

FILED
OFFICE OF THE CITY CLERK
OAKLAND

21 JUL 27 PM 2:03

As Amended by Oakland City Council
at the March 16, 2021, meeting

APPROVED AS TO FORM AND LEGALITY


CITY ATTORNEY'S OFFICE

OAKLAND CITY COUNCIL

RESOLUTION NO. 88555 C.M.S.

A RESOLUTION AUTHORIZING A CONSOLIDATED AFFORDABLE HOUSING DEVELOPMENT LOAN TO MARK TWAIN PARTNERS, LP, AN AFFILIATE OF OAKLAND & THE WORLD ENTERPRISES, INC., AND MEMAR PROPERTIES, INC., IN AN AMOUNT NOT TO EXCEED \$4,826,000 FOR THE MARK TWAIN HOMES AFFORDABLE HOUSING ACQUISITION AND REHABILITATION PROJECT AND MAKING CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS

WHEREAS, on August 9, 2019, the City of Oakland issued a Notice of Funding Availability (“NOFA”) soliciting applications for funding for acquisition and new construction of affordable housing development projects; and

WHEREAS, Oakland & the World Enterprises, Inc. (the “Developer”) and Memar Properties, Inc. (the “Co-Developer”) jointly submitted a proposal in response to the NOFA to acquire and rehabilitate an existing housing development located at 3525 Lyon Street to consist of one-hundred and nine (109) units, to be commonly known as the “Mark Twain Homes” (the “Project”); and

WHEREAS, through their respective affiliates, Developer and Co-Developer formed Mark Twain Partners, LP (the “Partnership”), to serve as the owner of the Project; and

WHEREAS, the Project met threshold requirements pursuant to the NOFA but could not be recommended for funding due to the Project not having obtained California Environmental Quality Act (“CEQA”) clearance at the time of recommending award of funds to the City Council; and

WHEREAS, the City of Oakland, through its former Redevelopment Agency, authorized two loans in 1994 in the amounts of \$250,000 and \$400,000 for the Project that are connected to a Regulatory Agreement, dated May 31, 1996, and has a vested interest in ensuring the Project’s continued success; and

WHEREAS, the Project has experienced numerous transfers in ownership and is in a deteriorated state and in need of significant capital repairs; and, as such, it is in the City’s interest to secure a stable long-term owner for the Project; and

WHEREAS, the Partnership's proposed acquisition and rehabilitation of the Project will preserve and deepen the Project's affordability, and extend the affordability term; and

WHEREAS, the proposed rehabilitation of the Project will also provide permanent supportive housing to formerly homeless residents, and will include robust resident services; and

WHEREAS, in 2018, the Project received an over-the-counter Site Acquisition loan in the amount of \$174,000, and in 2019 received a \$50,000 over-the-counter Predevelopment loan; and

WHEREAS, the Project was awarded an additional \$300,000 in Predevelopment loan funding from Affordable Housing Trust Fund (City Fund 1870, Org 89929, Project 1000393, Task 499111, Award 20354), pursuant to City Council Resolution No. 88039 C.M.S. dated February 18, 2020, bringing total predevelopment funding awarded to \$350,000; and

WHEREAS, the Project's NOFA application contemplated total new project funding of \$5,000,000, including \$4,776,000 in new NOFA funds, the 2019 predevelopment loan of \$50,000, and the 2019 acquisition loan commitment of \$174,000; and

WHEREAS, on January 7, 2021, the Project received Regular Design Review Approval from the Bureau of Planning; and

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

WHEREAS, the Project is consistent with the City's Project Development Guidelines, and the developers meet the City's Threshold Developer Criteria; and

WHEREAS, funds for affordable housing development in the amount of ~~\$4,824,000~~ \$4,826,000 are available from City of Oakland Measure KK Second Tranche (Fund 5333, Org 89929, Project TBD); and

WHEREAS, the City is the Lead Agency for the Project for purposes of environmental review under CEQA; now, therefore, be it

RESOLVED: That the City Council hereby authorizes the City Administrator or designee to provide a consolidated affordable housing development loan in a total amount not to exceed \$4,776,000, to the Partnership, an affiliate of the Developer and Co-Developer, which loan shall be used for development of the Project; and be it

FURTHER RESOLVED: That the funding for the loan shall be allocated from the City of Oakland Measure KK Second Tranche (Fund 5333), and that the prior predevelopment loan funds of \$350,000 be refunded to the Affordable Housing Trust Fund for use in future affordable housing projects; and be it

FURTHER RESOLVED: That the making of the loan shall be contingent on the availability of sufficient funds in the City of Oakland Measure KK Second Tranche (Fund 5333); and be it

FURTHER RESOLVED: That the loan shall be for a maximum term of fifty-five (55) years, with an interest rate to be determined by the City Administrator or designee in their discretion, with repayment to the City from surplus cash flow from 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 City Administrator or designee determines are in the best interests of the City and the Project; and be it

FURTHER RESOLVED: That as a condition of the loan, the City will require that appropriate restrictions on Project occupancy, rents and operations be recorded against Project improvements; and be it

FURTHER RESOLVED: That the loan shall be secured by a deed of trust on the Project land and/or improvements; and be it

FURTHER RESOLVED: That loan funds shall be reserved for a period of no more than twenty-four (24) months from the date of this resolution, and shall be subject to reprogramming at the end of this period unless the developer and or Partnership has secured commitments for full project funding or provided other assurances of adequate project funding that the City Administrator or designee deems sufficient within their discretion, within the reservation period; and be it

FURTHER RESOLVED: That the making of the loan shall be contingent on and subject to such other appropriate terms and conditions as the City Administrator or designee may establish; and be it

FURTHER RESOLVED: That the City hereby authorizes the City Administrator or designee, in their discretion, to subordinate the priority of any of the City's recorded interests in the Project property to a lien or encumbrance of another private or governmental entity providing financial assistance to the Project, if the City Administrator or designee determines that (1) an economically feasible alternative method of financing the Project on substantially comparable terms and conditions but without subordination is not reasonably available, (2) the City's investment in the Project in the event of default is reasonably protected, and (3) subordination is in the best interests of the City; and be it

FURTHER RESOLVED: That the City Council hereby approves funding awards to the Project in a total amount not to exceed \$4,826,000, with the City Administrator or designee authorized to make the specific allocations of those funds; and be it

FURTHER RESOLVED: That Section 15183.3 of the State CEQA Guidelines: Streamline for Urban Infill Projects; and Public Resources Code Section 21159.23: affordable low income housing; and be it

FURTHER RESOLVED: That the City Administrator or designee shall cause to be filed with the County of Alameda a Notice of Exemption for the Project as appropriate; and be it

FURTHER RESOLVED: That all loan documents shall be reviewed and approved by the City Attorney's Office for form and legality prior to execution; and be it

FURTHER RESOLVED: That the City hereby authorizes the City Administrator or designee to conduct negotiations, execute documents, administer the loan, extend or modify the repayment terms, and take any other action with respect to the loan, funding allocations, and the Project consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA,

MAR 16 2021

PASSED BY THE FOLLOWING VOTE:

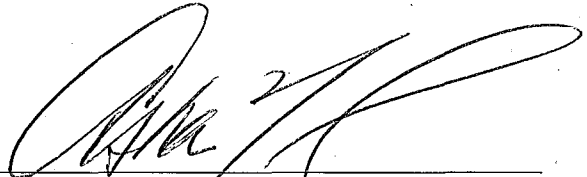
AYES - FIFE, GALLO, KALB, KAPLAN, REID, TAYLOR, THAO AND
PRESIDENT FORTUNATO BAS - 8

NOES - 0

ABSENT - 0

ABSTENTION - 0

ATTEST:



ASHA REED
City Clerk and Clerk of the Council of the
City of Oakland, California