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

TO: Office of the Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: September 11, 2007

RE: A Report, Two Resolutions, And Recommendations: 1) A Resolution Authorizing The Purchase of An Approximately 2.52 Acre Parcel Located Adjacent To The Frontage Road Between 11th Street and 14th Street From BUILD West Oakland, LLC, For Its Fair Market Value, Allocating Up To \$5,050,000 For Its Purchase, And Authorizing A Request For Proposals For Development Of An Affordable Housing Project On The Site; 2) A Resolution Allocating Up To \$6,300,000 For First-Time Homebuyer Down Payment Assistance Loans and Interest Rate Buy-Down Forgivable Loans For Purchase Of Units In The Wood Street Development District; And Recommendations For Provision Of Affordable Housing For Future Phases Of The Wood Street Development.

SUMMARY

The Community and Economic Development Agency (CEDA) presented a report at the June 26, 2007 Community and Economic Development (CED) Committee regarding creating affordable homeownership units in the Wood Street Development District through implementation of Condition 100b of the adopted Wood Street Conditions of Approval. The CED Committee directed staff to investigate additional options for more cost-efficient ways to create affordable housing in the Wood Street District and to present these options at the September 11th CED Committee meeting. Staff has investigated a number of options to provide a similar number of affordable housing opportunities in the Wood Street District than would have been provided under Condition 100b, and is recommending the following:

1. Purchase of Vesting Tentative Parcel Map (VTPM) 8551, Parcel 2, an approximately 2.52 acre site located adjacent to the Frontage Road between 11th Street and 14th Street from BUILD West Oakland LLC (BUILD) for its fair market value. The seller has currently proposed a sales price of \$5,000,000 and staff anticipates \$50,000 in closing costs. After determination of the fair market value of the parcel, if the Redevelopment Agency (the Agency) purchases the site, the Agency will subsequently issue a Request for Proposals (RFP) for a developer to purchase and develop approximately 60 units of affordable housing on the site. The project would eventually require additional City/Agency funding for development.

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2. Allocate \$6.3 million for 45 first-time homebuyer loans for median income purchasers of units in the new market rate Wood Street ownership developments. Loans of up to \$125,000 would be available for households at or below 100% AMI, plus a forgivable loan to the buyer of \$15,000 per household for an interest rate buy-down on their first mortgage. This will provide affordable ownership opportunities in the development. However, because it does not provide long-term affordability, these units will not count toward redevelopment law affordable housing production requirements.
3. In future development phases, Holliday Development is committed to participating in a cost-effective plan to create at least 45 permanently affordable units by incorporating additional units into the market rate projects, building at higher densities than currently planned. If found to be cost effective, the Agency could subsidize the cost differential to construct the additional affordable units such density would allow, at a lower cost than required in the original proposal.
4. To fulfill any unmet redevelopment law production requirement for the Army Base Redevelopment Area, the Agency would count, on a two-for-one basis, affordable units developed throughout the City which are currently not counting toward any other redevelopment production requirement.

Recommendations 1 and 2 above will require a current Agency funding allocation of \$11,350,000. The total cost for these four recommendations is estimated to be approximately \$25 to \$30 million over the course of development of the Wood Street District, resulting in 150 affordable housing opportunities. This would include approximately 105 long-term affordable units (ownership and/or rental), and 45 homebuyer-based loans. These alternatives could result in cost savings of over \$10 million compared to the original plan.

FISCAL IMPACT

The 2006 Housing Bond generated \$55 million for affordable rental and homeownership development. Of this amount, \$20 million was set-aside in anticipation of affordable housing commitments for the Wood Street and Oak-to-Ninth projects. Staff proposes to use up to \$5,050,000 to purchase the development site, and \$6,300,000 for homebuyer assistance loans, from the 2006 Housing Bond Fund (9584), Housing Development Organization (88929), 2006 Housing Bond Project (L290410).

Additional funds (between \$4 million and \$11 million) will be needed at a later date for the development of the parcel purchased by the Agency. Therefore, the total subsidy for development of the parcel is estimated to range from \$9 million to \$16 million, or from approximately \$150,000 to \$267,000 per unit.

Additional funds will also be needed to subsidize the development of an additional 45 affordable units in future Wood Street development phases (option 3). Staff will return to the Agency for any recommended future allocations of funds.

The total cost for these four recommendations is estimated to be approximately \$25 to \$30 million over the course of development of the Wood Street District. Staff anticipates that bond proceeds generated from future Low and Moderate Income Housing Set-Aside funds generated in the Army Base Redevelopment Area will subsidize future affordable housing. Because the Army Base Redevelopment Area has not yet generated sufficient tax increment revenue to support issuance of bonds, funds from the 2006 Housing Bond will provide financing for the most immediate funding recommended in this report. These advances can be reimbursed from future bond proceeds generated by the Wood Street Development District.

BACKGROUND

The Wood Street Development District and its associated Conditions of Approval were approved by the City Council on May 17, 2005. Condition 100b addresses options the Agency may choose to exercise to create affordable ownership units within the district. Approximately 1,600 units are entitled in the Wood Street district, of which approximately 1,150 are planned to be developed as ownership units and 450 are planned as rental units (99 of which will be affordable rentals developed by BRIDGE Housing). Pursuant to Condition 100b, approximately 141 affordable ownership units would need to be provided.

CEDA staff presented a report at the June 26, 2007 CED Committee regarding creating affordable homeownership units in the Wood Street Development District through implementation of Condition 100b of the adopted Wood Street Conditions of Approval. The report recommended that the Agency exercise the option to purchase 36 units at market rate and then sell the units at affordable sales prices to households earning up to 100% of AMI. The total cost to the Agency to subsidize 36 units at Zephyr Gate and Pacific Cannery Lofts (PCL) was estimated at \$10,350,000, or \$287,500 per unit. At this per unit cost, the total estimated affordable housing subsidy for the entire Wood Street project would total \$42 million for the 141 units as set forth in Condition 100b. This \$42 million does not include the \$8.4 million already provided to the 99-unit 14th Street Apartments project through the City's NOFA process.

The CED Committee expressed concerns about the costs associated with implementing Condition 100b, and directed staff to return with additional options for creating affordable housing opportunities in the Wood Street District. Staff has met with the developers, a representative of the East Bay Community Law Center (EBCLC), and a representative of the Train Station Coalition, to determine mutually agreeable options for affordable housing in the District.

The EBCLC consulted with members of the Train Station Coalition and other community groups who expressed a strong preference for creation of a range of affordable housing options on-site. There is support for providing long-term affordable ownership units, but also for ownership opportunities that allow for more substantial equity building. Support was also expressed for providing housing for a range of income levels, including the option of developing additional long-term affordable rental housing.

KEY ISSUES AND IMPACTS

Redevelopment Law Affordable Housing Production Requirements

State redevelopment law requires at least 15% of new housing units developed within a redevelopment project area over a ten-year period be affordable to very low-, low-, and moderate-income households. At least 40% of the affordable units (i.e., 6% of all new units) must be targeted to households with very-low incomes (at or below 50% of Area Median Income). The remaining 60% of the affordable units (i.e., 9% of new units) may be affordable to households up to 120% of AMI. Ownership units must be kept affordable for at least 45 years, rental units for at least 55 years. Within the Army Base Redevelopment Area, the required units for very-low income households will be provided by the 99-unit 14th Street Apartments rental development. But the Agency must still ensure at least an additional estimated 141 affordable units will be provided.

Other than purchasing or subsidizing the development of these units within the project area, there are two alternative ways to meet the Agency's affordable housing production obligations under redevelopment law. First, the Agency may provide two affordable units outside the redevelopment project area for each housing unit that otherwise would have to be available inside the redevelopment area. Second, the Agency may aggregate affordable units produced in multiple project areas to meet the combined affordable housing requirements of the multiple project areas, if the Agency finds, based on substantial evidence after a public hearing, that the aggregation will not cause or exacerbate racial, ethnic, or economic segregation.

Affordable Homeownership Programs

There is a fundamental trade-off between the goal of providing homebuyers with the opportunity to accumulate equity and move up in the housing market, and the goal of ensuring continued affordability of owner occupied housing by restricting sales prices. The City's two primary homeownership programs each address one of these two objectives.:

The first-time homebuyer programs (such as the City's Mortgage Assistance Program, or MAP) provide ownership opportunities but do not permanently restrict the affordability of homes. Instead the homeowner can sell at market price, and the City loan is repaid (with simple interest). The buyer can then build equity as the unit appreciates. Buyers can often also access additional financing from the California Housing Finance Agency (CalHFA), which reduces the per unit subsidy required from the City/Agency.

The homeownership development program funds development of units with long-term affordability restrictions whereby the homes must be sold at affordable sales prices that are considerably less than market value. The buyer's ability to build equity is limited by increases in Area Median Income (AMI) levels during their period of ownership. There are few other subsidies available for the development of long-term affordable ownership housing, making this more expensive for the City/Agency.

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Because of the high development costs and high market prices of ownership housing, and the lack of other subsidies for ownership programs, it is very difficult for any homeownership development program to target households below 80% of AMI. Units developed with Agency assistance described in this report will be targeted to households up to 100% of AMI.

PROJECT DESCRIPTION

This report assumes the Agency will not exercise either option set forth in Condition 100b due to its high cost. Instead, this report proposes 150 new affordable housing opportunities in the Wood Street District through a combination of new construction and homebuyer subsidies. Providing a variety of affordable housing options will address the need for long-term affordability, as well as for equity and wealth building, and will satisfy redevelopment production obligations.

Purchase of VTPM 8551, Parcel 2 – 60 units

Staff is proposing development of a stand-alone affordable housing project on what is known as VTPM 8551, Parcel 2 in the Wood Street Development District. This is a long narrow parcel of approximately 2.52 acres located across from the Pacific Cannery Lofts and 14th Street Apartments projects, between 11th Street and 14th Street and the Frontage Road (see Attachment A). BUILD currently owns this parcel and has offered to sell it to the Agency for \$5,000,000 based on per square foot costs of comparable land sales provided by BUILD. It is currently entitled for 60 units. After complete review of project feasibility and approval of an Agency appraisal to determine the fair market price, if the Agency purchases the site, the Agency would then release an RFP to developers to develop the site as affordable housing. The site could include either ownership housing, rental housing, or both, as long as the proposed plan will be financially and physically feasible for the site.

The Wood Street Development District project was determined to be in compliance with the California Environmental Quality Act (CEQA) with certification of the Environmental Impact Report (EIR) that was certified by the City Council on May 17, 2005. Development on VTPM 8551, Parcel 2 was analyzed in that EIR.

First-time Homebuyer Down Payment Assistance – 45 loans

Staff is proposing to create 45 first-time homebuyer down payment assistance loans to be used for purchase of market rate units within the Wood Street District. In order for households up to 100% of AMI to afford these units, loans of up to \$125,000 are proposed, to be repaid after 30-years or at resale or refinancing. The Agency would also purchase an interest rate buy-down on the first mortgage estimated to cost an additional \$15,000 per unit. This portion of the funding would be considered a forgivable loan to the buyer. *Because these are buyer-based subsidies that do not create long-term affordability, these units would not count toward the Agency's redevelopment production requirement.*

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Future Phases -- Development Areas 6, 7, and 8 – 45 units

Development Area 6 (owned by BUILD) and Areas 7 and 8 (owned by Holliday), located in the Wood Street District from 16th Street to West Grand Avenue between Wood Street and the Frontage Road, are approved for 636 units. No development plans for these areas have been submitted to the City to date. A scenario discussed with the developers includes building at a higher density than planned, with additional units designated as affordable homeownership units. The Agency would purchase the units for the incremental additional cost to build, and then sell them at an affordable sales price to households at 100% AMI. The developers believe this scenario is feasible as long as the increased density will be allowable and the increased unit count would not change the construction type (and thus increase costs for all the units). This would proportionally increase the total number of units built, and therefore also increase the Agency's overall redevelopment production obligation. Due to the increase in density, the project would need to be reviewed for compliance with the existing EIR, and would potentially require additional environmental review. The details and costs need to be further researched and staff would return to Council at a later date with more information. If this scenario does not end up being cost-effective, or is not feasible, staff will return to Council with an alternative plan at a later date, which could include additional buyer down payment assistance or other options.

Fulfilling Redevelopment Production Requirements

The above options will create 105 units on-site in the Wood Street District that can be counted toward redevelopment law affordable housing production requirements. If the anticipated 1,600 units are eventually constructed at Wood Street, the Agency would have to identify at least 36 additional units to meet production requirements. As described, the redevelopment production requirement can be fulfilled by building two-for-one affordable units off-site, which means at least 72 units would need to be built off-site. The Agency could count units built in other areas of the City that are not being counted toward a production obligation. For example, an affordable project like Fox Courts (80 units) in the downtown area could be counted toward the additional affordable housing production required for Wood Street, because the Central District Redevelopment Area, where Fox Courts is located, has no production requirement.

BUILD Homebuyer Second Loans

According to the Conditions of Approval for Wood Street, BUILD must commit at least \$2.5 million in mortgage assistance loans in the form of \$25,000 second mortgages for low to moderate income households to purchase reserved units. The loans are set forth as 4% interest-only payments for the first five years, with remaining payments amortized over 15 years at 4% interest. Because the loans have a 20-year term, and redevelopment law requires a 45-year affordability period, this mortgage assistance cannot be used to reduce the Agency subsidy for long-term affordable ownership units. Because they are amortized over 15 years, the buyer is paying less for interest and more toward principal each month, and therefore building equity more quickly during the 15-year amortization period. But because the payments are only amortized over 15 years, the monthly payments are higher than they would be for a 30-year loan. Therefore, these loans do not enable targeting to lower income households, although they do allow buyers to build equity more quickly.

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SUSTAINABLE OPPORTUNITIES

Economic: The project will expand affordable housing options in Oakland and therefore encourage households to live and work in Oakland.

Environmental: The Wood Street development will provide housing on an underutilized site near to numerous AC transit lines and within a short distance to West Oakland BART. By developing land in already built-up areas, it will reduce pressure to build on undeveloped land. Providing affordable housing opportunities in Oakland will prevent households from choosing to purchase homes outside of the Bay Area and commute long distances for work.

Social Equity: The project will provide a mixed-income community. The stability and pride of homeownership will be available for households who might not otherwise have the opportunity to purchase a home. Housing at an affordable cost will enable households to spend their money on other essentials and to save for their life goals.

DISABILITY AND SENIOR CITIZEN ACCESS

The State's Title 24 and the Americans with Disabilities Act require consideration of persons with disabilities in the design and construction of housing. While the City's homeownership programs are open to seniors, in practice few first-time homebuyers are seniors.

RECOMMENDATION AND RATIONALE

A total authorization of \$11,350,000 in funding is recommended at this time for the following actions:

1. Staff recommends the Agency purchase VTPM 8551, Parcel 2 located adjacent to the Frontage Road between 11th Street and 14th Street from BUILD for its fair market value, up to \$5,000,000, plus \$50,000 in closing costs, and that the Agency then issue an RFP for development of approximately 60 units of affordable housing on the site.
2. Staff also recommends that the Agency allocate up to \$6,300,000 for first-time homebuyer down payment assistance loans of up to \$125,000 and for forgivable loans to the buyers of up to \$15,000 for interest rate buy-downs for purchase of 45 units within the Wood Street Development District by households at or below 100% of AMI.

Staff will return at a later date with recommendations for additional funding to fully meet the Agency's production obligations in the Oakland Army Base Redevelopment Project Area.

ALTERNATIVE RECOMMENDATIONS

The Agency could decide to implement Condition 100b according to the previous recommendation by staff presented in the June 26, 2007 report to the CED Committee, whereby the Agency would purchase 36 units at the PCL and Zephyr Gate developments and resell these units at affordable sales prices to eligible homebuyers with incomes at or below 100% of AMI. The cost to subsidize the difference between the market prices and the affordable sales prices for this initial 36 units would be \$10,350,000 (\$287,500 per unit).

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends approval of the following Redevelopment Agency Resolutions:

A Resolution authorizing the purchase of an approximately 2.52 acre parcel located adjacent to the Frontage Road between 11th Street and 14th Street from BUILD West Oakland, LLC for its fair market value, allocating up to \$5,050,000 for its purchase, and authorizing a Request for Proposals for development of an affordable housing project on the site.

A Resolution allocating up to \$6,300,000 for first-time homebuyer down payment assistance loans and interest rate buy-down forgivable loans for purchase of units within the Wood Street Development District.

Respectfully submitted,



CLAUDIA CAPPIO

**Development Director, Community and
Economic Development Agency**

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

Marge Gladman, Manager, Housing
Development

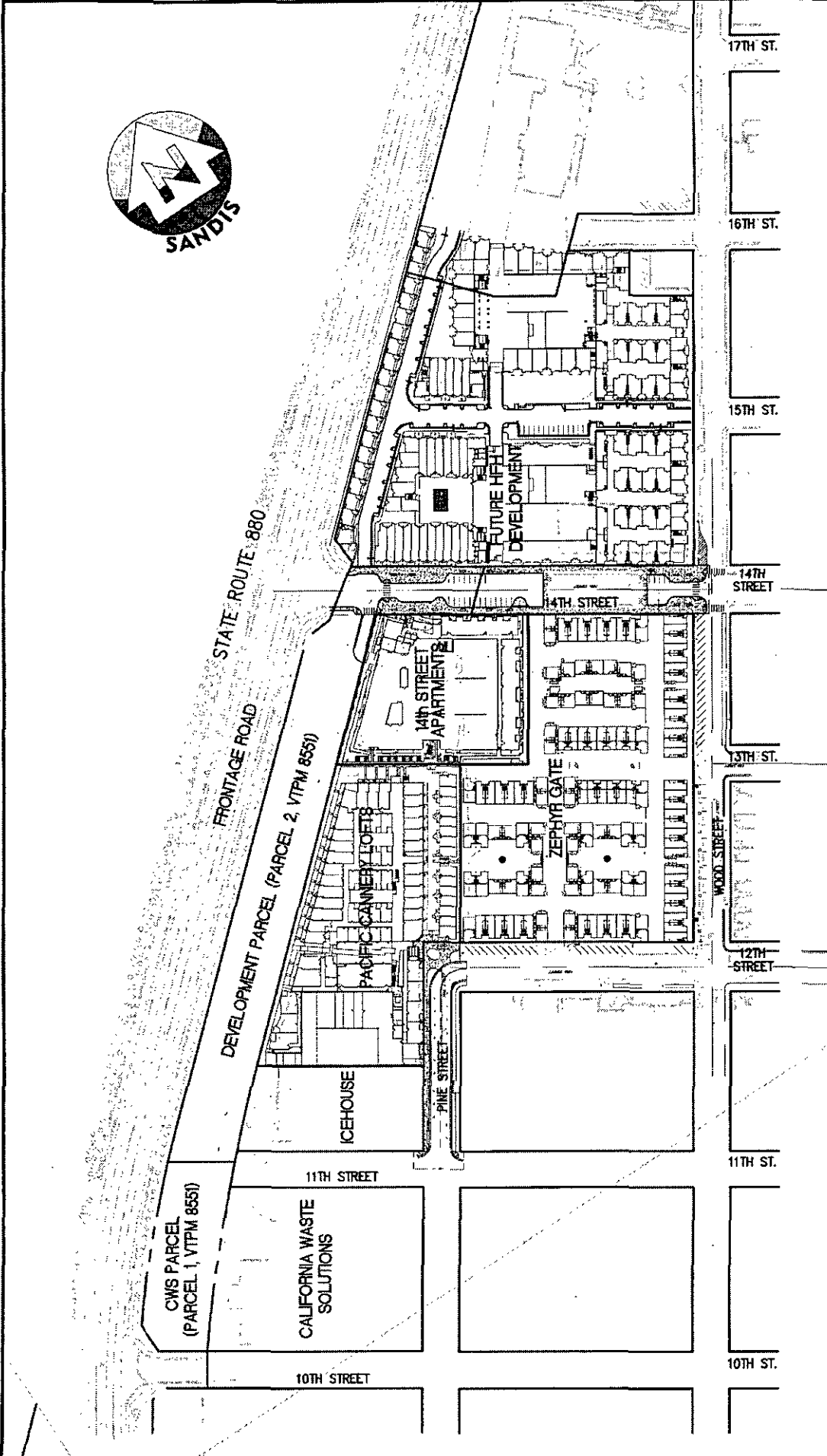
Prepared by:
Diana Downton, Housing Development
Coordinator

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



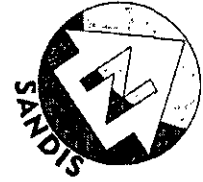
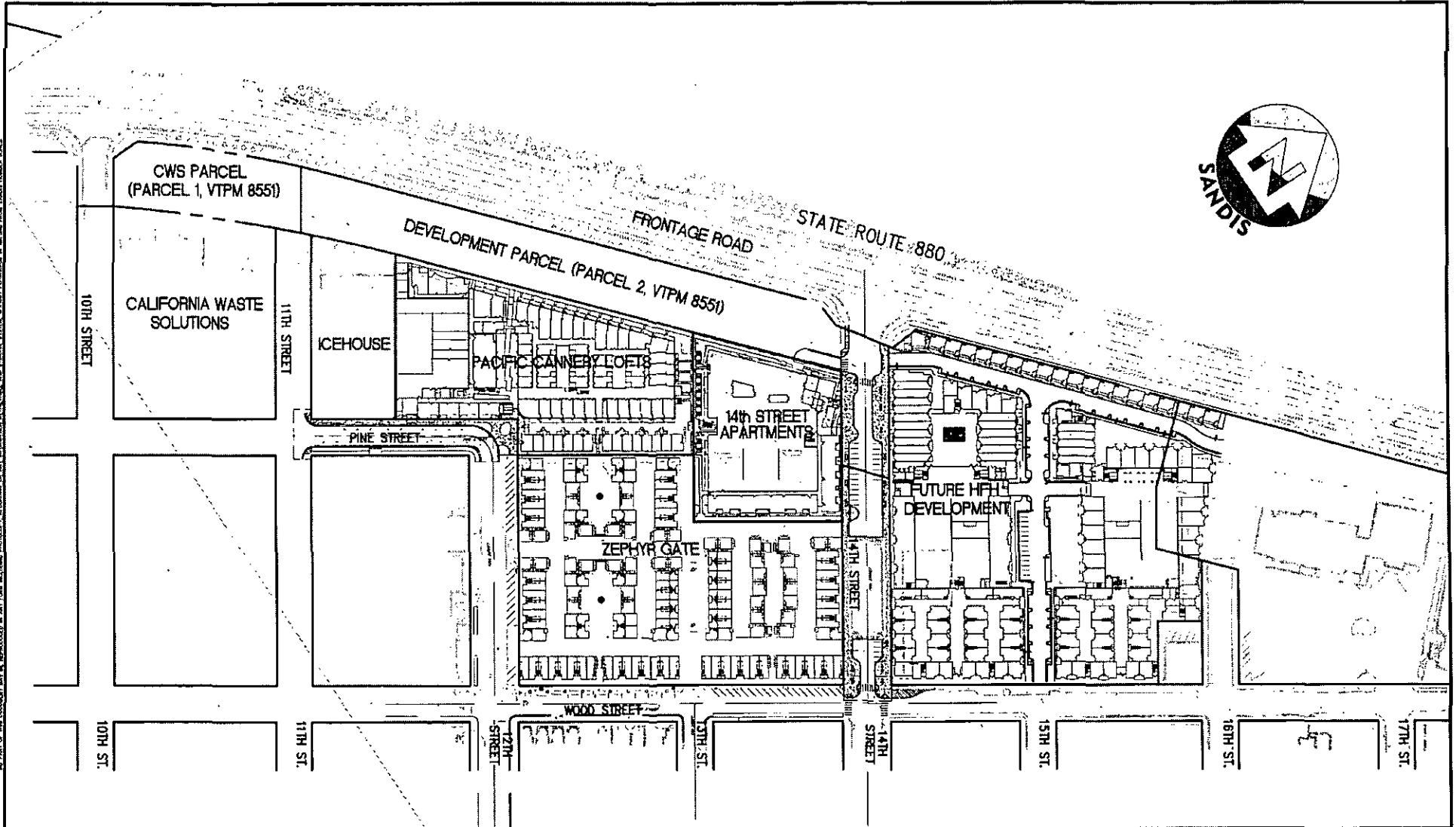
AGENCY ADMINISTRATOR

ATTACHMENT "A"



SANDIS CIVIL ENGINEERS ARCHITECTS PLANNERS 1710 E. MOUNTAIN VIEW, SUITE 200, GARDEN GROVE, CA 92640 714.941.1111		ROSEVILLE - GARDEN GROVE	WOOD STREET ZONING DISTRICT: South of the Train Station	SHEET 1 OF 1
DATE: 08-14-07 SCALE: 1" = 100' DRAWN BY: [blank] APPROVED BY: [blank] TITLED: [blank]				

ATTACHMENT "A"



SANDIS CIVIL ENGINEERS
 SURVEYORS
 PLANNERS
 1771 S. UNIVERSITY AVENUE, SUITE 100, DENVER, COLORADO 80202 | P: 303.733.8800 | F: 303.733.8801 | WWW.SANDIS.COM

MOUNTAIN VIEW ROSEVILLE DAKLARG

DATE:	08-14-07
SCALE:	1" = 100'
DRAWN BY:	MAX
APPROVED BY:	MAX
DRAWING NO.:	

**Wood Street Zoning District:
 South of the Train Station**

SITE CONTEXT

SHEET
1
 OF SHEETS

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OAKLAND

2007 AUG 30 PM 8:02

APPROVED AS TO FORM AND LEGALITY:

Agency Counsel

REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

A RESOLUTION AUTHORIZING THE PURCHASE OF AN APPROXIMATELY 2.52 ACRE PARCEL LOCATED ADJACENT TO THE FRONTAGE ROAD BETWEEN 11TH STREET AND 14TH STREET FROM BUILD WEST OAKLAND, LLC, FOR ITS FAIR MARKET VALUE, ALLOCATING UP TO \$5,050,000 FOR ITS PURCHASE, AND AUTHORIZING A REQUEST FOR PROPOSALS FOR DEVELOPMENT OF AN AFFORDABLE HOUSING PROJECT ON THE SITE

WHEREAS, redevelopment law requires that at least 15% of newly constructed units in the Oakland Army Base Redevelopment Project Area over each 10-year period be affordable to moderate, low, and very low-income households for a minimum of 45 years for ownership units and 55 years for rental units; and

WHEREAS, the Agency is estimated to need to provide approximately 141 affordable units to fulfill the redevelopment law affordable housing production requirement for the Wood Street Development District in the Oakland Army Base Redevelopment Area; and

WHEREAS, BUILD West Oakland, LLC ("BUILD") owns a vacant parcel of land located adjacent to the Frontage Road between 11th Street and 14th Street, known as Vesting Tentative Parcel Map 8551, Parcel 2 (the "Site", Attachment A); and

WHEREAS, the Site is entitled for 60 units; and

WHEREAS, BUILD has offered to sell the Site to the Redevelopment Agency for \$5,000,000; and

WHEREAS, closing costs of up to \$50,000 are estimated for the purchase; and

WHEREAS, the City of Oakland's Consolidated Plan for Housing and Community Development indicates that there is a need for affordable housing, and has identified this activity as a priority; and

WHEREAS, the City of Oakland, as the Lead Agency for purposes of environmental review under the California Environmental Quality Act of 1970 ("CEQA"), has prepared an Environmental Impact Report for the Wood Street Project (the "EIR"), which covers the Site, analyzing the significant environmental effects and mitigation measures in accordance with the California Environmental Quality Act, Public Resources Code § 21000, et seq.; and

WHEREAS, the City Council in accordance with CEQA Guidelines § 15090 certified on May 17, 2005 that the Final EIR has been completed in compliance with CEQA and the Guidelines for Implementation of the California Environmental Quality Act (14 CCR sections 15000, et seq.); and

WHEREAS, the Agency, as a "Responsible Agency" under CEQA has independently reviewed and considered the environmental effects of the Site as shown in the EIR and other information in the record; and

WHEREAS, 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

WHEREAS, the purchase of the Site will improve the supply of low and moderate income housing available in the City of Oakland, is an eligible use of the Agency's Low and Moderate Income Housing Fund under California Health and Safety Code Sections 33334.2 and 33334.3, and will benefit the redevelopment project areas in the City of Oakland by providing affordable housing opportunities within the community that will enhance the economic viability and redevelopment potential of the project areas; and

WHEREAS, funds are available from the Agency's 2006 Affordable Housing Set-Aside Bond Fund to purchase the Site; now, therefore, be it

RESOLVED: That the Redevelopment Agency hereby authorizes the Agency to purchase the Site for its fair market value, up to a maximum of \$5,000,000; and be it

FURTHER RESOLVED: That the Redevelopment Agency hereby allocates up to \$50,000 to pay closing costs related to the purchase; and be it

FURTHER RESOLVED: That the purchase of the Site will be contingent on satisfactory review and approval of the purchase price, including a formal appraisal of the Site, and other due diligence items by the Agency Administrator or his or her designee; and be it

FURTHER RESOLVED: That the purchase of the Site shall be contingent on and subject to such other appropriate terms and conditions as the Agency Administrator or his or her designee may establish; and be it

FURTHER RESOLVED: That up to \$5,050,000 is hereby allocated from the 2006 Affordable Housing Set-Aside Bond Fund (9584), Housing Development

Organization (88929), 2006 Housing Bond project (L290410), Coliseum Program (SC12), to purchase the Site; and be it

FURTHER RESOLVED: That a Request for Proposals (the "RFP") shall be issued seeking a developer to acquire the Site from the Agency and develop it as affordable housing; and be it

FURTHER RESOLVED: That all legal 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 finds and determines on the basis of substantial evidence in the record that the EIR fully analyzes the potential environmental effects of the Projects and incorporates mitigation measures to substantially lessen or avoid any potentially significant impacts in accordance with CEQA; and that none of the circumstances necessitating preparation of additional CEQA review as specified in CEQA and the CEQA Guidelines, including without limitation Public Resources Code Section 21166 and CEQA Guidelines Section 15162, are present in that (1) there are no substantial changes proposed in the Site or the circumstances under which the projects are undertaken that would require major revisions of the EIR due to the involvement of new environmental effects or a substantial increase in the severity of previously identified significant effects, and (2) there is no "new information of substantial importance" as described in CEQA Guidelines Section 15162(a)(3); and be it

FURTHER RESOLVED: That the Agency hereby appoints the Agency Administrator and his or her designee as agent of the Agency to conduct negotiations, execute documents, issue an RFP, and take any other action with respect to the purchase of the Site consistent with this Resolution and its basic purpose.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2007

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND
CHAIRPERSON DE LA FUENTE

NOES-

ABSENT-


ABSTENTION-

ATTEST: _____
LaTonda Simmons
Secretary of the Redevelopment Agency
of the City of Oakland, California

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2007 AUG 30 PM 8:02

APPROVED AS TO FORM AND LEGALITY:


Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

A RESOLUTION ALLOCATING UP TO \$6,300,000 FOR FIRST-TIME HOMEBUYER DOWN PAYMENT ASSISTANCE LOANS AND INTEREST RATE BUY-DOWN FORGIVABLE LOANS FOR PURCHASE OF UNITS WITHIN THE WOOD STREET DEVELOPMENT DISTRICT

WHEREAS, a total of 289 market rate ownership units are under construction at the Zephyr Gate and Pacific Cannery Lofts developments in the Wood Street Development District; and

WHEREAS, the Agency would like to create affordable homeownership opportunities within the new market rate developments in the Wood Street Development District; and

WHEREAS, down payment assistance will assist first-time homebuyers at or below 100% of Area Median Income to purchase the market rate homes in the Zephyr Gate and Pacific Cannery Lofts developments; and

WHEREAS, the City of Oakland's Consolidated Plan for Housing and Community Development indicates that there is a need for affordable homeownership, and has identified this activity as a priority; and

WHEREAS, the down payment assistance loans will improve the supply of low and moderate income housing available in the City of Oakland, is an eligible use of the Agency's Low and Moderate Income Housing Fund under California Health and Safety Code Sections 33334.2 and 33334.3, and will benefit the redevelopment project areas in the City of Oakland by providing affordable housing opportunities within the community that will enhance the economic viability and redevelopment potential of the project areas; and

WHEREAS, funds are available from the Agency's 2006 Affordable Housing Set-Aside Bond Fund for the down payment assistance loans and interest rate buy-down forgivable loans; now, therefore, be it

RESOLVED: That the Redevelopment Agency hereby authorizes the allocation of up to \$6,300,000 for first-time homebuyer down payment assistance loans for 45 households at or below 100% of Area Median Income to purchase market rate units in the Wood Street Development District; and be it

FURTHER RESOLVED: That each loan will be for up to \$125,000 with deferred payments at an interest rate to be determined by the Agency Administrator, and will be due after 30-years or at sale or refinancing, whichever comes first; and be it

FURTHER RESOLVED: That the Agency will provide forgivable loans of up to \$15,000 to purchase interest rate buy-downs on first mortgages for buyers utilizing the down payment assistance; and be it

FURTHER RESOLVED: That up to \$6,300,000 is hereby allocated from the 2006 Affordable Housing Set-Aside Bond Fund (9584), Housing Development Organization (88929), 2006 Housing Bond project (L290410), Coliseum Program (SC12), for down payment assistance loans and interest rate buy-down forgivable loans for purchase of units in the Wood Street Development District; and be it

FURTHER RESOLVED: That all legal 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 and his or her designee as agent of the Agency to conduct negotiations, execute documents, and take any other action with respect to the down payment and interest rate buy-down forgivable loans assistance consistent with this Resolution and its basic purpose.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2007

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND
CHAIRPERSON DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LaTonda Simmons
Secretary of the Redevelopment Agency
of the City of Oakland, California