

RESOLUTION NO. 17-

Resolution Of The City Council Of The City Of Emeryville Approving And Authorizing The City Manager To Commit To An Additional Development Loan In The Amount Of \$1,000,000 For A Total Loan Amount of \$4.5 Million Between The City Of Emeryville And EAH Inc., A California Nonprofit Public Benefit Corporation, For The Development Of Affordable Housing At 3706 San Pablo Avenue/1025 West Macarthur Boulevard, Emeryville, California

WHEREAS, on December 12, 2010, the Emeryville Redevelopment Agency (“Agency”) purchased the property at 3706 San Pablo Avenue, and on June 3, 2011 the Agency purchased the property at 1025 West MacArthur Boulevard (collectively hereinafter referred to as the “Site”) to facilitate development of the Site as affordable housing; and

WHEREAS, the Site was acquired by the Agency with funding from its Low and Moderate Income Housing Fund established pursuant to Health and Safety Code Section 33334.3; and

WHEREAS, effective February 1, 2012, the Agency was dissolved in accordance with Assembly Bill X1-26 (the “Dissolution Act”) and thus in anticipation of said dissolution on January 17, 2012, the City Council of the City adopted Resolution No. 12-12, thereby electing to serve as the Successor Agency to the Agency in order to wind down the affairs of the Agency and Resolution No. 12-15, thereby electing to retain the housing assets and functions of the Agency; and

WHEREAS, on March 6, 2012, the Successor Agency adopted Resolution No. SA04-12, thereby transferring the housing assets, including the Site, to the City as housing successor; and

WHEREAS, on April 10, 2012, the Emeryville Oversight Board adopted Resolution No. OB01-12, approving and ratifying the transfer of the housing assets, including the Site, from the Successor Agency to the City as housing successor; and

WHEREAS, on May 1, 2012, the City as housing successor, adopted Resolution No. 12-75, thereby accepting the housing assets, including the Site, from the Successor Agency; and

WHEREAS, on August 1, 2012, pursuant to Health and Safety Code Section 34176 (a)(2), the City as housing successor submitted its Housing Assets Transfer Form (“Form”) to the California Department of Finance, which housing assets included the Site, and thereafter, on August 31, 2012, the Department of Finance advised that it is not objecting to any of the assets listed on the Form and transferred to the City as housing successor, inclusive of the Site, and accordingly, the Site is a housing asset of the City as housing successor; and

WHEREAS, on September 4, 2012, the City Council approved a Request for Qualifications/Proposals (“RFQ/P”) that was distributed to potential developers for development of the Site as 100% affordable family housing; and

WHEREAS, on October 15, 2013, the City Council authorized the City Manager to negotiate an Exclusive Right to Negotiate Agreement (“ERN”) with EAH Inc., a California non-profit public benefit corporation (“EAH”) for development of the Site as an affordable housing project; and

WHEREAS, in accordance with the ERN, EAH prepared plans for development of the Site and submitted an application to the City for land use entitlements, and thereafter on January 22, 2015 the Planning Commission approved a conditional use permit and design review for the affordable housing project (UPDR 14-001); and

WHEREAS, on April 16, 2015 the City entered into a Ground Lease Disposition and Development Agreement (“DDA”) governing the terms under which the City will ground lease the Site to EAH for 55 years and EAH will develop an eight-seven (87) unit, affordable, multi-family residential rental development (the “Project”) on the Site; and

WHEREAS, on February 16, 2016 the City Council adopted Resolution No. 16-16 committing \$3,500,000 in loan funds to the Project; and

WHEREAS, due to increased construction activity in the San Francisco Bay Area, the Project’s construction costs have increased more than anticipated; and

WHEREAS, the Project requires an additional \$1,000,000 in loan funds, for a total loan amount of \$4,500,000 to make the project feasible; and

WHEREAS, there are sufficient funds in the Housing Asset Fund (Fund 298) and the Affordable Housing Impact Fee Fund (Fund 239) to provide the total loan amount; now, therefore, be it

RESOLVED, that the City Council hereby authorizes the City Manager or her designee to provide a commitment to an additional loan in an amount not to exceed \$1,000,000, for a total loan amount not to exceed \$4,500,000, to EAH, Inc., or to an affiliated entity approved by the City Manager or her designee, to be used for development of the Project; and be it further

RESOLVED, that the loan shall be for a maximum term of 75 years, with an interest rate of 3%, with repayment to the City from surplus cash flow from the Project during the term of the loan, with the balance due at the end of the term; 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 the loan funds shall be reserved no later than June 30, 2017 and shall be subject to reprogramming at the end of this period unless EAH, Inc. has secured commitments for full Project funding or provided other assurances of adequate Project funding that the City Manager or his or her designee deems sufficient within his or her discretion, within the reservation period; and be it further

RESOLVED, that the City Council of the City of Emeryville hereby approves the commitment of an additional \$1,000,000, for a total amount not to exceed \$4,500,000 in loan funds to EAH, Inc., or to an affiliated entity approved by the City Manager or his or her designee, to be used for development of 3706 San Pablo Avenue/1025 West MacArthur Boulevard, as evidenced by the Loan Commitment Letter attached hereto as Exhibit A, together with such further revisions as may be agreed to by the City Manager and City Attorney which do not materially increase the obligations of the City thereunder.

ADOPTED by the City Council of the City of Emeryville at a special meeting held Tuesday, January 17, 2017 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

MAYOR

APPROVED AS TO FORM:



ATTEST:

CITY CLERK

CITY ATTORNEY