved Resolution 2008-0005 C.M.S, which formally allocated \$300,000 in funds previously approved during the FY 2007-09 budget process for capital needs costs related to transforming the California Hotel into permanent supportive housing.

KEY ISSUES AND IMPACTS

OCHI Status

As discussed in previous reports, OCHI and its property management arm, Oakland Community Housing Management (OCHM), have run into difficulty in recent years. Construction defect issues on newer construction and maintenance in general were not pursued in a timely fashion by OCHI's former leadership. Deferred maintenance and inadequate replacement reserves at a number of the sites resulted in lost revenue because vacant units and commercial spaces were not leased. Five of the portfolio's more tenuous properties have less than thirty (30) units, which even in the best of circumstances provide only a thin operating margin. All of this led to a spiraling cycle of decreasing financial resources as rental income declined and repair needs increased. Leading up to last spring's crisis, OCHI drew heavily on its lines of credit to cover payroll and operating deficits at a number of the properties. The organization currently has over \$2 million in unsecured debts from failing to pay off its lines of credit and vendors.

These organizational difficulties have translated into difficulties at the property level that originally were not fully apparent because in several instances, records were not being fully maintained. As John Stewart Management Company (JSCo) has taken over management at nine formerly OCHM-managed properties, it has become possible to get a better sense regarding each property's actual operating costs, income possibilities and needs for building rehabilitation and unit repairs.

OCHI is currently working to address its fiscal insolvency issues. The organization has pared down its staff to a skeleton crew, and moved into inexpensive vacant commercial space on the ground floor of Slim Jenkins Court. Given the vast extent of OCHI's debts, and its inability to raise funds to pay them, organizational bankruptcy is a strong possibility. Bankruptcy would be an unfortunate outcome for one of the City's oldest affordable housing non-profits. However, the protections provided by a bankruptcy filing could be beneficial to the properties in their affordable rental portfolio. The preservation of affordable rental housing for low income tenants, to the greatest extent possible, has been the primary objective sought by all parties in formulating the workout plans.

CHDC Role

Although CHDC determined several months ago that a merger with OCHI did not make sense given OCHI's substantial liabilities, it remains committed to assisting OCHI and City staff with shepherding OCHI's portfolio toward an eventual disposition scenario for each property. CHDC's Executive Director, Don Gilmore, is serving as Executive Director of OCHI as well, and CHDC is providing part-time staff support to OCHI to help with the workout process on the entire portfolio.

Property Disposition

Staff from the City, OCHI, CHDC and JSCo, in partnership with several of CHDC's financial consulting experts, have been working together to determine the timing and mechanisms needed to transfer each of the properties to more stable ownership, and are working with other lenders to pursue debt relief on existing loans and to identify and apply for new sources of funding to facilitate the transfer of and repairs to the properties.

OCHI's faltering organizational finances add additional complications in terms of transferring the properties, and these will also need to be dealt with to effectuate the transfer of the properties, with clean title and minimal liability, to new owners. Since the properties cannot pay OCHI's legal costs related to bankruptcy, a small portion of the \$500,000 (not to exceed \$50,000) is being set aside to pay for OCHI's bankruptcy attorney. The funds will not be disbursed directly to OCHI, but rather via third-party payment to the attorney.

A general discussion regarding the current workout plans follows. Greater detail regarding the status of each property is included in Attachment A (OCHI Portfolio Overview) and Attachment B (OCHI Workout Plans).

1. **Properties Where CHDC Proposes to Assume Ownership Interest/Responsibility**

CHDC's board has authorized its staff to investigate the feasibility of assuming ownership interests in five properties from OCHI's portfolio: Eldridge Gonaway Commons, Foothill Plaza, Kenneth Henry Court, Marin Way Court and Nueva Vista.

Foothill Plaza currently has a positive cash flow after an agreement was reached with the California Housing Finance Agency to postpone its debt service payments, and has received Agency funds for rehabilitation of the property. CHDC and JSCo have proposed to be co-developers on this project, and together submitted an application for additional funds to the state Housing and Community Development Department's Multi-Family Housing Program (MHP) at the end of March 2008. Staff will propose swapping out a portion of the property's recent Agency funding award with HOME funds, as described below.

Eldridge Gonaway Commons and Kenneth Henry Court are two of the oldest properties in the portfolio, but have relatively stable operations and management. However, since JSCo assumed management of Kenneth Henry Court, on March 1, 2008, it has indicated that the property's performance may be more marginal than previously assumed. These projects present opportunities for tax credit re-syndication with new investors, which could help generate funds for future rehabilitation work needed to keep the properties running smoothly.

Marin Way Court is a small (20 unit) property that barely yields a positive cash flow even at full occupancy. Nueva Vista, a 30 unit building nearby, currently has a negative cash flow, in part due to high vacancy rates at the property from out-of-service units. CHDC, with City staff and JSCo, is exploring a strategy to stabilize operations at these two small properties, including pooling reserves and management staff to generate some economies of scale.

2. Properties Where Co-General Partner Substitution is Underway

Four of the portfolio's properties involve co-general partners. Bishop Roy C. Nichols and Sylvester Rutledge Manor are two recent senior housing projects; both are ably managed by Christian Church Homes of Northern California (CCH), and have local churches as co-general partners. OCHI and CHDC are in discussions with the churches and CCH regarding possible partnership substitutions to remove OCHI. These changes would need to be approved by the tax credit investor as well as the lenders involved.

For both James Lee Court and Slim Jenkins Court, the tax credit investment period expired in late 2007. At James Lee Court, efforts to contact the co-general partner's (Dignity Housing West) representative have been unsuccessful—the contact's last known phone number has been disconnected. OCHI/CHDC will send a certified letter to the co-general's mailing address; however, the last known mailing address is no longer valid. By the time this report is given, staff expect to be able to provide an update on this situation. At Slim Jenkins Court, OCHI's co-general partner, Slim Jenkins Inc., has exercised its option to purchase the property, and is conducting due diligence regarding the feasibility of purchasing and operating the property. One of that property's major stumbling blocks involves debt service obligations for a Citibank loan that was refinanced several years ago. Citibank is currently considering a request for a one-year deferment of payment on that loan to provide time for the buyout to be pursued.

3. Properties with Identified Sponsor

Regarding the California Hotel, staff from the City, OCHI, CHDC and various other agencies are still working with the East Bay Local Asian Development Corporation (EBALDC) to transform the property into permanent supportive housing. In April, Oakland Housing Authority (OHA) staff will seek Housing Authority Commission approval to provide project-based rental assistance to 100 percent of the units once the building is reconfigured to a permanent supportive housing use. This would improve the property's available revenue.

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Security on site has improved dramatically since February, due to physical improvements, the replacement of desk clerks with armed guards, and improved policing of the building and area by the Oakland Police Department. However, operating expenses remain high, and until the project is renovated and reconfigured, revenues will remain restricted because the City has requested that JSCo not fill vacancies in order to minimize tenant relocation costs once rehabilitation commences.

At Coolidge Court, any remaining OCHI interests in the property will be completely transferred to the Fred Finch Youth Center, which is currently managing the property. Since the development received U.S. Department of Housing and Urban Development Section 811 funding (serving a special needs population), operations are stable—the project has a long-term rental subsidy to cover the difference between project income and operating expenses.

4. Properties Where New Sponsor is Needed or Other Actions Determined

At the Oaks Hotel, an 85 unit Single Room Occupancy (SRO) building, management by JSCo since October 2007 has largely stabilized the building. Although the building has some rehabilitation needs, with no debt service and enhanced revenue due to Section 8 subsidies for 100 percent of the units, this building is a promising candidate for takeover. However, CHDC's expertise does not extend to managing SRO housing, and as with the California Hotel, CHDC has indicated that the property would not be a good fit for the organization's portfolio. City staff has held preliminary discussions with a few potential sponsors.

At Drasnin Manor and San Antonio Terrace, extensive rehabilitation of the buildings will be required—addressing the capital improvement needs for these properties will require at least \$1,000,000 at Drasnin Manor and \$4,000,000 at San Antonio Terrace. With substantial operating losses of around \$8,000 per month for each of these small projects, it is not clear that these two projects are salvageable as is. However, one or both may be candidates for tax credit financing for rehabilitation if a willing and able sponsor can be found.

Next Steps

Over the next 90 days, staff expect to be much further along toward transferring OCHI's ownership interests (in partnership, ground lease, etc) out of each property. In all instances, this requires receiving the consent of all of the other partners, lenders and investors.

To support and frame the work for OCHI's bankruptcy counsel, an inventory of the loans, restrictions and ownership structure of each property is being compiled by the law firm of Goldfarb and Lipman. Portions of these legal costs will be covered through the Agency's operating grant, City predevelopment loans for several properties and property cash flow, where such exists.

Attachment A provides details on the cash flow status and property management entities for the entire OCHI portfolio. At seven of the properties, cash flow remains negative, and the operating subsidies provided by the Agency will soon run out. JSCo will not be able to keep managing the nine properties (or some subset thereof) after the operating subsidies run out. However, staff believes it is critical to keep JSCo as the management entity for these properties through the completion of the ownership transition period. A potential strategy to increase the cash flow available to the properties, in order to keep them operating and cover management costs, is to stop debt service payments where applicable. This is not ideal—this strategy runs the risk of lender foreclosure. On the three negative cash flow projects that have private lenders (Drasnin Manor, Nueva Vista and Slim Jenkins Court), foreclosure would wipe out the City/Agency's affordability restrictions since the City/Agency loans and regulatory agreements are junior in priority to those deeds of trust. However, on some of the properties, where the choice is between paying for insurance and property management or debt service, in the short term paying the former is the best decision staff can recommend. Staff, OCHI and CHDC will again call on lenders to provide relief on their loan terms and forbearance on some of the loans. Without this relief, some of these properties may be forced to close, unless the lenders decide to directly manage the properties.

Staff, along with OCHI, CHDC, JSCo and their respective attorneys, has set up a property triage team that meets weekly to keep this process moving toward resolution. In addition, staff has met with other affordable housing non-profits, through the auspices of East Bay Housing Organizations (EBHO), to keep them apprised of the situation and to solicit interest in the properties that need new sponsors. As of the writing of this report, CHDC staff is working to set up a tour of the Oaks Hotel, Drasnin Manor and San Antonio Terrace for prospective sponsors.

For future consideration, a number of the properties will almost certainly apply for affordable housing NOFA funds—either the existing competitive annual NOFA or a separate Preservation and Rehabilitation NOFA—that will provide funding for capital needs at older City-assisted affordable housing developments. Those properties would subsequently need to apply for tax credits, MHP loans and/or bonds to provide supplemental funding. Given the limited City and Agency funding available for the next few years, and other competing goals for new construction of affordable housing and supportive housing, staff expects to request guidance from Council regarding prioritization of the City's limited affordable housing funds.

SUSTAINABLE OPPORTUNITIES

The housing development projects under discussion in this report address the “3 E’s” of sustainability in the following ways:

Economic: These projects maintain the affordable housing inventory in Oakland. Closure of any of these properties would have a negative impact on economic development in the neighborhoods where these properties are located.

Environmental: Each of the buildings in the OCHI portfolio met standards in existence at the time they were built. Also, the end result of the proposals will be to rehabilitate existing housing near public transit and services. Preserving sites near mass transit enable residents to reduce dependency on automobiles and further reduce adverse environmental impacts.

Social Equity: Affordable housing is a means of achieving greater social equity. Oakland’s neighborhood-level environment will be improved by renovating underused and sometimes blighted buildings. The proposed developments will preserve and improve affordable rental housing units for low and very low-income senior citizens, families and homeless individuals. Social services, when provided to residents, further build social equity.

DISABILITY AND SENIOR CITIZEN ACCESS

All housing development projects receiving federal funds are required to construct and set aside units to be occupied by persons with disabilities (Federal Section 504 regulation). In the last 20 years, OCHI has developed 638 residential units using local and federal funds. They have been in compliance with local state and federal regulations, including development of at least five percent of newly constructed units for persons with physical disabilities and two percent of units to persons with auditory or visual disabilities. The State’s Title 24 and the Americans with Disabilities Act require consideration of persons with disabilities in design and construction of housing. These requirements include accessible units and facilities. Furthermore, all developers receiving City or Agency funds are required to effectively market housing units to the disabled community. OCHI has presented this strategy in their Affirmative Fair Housing Marketing Plans. Local funds have long supported housing development for seniors.

RECOMMENDATIONS AND RATIONALE

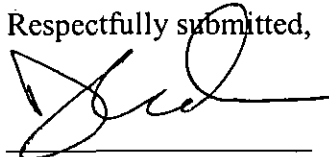
Staff is not recommending any specific actions by the Council and Agency at this time, but requests direction regarding whether to continue pursuing the courses of action described above. The strategies outlined in this report are intended to preserve valuable affordable housing resources and minimize financial impacts on the City and the Agency. Staff will also provide an update and further recommendations prior to the Council’s summer recess regarding the portfolio workout plans.

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ACTION REQUEST OF THE CITY COUNCIL

No formal action is required at this time. Staff requests that the City Council accept this report and provide necessary direction.

Respectfully submitted,



Dan Lindheim
Director
Community and Economic
Development Agency

Reviewed by:
Sean Rogan, Deputy Director
Housing & Community Development

Prepared by:
Christia Mulvey, Housing Development Coordinator
Housing & Community Development

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:


Office of the City/Agency Administrator

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Attachment A
OCHI Portfolio Overview (March 25, 2008)

Project	Address	CD	Redev Area	Units	Popul	Mgmt	Ground Lease?	Ownership Entity	Partners	TCAC Status?	Other Landers	Cash Flow (monthly)	Workout Plan Options Discussed	Timeline for Transfer
CHDC TO ASSUME RESPONSIBILITY/OWNERSHIP INTEREST														
Eldridge Gonaway Commons	1165 3rd Avenue		2 CCE	40	Family	JSCo	Y	Eldridge Gonaway Commons Assoc.	Managing Generals (MGP): Eldridge Gonaway Commons, Inc (OCHI affil), CRICO Ltd Partnership of Oakland Ltd Partner (LP) Capital Housing Partners-CXXX	No tax credit investor	CalHFA	+, not certain how much cash generated	CHDC executes Option to Purchase. Re-syndicate; if possible, utilize \$1M off-set costs elsewhere in portfolio	Executed: 1-2 months, Transfer 10-12 months
Foothill Plaza	6311 Foothill Blvd		6 CCE	54	Family	JSCo	N	FHP Housing Associates	MGP: OCHI LP: Cahon Associates (OCHI affiliate)	No tax credit investor	CalHFA, City HODAG	w/o paying CalHFA	CHDC/JSCo substitute as Co-General Partners. Additl funds awarded thru City NOFA 3/08, negotiate with CalHFA to convert \$1.3M of loan to residual debt service, cash flows	Transfer 4 months
Kenneth Henry Court	6455 Foothill Blvd		6 CCE	51	Family	JSCo	Y	6455 Foothill Assoc.	MGP: 6455 Foothill Inc (OCHI affiliate) LP: California Equity Fund	NEF through 12/07	Citibank, CA RHCP	+, not certain how much cash generated	CHDC Substituted as controlling entity of managing general partner. Explore rent increase. Determine how much cash flow generated, whether any funds might be available to assist portfolio	Transfer 4 months
Marin Way Court	2000 International Blvd		2 CCE	20	Family	JSCo	Y	San Antonio Commons, Inc	OCHI affiliated non-profit	N/A	Citibank and Savings and Loan	-\$5K now; potential to break even	CHDC executes Option to Purchase. Explore re-syndication; poss Prepayment of Citibank Loan. Pair with nearby Nueva Vista, explore whether pooled reserves/ management might help	Executed: 1-2 months, Transfer 10-12 months
Nueva Vista	3700 International		5 Colis	30	Family	JSCo	Y	Nueva Vista Assoc.	MGP: Nueva Vista Inc. (OCHI affiliate) LPs: Baron, Margaret C.P. & Stephen L.; Manon Greene Muldoon Family Trust	N/A	Citibank	-\$7.5K	CHDC executes Option to Purchase. Explore Re-syndication. Make immediate repairs (\$?). Pair with nearby Mann Way Court, explore whether pooled reserves/ management might help.	Executed: 1-2 months, Transfer 10-12 months
CO-OP SUBSTITUTION BY CHDC OR OTHER ENTITY BEING EXPLORED														
Bishop Roy C. Nichols	1027 62nd Street		1 None?	17	Senior	CCH	Y	Downs Sr. Housing Assoc	MGP: OCHI; Downs Community Development Corp LP: U.S. Bancorp Community Dev. Corp.	US Bancorp, until 2018	Citibank, Far East National Bank	+, not certain how much cash generated	Substitution of OCHI as controlling entity of managing general partner--appropriate entity under discussion.	Transfer: 4 months
Sylvester Rutledge Manor	3255 San Pablo Avenue		3 WO	65	Senior	CCH	N	North Oakland Senior Housing Assoc	MGP: OCHI; North Oakland Missionary Baptist Church LP: U.S. Bancorp Community Dev. Corp.	US Bancorp, until 2018	Citibank, Far East National Bank	+, not certain how much cash generated	Substitution of OCHI as controlling entity of managing general partner--appropriate entity under discussion.	Transfer: 4 months
Slim Jenkins Court	700 Willow Street		3 WO	32	Family	OCHM	Y	Slim Jenkins Court Assoc	MGP: OCHI, Slim Jenkins Court, Inc. LP: Chevron, U.S.A.	n/a	Citibank	-\$10K	Substitution of OCHI as controlling entity of managing general partner--appropriate entity under discussion. SJI is exploring their option to purchase. Negotiate with Chevron re: leaving partnership, and with Citibank on reducing mortgage payment.	Transfer: 9 months
James Lee Court	690 15th Street		3 CD	26	Family	OCHM	Y	Dignity Housing West Assoc.	MGP: OCHI, Dignity Housing West, Inc. LP: National Equity Fund	NEF through 12/07	CA HCD, Ala Cty Shelter+Care	-\$10K	Substitution of OCHI as controlling entity of managing general partner--appropriate entity under discussion. Get 5 vacant units repaired--what will that do for CF status? Explore PV? System to reduce operating costs	Negotiation: 1 month, Transfer: 6 months
NEW SPONSOR IDENTIFIED														
California Hotel	3501 San Pablo Avenue		3 WO	150	SRO	JSCo	Y	Cahon Assoc LP	GP: Cahon Associates (OCHI affiliate) LP: Merrit Capital	Ended 12/06	CA HCD; Ala Cty HOPWA & S+C	-\$35K/month (high vacancies pending rehab plan)	Transfer to EBALDC, transition to permanent supportive housing for homeless; OHA offering expanded PBS6 vouchers thru poss. pilot program	Transfer: 6 months, Rehab: 18 months
Coolidge Court	3800 Coolidge Ave.		4 None	18	Studio	Fred Finch Youth Center	Y - Fred Finch?	Coolidge Court Associates		N/A	HUD 811	HUD pays difference between op/g costs and income	If not already done, substitute Fred Finch as controlling entity of MGP	Transfer: ASAP
RFP FOR NEW SPONSOR														
Drasin Manor	2530 International Blvd		5 Colis	26	Family	JSCo	Y	2530 Associates	MGP: 2530 Associates (OCHI affil) LP: California Equity Fund	NEF through 2007	Wamu, CA HCD	-\$8K	Issue RFP for new general partner or sale. Seek public funding to make needed repairs (\$?). Investigate ref/lowe WAMU rate (now 9.84%)	Prepare RFP: 1-2 months, sponsor selected. 2-3 months, transfer: 10-12 months
Oaks Hotel	587 15th Street		3 CD	85	SRO	JSCo	Y	Oaks Assoc.	(MGP=Oaks, Inc. & OCHI)	N/A	Alameda Cty HCD, CA HCD; 20 Investors	per JSCo, breaking even or close to it	All units assisted, OHA will look into whether FMR rents can be increased. Work with OHA to fill vacancies.	same as above
San Antonio Terrace	1485 E. 22nd St.		2 CCE	23	Family	JSCo	Y	San Antonio Terrace Assoc	GP: San Antonio Terrace Associates (OCHI affil) LP: none (NEF exited 2005)	Complete	CalHFA	-\$8K	Issue RFP for new general partner or sale. Needs \$2.8M+ in repairs; ID potential funding, inc. re-syndication	same as above

**Attachment B
OCHI Workout Plans
(as of March 26, 2008)**

PROJECTS CHDC PLANS TO ASSUME RESPONSIBILITY:

Eldridge Gonaway Commons-1165 3rd Avenue-

Family: 40 units (No vacancies as of 3/26/08)

District: 2

Owner: Eldridge Gonaway Commons Assoc.

Managing General Partners:

Eldridge Gonaway Commons, Inc (OCHI affiliate)

CRICO Limited Partnership of Oakland

Limited Partner:

Capital Housing Partners-CXXX

Investor Status: No tax credit investor.

Lenders: CalHFA, City/Agency

Property Manager: JSCo

Cash Flow Status: Stable, however not certain how much is being generated.

Transfer Costs and Responsible Party: \$ _____

Current Situation: Stable. May need rehab in future, but not imminent.

Ground Lease: Yes

Strategy: Transfer ownership to CHDC entity and proceed with resyndication.

Timeline For Transfer: Executed: 1-2 months, Transfer 10-12 months.

Task	Responsibility	Start Date	Decision Date	Status
Obtain updated appraisal				In process
Negotiate with limited partners about exiting				Not started
Apply for Tax Credit Allocation				Not started
Investigate transfer of sponsorship				Not started
Submit Predevelopment Application				In process
Transfer Ground Lease from OCHI to the partnership				
Develop timeline for transfer				
Transfer Sponsorship				

Foothill Plaza – 6311 Foothill Blvd

Family: 54 units (10 units vacant as of 3/26/08)

District: 6

Owner: FHP Housing Associates (OCHI affiliate).

Investor Status: No tax credit investor.

Lenders: CalHFA, Agency + City HODAG loan/regulatory term expires June 2008.

Property Manager: JSCo.

Cash Flow Status: Positive without paying debt service to CalFHA.

Transfer costs and Responsible Party: \$ _____

Current Situation: Significant rehab needs. A CalHFA loan is currently in default. If financing isn't secured within the next six months to a year, CalHFA will likely foreclose.

Ground Lease: No.

Strategy: Rehab the property and resyndicate via Tax Exempt Bonds and 4% Tax Credits.

Phase One: Apply to City of Oakland NOFA for a portion of the gap funds

Phase Two: Negotiate with CalHFA on converting \$1.3 M of their acquisition loan into a permanent Residual Receipts

Phase Three: Apply to MHP first funding round in 2008

Timeline for Transfer: 4 months.

Task	Responsibility	Start Date	Decision Date	Status
Submit City of Oakland NOFA				Completed
Negotiate with CalHFA on loan conversion				In process
Apply for MHP Funding		03/27/08		To be submitted 3/27/08
Apply for Tax Credit Allocation				Not started
Submit Predevelopment Application				In process
Transfer Sponsorship				Not started
Obtain Bond Allocation				

Kenneth Henry Court-6311 Foothill Blvd

Family: 51 units (2 units vacant as of 3/26/08)

District: 6

Owner: 6455 Foothill Associates

Managing General Partner: 6455 Foothill Inc. (OCHI affiliate).

Limited Partner: California Equity Fund

Investor Status: NEF is gone and awaiting full execution of withdrawal.

Lenders: Citibank; CA RHCP, City/Agency

Property Manager: JSCo

Cash Flow Status: Stable, however not certain how much is being generated. Property transferred over to JSCo with unexpected payables of \$34K March 2008.

Transfer costs and Responsible Party: \$ _____.

Current Situation: The Limited Partner, NEF is in the process of exiting the partnership.

Ground Lease: Yes.

Strategy: Transition management to JSCo. Substitute CHDC board for OCHI board in partnership. Pursue rent increases when necessary.

Timeline For Transfer: 4 months.

Task	Responsibility	Start Date	Decision Date	Status
Oversee exit of Limited Partner based on existing agreement				In process
Transfer Sponsorship				Not started
Transfer ground lease from OCHI to the partnership				
Gather all project documents				

Marin Way Court – 2000 International Blvd

Family: 20 units (1 unit vacant as of 3/26/08)

District: 2

Owner: San Antonio Commons, Inc (OCHI affiliate).

Investor Status: No tax credit investors.

Lenders: Citibank; City/Agency, savings and loan _____. Citibank financing only 10 years (low interest).

Property Manager: JSCo.

Cash Flow Status: Negative (~\$5K/month) with potential to break even.

Transfer Costs and Responsible Party: \$ _____

Current Situation: Some repairs needed. \$190K Citibank mortgage due in September 2008.

Ground Lease: Yes.

Strategy: Prepare for Tax Credit syndication packaged with Nueva Vista Apartments and transfer ownership to a CHDC affiliate when funding is secured.

Timeline For Transfer: Executed: 1-2 months, Transfer: 10-12 months.

Task	Responsibility	Start Date	Decision Date	Status
Obtain updated appraisal				Not started
Verify Physical Needs				Not started
Apply for Tax Credit Allocation				Not started
Transfer Sponsorship				Not started
Transfer Ground lease from OCHI to San Antonio Commons, Inc.				Not started
Submit Predevelopment Application				In process

Nueva Vista Apartments- 3700 International

Family: 30 units (8 units vacant as of 3/26/08)

District: 5

Owner: Nueva Vista Associates

Managing General Partner: Nueva Vista Inc. (OCHI affiliate)

Limited Partners:

Baron, Margaret C.P. & Stephen L.

Greene, Marion E.

Muldoon Family Trust

Investor Status: Either get cooperation with the 4 investors or work to remove them. This needs further discussion.

Lenders: Citibank, City/Agency

Property Manager: JSCo

Cash Flow Status: Negative – \$7.5K/mo with vacancy, collection and security issues.

Transfer Costs and Responsible Party: \$ _____

Current Situation: Approximately \$450,000 in rehab needs.

Ground Lease: Yes.

Strategy: Prepare for Tax Credit syndication packaged with Marin Way Court and transfer ownership to a CHDC affiliate when funding is secured.

Timeline For Transfer: Executed: 1-2 months, Transfer: 10-12 months.

Task	Responsibility	Start Date	Decision Date	Status
Obtain updated appraisal				Not started
Negotiate with limited partners about exiting				Not started
Apply for Tax Credit Allocation				Not started
Transfer Sponsorship				Not started
Submit Predevelopment Application				In process

CO-GP SUBSTITUTION BY CHDC OR OTHER ENTITY BEING EXPLORED:

Bishop Roy C. Nichols (Downs Senior Housing)-1027 62nd Street

Senior: 17 units

District: 3

Owner: Downs Sr. Housing Associates and OCHI.

Investor Status: US Bancorp, until 2018.

Lenders: Citibank, City/Agency, Far East National Bank.

Property Manager: Christian Church Homes.

Cash Flow Status: Stable, however not certain how much is being generated.

Transfer Costs and Responsible Party: \$ _____.

Current Situation: Property is operating successfully: Land Owned by OCHI and Leased to Partnership.

Ground Lease: Yes

Strategy: Substitute CHDC for OCHI if acceptable with Co-GP.

Timeline For Transfer: 4 months.

Task	Responsibility	Start Date	Decision Date	Status
Negotiate with Co-GP on Substituting CHDC				In Process
Transfer Ground Lease from OCHI to Partnership				

Sylvester Rutledge Manor (North Oakland Senior Housing) -3255 San Pablo

Family: 65 units

District: 3

Owner: North Oakland Senior Housing and OCHI.

Investors: US Bancorp, until 2018.

Lender: Citibank, City/Agency, Far East National Bank.

Property Manager: Christian Church Homes.

Cash Flow: Stable, however not certain how much is being generated.

Transfer Costs and Responsible Party: \$ _____.

Ground Lease: Yes.

Current Situation: Stable

Strategy: Substitute CHDC for OCHI if acceptable with Co-GP.

Timeline For Transfer: 4 months.

Task	Responsibility	Start Date	Decision Date	Status
Negotiate with Co-GP on substituting CHDC				In Process

Slim Jenkins Court—700 Willow Street

Family: 32 units

District: 3

Owner: Slim Jenkins Court Associates

Managing General Partners:

Oakland Community Housing, Inc

Slim Jenkins Court, Inc

Limited Partner: Chevron, U.S.A.

Investor Status: N/A TCAC.

Lenders: Citibank; City/Agency. Stop paying Citibank mortgage, pay insurance.

Property Manager: OCHM. Do not transfer to JSCo.

Cash Flow Status: Negative - \$10 K/MO.

Transfer Costs and Responsible Party: \$ _____.

Current Situation: Immediate repairs needed. Significant amount of outstanding payables. Significant Citibank mortgage payment that creates operating shortfalls.

Ground Lease: Yes.

Strategy Options: Negotiate with Citibank on restructuring loan and pursue Tax Credit re-syndication. Slim Jenkins Court, Inc has exercised their option to purchase the property, and has a one year timeframe to execute sale.

Timeline For Transfer: 9 months.

Task	Responsibility	Start Date	Decision Date	Status
Obtain updated appraisal				In process
Negotiate with limited partners about exiting				In process
Negotiate with Citibank on restructuring existing loan				In process
Pursue Re-syndication research				In process
Transfer Sponsorship to Slim Jenkins Court, Inc.				In process

James Lee Court (Dignity Housing West)-690 15th Street

Family: 26 units

District: 3

Owner: Dignity Housing West and OCHI.

Investor Status: NEF though 12/07

Lenders: CA HCD, City/Agency, Alameda County Shelter + Care

Property Manager: OCHM. Do not transfer to JSCo.

Cash Flow Status: Negative - \$10 K/MO. No mortgage issues, however, one or two vacancies will trigger a negative cash-flow.

Transfer Costs and Responsible Party: \$ _____.

Current Situation: No debt service. Immediate repairs required.

Ground Lease: Yes.

Strategy: Negotiate with Dignity Housing West to allow CHDC substitution for OCHI. Improve management and explore possibility to purchase a low cost photovoltaic system to insure long-term positive cash flow.

Timeline For Transfer: Negotiation: 1 month, Transfer: 6 months.

Task	Responsibility	Start Date	Decision Date	Status
Identify immediate repair needs				
Negotiate with co-general about substituting CHDC for OCHI				In Process
Talk to LISC about funding a low cost PV system				Not Started
Transfer Sponsorship				Not Started
Transfer Ground Lease from OCHI to the Partnership				
Determine if there is an "Option to Purchase"				

NEW SPONSOR IDENTIFIED.

California Hotel-3501 San Pablo Avenue

SRO: 150 units (69 units vacant as of 3/26/08)

District: 3

Owner: Cahon Associates LP and GP is Cahon, Inc.

Lender Status: CA HCD, City/Agency, Alameda County HOPWA (Persons with AIDS) and Shelter + Care

Property Manager: JSCo

Cash Flow Status: Negative-\$35 K/MO. High vacancies pending rehab plan.

Transfer Costs and Responsible Party: \$ _____.

Current Situation: Significant rehab needs. EBALDC has been identified as new sponsor. Negotiations are ongoing to reach agreement for transfer. Services money is a major concern.

Ground Lease: Yes.

Strategy: Find new sponsor. Rehab project with goal of making it apart of the Everyone Home strategy for permanent supportive housing.

Timeline For Transfer: 6 months, Rehab: 18 months.

Task	Responsibility	Start Date	Decision Date	Status
Prepare RFP for new sponsorship				Completed
Select and Negotiate with new sponsor				In process
Execute transfer documents				Not started

Coolidge Court-3800 Coolidge Avenue

Studio: 18 units

District: 4

Owner: Fred Finch and Coolidge Court Associates

Investors Status: None.

Lenders: No TCAC; HUD 811; City/Agency.

Property Manager: Fred Finch

Cash Flow Status: Stable. HUD pays difference between operating costs and income.

Transfer Costs and Responsible Party: \$ _____.

Current Situation: Stable.

Ground Lease: Yes.

Strategy: OCHI to withdraw from partnership.

Timeline For Transfer: ASAP

Task	Responsibility	Start Date	Decision Date	Status
Negotiate with Fred Finch				Not Started
OCHI withdraw from partnership				

NEW SPONSOR NEEDED. RFP TO BE ISSUED

Drasnin Manor-2530 International Blvd

Family: 26 units (5 units vacant as of 3/26/08)

District: 5

Owner: 2530 Associates

Managing General Partner: 2530 Associates (OCHI affiliate)

Limited Partner: California Equity Fund

Investors Status: The NEF investor intends on leaving ASAP

Lenders: WaMu, CA HCD, City/Agency

Property Manager: JSCo.

Cash Flow Status: Negative - \$8K/MO.

Transfer Costs and Responsible Party: \$ _____.

Current Situation: Significant repairs needed. Water and Mold issues. Leads to vacancy problems. Washington Mutual holds the first mortgage.

Ground Lease: Yes.

Strategy Options: Explore re-syndication potential to make needed repairs and eliminate need for debt service. Develop an RFP to obtain a new sponsor for the project.

Timeline For Transfer: Prepare RFP: 1-2 months, Sponsor Selected: 2-3 months, Transfer: 10-12 months.

Task	Responsibility	Start Date	Decision Date	Status
Explore re-syndication				Not Started
Talk to WaMu about Refinancing to a lower interest rate				Not Started
Prepare RFP for new sponsorship				Not Started

Oaks Hotel-587 15th Street

SRO: 85 units (3 units vacant as of 3/26/08)

District: 3

Owner: MGP Oaks, Inc. and Oaks Associates and OCHI.

Investors Status: OCHI to provide list (approximately 20 investors).

Lenders: Alameda City; City/Agency; CA HCD. If OCHI leaves who owns it? Would the 20 plus partners or HCD take it over? What happens to the State and the City loans?

Property Manager: JSCo

Cash Flow Status: Negative. According to JSCO breaking even or close to it. Determine whether cash-flow would stabilize with increased PB Section 8 rents per OHA examination of rent structure. .

Transfer Costs and Responsible Party: \$ _____

Current Situation: Vacancies preventing property from cash flowing. Potential to cash flow.

Ground Lease: Yes.

Strategy Options: Prepare RFP in conjunction with the City of Oakland to be released in 2008.

Timeline For Transfer: Prepare RFP: 1-2 months, Sponsor Selected: 2-3 months, Transfer: 10-12 months.

Task	Responsibility	Start Date	Decision Date	Status
Prepare RFP for new sponsorship				Not started

San Antonio Terrace-1485 E. 22nd Street

Family: 23 units (3 units vacant as of 3/26/08)

District: 2

Owner: San Antonio Terrace Associates (OCHI affiliate)

Investors Status: TCAC 15 year investor period is complete.

Lenders: CalHFA, City/Agency

Property Manager: JSCo

Cash Flow Status: Negative - \$8K/MO

Transfer Costs and Responsible Party: \$ _____

Current Situation: Substantial Rehab repairs required.

Ground Lease: Yes.

Strategy Options: Obtain preliminary valuation to determine if project can be successfully re-syndicated. Prepare RFP in conjunction with the City of Oakland to be released in 2008.

Timeline For Transfer: Prepare RFP: 1-2 months, Sponsor Selected: 2-3 months, Transfer: 10-12 months.

Task	Responsibility	Start Date	Decision Date	Status
Explore re-syndication				In Process
Prepare RFP for new sponsorship				Not Started