

  
CITY ATTORNEY'S OFFICE

## OAKLAND CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_ C.M.S.

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**RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO ENTER INTO AN UNSECURED PREDEVELOPMENT LOAN AGREEMENT WITH RESOURCES FOR COMMUNITY DEVELOPMENT OR THEIR AFFILIATED ENTITY OR ENTITIES IN AN AMOUNT NOT TO EXCEED \$2,000,000 TO COVER PROJECT DEVELOPMENT AND CARRYING AND MAINTENANCE COSTS ASSOCIATED WITH THE MAINTENANCE OF THE PROPERTY LOCATED AT 3823 – 3829 MARTIN LUTHER KING JR. WAY AND FUTURE DEVELOPMENT OF 77 UNITS OF AFFORDABLE HOUSING**

**WHEREAS**, the City of Oakland (the “City”) owns two contiguous parcels located at 3823-3829 Martin Luther King Jr. Way (the “City Parcels”), and Resources for Community Development, a 501c3 non-profit public benefit corporation (“RCD”), owns two contiguous neighboring parcels located at 3801-3807 Martin Luther King Jr. Way (the “RCD Parcels” and together with the City Parcels, the “Property”); and

**WHEREAS**, in response to a May 11, 2018, City issued Request for Proposals (“RFP”), RCD proposed to combine the RCD Parcels with the City Parcels to build a sixty-eight (68) unit affordable housing project at the Property to be commonly known as Longfellow Corner (the “Project”), which was subsequently increased to seventy-seven (77) units; and

**WHEREAS**, City Council Resolution No. 87468 C.M.S, authorized the City to enter an Exclusive Negotiation Agreement with RCD or its affiliate to initiate a period of environmental review and exclusive negotiations with respect to a Lease Disposition and Development Agreement (“LDDA”) for a maximum of eighteen-months, with the option to extend for a period of six-months; and

**WHEREAS**, on July 30, 2019, the City entered into an eighteen-month Exclusive Negotiation Agreement (the “ENA”) with Longfellow Corner, L.P., an affiliate of RCD (“Developer”), and on June 10, 2020, the City authorized a six-month administrative extension of the ENA; and

**WHEREAS**, pursuant to City Council Resolution No. 88435 C.M.S., adopted on December 15, 2020, the ENA was further extended to December 12, 2022, and to provide additional time for the Developer to continue the environmental investigations and negotiations with the City of the terms of the potential disposition; and

**WHEREAS**, RCD successfully applied for Site Acquisition funding totaling \$3,175,00 for acquiring vacant and underutilized land to developers who propose to serve extremely-low to low-income households pursuant to City Council Resolution No. 86814 C.M.S. adopted on June 29, 2017, authorizing the issuance of the first tranche of Measure KK housing bond funds in an amount not to exceed \$55 million, and purchased adjacent parcels located at 3801 – 3807 Martin Luther King Jr. Way in 2018 to complete assembly of parcels available for the Project’s Development; and

**WHEREAS**, in applications to the City Notices of Funding Availability (NOFA) for Affordable Housing in 2019 and 2022, the Project has been awarded total development loan funding of \$11,264,000 per City Council Resolution No. 87994 C.M.S., approved on January 21, 2020 and Resolution No. 89241 C.M.S., approved on June 7, 2022;

**WHEREAS**, the development loan funding was available from the Local Housing Trust Fund, from the Low and Moderate Income Housing Asset Fund (2830), the Affordable Housing Trust Fund (1870), (including Affordable Housing Impact Fees, Jobs/Housing Impact Fees, and Boomerang Funds); and

**WHEREAS**, RCD has successfully secured other sources of state funding for the Project and negotiated a Remedial Action Workplan with the City and the State Department of Toxic Substances Control (“DTSC”), and is working with the City to negotiate a Disposition and Development Agreement for which authorization will be sought later in the fall of 2022; and

**WHEREAS**, the City Parcels have been subject to substantial trespassing, illegal and dangerous activities, and hazardous materials contamination, and the City is concurrently pursuing authority to enter into a license agreement with RCD or affiliated entity to maintain the City Parcels until construction can commence; and

**WHEREAS**, it will be beneficial to the Project to receive predevelopment loan funds in the amount of \$2,000,000, so that RCD or its affiliate will have working capital to undertake predevelopment activities through the receipt of building permits, as well as for site maintenance and security until construction can commence; and

**WHEREAS**, sufficient funding is available to the City from the Affordable Housing Trust Fund (Fund 1870 – Affordable Housing Impact Fees) to provide the requested predevelopment loan; and

**WHEREAS**, RCD does not currently hold an interest in the City Parcels, and it is therefore not advisable to secure the predevelopment loans at this time in the interests of expediency; and

**WHEREAS,** it is anticipated that the predevelopment loans will be consolidated with the loans for development of the Project on the City Parcels when the development loan is closed, and the City's loan interest will be secured on the Property at that time; and

**WHEREAS,** upon review of the City of Oakland Planning Bureau and as of September 11, 2019, the Longfellow Corner Project received a categorical exemption under CEQA as an infill development {Sec. 15332} and a project consistent with a community plan, general plan or zoning {Sec. 15183(f)}; and now therefore be it

**RESOLVED:** That the City Council hereby authorizes the City Administrator to provide an unsecured predevelopment loan in the amount not to exceed \$2,000,000 to RCD, or to an affiliated entity or entities approved by the City Administrator, to support predevelopment work associated with the development of 77 units of affordable housing at the Project, as well as site maintenance and security costs of the Property; and be it

**FURTHER RESOLVED:** That the funding for the predevelopment loan shall be allocated from the City's Affordable Housing Trust Fund – Affordable Housing Impact Fees (City Fund 1870, Org 89929, Project TBD); and be it

**FURTHER RESOLVED:** That the predevelopment loan shall be for a term of 24 months, with an interest rate of 0%, with the balance due at the end of the term, or on such other repayment terms and schedule as the City Administrator determines are in the best interests of the City and the Project, with an option for a 12 month extension upon mutual consent of both RCD and City; and be it

**FURTHER RESOLVED:** That the City Administrator is hereby authorized to negotiate and execute loan documents for the predevelopment loan, administer the loan, extend or modify the repayment terms, and take whatever other action is necessary with respect to the loan and the Project consistent with this Resolution and its basic purposes; and be it

**FURTHER RESOLVED,** That the agreements shall be reviewed and approved by the Office of the City Attorney for form and legality; and be it

**FURTHER RESOLVED:** That the City Council finds and determines that the proposed funding transactions would not result in any significant effect that has not already been analyzed in the Project's CEQA clearance, and there will be no significant environmental effects caused by the funding transactions that have not already been analyzed.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FIFE, GALLO, KALB, KAPLAN, REID, TAYLOR, THAO AND  
PRESIDENT FORTUNATO BAS

NOES –

ABSENT –

ABSTENTION –

ATTEST: \_\_\_\_\_  
ASHA REED  
City Clerk and Clerk of the Council of the  
City of Oakland, California