



FILED
OFFICE OF THE CITY CLERK
OAKLAND

AGENDA REPORT

2018 NOV 20 PM 12:33

TO: Sabrina B. Landreth
City Administrator

FROM: Michele Byrd
Director, HCDD

SUBJECT: Wood Street – Affordable Housing
ENA

DATE: November 9, 2018

City Administrator Approval

Date:

[Handwritten signature]
11/20/18

11/20/18

RECOMMENDATION

Staff Recommends That City Council Adopt A Resolution Authorizing The City Administrator, Or Her Designee, To Enter Into An Exclusive Negotiating Agreement With MidPen Housing Corporation And Habitat For Humanity East Bay/Silicon Valley, Or Their Affiliated Entities, For The Negotiation Of A Lease Disposition And Development Agreement (“LDDA”) And Related Documents For Development Of Affordable Rental And Homeownership Housing At 1707 Wood Street (Between 18th And 20th Streets) In Oakland, Subject To The Completion Of A CEQA And NEPA Determination, If Applicable.

EXECUTIVE SUMMARY

On May 15, 2018, Housing and Community Development Department (“HCDD”) staff released a Request for Proposals (RFP) for affordable housing development on a City-owned site located at Wood Street between 18th Street and 20th Street, with preference points for developments including an affordable homeownership component. Two proposals were received by the City on July 23, 2018, one from a joint venture between with MidPen Housing Corporation (“MidPen”) and Habitat for Humanity East Bay/Silicon Valley (“Habitat”), and another from a joint venture between Community Housing Development Corporation (“CHDC”) and Bay Capital & Development Company, LLC (“BCDC”). The proposals were subsequently reviewed and scored by a panel of three City staff members (from HCDD and the Bureau of Planning and Building) and two community members from the Prescott neighborhood in West Oakland. The panel also conducted a series of two interviews with each set of applicants in September and October 2018.

At the end of the review process, reviewers were unanimous that the MidPen/Habitat proposal more clearly meets the goals of the RFP, and is better poised to deliver a mix of affordable rental and ownership units in a more expeditious manner. The proposed Exclusive Negotiating Agreement (“ENA”) with MidPen and Habitat (together, the “Developers”) is intended to provide time to (1) evaluate the feasibility of the Developers’ proposed project, (2) identify and secure sources of project financing, (3) negotiate the terms of a Lease Disposition and Development Agreement (“LDDA”), Ground Lease and other documents related to development of the property in the manner described in this report, and (4) conduct California Environmental Quality Act (“CEQA”) review and approval. The proposed exclusive negotiating period is for a term of

Item: _____
CED Committee
December 4, 2018

eighteen months, with one optional six month administrative extension to allow for the completion of all required submittals. Staff will return to the City Council for further authorization to execute any LDDA, Ground Lease or related documents.

BACKGROUND / LEGISLATIVE HISTORY

Wood Street Conditions of Approval

The Wood Street Development District (the "District") and its associated Conditions of Approval ("COA") were approved by the City Council on May 17, 2005. Condition 100.b. of the COA addresses options the Agency may exercise to create affordable homeownership units within the District. Approximately 1,600 units are entitled in the District, of which approximately 1,150 are planned to be developed as ownership units and 450 are planned to be rental units. 99 of the rental units are affordable rental units developed by BRIDGE Housing at the Ironhorse development. Pursuant to Condition 100.b., of the COA, at least 146 long-term affordable ownership units are proposed; however, there is some flexibility in this number as it is unlikely that the District will be developed to maximum capacity.

2007 Staff Reports Regarding Affordable Unit Options

In 2007, staff presented a series of reports related to options for meeting the additional affordable housing needs within the District. On June 26, 2007 staff presented a report to the CED Committee to implement Condition 100.b. of the COA, whereby the Redevelopment Agency (the "Agency") would have exercised its option under the COA to purchase 36 units at market rate at both the Zephyr Gate and Pacific Cannery Lofts ("PCL"), projects currently under construction, and then sell the units at affordable sales prices to households earning up to 100% of Area Median Income ("AMI"). The total cost to the Agency to subsidize these 36 units was estimated at \$10,350,000, a staggering \$287,500 per unit. The total subsidy for the 146 subsidized homeownership units set forth in Condition 100.b. in the Wood Street project was estimated at \$42 million, not including the \$8.4 million already provided to the 99-unit 14th Street Apartments project through the City's Notice of Funding Availability ("NOFA") process.

The CED Committee was concerned about the high cost, and directed staff to return with additional options for creating more cost-effective affordable housing opportunities in the Wood Street District. Following the June 26, 2007 meeting, staff met with the Wood Street developers and with community representatives from the Train Station Coalition and returned to the CED Committee on September 25, 2007 with alternative recommendations, including that the Agency purchase a parcel in the Wood Street District (VTPM 8551, Parcel 2) for its fair market value up to \$5,000,000 and hold a developer RFP process to build approximately 60 units of affordable housing on the site; create 45 first time homebuyer loans of \$125,000 each for buyers of units at Wood Street with incomes at or below 100% of AMI; and negotiate with Holliday Development to build future phases at higher densities and setting aside those additional units as affordable ownership units, thus creating an additional 45 long-term affordable units.

The total cost for these recommendations was estimated to be approximately \$25 to \$30 million, resulting in 150 affordable housing opportunities, including 105 long-term affordable units and 45 homebuyer-based loans at an average cost of \$167,000 to \$200,000 per unit (depending on whether ownership or rental housing were developed).

The 105 proposed long-term affordable units would not have covered the Agency's entire affordable housing obligation, and the first-time homebuyer loans would not have counted toward redevelopment law affordable housing production requirements because they did not provide long-term affordability. Staff therefore recommended counting affordable units throughout the City which are currently not counting toward any other redevelopment production requirement on a two-for-one basis to meet the obligations for the Oakland Army Base Redevelopment Area, as permitted by redevelopment law.

The CED Committee requested staff return to Committee to address questions and concerns regarding the appraised fair market value of the parcel, estimated costs of developing the affordable housing, and options for Holliday Development construction of affordable units, options for discouraging flipping among first time homebuyer recipients, and a possible Oakland resident preference for units.

In the fall of 2007, staff continued meeting with the developers and Train Station Coalition representatives and received an appraisal for VTPM 8551, Parcel 2. New community concerns were subsequently raised regarding air quality and the purchase of Parcel 2 due to its close proximity to the freeway. In addition, Holliday Development was not comfortable entering into a binding agreement on future developments at this time, due to the early planning stages for those sites and cost unknowns.

Due to these concerns, another parcel, VTPM 8555, Parcel 1, was identified as a preferred site for development of affordable homeownership units. Only part of this parcel is adjacent to the freeway, and it is located directly across from Raimondi Park, seen as a more desirable location for family housing. This also gives the Agency more control and certainty about the affordable housing that will eventually be provided.

VTPM 8551, Parcel 2 was appraised at \$4,400,000, and was entitled for 60 units. BUILD West Oakland, LLC initially offered the parcel for \$5,000,000 as per the COA, but was willing to sell it to the Agency for its appraised value. VTPM 8555, Parcel 1 is appraised at \$8,430,000. It is entitled for 170 units, but design renderings indicate that 140 family units could more realistically be built on the site. Holliday Development, the owner of the site, was willing to sell this parcel to the Agency for \$8,000,000, discounted \$430,000 below its appraised value. The land price for VTPM 8551, Parcel 2 is therefore \$73,333 per unit (assuming 60 units) compared to \$57,142 per unit for VTPM 8555, Parcel 1 (assuming 140 units). The staff recommendations also included provisions for approximately 40 first-time homebuyer loans.

Table 1 below summarizes the three proposals made for Wood Street in 2007, and their relative costs and units provided.

Table 1: 2007 Wood Street Proposal Comparisons & Current Proposal

	Total Units	Maximum Estimated Total Subsidy	Maximum Estimated Subsidy Per Unit	Units Meeting Redevelopment Production Req.
<i>6/26/2007 Committee Report</i>				
1) <u>Condition 100.b.</u> : Agency purchases market rate units and resells at affordable sales prices, subsidizing the difference in price.	146	\$41,975,000	\$287,500	146
Total/Average Per Unit	146	\$41,975,000	\$287,500	146
<i>9/27/07 Committee Report</i>				
1) <u>On-Site Homeownership Development</u> : Purchase VTPM 8551, Parcel 2 and hold an RFP process to build at least 60 affordable ownership units.	60	\$15,000,000	\$250,000	60
2) <u>Homebuyer Subsidies</u> : 45 first-time homebuyer loans of \$125K, plus \$15K rate buydown forgivable loan.	45	\$6,300,000	\$140,000	0
3) <u>Future Phases. Build Higher Density</u> : Negotiate with Holliday Development to build at higher density, with additional units to be affordable. Subsidize incremental cost for additional units.	45	\$4,500,000	Unknown at this time (estimate 100,000 per unit)	45
Total/Average Per Unit	150	\$25,800,000	\$172,000	105
<i>11/27/2007 Committee Report</i>				
1) <u>On-Site Homeownership Development</u> : Purchase VTPM 8555, Parcel 1 and hold an RFP process to build approximately 140 affordable ownership units.	140	\$30,400,000	\$217,143	140
2) <u>Homebuyer Subsidies</u> : 45 first-time homebuyer loans of \$125K, plus \$15K rate buydown forgivable loan.	40	\$5,600,000	\$140,000	0
Total/Average Per Unit	180	\$36,000,000	\$200,000	140
Current Committee Report: ENA to develop approximately 170 affordable housing units (half ownership, half rental) on City-owned VTPM 8555, Parcel 1	170	\$17,500,000	\$102,941	169

The first time homebuyer loans funded in late 2007 proved to be very popular – 38 first time homebuyer loans (all but one for \$125,000 each) were awarded between December 2008 and October 2010, allowing households earning up to 100% of Area Median Income (AMI). However, these are not long-term affordable units – the loans must be repaid upon ownership change, but recipients have no restrictions on re-sale. By the end of 2010, loans totaling \$4,725,000 had been awarded to first-time homebuyers, allowing them to purchase homes in the District. The remaining \$875,000 in funding for additional first-time homebuyer loans was unfortunately disallowed by the State Department of Finance (DOF) during the dissolution of Redevelopment Agencies state-wide in 2012.

Purchase of Site and Delay In Project Development

The City purchased the Holliday site in December 2007. It is a 3.12-acre site located between Wood Street and the Frontage Road between 18th Street and 20th Street across from Raimondi Park (Parcels: 18-310-7-7 and 18-310-14). Due to easements, the net developable acreage is approximately 1.9 acres. The site is currently vacant, and will require soil remediation. The site has recently been the subject of illicit soil dumping, which, along with the City's housing

affordability crisis, underscores the need to spur development of affordable housing on-site as soon as possible.

Unfortunately, the City's purchase of the site came immediately before the long recession that began in 2008, which made financing and developing affordable ownership housing extraordinarily difficult. The loss of Redevelopment funding in 2012 and staff change-over led to further delays in issuing an RFP for the site.

Improving financial conditions and the availability of new City Bond Measure KK, County Bond Measure A1 funds, additional state funding, and impact fees for affordable housing have provided additional potential resources that make development of the parcel more feasible. In addition, hiring new staff increased staff's capacity to seek proposals for development for this and other City-owned sites to be used for affordable housing.

Current Proposal

As described in detail below, the current proposal is for a joint development between MidPen and Habitat, for 170 units of housing. Habitat, with additional assistance from general contractor J.H. Fitzmaurice, would construct 85 ownership units at affordability levels ranging from 80%-120% of AMI. MidPen, also working with J.H. Fitzmaurice, would construct and manage 85 affordable rental units (including one unrestricted manager's unit), ranging from 20% – 80% of AMI. Currently, the total estimated assistance for the 170 units ranges from \$16 million to \$17.5 million including the \$8 million purchase price for the land. Since the proposal includes some affordable rental units, the subsidy from the City currently is estimated to be approximately \$94,000 to \$103,000 per unit which reflects the greater leveraging power affordable rental units can achieve, additional leveraging sources available currently that were not available in 2008, and some savings from Habitat owner sweat equity and volunteer labor.

ANALYSIS AND POLICY ALTERNATIVES

Redevelopment Law Affordable Housing Production Requirements

The site is part of the former Oakland Army Base Redevelopment Project Area. Although the State dissolved redevelopment funding in 2012, State redevelopment law still 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 AMI). 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 Oakland Army Base Redevelopment Area, the required units for very-low income households were provided by the 99-unit Ironhorse rental development, located at 14th and Wood Streets, and completed in 2009. But the City must still ensure an additional estimated 141 moderate income affordable units will be provided, though that number is likely to decrease if the District is not built out to maximum capacity unit-wise, which is likely.

RFP Release and Review Process

On May 15, 2018, HCDD staff issued an RFP for development of the site, with scoring criteria that focuses heavily on developer experience and with a point preference for projects involving an affordable homeownership component, and affordable units of various stripes.

On Wednesday, May 23, 2018, staff conducted a tour of the site for potential applicants. On Thursday, May 24, 2018, staff held a mandatory pre-submittal conference for potential applicants to review RFP requirements and scoring, and to ask questions regarding the RFP process. Staff from the City's Contract Compliance Division also attended the meeting to discuss local contracting and hiring programs, and preference points for local participation. Ten participants from seven organizations attended the bidders conference.

Proposals were due on July 23, 2018. The City received two proposals:

- Joint Venture between MidPen and Habitat for a rental/ownership development with 85 units of affordable rental housing (including one unrestricted manager's unit) to be developed and managed by MidPen and 85 affordable homeownership units to be developed by Habitat
- Joint Venture between CHDC and BCDC to develop 140 units of affordable homeownership housing

Habitat is an independent affiliate of Habitat for Humanity International, serving Alameda, Contra Costa and Santa Clara Counties. Its mission is to create successful homeownership opportunities for families with limited incomes by building sustainable housing and revitalizing neighborhoods. Since 1986, Habitat has served 8,000 residents by providing affordable homeownership opportunities, including over 100 homes within Oakland in the past 15 years. Their current pipeline includes 50 homes in construction in Fremont and Martinez, and 71 homes in predevelopment. Habitat's program involves working with potential homebuyers prior to purchase on financial counseling and fulfilling a "sweat equity" requirement.

MidPen has development and property management arms that have rehabilitated and constructed and/or managed over 8,000 units of affordable housing since its founding in 1970, including 550 units in Alameda County. MidPen also has another 2,500+ units and is currently preparing to commence construction on the first 211 units of affordable housing at City-owned parcels at Brooklyn Basin, which will eventually include 465 units of affordable housing. MidPen has experience in developing and managing properties for families, seniors and special needs populations.

CHDC has a 37 year tenure in developing affordable homeownership and rental housing throughout the greater Bay Area, and managing its rental properties. Since 1981, CHDC has developed or rehabilitated more than 400 units of affordable family and senior rental housing, including several properties in Oakland. CHDC has also developed more than 170 affordable homeownership units in Richmond and surrounding communities, and is actively engaged in homebuyer pre- and post-purchase counseling.

BCDC has experience in financing, obtaining financing and entitlements, and developing mixed-used developments in Berkeley and Oakland, including property near historic Fourth Street in Berkeley, and other developments in Oakland and El Cerrito.

A synopsis of the proposals received is included as **Attachment A**.

An evaluation panel, comprised of three City staff members and two neighborhood residents actively involved in the Prescott neighborhood, met through August to October to review and score the proposals, and interview the proposal teams.

The panel consisted of the following members:

- Christia Katz Mulvey, Housing Development Coordinator IV, Housing Development Services:

Ms. Katz Mulvey has been with the City of Oakland for over 17 years and helped coordinate the development and rehabilitation of numerous affordable housing projects. She holds a master's degree in city and regional planning from UC Berkeley and resides in District 3 in Downtown Oakland.

- Brian Warwick, Housing Development Coordinator I, Housing Development Services

Mr. Warwick began with the City of Oakland in 2018 after working for East Bay Asian Local Development Corporation (EBALDC) as Compliance Manager. He holds a master's degree in urban planning from UCLA and resides in Oakland.

- Maurice Brenyah-Addow, Planner III, Planning and Zoning

Mr. Brenyah-Addow has been with the City for more than 10 years and is the planner for the District. He holds a degree in architecture from UC Berkeley.

- Marcus Johnson, Community Member

Mr. Johnson is a lifelong resident of the Prescott neighborhood. He is deeply involved in the community through his participation with the Prescott Neighborhood Council and organizations such as Rebuilding Together Oakland and the West Oakland Project Area Committee (WOPAC). Through his engagement with previous development projects, he is familiar with community outreach and local hire processes. He previously served on the City of Oakland Blue Ribbon Commission on Inclusionary Zoning. He was referred by the office of Oakland City Council Member Lynette Gibson McElhaney, who represents District 3.

- John Sander, Community Member

Mr. Sander has been a resident of the Prescott neighborhood for more than nine years. He is active in community events and is thoroughly familiar with the status of ongoing developments as well as the physical and social characteristics of the neighborhood. He is passionate about seeing the Wood Street Zoning District fully developed. He is Board President at Pacific Cannery Lofts and spearheaded and leads the ad hoc neighborhood group, Wood Street Community Action Group. He was referred by the office of Oakland City Council Member Lynette Gibson McElhaney, who represents District 3.

Scoring (and Scoring Limitations)

The RFP scoring was based on HCDD's scoresheet for its competitive NOFA. Since a single location is being considered, location-specific scoring criteria such as proximity to transit were eliminated from the scoresheet. Preference points for homeownership were added, in accordance with the stated preference of the community. The scoresheet prioritizes proposals that are more likely to be delivered quickly and on budget by awarding points for financial readiness, developer experience, and developer capacity. These factors are critical for responding to the ongoing displacement of Oakland residents due to the city's housing affordability crisis.

Two categories, Developer Financial Strength (IV-C) and Local/Small Local Business Enterprise (VI), were scored independently by City staff. Developer financial strength was scored by Ahmed Conde, Housing Development Coordinator II with the City of Oakland. Mr. Conde has an accounting background and enacts most fiscal transactions within the Housing Development Services division. His scores were reviewed and approved by the Loan Servicing department. Local/Small Local Business Enterprise, which includes three subcategories, was scored by the Contracts & Compliance Department. As a result, scoring for these categories is uniform across all scorecards.

Most sections of the scoring criteria left little room for individual discretion or judgment. Points for financial characteristics, homeownership, income targeting, unit size, developer experience, and sustainability are all determined by a mathematical formula or strict predefined criteria. Any variance between the scores on these sections is due to different interpretations of how to apply the points. Points for developer capacity (IV-B) and strength of the development team (IV-D) did not have strict criteria for how to apply points. In these categories, reviewers exercised their individual judgment regarding the capacity of the developers and development teams to deliver the development proposal, respond to neighborhood concerns, involve neighborhood residents in hiring as well as design review, and comply with the requirements of the PUD and the City's hiring/contracting programs.

The initial scoring criteria did not account for the possibility that varying development types (rental vs. ownership) might be submitted. As a result, City staff had to modify the scoring criteria in the following ways:

- For the MidPen/Habitat proposal, the rental portion (MidPen) and ownership portion (Habitat) were scored separately. The two scores were then averaged together to create a final score.
- The scoring criteria awards one point for each ownership unit, up to a maximum of 25 points. MidPen/Habitat's proposal exceeds the 25 unit maximum, so the Habitat portion was awarded 25 points. We deducted 25 points from the maximum number of possible points on the rental portion; otherwise MidPen/Habitat's proposal would have been unfairly penalized when it clearly exceeded the maximum scoring threshold for ownership units.
- Similarly, we deducted sections III-C and III-D ("Units for People with Special Needs" and "Homeless – Permanent Supportive Housing Units") from the eligible points total for the ownership portion of both projects. Special needs and permanent supportive housing typically only apply to rental projects.
- Contracts & Compliance scored MidPen/Habitat's Local/Small Local Business Enterprise portion (section VI) jointly. In order to award points fairly, for MidPen/Habitat we divided both the number of points possible and the number of points awarded in half between the rental and ownership sections.
- Because of these variations in the total number of points possible, we based our scores on a percentage of the total rather than a simple tally.

Table 2 below summarizes the scoring by the evaluation panel. Full proposal scoring by the evaluation panel members is included in **Attachment B**.

Table 2. RFP Scoring Summary

Scoring Results Summary		
	CHDC	MidPen
Brian Warwick (HCDD)	61.6%	65.1%
Christia Katz Mulvey (HCDD)	64.0%	66.5%
John Sander (Community Member)	55.0%	62.7%
Marcus Johnson (Community Member)	60.7%	63.2%
Maurice Brenyah-Addow (Planning)	72.1%	69.7%
Combined Average	62.7%	65.4%

Quantitative Observations by Evaluation Panel

- The Habitat/MidPen proposal has more units overall, and a wider income spread, serving a broader range of incomes, including units set aside for formerly homeless residents, as well as ownership units.
- CHDC/BCDC proposal has more ownership units (140 units versus the 85 units being provided by Habitat), and a higher proportion of three bedroom units. The total number of bedrooms included in each development is roughly the same (307 to 310).
- Midpen and Habitat are both registered small businesses with the City of Oakland. However, Midpen/Habitat as a joint venture is not a registered small business. For this reason, the department of Contracts and Compliance did not award any points to section VI-B of Midpen/Habitat’s proposal. The review panel felt that this was a technicality that undermined the spirit of the scoring guidelines. However, the scores on this section did not affect the final scoring results; if Midpen/Habitat had been awarded points on this section, the scores would have simply been more decisive in their favor. (CHDC is located in Richmond and thus did not receive any points in this section.)

Qualitative Observations by Evaluation Panel

The scoring criteria did not fully capture subjective or qualitative differences between the two proposals, including design preferences, presentation quality, and thoroughness and thoughtfulness of the proposals. The informal consensus among the panelists was that while CHDC/BCDC delivered a competent, serious proposal, MidPen/Habitat’s proposal was clearly of higher quality. Panelists had the following additional observations:

- The MidPen/Habitat proposal was more clearly responsive to the design requirements of the District, including planning for pocket parks on the 18th and 20th Street easements, and the rear frontage road access easement towards the freeway. CHDC/BCDC’s proposal did not take into account the rear access road easement.
- Some reviewers expressed that elements of CHDC/BCDC’s design, such as the surface parking and the meandering pedestrian pathway along Wood Street, reflected an outdated/suburban design standard. They also questioned their choice of placing a play area and community garden adjacent to the freeway. In contrast, MidPen/Habitat’s

design proposal utilizes a parking structure as a buffer between common areas and the freeway, and appeared to foster better circulation within the development and interaction with the larger community.

- The CHDC/BCDC proposal included some interesting open space design, but left vague the programming (and potential funding sources) for the space at the southwest corner of the parcel. Some of the ideas (child care, additional units of senior housing) were intriguing, but the possibilities for funding and programming were not fleshed out.
- In presentations, MidPen/Habitat were clearly well-prepared and appeared to have a seamless working relationship between the two organizations. CHDC/BCDC's presentations were less polished and raised some questions about how work assignments would be divided between the two organizations.
- Both teams demonstrated a commitment to neighborhood outreach and workforce development.
- Both teams demonstrated a high level of competence with regards to training residents to be successful homeowners.
- MidPen/Habitat seems more poised to hit the ground running, successfully compete for other funding sources, and deliver the affordable units in a more timely fashion, especially on the scale of development being contemplated here.
- The review panel briefly considered recommending that the two development teams collaborate or merge their proposals into a single project. Ultimately they decided against this recommendation, for the following reasons: (1) at a time when the need for more affordable housing is urgent, such a collaboration would likely complicate and slow down the development process; (2) it is unknown whether creating a forced arrangement between organizations would be successful; (3) such an arrangement would likely cause significant overlap and redundancy between the development teams, with no clear benefit to the residents or community.

MidPen/Habitat's preliminary designs and financial projections for their proposal are included as **Attachment C**.

FISCAL IMPACT

It is important to note that staff is not recommending funding currently – it is recommended that the ENA process be utilized to further explore project financials and seeking to identify additional alternate funding sources should the project proceed to the LDDA stage. Costs associated with staff's time to negotiate the ENA and monitor compliance with the required ENA submittals will be the major financial impact during the ENA period.

However, it is anticipated that additional funds beyond the original \$8 million to purchase the site will be needed to ensure the successful development of the project. Any funding requests would be required to return to the City Council for review and approval, as would proceeding to the LDDA stage.

PUBLIC OUTREACH / INTEREST

During the original formation of the Wood Street Development District, Planning staff conducted an extensive public outreach process. If the City enters into an ENA with MidPen and Habitat, those organizations will be committed to an extensive public outreach process, not just on design issues, but also on job outreach and training and promoting homebuyer readiness to Prescott neighbors and the surrounding West Oakland community. Both Mr. Johnson and Mr. Sander have expressed interest in remaining involved in future discussions regarding the project.

COORDINATION

This staff report and resolution have been reviewed by the Office of the City Attorney and by the Budget Bureau. Staff from Contract Compliance and Planning and Building reviewed project proposals. Additional coordination during the ENA period will be necessary with numerous other City departments, including Real Estate, Planning and Building and Oakland Public Works - Environmental Services Division.

PAST PERFORMANCE, EVALUATION AND FOLLOW-UP

Habitat has a long history of successful homeownership development in Oakland. The scale of the proposed development is new here, but Habitat has identified a viable game plan for ramping up production by using an experienced general contractor (J.H. Fitzmaurice) to oversee condominium construction.

MidPen is relatively new to Oakland, but has an extensive portfolio throughout the Bay Area. Their team has successfully applied for funding on the first 211 units of affordable rental housing at the City's Brooklyn Basin development, and although they will not commence construction until mid-December 2018, their team has proven adept at working on complex deals which also involve long-term ground lease of City-owned land.

SUSTAINABLE OPPORTUNITIES

Economic: The proposed development will complement and increase housing (including affordable housing units) in Oakland and in the Prescott neighborhood of West Oakland, as well as provide employment and training opportunities for local residents, with a commitment to extensive outreach to neighborhood residents for both design and employment opportunities, as well as credit counseling and financial readiness training required for homeownership. The development would serve a range of incomes from 20% to 120% of AMI, and the proximity of developments and partnership could also be used to stabilized low-income renters and poise some households to take advantage of affordable homeownership opportunities down the road.

Environmental: The proposed development will reduce vehicle trips by virtue of its close proximity to transit, jobs, and amenities. The project will also include numerous sustainability features, including photovoltaic panels, energy-efficient building design, water-saving

appliances, low or no-VOC paints, and drought resistant landscaping. In addition, remediation of the site will improve public health by reducing risk to the environment.

Social Equity: The proposed development would provide a positive stimulus to the neighborhood and include much-needed housing, including a substantial homeownership component that has been desired for over a decade in the neighborhood, particularly as market rate ownership prices have soared.

CEQA

This report's recommended actions do not constitute a project under CEQA. Should the ENA period yield a viable project, CEQA approval will be required prior to proceeding with a LDDA.

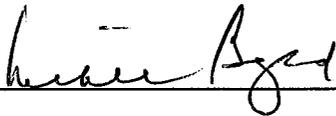
ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that City Council adopt a:

Resolution Authorizing the City Administrator, or Her Designee, to Enter Into An Exclusive Negotiating Agreement With MidPen Housing Corporation And Habitat For Humanity East Bay/Silicon Valley, Or Their Affiliated Entities, For The Negotiation of a Lease Disposition and Development Agreement and Related Documents for Development of Affordable Rental and Homeownership Housing At 1707 Wood Street (Between 18th And 20th Streets) In Oakland, Subject to the Completion of a CEQA and NEPA Determination, if applicable.

For questions regarding this report, please contact Christia Katz Mulvey, Housing Development Coordinator, at (510) 238-3623.

Respectfully submitted,



Michele Byrd
Director, Housing & Community Development
Department

Reviewed by:
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Development Manager

Prepared by:
Christia Katz Mulvey, Housing Development
Coordinator IV
Housing Development Services

Brian Warwick, Housing Development
Coordinator I
Housing Development Services

Attachments (3):

Attachment A: Synopsis of RFP responses

Attachment B: Full RFP response scoring

Attachment C: MidPen and Habitat preliminary designs and financial projections

Brooklyn Wood Street - Affordable Housing ENA

Attachment A: Synopsis of RFP Responses

Developer	CHDC	Midpen/Habitat for Humanity
Project Name	Wood Street Commons	Wood Street Mixed-Tenure Proposal
Total Units	140	170
Total Bedrooms	310	307
Rental Units	0	85
Sale Units	140	85
Special needs/other set-asides?	n/a	Rental: 7 for formerly homeless veterans; 6 for Transition Age Youth
Income Targeting	VLI to Moderate (50%-120%)	Rental: 20% - 80%; Sale: 80% - 120%
Development Cost	\$110M	approximately \$100M
A1 Bond funds to be requested	\$4M	\$7M
Other Expected Sources of Funding	CalHFA, IIG, New Market Tax Credits, AHSC	Tax Credits, AHP, PBV, City of Oakland
Amenities	Shuttle service to BART; childcare center; fitness center; picnic & bbq area; in-unit washers & dryers	2 pocket parks
Architect	Kodama Diseno	Pyatok
Unit Breakdown	90 2br condos; 30 3br condos; 20 3br townhomes	Sale: 33 1br, 38 2br, 14 3br Rental: 34 1Br, 27 2br, 14 3br

Attachment B: Evaluation Panel Scoring

Wood Street RFP Review: CHDC Proposal		
Reviewer Name: Brian Warwick		
	<i>Ownership</i>	<i>Reviewer Score</i>
I. Financial Characteristics	22	8
A. Leveraging	8	8
B. Funding Commitments	14	0
II. Homeownership Component	25	25
III. Target Population and Project Attributes	21	17.5
A. Income Targeting	12	12
B. Unit Size	9	5.5
C. Units for People with Special Needs	0	0
D. Homeless - Permanent Supportive Housing Units	0	0
IV. Developer Experience and Capacity	26	9.3
A. Developer Experience Exceeds Minimum	8	0
B. Developer Capacity	8	4
C. Developer Financial Strength	6	4.3
D. Strength of the Development Team	2	1
V. Readiness	5	0
VI. Local/Small Local Business Enterprise	12.5	5
A. Level of LBE/SLBE	5	5
B. Years in Oakland	2.5	0
C. Oakland Resident Workforce	5	0
VI. Sustainability	10	10
VII. Penalty for Nonperforming Previously Funded Projects	-10	0
Total Possible Points	121.5	74.8
Final Score		61.6%

Wood Street RFP Review: Midpen/Habitat Proposal

Reviewer Name: Brian Warwick

	<i>Rental</i>	<i>Ownership</i>	<i>Rental Score</i>	<i>Ownership Score</i>
I. Financial Characteristics	22	22	6	8
A. Leveraging	8	8	6	8
B. Funding Commitments	14	14	0	0
II. Homeownership Component	0	25	0	25
III. Target Population and Project Attributes	25	21	14	13
A. Income Targeting	10	12	5	12
B. Unit Size	5	9	3	1
C. Units for People with Special Needs	5	0	3	
D. Homeless - Permanent Supportive Housing Units	5	0	3	
IV. Developer Experience and Capacity	27	26	26	16
A. Developer Experience Exceeds Minimum	10	10	10	4
B. Developer Capacity	8	8	8	6
C. Developer Financial Strength	6	6	5	4
D. Strength of the Development Team	3	2	3	2
V. Readiness	5	5	5	0
VI. Local/Small Local Business Enterprise	6.25	6.25	2	2
A. Level of LBE/SLBE	2.5	2.5	2	2
B. Years in Oakland	1.25	1.25	0	0
C. Oakland Resident Workforce	2.5	2.5	0	0
VII. Sustainability	10	10	10	10
VIII. Penalty for Nonperforming Previously Funded Projects	-10	-10	0	0
Total Points	95.25	115.25	63	74
Individual Scores			66.1%	64.2%
Final Score			65.1%	

Wood Street RFP Review: CHDC Proposal

Reviewer Name: Christia Katz Mulvey

	<i>Ownership</i>	<i>Reviewer Score</i>
I. Financial Characteristics	22 pts	8
A. Leveraging	8	8
B. Funding Commitments	14	0
II. Homeownership Component	25 pts	25
III. Target Population and Project Attributes	21 pts	17.5
A. Income Targeting	12	12
B. Unit Size	9	5.5
C. Units for People with Special Needs	0	0
D. Homeless - Permanent Supportive Housing Units	0	0
IV. Developer Experience and Capacity	26 pts	12.3
A. Developer Experience Exceeds Minimum	10	0
B. Developer Capacity	8	6.5
C. Developer Financial Strength	6	4.3
D. Strength of the Development Team	2	1.5
V. Readiness	5 pts	0
VI. Local/Small Local Business Enterprise	12.5 pts	5
A. Level of LBE/SLBE	5	5
B. Years in Oakland	2.5	0
C. Oakland Resident Workforce	5	0
VI. Sustainability	10 pts	10
VII. Penalty for Nonperforming Previously Funded Projects	-10 pts	
Total Possible Points	121.5	77.8
Final Score		64.0%

Wood Street RFP Review: Midpen/Habitat Proposal

Reviewer Name: Christia Katz Mulvey

	<i>Rental</i>	<i>Ownership</i>	<i>Rental Score</i>	<i>Ownership Score</i>
I. Financial Characteristics	22	22	6	13
A. Leveraging	8	8	6	8
B. Funding Commitments	14	14	0	5
II. Homeownership Component	0	25	0	25
III. Target Population and Project Attributes	25	21	14	13
A. Income Targeting	10	12	5	12
B. Unit Size	5	9	3	1
C. Units for People with Special Needs	5	0	3	0
D. Homeless - Permanent Supportive Housing Units	5	0	3	0
IV. Developer Experience and Capacity	27	26	26	18
A. Developer Experience Exceeds Minimum	10	10	10	4
B. Developer Capacity	8	8	8	7
C. Developer Financial Strength	6	6	5	4
D. Strength of the Development Team	3	2	3	3
V. Readiness	5	5	5	0
VI. Local/Small Local Business Enterprise	6.25	6.25	2	2
A. Level of LBE/SLBE	2.5	2.5	2	2
B. Years in Oakland	1.25	1.25	0	0
C. Oakland Resident Workforce	2.5	2.5	0	0
VII. Sustainability	10	10	10	10
VIII. Penalty for Nonperforming Previously Funded Projects	-10	-10 pts		
Total Possible Points	95.25	115.25	61	79
Individual Scores			64.0%	68.5%
Final Score			66.5%	

Wood Street RFP Review: CHDC Proposal

Reviewer Name: John Sander

	<i>Ownership</i>	<i>Reviewer Score</i>
I. Financial Characteristics	22 pts	
A. Leveraging	8	8
B. Funding Commitments	14	0
II. Homeownership Component	25 pts	25
III. Target Population and Project Attributes	21 pts	17.5
A. Income Targeting	12	12
B. Unit Size	9	5.5
C. Units for People with Special Needs	0	0
D. Homeless - Permanent Supportive Housing Units	0	0
IV. Developer Experience and Capacity	26 pts	9.3
A. Developer Experience Exceeds Minimum	10	0
B. Developer Capacity	8	4
C. Developer Financial Strength	6	4.3
D. Strength of the Development Team	2	1
V. Readiness	5 pts	
VI. Local/Small Local Business Enterprise	12.5 pts	5
A. Level of LBE/SLBE	5	5
B. Years in Oakland	2.5	0
C. Oakland Resident Workforce	5	0
VI. Sustainability	10 pts	10
VII. Penalty for Nonperforming Previously Funded Projects	-10 pts	
Total Possible Points	121.5	66.8
Final Score		55.0%

Wood Street RFP Review: Midpen/Habitat Proposal

Reviewer Name: John Sander

	<i>Rental</i>	<i>Ownership</i>	<i>Rental Score</i>	<i>Ownership Score</i>
I. Financial Characteristics	22	22	6	8
A. Leveraging	8	8	6	8
B. Funding Commitments	14	14	0	0
II. Homeownership Component	0	25	0	25
III. Target Population and Project Attributes	25	21	14	13
A. Income Targeting	10	12	5	12
B. Unit Size	5	9	3	1
C. Units for People with Special Needs	5	0	3	0
D. Homeless - Permanent Supportive Housing Units	5	0	3	0
IV. Developer Experience and Capacity	27	26	24	17
A. Developer Experience Exceeds Minimum	10	10	10	4
B. Developer Capacity	8	8	7	7
C. Developer Financial Strength	6	6	5	4
D. Strength of the Development Team	3	2	2	2
V. Readiness	5	5	5	
VI. Local/Small Local Business Enterprise	6.25	6.25	2	2
A. Level of LBE/SLBE	2.5	2.5	2	2
B. Years in Oakland	1.25	1.25	0	0
C. Oakland Resident Workforce	2.5	2.5	0	0
VII. Sustainability	10	10 pts	10	10
VIII. Penalty for Nonperforming Previously Funded Projects	-10	-10 pts	0	0
Total Possible Points	101.5	109	59	73
Individual Scores			58.1%	67.0%
Final Score			62.7%	

Wood Street RFP Review: CHDC Proposal
Reviewer Name: Marcus Johnson

	<i>Ownership</i>	<i>Reviewer Score</i>
I. Financial Characteristics	22 pts	8
A. Leveraging	8	8
B. Funding Commitments	14	0
II. Homeownership Component	25 pts	25
III. Target Population and Project Attributes	21 pts	17.5
A. Income Targeting	12	12
B. Unit Size	9	5.5
C. Units for People with Special Needs	0	0
D. Homeless - Permanent Supportive Housing Units	0	0
IV. Developer Experience and Capacity	26 pts	8.3
A. Developer Experience Exceeds Minimum	10	0
B. Developer Capacity	8	4
C. Developer Financial Strength	6	4.3
D. Strength of the Development Team	2	0
V. Readiness	5 pts	0
VI. Local/Small Local Business Enterprise	12.5 pts	5
A. Level of LBE/SLBE	5	5
B. Years in Oakland	2.5	0
C. Oakland Resident Workforce	5	0
VI. Sustainability	10 pts	10
VII. Penalty for Nonperforming Previously Funded Projects	-10 pts	
Total Possible Points	121.5	73.8
Final Score		60.7%

Wood Street RFP Review: Midpen/Habitat Proposal

Reviewer Name: Marcus Johnson

	<i>Rental</i>	<i>Ownership</i>	<i>Rental Score</i>	<i>Ownership Score</i>
I. Financial Characteristics	22	22	8	8
A. Leveraging	8	8	8	8
B. Funding Commitments	14	14		
II. Homeownership Component	0	25	0	25
III. Target Population and Project Attributes	25	21	12	13
A. Income Targeting	10	12	5	12
B. Unit Size	5	9	3	1
C. Units for People with Special Needs	5	0	2	
D. Homeless - Permanent Supportive Housing Units	5	0	2	
IV. Developer Experience and Capacity	27	26	26	16
A. Developer Experience Exceeds Minimum	10	10	10	10
B. Developer Capacity	8	8	8	0
C. Developer Financial Strength	6	6	5	4
D. Strength of the Development Team	3	2	3	2
V. Readiness	5	5	5	
VI. Local/Small Local Business Enterprise	6.25	6.25	2	2
A. Level of LBE/SLBE	2.5	2.5	2	2
B. Years in Oakland	1.25	1.25	0	0
C. Oakland Resident Workforce	2.5	2.5	0	0
VII. Sustainability	10	10 pts	10	10
VIII. Penalty for Nonperforming Previously Funded Projects	-10	-10 pts		
Total Possible Points	95.25	115.25	61	72
Individual Scores			64.0%	62.5%
Final Score			63.2%	

Wood Street RFP Review: CHDC Proposal
Reviewer Name: Maurice Brenyah-Addow

	<i>Ownership</i>	<i>Reviewer Score</i>
I. Financial Characteristics	22 pts	8
A. Leveraging	8	8
B. Funding Commitments	14	0
II. Homeownership Component	25 pts	25
III. Target Population and Project Attributes	21 pts	17.8
A. Income Targeting	12	12
B. Unit Size	9	5.8
C. Units for People with Special Needs	0	0
D. Homeless - Permanent Supportive Housing Units	0	0
IV. Developer Experience and Capacity	26 pts	21.8
A. Developer Experience Exceeds Minimum	10	8
B. Developer Capacity	8	8
C. Developer Financial Strength	8	4.3
D. Strength of the Development Team	2	1.5
V. Readiness	5 pts	0
VI. Local/Small Local Business Enterprise	12.5 pts	5
A. Level of LBE/SLBE	5	5
B. Years in Oakland	2.5	0
C. Oakland Resident Workforce	5	0
VI. Sustainability	10 pts	10
VII. Penalty for Nonperforming Previously Funded Projects	-10 pts	0
Total Possible Points	121.5	87.6
Score:		72.1%

Wood Street RFP Review: Midpen/Habitat Proposal

Reviewer Name: Maurice Brenyah-Addow

	<i>Rental</i>	<i>Ownership</i>	<i>Rental Score</i>	<i>Ownership Score</i>
I. Financial Characteristics	22	22 pts	6	8
A. Leveraging	8	8	6	8
B. Funding Commitments	14	14	0	0
II. Homeownership Component	0	25 pts	0	25
III. Target Population and Project Attributes	25	21 pts	11.5	13.5
A. Income Targeting	10	12	10	12
B. Unit Size	5	9	1.5	1.5
C. Units for People with Special Needs	5	0	0	
D. Homeless - Permanent Supportive Housing Units	5	0	0	
IV. Developer Experience and Capacity	27	26 pts	26	24
A. Developer Experience Exceeds Minimum	10	10	10	10
B. Developer Capacity	8	8	8	8
C. Developer Financial Strength	6	6	5	4
D. Strength of the Development Team	3	2	3	2
V. Readiness	5	5 pts	5	5
VI. Local/Small Local Business Enterprise	6.25	6.25	2	2
A. Level of LBE/SLBE	2.5	2.5	2	2
B. Years in Oakland	1.25	1.25	0	0
C. Oakland Resident Workforce	2.5	2.5	0	0
VII. Sustainability	10	10 pts	10	10
VIII. Penalty for Nonperforming Previously Funded Projects	-10	-10 pts	0	0
Total Possible Points	95.25	115.25	60.5	87.5
Individual Scores			63.5%	75.9%
Total Score			69.7%	

8. PROJECT CONCEPT NARRATIVE

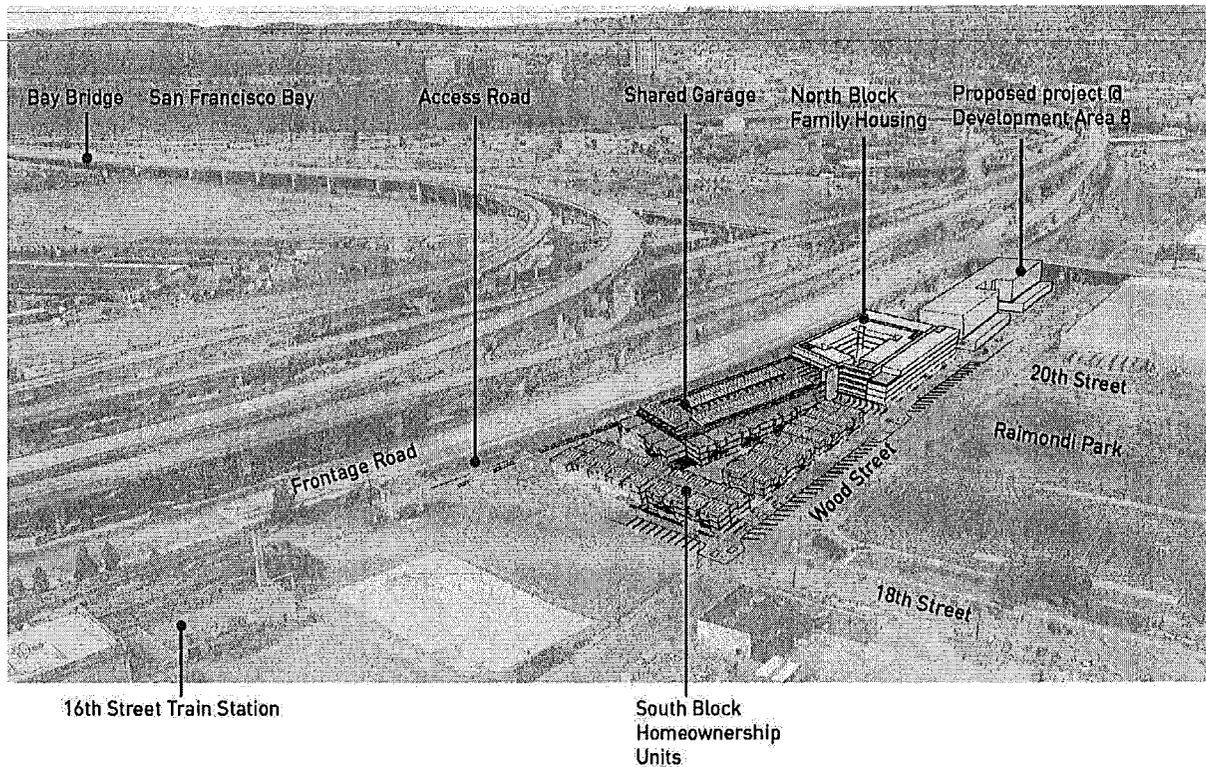
The Wood Street site presents an exceptional opportunity for a quality development that enhances the Wood Street Development District, responds to the concerns of the West Oakland community, and meets the primary objectives of the RFP – to maximize the provision of affordable housing, including a substantial number of affordable ownership homes. Habitat and MidPen’s proposal focuses on the unique and catalytic nature of this site. Our mixed-tenure proposal provides maximum community benefit for the City by adhering to the adopted Wood Street Zoning District Plan and by creating 170 new affordable homes, half ownership and half rental, for the Oakland workforce earning between 20% to 120% of Area Median Income (AMI), while minimizing the public subsidy needed.

		1	2	3	AMI	
		Bedroom	Bedroom	Bedroom	Totals	AMI %
Ownership	80% AMI	11	12	5	28	33%
	120% AMI	22	26	9	57	67%
	Bed Type Total	33	38	14	85	50%
	Bed Type %	39%	45%	16%	Avg. AMI 107%	
Rental	20% AMI	6	6	5	17	20%
	40% AMI	4	5	4	13	15%
	50% AMI	6	6	5	17	20%
	60% AMI	12	6	6	24	29%
	80% AMI	6	4	3	13	15%
	Bed Type Total	34	27	23	84*	50%
	Bed Type %	40%	32%	27%	Avg. AMI 50%	
	Bed Type Total	67	65	37	169	100%
Bed Type %	40%	38%	22%	Avg. AMI 79%		

**Rental total excludes the two-bedroom manager’s unit; the rental apartments will total 85 homes*

If this innovative joint venture proposal were selected, the City of Oakland and its residents would realize maximum community benefit through the provision of 170 new affordable homes (inclusive of 1 on-site manager’s unit) for the City’s workforce, with 72% of the overall homes affordable to families earning between 60% and 120% AMI, a demographic typically unserved by conventional affordable housing programs. Furthermore, households within this income range of the “missing middle” will have the opportunity to choose between ownership and rental housing options, given the mixed-tenure nature of this new community.

The building design concept is reflected in the following site plan, building elevations, and floor plans. Below is a description of the preliminary development concept; we look forward to engaging with the City and the community further to refine the vision and goals for the site.



Design Concept

The Project Team's goal for this site is to maximize the potential of both affordable homeownership and rental family homes in a manner that promotes a sense of shared community, while allowing each component of the development to have a distinct sense of identity, and to be developed independently. The proposed plan includes 170 homes, the maximum allowable, comprised evenly of 85 ownership homes in 3-story buildings on the southern portion of the site adjacent to the 16th Street Train Station, and 85 rental family homes in a five-story, elevator served building on the northern portion of the site.

The Entry Court on Wood Street provides a common point of access to the building entries, and to a shared garage accommodating 170 secure parking spaces. The ownership and rental homes are organized around on-grade courtyards linked by a pedestrian path to the Entry Court, creating a shared open space network at the interior of the site. Shared amenities include the community room and secure bike parking. The proposed

development includes 37 three-bedroom units, 22% of the total, including 14 three-bedroom ownership homes and 23 three-bedroom family apartments.

Responsive to Wood Street District

The Wood Street Zoning District establishes a framework for creating an active, pedestrian-oriented neighborhood in this underutilized portion of the West Oakland community.

West Oakland is a series of vibrant neighborhoods located at the geographic center of the Bay Area. Approximately 570 homes out of the 1,500 new housing units approved for the Wood Street Zoning District have been built or are under construction to date. Oakland's City Center is one BART stop away or roughly 1.5 miles by surface streets. A major shopping center is located approximately 1.0 mile to the north. These location amenity factors make this site a desirable location for housing development.

Wood Street is envisioned as a neighborhood street lined with front porches, landscaped setbacks, and high-quality articulated residential buildings. Cross streets are terminated by public pocket parks that allow for pedestrian and bike traffic but limit motor vehicle through traffic in the neighborhood. This vision is reinforced in the West Oakland Specific Plan, which anticipates additional residential development on the east side of Wood Street; and has been implemented between 12th and 16th streets by the recently completed Zephyr Gate and Station House projects.

The Wood Street Affordable Housing site (Development Area 7) offers an opportunity to continue this strong neighborhood edge, to frame future development at the West Oakland Station and to provide active frontage overlooking Raimondi Park. Development of this site also offers an opportunity to buffer Raimondi Park and the neighborhood from the raised portions of the Frontage Road and Interstate 880.

The development proposal embraces the following primary RFP goals and objectives:

- Maximize community benefit through the provision of affordable housing for income levels up to 120% of AMI, with 85 ownership homes for households between 80% and 120% AMI (50%), a middle-class demographic that has increasingly been battling displacement, as well as 85 homes for low-income households between 20% and 80% AMI (50%), who are also suffering from the shortage of affordable housing options;
- Minimize the City subsidy needed to make the total development viable;
- Create a welcoming streetscape that responds to the City's Wood Street vision;
- Engage in robust community involvement and outreach;

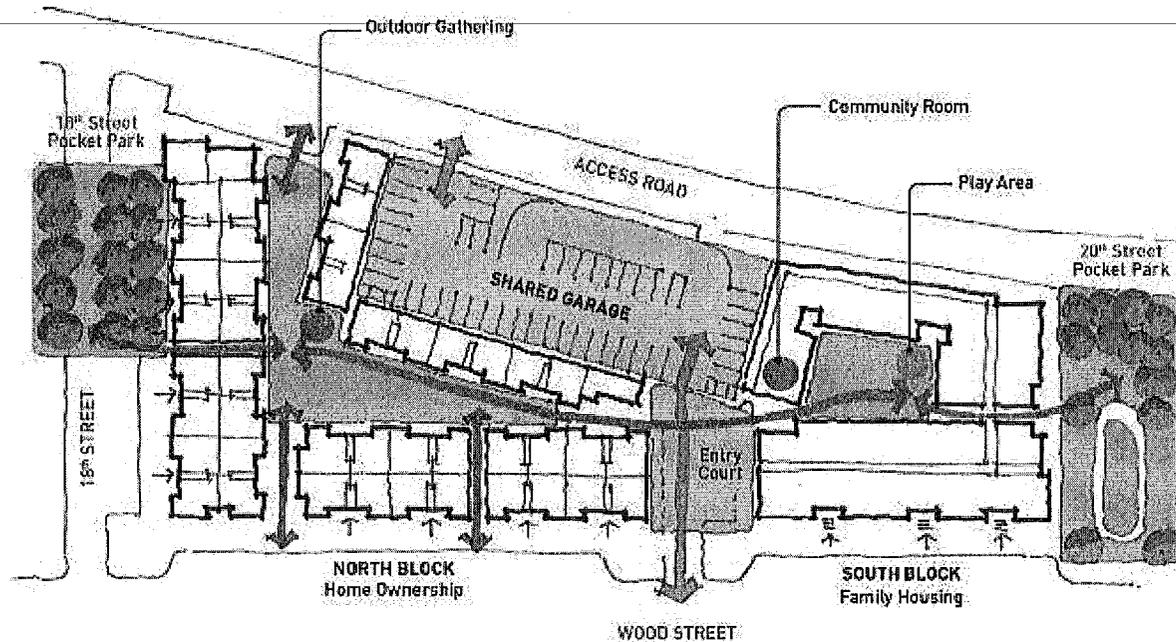
- Ensure payment of prevailing wages for construction;
- Comply with City Conditions of Approval and local training and hiring requirements.

Our proposal includes 170 affordable ownership and apartment homes and 170 on-site parking spaces, packaged in an attractive design fitting for the neighborhood. The provision of parking posed a creative challenge to the team because it requires balancing cost-effective design with creating a pedestrian-scaled, active community. Habitat and MidPen address this challenge by locating all of the parking in a stand-alone parking structure, accessible by both portions of the site. Our proposal also activates 18th, 20th, and Wood Streets with ground-level living space, public pocket parks, and an active lobby space along Wood Street.

Ownership Townhomes and Flats

The ownership homes consist of two-story townhomes over ground-level flats fronting on Wood and 18th Streets. On Wood Street, the buildings are set back 10 feet, with front doors at each ground-floor home and shared stairs leading to second-floor townhomes. Large decks at the second floor provide private outdoor space for the townhomes and allow residents to supervise the street, with bay windows at the third level.

A second row of townhomes over flats faces the shared 13,000 square-foot courtyard space, and is back-to-back with the street-facing units, with front doors and second floor decks overlooking the shared open space. The three-story walk-up construction allows all ownership homes direct access to outdoor space, and facilitates the use of volunteer labor in the construction process, a key component of Habitat's homeowner partnership program. The ownership homes include one-, two-, and three-bedroom flats at



the ground floor, and a combination of two- and three-bedroom townhomes at the second level. 14 of the ownership homes (16%) have three-bedrooms.

All of the affordable ownership homes are proposed for households below 120% AMI based on the City of Oakland 2017 Housing and Community Development Department Income Limits. Our proposal contemplates 28 of the homes serving households at 80% AMI (33% of the total homeownership units), and 57 of the homes serving households at 120% AMI (67% of the total homeownership units), with an average affordability level of approximately 107% AMI for the eighty-five new households.

Habitat will make several unit types accessible in accordance with Section 504 of the Rehabilitation Act. In addition, Habitat typically incorporates a variety of universal design principles, including: floor finishes which are slip-resistant and offer low resistance to walking or rolling, avoiding knobs on cabinets and drawers, lever handles on sinks, passage doorways at least 32" wide, avoiding pocket doors, etc.

Rental Family Housing

The rental family homes consist of stacked flats organized around a generous shared courtyard sheltered from the elevated highways. A tall entrance area and lobby face the Entry Court with administrative areas located to allow easy supervision of the entry and the courtyard. The 1,200 SF community room is located off the shared courtyard adjacent to the entry, where it can serve apartment residents as well as the adjacent home owners. Shared laundry facilities are located on the courtyard level. The 4,800 SF courtyard space (56 SF of open space per unit) is actively programmed with areas for play, outdoor gathering and raised planting beds.

Along Wood Street the building is set back 10 feet with recessed front doors providing access to the ground floor units, wrapping around onto the pocket park at 20th Street.

The rental homes consist of efficiently designed one-, two-, and three-bedroom homes serving a broad range of incomes from 20% to 80% AMI. 84% of the total rental homes (72 units) will be affordable to households at 60% AMI or below.

Shared Parking Structure

Given the site's close proximity to the West Oakland BART Station and other transportation improvements, Habitat and MidPen are proposing a transit-oriented development with one parking space per home. Each home will have one dedicated parking space within the shared parking garage.

The parking garage is three stories in height, with a fourth level of parking on the roof, matching the height of the adjacent townhomes. The garage is located adjacent to the Access Drive on the west side of the site, providing a buffer to Frontage Road. The primary access is provided from the Entry Court on Wood Street. A secondary garage entry is available from the Access Drive, allowing residents a potential connection to the Frontage Road at 16th Street.

The first two floors of parking are reserved for the ownership units, with fully accessible spaces located at level one. Levels three and four are reserved for the elevator-served family building, with direct access from the residential corridor to the corresponding garage level. In the event of phased construction, the independent garage structure can be completed with either the ownership project or the rental project, whichever breaks ground first.

In addition to the 170 secured garage spaces, an extra 18 surface parking spaces are provided on the extension of 18th Street and on the Access Road, bringing the total to 188 on-site parking spaces, a ratio of 1.1 spaces per unit as required by the Development Standards. Several of these spaces could be used for electric vehicle charging or designated car share pods. Habitat and MidPen will work with the City and the community to evaluate the parking needs of the future residents. If it is determined that a higher parking ratio is desirable, the garage

design allows for the addition of 40 parking spaces in an additional level without changing the configuration of the site plan.

In addition, 100 secured bike parking spaces and a bike maintenance area are provided in the shared bike facility at the ground level directly opposite the garage entry with translucent glazing on Frontage Road. The garage accommodates other key service functions including separate waste collection areas for the ownership and rental homes. Depending on site access, waste can be collected either on Access Road or in bins staged on Wood Street for pick up.

For this site, a stand-alone parking garage is most cost-effective, since the garage does not need to be coordinated with housing on top of it. It also allows for more desirable ground-level uses, such as active spaces and landscaping including trees, while serving as an effective buffer against the expressway.

Site Circulation

The shared Entry Court at the mid-block point provides a common entry point for pedestrians, bicyclists, as well as for residents and visitors arriving by automobile. This Entry Court is treated as an auto and pedestrian zone with patterned paving and landscaping to slow autos and provide an attractive "front door" for the entire community. Short term parking spaces are provided for package delivery, passenger loading, and move-in.

Secure entries to the ownership and rental homes flank the entry court, and are linked by a wide pedestrian way. A 26-foot wide Access Road is provided adjacent to Frontage Road with a continuous sidewalk on the east and storm water swale along the west. This access drive provides a potential secondary connection point from the parking garage to 16th Street and Frontage Road, as well as firefighting access to the development.

Streetscape and On-Street Parking

Consistent with the Wood Street Plan, 18th Street is extended as a private driveway with perpendicular parking adjacent to the ownership homes. A pocket park terminates the driveway, limiting through access to pedestrians, bicyclists, and emergency vehicles. On the 20th Street frontage, the concept design is coordinated with the future pocket park at the termination of 20th Street, as approved in the entitled design for Development Area 8 (2011-2195 Wood Street). At Wood Street, the pattern of diagonal on-street parking is continued across the entire frontage providing additional parking for residents and visitors.

Design Collaboration

The project design will be led by a collaboration of Pyatok Architects (Pyatok) and Anne Phillips Architecture (APA). Both firms have deep roots in Oakland and both share a commitment to working closely with the local community, city representatives, and project sponsors to realize a design that reinforces the unique aspects of this neighborhood.

Pyatok and APA have an established working relationship and are currently collaborating on an affordable family housing project in the Fruitvale neighborhood. For the Wood Street

affordable site, APA will be the design architect for the rental homes and Pyatok will be the design architect for the ownership homes. Pyatok will be the executive architect with responsibility for overall delivery of both developments.

Preliminary Exterior Design Concept

The preliminary design sketches developed by Pyatok and APA provide a starting point for exploring how contemporary architecture can create a character that is welcoming, family-friendly and embraced by the local community. Emphasis is placed on human scale elements such as front stoops, bays, and porches that engage the street and provide residents the opportunity to supervise the public areas.

The exterior materials and components will be attractive, durable and easily maintained by homeowners and the long term ownership of the rental family housing. In developing the design character, we will share options with the community, and look for opportunities to incorporate local arts and craft work in the buildings and site design.

The preliminary concept design is consistent with the Wood Street Standards and Design Guidelines. The maximum height of the buildings, measured to the top of the roof, does not exceed 50 feet and is consistent with



the maximum allowable height in the Wood Street Overlay Zone. The activation at the street level generally exceeds the design guidelines with entries located on average every 30 feet along the length of the block.

Alternate Project Concept

An Alternate Project Concept illustrates how the project can be implemented with two separate garages rather than a single shared garage. In the Alternate Concept the ownership homes and rental homes are each served by one-story free standing garages located adjacent to Frontage Road.

85 ownership units are provided in three-story, walk-up buildings similar to the Preferred Concept. 85 rental homes are provided in a five-story double-loaded building with an at-grade courtyard. A shared entry drive provides access from Wood Street to the Access Road. The upper level of the parking is accessed from the entry drive via parking ramp, and the lower level is accessed from the Access Road, with a second sloped ramp extending below the upper level in a scissor configuration.

This Alternate Project Concept achieves the same number of total homes (170) as in the Preferred Concept, and has the same split of 85 ownership homes and 85 rental apartments, but with each component abutting its own 2-story structured parking garage. The Alternate Project Concept is a viable approach that meets most of the goals of the Preferred Concept and allows for each component of the project to be built as a completely independent element. The disadvantage of this approach is that the larger parking footprint results in less shared open space and a higher cost for the structured parking.

Demand for Affordable Housing

According to the City of Oakland Housing Authority Mission Statement, the Housing Department strives to expand the availability of quality housing for low-income persons and to develop and implement innovative solutions combating the persistent issues of access to quality affordable housing within Oakland.

Despite these efforts, many low- and moderate-income families still cannot afford to buy a home in Oakland. Our proposed development will provide a high quality source of affordable housing stock across a wide band of household income levels. The site is less than a mile from the West Oakland BART Station, has numerous AC Transit bus stops within a 1/2-mile walk (including Transbay service 0.25 miles away), and provides quick access to Interstate 80 & Interstate 580. The proposed development can directly provide affordable homeownership opportunities to families who live or work in the surrounding areas as well as those who commute to other regions.

The proposed development would also contribute to the vision and goals of the Wood Street Zoning District and West Oakland Specific Plan by increasing the stock of high quality housing that is affordable and therefore improving the housing options available in West Oakland.

MidPen and Habitat's primary goal is to provide a housing solution that meets the long-term needs of West Oakland. The spread of incomes, range of unit types, and two tenure options available in our proposal are in direct response to the diversity of housing needs in the market.

Our proposal's affordability mix considers the evolving housing-cost landscape and accommodates rental apartments for

households earning up to 80% AMI. Middle-income households are doubly stressed because they are not served by traditional affordable housing programs which target 60% AMI and below and yet do not make enough to afford a market-rate 2-bedroom apartment in West Oakland (currently averaging \$3,280 per month, according to CoStar). This development will be affordable to working families in need, and provides several rental homes at 80% AMI, in addition to all 85 ownership homes affordable to middle-income households.

Proposed Structure for Ownership Homes

For the ownership homes, each homebuyer will own their own physical home, with access provided by easements, if necessary. A homeowner's association will be formed and will own and manage the common areas of the development. One parking space in the garage will be assigned directly to each home in the CC&Rs. The homes will be sold to future homeowners with deed restrictions in place, protecting the post-occupancy affordability of the affordable homes.

The proposed development will provide homeownership opportunities to an estimated 236+ people, most of whom would otherwise not be able to own a home. Prior to purchasing a Habitat home, many of our homebuyers live in extremely over-crowded conditions, unsafe neighborhoods, and substandard housing. Habitat homes provide relief from poor living conditions, quiet areas for children to study, safe areas to play, and access to local amenities. Habitat also provides financial counseling, education, and preparation through its HUD-approved housing counseling agency, including first-time homebuyer workshops that are open to the public.

In addition to services for Habitat homeowners, the proposed project will also have greater benefits for the larger community. Our objective is to provide Habitat families with a stake in their neighborhood and give them the opportunity to become meaningful agents of positive change in their own communities. The Habitat community-building process during construction of the homes will be unique to the neighborhood, due to Habitat's commitment to working with community members and local volunteers. Habitat families are required to perform 500 hours of "sweat equity" where they work on the construction site to build their homes and the homes of their neighbors.

Their work combined with the work of volunteers will foster neighborhood bonding and further enhance relationships within the entire community. In addition, Habitat is committed to whole community revitalization. Our developments are often constructed in partnership with local jurisdictions and contribute to larger revitalization plans. Moreover, Habitat construction often stimulates home improvements in neighboring houses and the development or improvement of existing public facilities.

Amenities and Services to Meet Renters' Needs

MidPen supplements stable, affordable housing with its demonstrated resident services programming. These services are informed by the residents through assessments and are structured to help our residents advance their futures. We are excited to adapt our proven service model to the varied needs of the economically diverse residents of the West Oakland neighborhood. We know that many families are struggling to make ends meet in this challenging housing market. As a result, families historically

This arrangement allows the parking structure, ownership homes, and rental homes to be built independently which reduces construction timelines (and thus construction costs too) and provides flexibility in terms of phasing.

Both ownership and rental homes utilize standardized unit plans and both housing types are designed to allow units to be built as modular construction or to allow walls and other components to be panelized. The garage is also designed to allow for prefabricated construction, providing additional options for controlling project costs.

Sustainability

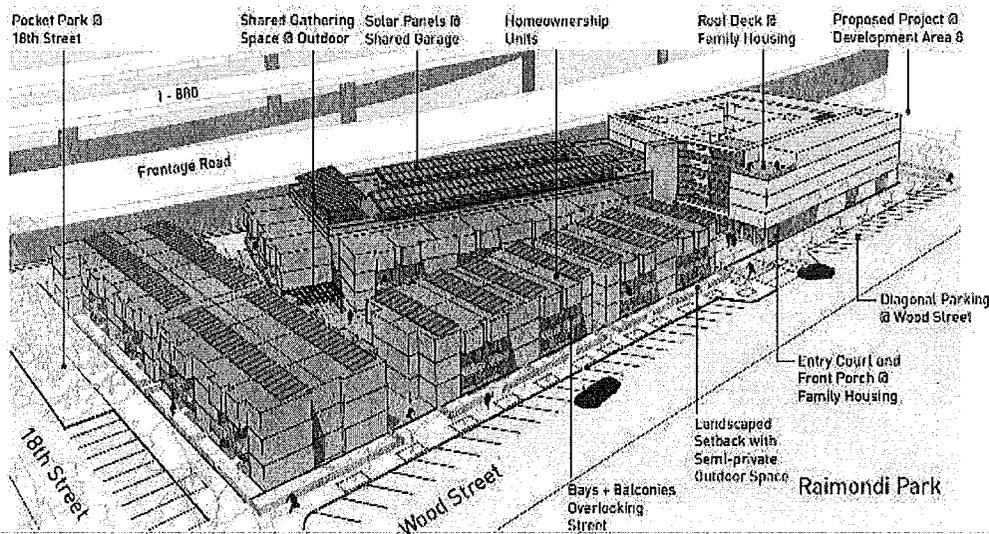
Habitat and MidPen are dedicated to sustainable design in all aspects of the development. In addition to maximizing energy and resource efficiency, a priority will be placed on creating a healthy living environment for residents.

Habitat follows green building guidelines and provides homes that are healthy, energy-efficient, and durable. Habitat uses healthier paints and building materials, and adheres to stricter gas emission and ventilation requirements, thereby improving the quality of the indoor environment. Many of our green strategies result in financial savings for our homeowners due to decreased maintenance costs and increased energy efficiency.

Habitat's tight building envelopes and other green features create a comfortable environment at no additional cost for our homeowners. Since all of our homes are built with photovoltaic panels, the homeowners' monthly utility bills are extremely low. All homes will be GreenPoint Rated – we anticipate this townhome development achieving a score of around 159 points.

The Habitat townhomes units are designed to be all-electric and individually metered to provide owners with the means to monitor and control their energy use. PV panels will be located on the roof of the garage to provide on-site renewable energy and shading for parking stalls, as well as on the roof of the ownership units to meet NetZero electric requirements. A GreenPoint check list is provided for each of the developments with targeted total scores exceeding 110 points for the ownership and family rental homes.

MidPen employs a rigorous predevelopment process that ensures efficiency and beauty of design, cost-effective and durable construction, and advanced green building features. Green building is integral to our planning and design approach. All of our buildings are designed to high standards for energy efficiency, low water usage, healthy indoor air quality, and maximized solar energy. Our recent Sequoia Belle Haven project was LEED Platinum and all of our



new buildings are designed to meet a minimum of LEED Gold standards.

MidPen is committed to implement best practices in energy efficiency and green building techniques for the proposed development, including the City's sustainability requirements. In addition to this transit-oriented approach of increasing density at a well-located site, green building design and materials will be incorporated into the project. Energy-efficient and water-saving systems, fixtures, and appliances will be included in the building and individual units. Design decisions will be made, such as photovoltaics, solar thermal, low or no-VOC paints, and drought-resistant plantings, to provide healthy and quality homes for workforce households and promote the long-run sustainability and operational success of the property. Jan Lindenthal, our Chief Real Estate Development Officer, serves on the board of Build it Green.

Site design and mechanical systems will ensure healthy indoor air quality within all 170 homes and limit exposure to noise from the adjacent high-impact highways. All residents have convenient access to sunny outdoor space that is sheltered from wind and noise. To encourage walking, sunlit stairways provide an attractive alternative to elevators. The entire site is designed to prioritize pedestrian and bike circulation as well as access to transit.

A GreenPoint check list is provided for each of the developments indicating a total score of 159 points for the ownership homes and 124 points for the rental homes.

Special Needs Set-Asides

The current housing crisis has been particularly challenging for special needs populations, who are already vulnerable

without a housing shortage. MidPen proposes two special needs groups as potential preferred populations to be housed at the Wood Street community.

First, we propose reserving at least 7 homes (8% of rental homes) for formerly-homeless veterans. Operation Dignity, a 501(c)(3) non-profit, is excited to partner with MidPen in providing services and tenant placements at the Wood Street development. The goal of Operation Dignity is to assist homeless veterans and their families by providing emergency, transitional and permanent housing. They offer comprehensive support services, nutritious meals, and a strong peer community, to help veterans rediscover hope and provide the tools needed to live a self-sufficient and stable life. The on-site Services offices will include space for a part-time Operation Dignity Services Coordinator, who will provide service coordination to residents placed at the site by Operation Dignity and administer ongoing targeted programs for those residents.

Second, MidPen proposes reserving no less than 6 homes (7% of rental homes) for transition-age youth/former foster youth who are at-risk of homelessness. First Place for Youth will provide placement, rental assistance via the My First Place program, and corresponding services at the Wood Street community. They offer a nationally-recognized education and employment program model that employs housing and case management support to enable youth to develop a sense of permanency and build the skills they need for a successful transition to self-sufficiency.

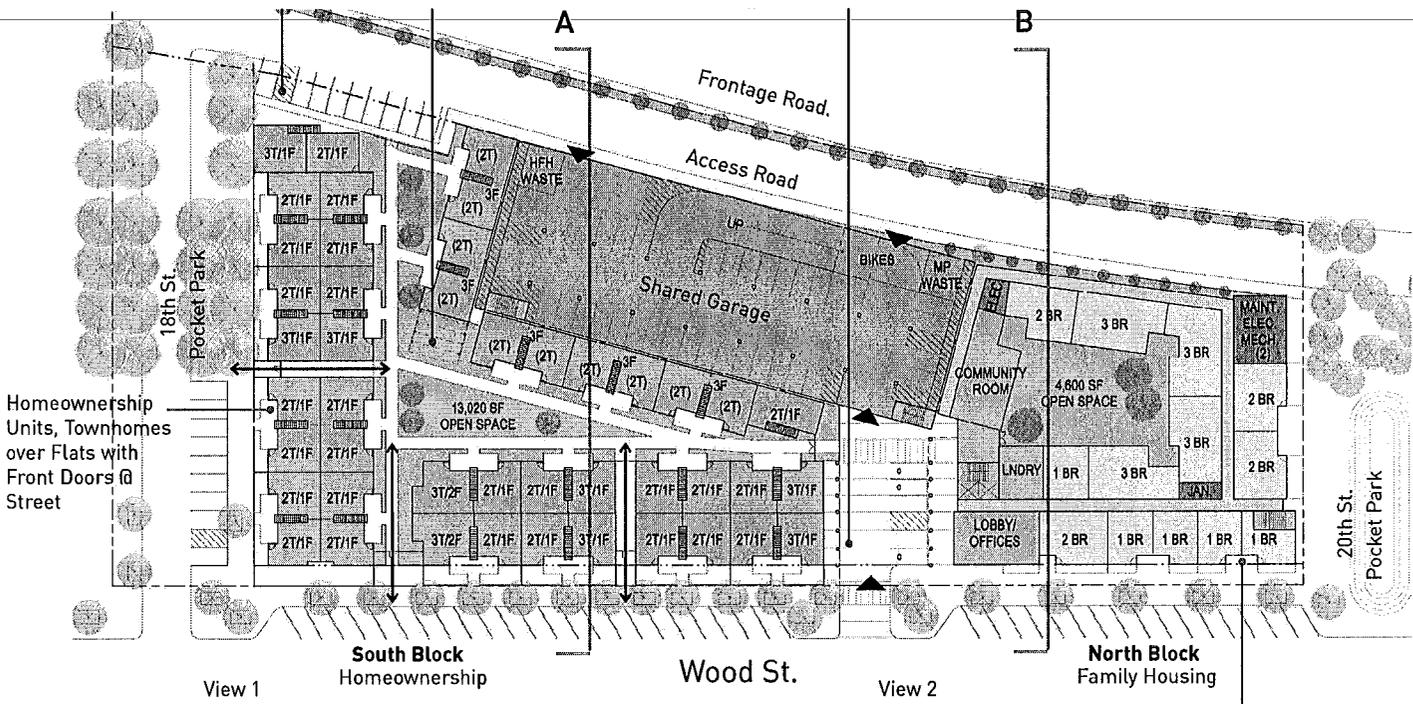
A safe place to call home is a stabilizing factor that enables youth to focus on their education and employment goals, build community, and establish a foundation for long-term success in independent living. First Place for Youth is committed to providing services for its placements, continuing on for the tenure of

their residents at the community. First Place for Youth will also locate a Services Coordinator to provide service coordination and ongoing programs to transition-aged youth placed at the site.

Both proposed populations benefit greatly from being integrated into a larger

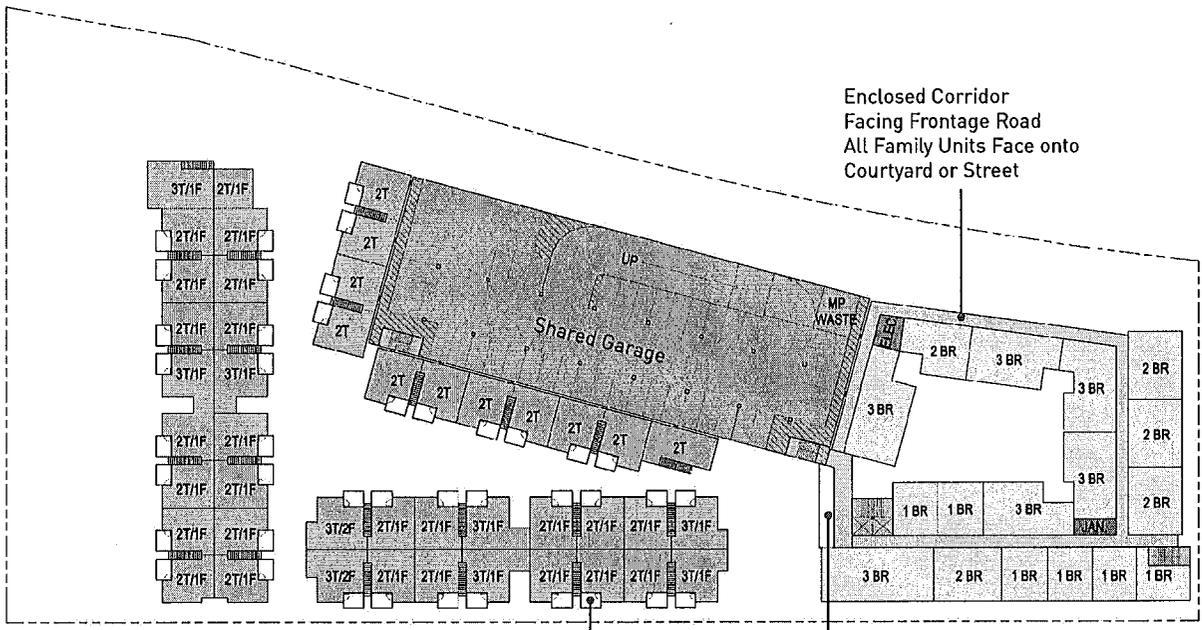
community, particularly one with diverse households of broad economic range. MidPen Services will also be responsible for service coordination with both Operation Dignity and First Place for Youth; our on-site Services Coordinator will provide a smooth connection to the services that make each resident successful.

Surface Parking for Home Ownership Flats Shared Outdoor Gathering Space w/ overhead Trellis Auto & Pedestrian Entry Court w/ short term parking & loading



Site Plan

Affordable Family Units w/ front doors & stoops @ Street



Level 2 Plan

South Block

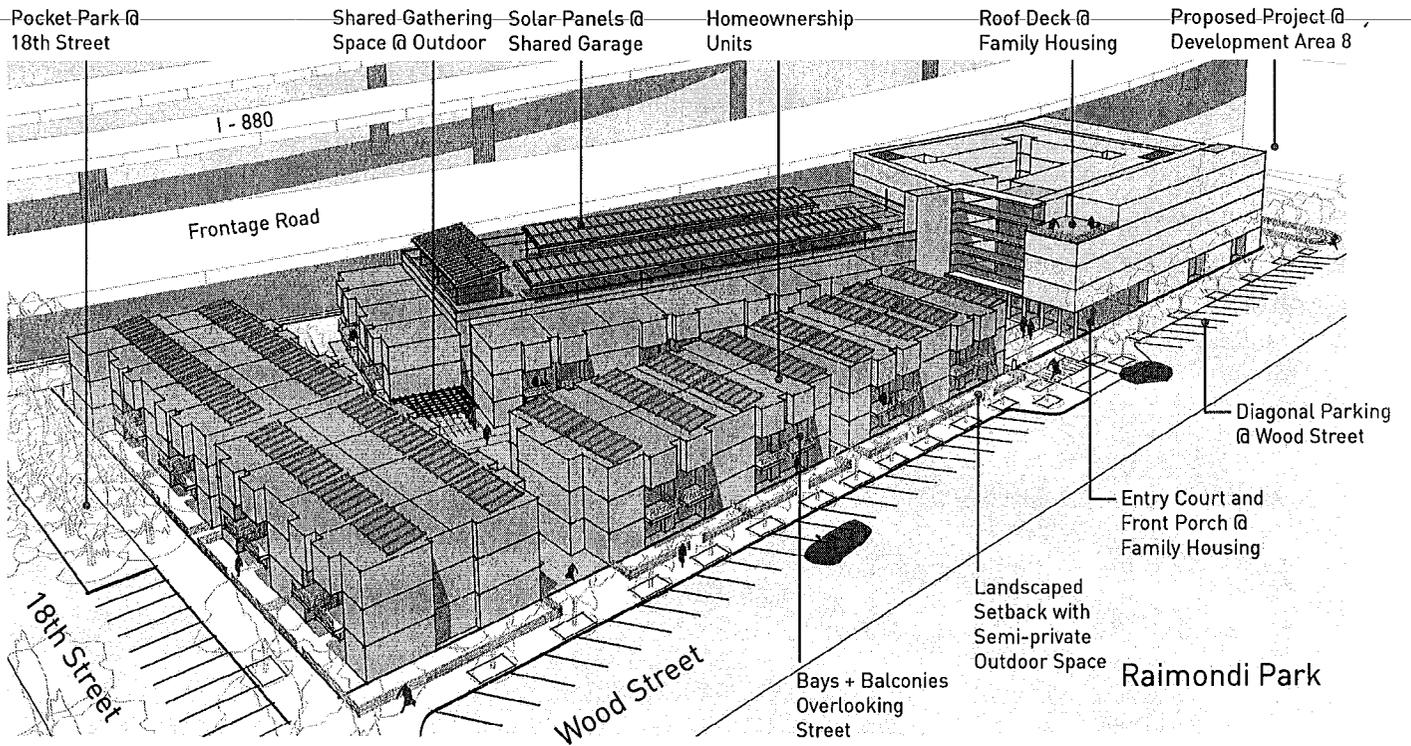
North Block

Second Floor Decks @Townhomes Overlooking Streets and Courtyard

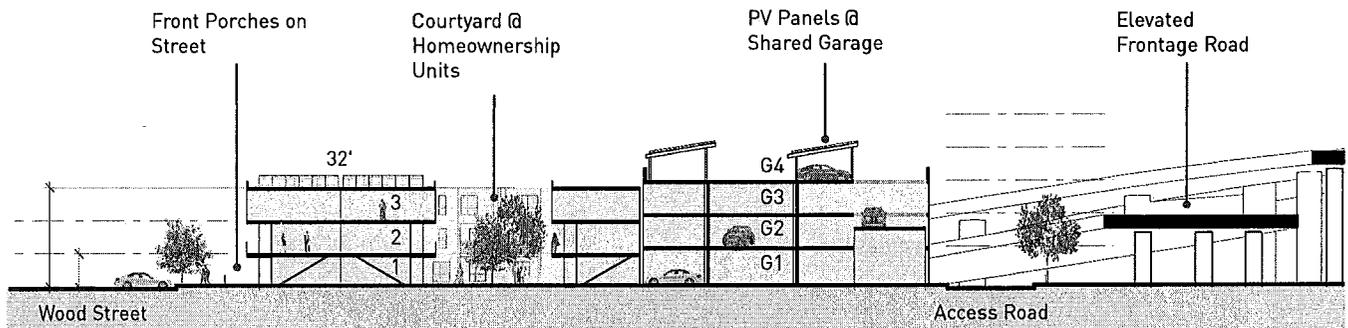
Open Air Bridge Connection to Garage

Development Summary				North Block - Family Units			
South Block - Ownership Units							
1-BR	33	510 SF	39%	1-BR	34	560 SF	40%
2-BR	38	1030 SF	45%	2-BR	28	850 SF	33%
3-BR	14	1230 SF	16%	3-BR	23	1110 SF	27%
TOTAL:	85			TOTAL:	85		

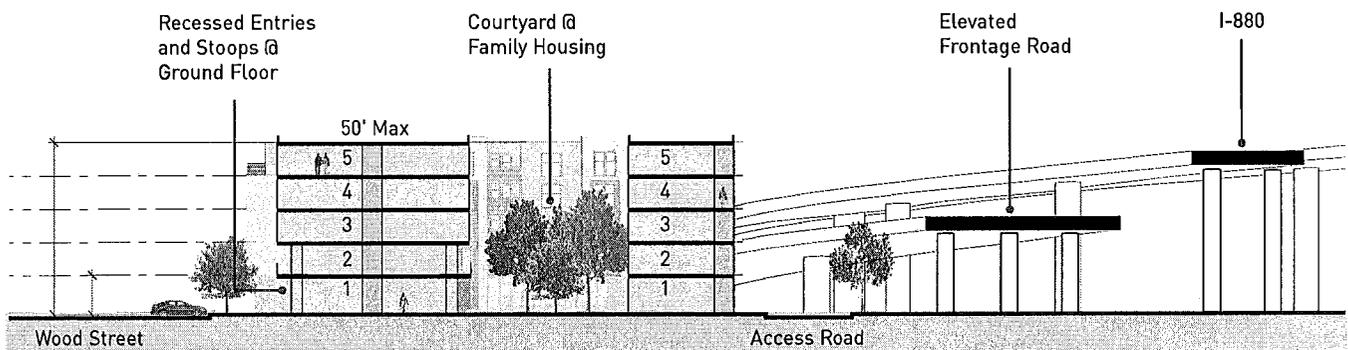
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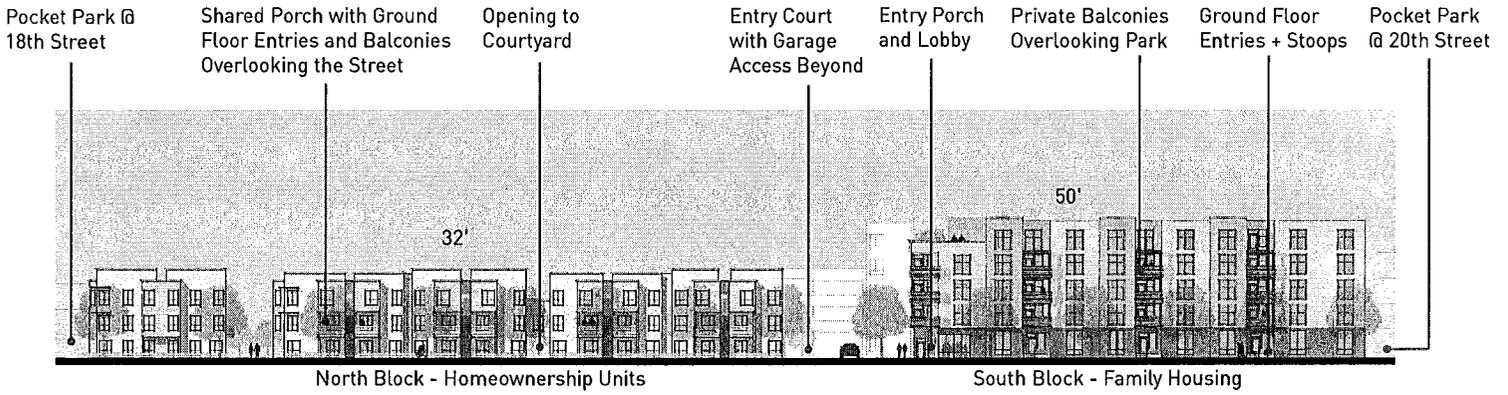
Bird's Eye Looking North



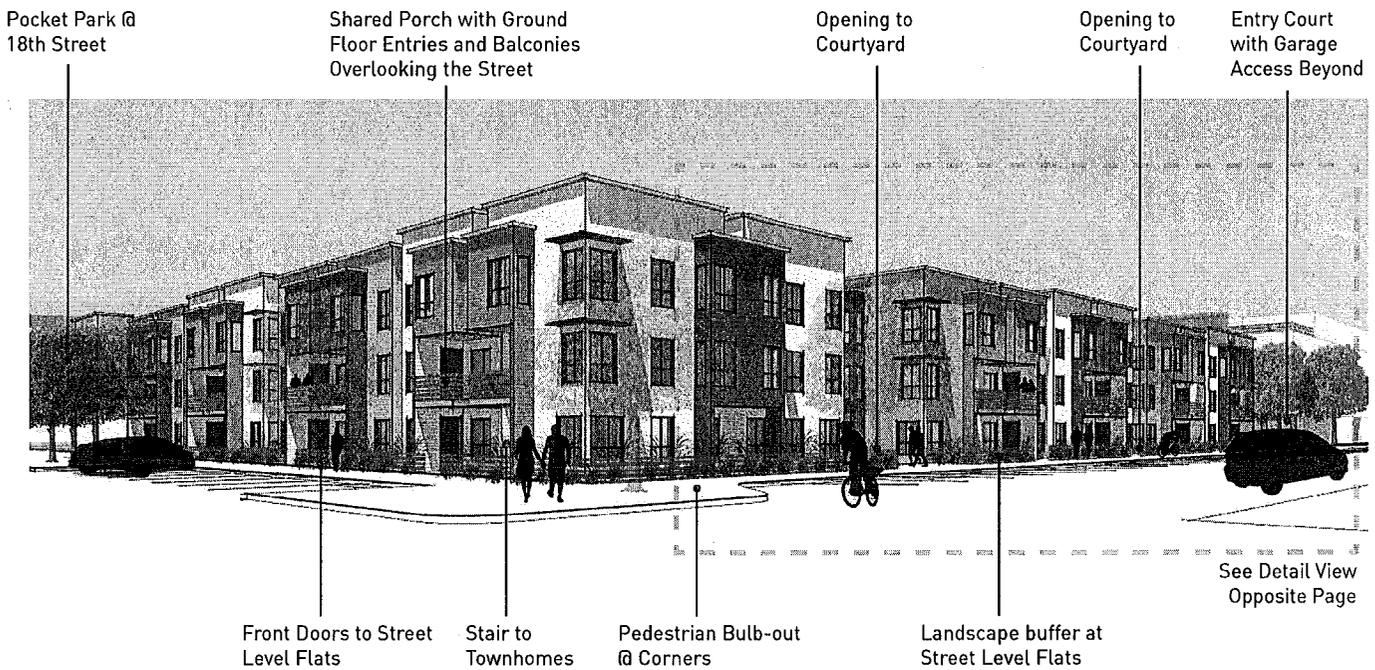
Section A - Homeownership Units



Section B - Family Housing



South-East Elevation



View 1 Homeownership Units

Bay windows allowing Residents to supervise the Street

Opening to Courtyard

Articulated sunshades

Varied parapet heights for dynamic street wall and individual Townhouse expression

Shared Porch with Ground Floor Entries and Balconies Overlooking the Street

Entry Court with Garage Access Beyond

Affordable Family Units



Wood Street

View 1 Enlarged Homeownership Units

Accent color at Front Doors to Street Level Flats and Patio Doors above

Auto Pedestrian Entry Court with Special Paving Stair and Open Circulation

Roof Deck @ 5th Level, Overlooking Park with views to Downtown Oakland



Wood Street

View 2 Family Housing

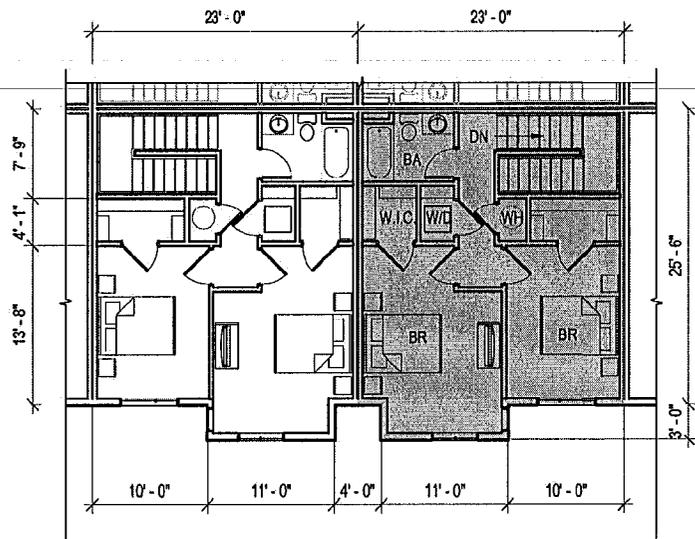
Front Porch and Lobby for Family Units

Ground Floor Entries + Stoops

Landscape buffer at Street Level Flats

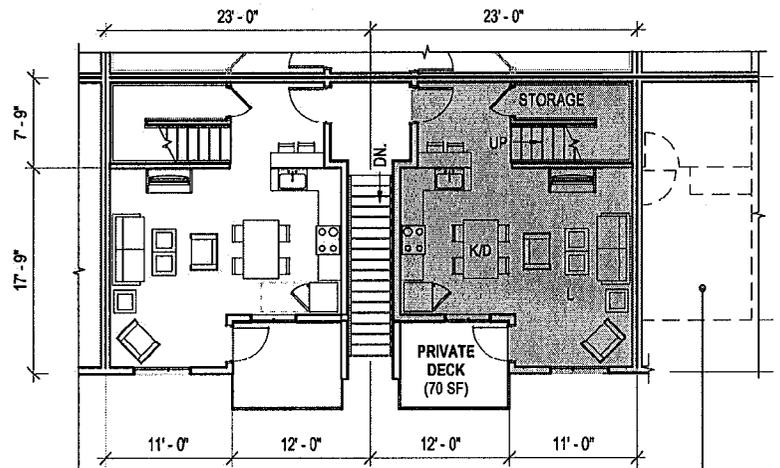
2-BR Townhome

Level 2



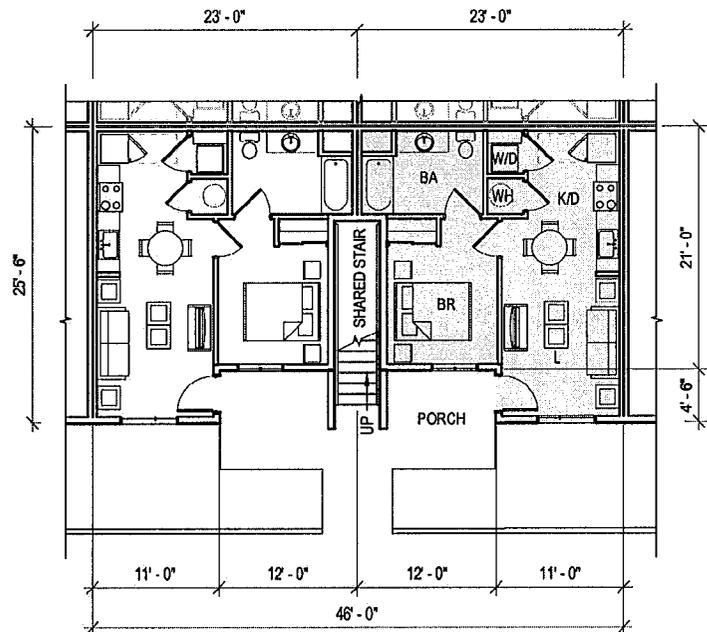
2-BR Townhome - 1,030 SF

Level 1



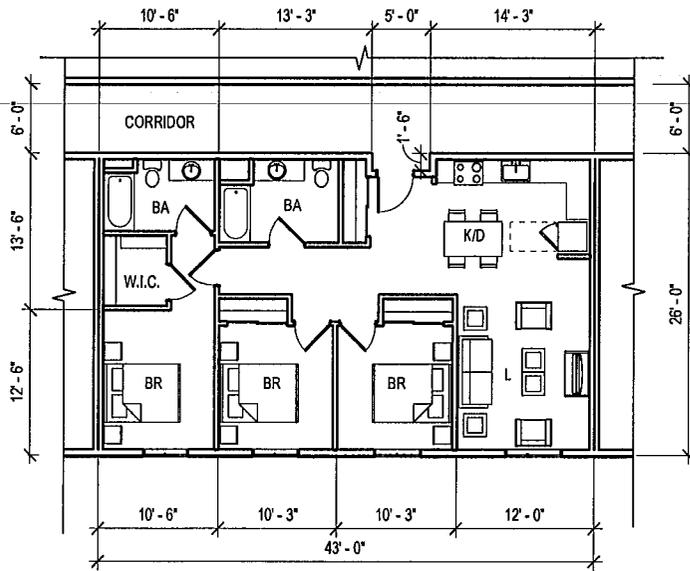
Additional Bedroom & Bath @ 3-Bedroom Unit

1-BR Flats - 510 SF

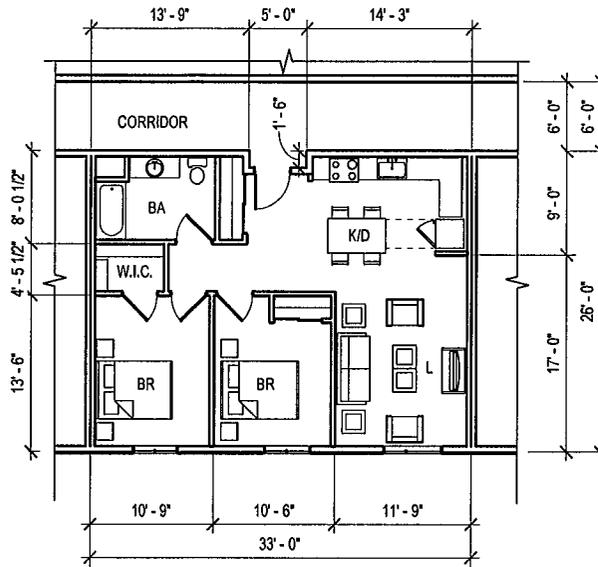


Typical Homeownership Units

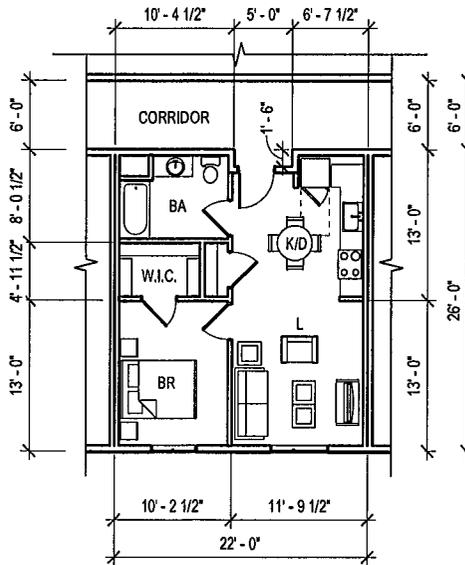
3-BR Flat - 1,110 SF



2-BR Flat - 850 SF



1-BR Flat - 560 SF



Typical Family Units

16. WOOD STREET APARTMENTS - FINANCIAL NARRATIVE

MidPen's outstanding development track record and strong financial position have allowed our organization to thrive and grow over our almost five decades of helping families and communities. We have deep experience and knowledge of the full spectrum of available financing sources for affordable rental housing and specialize in the leveraging of local, state, and federal sources of funding to create permanently affordable housing. In the past five years, we have successfully completed 19 new construction senior and family developments – we get the job done!

At the State and local level, financial resources for affordable housing are more plentiful than they have been since the dissolution of Redevelopment Agencies. Political leaders are listening to their communities and are implementing real solutions, starting with the passage of Alameda County's Measure A1 in November 2016, and then a series of bills signed by the Governor in September 2017, including SB2 that created a permanent source for affordable housing. SB3, the Veterans and Affordable Housing Bond Act of 2018, will go to the voters this fall, and MidPen stands ready to utilize these potential future State sources to fill the financing stack, including the possibility of using Infill Infrastructure Grant (IIG) and Multi-Family Housing Program (MHP) funds, among other possible funding programs.

A top priority for MidPen is to find solutions that work for our local partners. With future likely sources not yet certain and with regulations for existing programs evolving regularly, we made some basic assumptions on sources that will complete the financing, but understand that they may change in the future depending on which sources are most advantageous to the City of Oakland.

Also, to explore all potential options, we studied two primary financing approaches for the City: 4% vs. 9% tax credit scenarios. We held assumed State and County A1 contributions constant across the two scenarios so they can be compared apples-to-apples. At the present time and in the foreseeable future, with 9% tiebreakers in the East Bay Geographical Region extremely high, the two scenarios are about even from a subsidy gap perspective with 4% tax credits having a higher leverage rate.

Leveraged Financial Resources

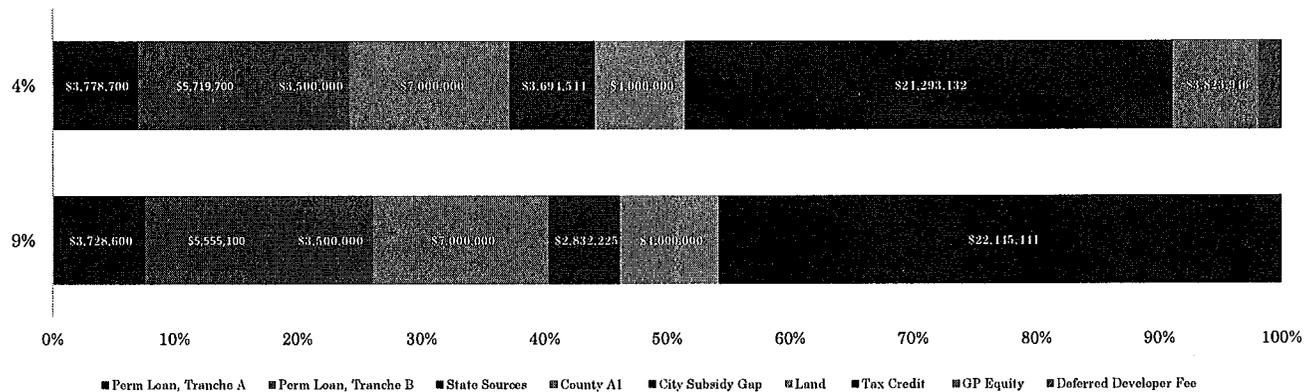
	9%		4%	
Perm Loan, Tranche A	\$	3,728,600	\$	3,778,700
Perm Loan, Tranche B	\$	5,555,100	\$	5,719,700
State Sources	\$	3,500,000	\$	3,500,000
County A1	\$	7,000,000	\$	7,000,000
GP Equity	\$	-	\$	3,823,946
Deferred Developer Fee	\$	-	\$	1,000,000
Other Sources	\$	19,783,700	\$	24,822,346
*Leverage %		40%		46%
City Subsidy Gap	\$	2,832,225	\$	3,694,511
Land	\$	4,000,000	\$	4,000,000
Tax Credit	\$	22,445,441	\$	21,293,132
TC + City Sources	\$	29,277,666	\$	28,987,643
TDC	\$	49,061,366	\$	53,809,990

*w/ excluded land 9% TC leverage is 44% & 4%TC Leverage is 50%

A high-level overview:

- The 4% tax credit plan has a projected Oakland soft loan of roughly \$3.7MM (or \$43,465 gap subsidy per unit).
- The 9% tax credit plan has a slightly lower projected Oakland soft loan of roughly \$2.8MM (or \$33,320 gap per unit).

Financing Stack: 4% vs 9%



The projected contribution from Oakland will change, and MidPen will strive to apply for the maximum competitive amounts of State and County A1 funds, to reduce the remaining Oakland soft loan in either scenario. The following pages include a description of the project assumptions, the pros and cons of the 4% and 9% tax credit programs, proposed project lenders and financing mechanisms. The proformas associated with both the 4% and 9% LIHTC strategies are included in Sections 16 through 20 of this response.

Project Assumptions

- **Rent Mix** – The rent mix is distributed broadly from 20% to 80% AMI, and assumes 20 Project-Based Vouchers from the Oakland Housing Authority and 7 VASH Vouchers from the VA. Securing vouchers will help place Oakland families on the Housing Authority waitlist into homes, fill the financing stack, and make long-term operations more sustainable.
- **Missing Middle** – The proposed program reserves 13 homes at 80% AMI, a valuable piece of our affordability mix because they broaden the spectrum of household incomes our community can serve. We understand middle-income families are struggling to remain residents of West Oakland. If through the community outreach process we find that the community would target the units differently, the program can be adjusted easily.
- **Hard Cost** – Hard costs are estimated based on a project’s currently under construction by MidPen, as well as through consultation with J.H. Fitzmaurice. Construction costs have

been increasing rapidly; we believe the costs assumed here are reflective of current market conditions.

- Land Contribution – We assume the City-owned land will be donated or leased to the project, which will score points for various funding programs. The appraised value will also count toward the CTCAC tiebreaker (both in the 4% with competitive state credits and 9% tax credit scenarios). We estimate the total land value at \$8MM with \$4MM allocated to the rental portion of the project, to be confirmed through a future appraisal.
- A1 Funding – Since there is not yet a historical record of a Regional Pool competition in the County, it is unknown what a competitive ask may be for this region. We have assumed \$7M for now, an amount that is less than the maximum A1 funds allowable for the proposed unit mix under either a 4% or 9% tax credit scenario.
- City Sources – We anticipate utilizing funds from the next round of City NOFA funding.
- Hard Cost Contingency – Per the City of Oakland Underwriting Requirements, hard cost contingency is set at 10%.
- Operating Reserves – Per the City of Oakland Underwriting Requirements, 6 months of operating reserves is included, capitalized at perm loan conversion.
- Origination Fee – Per the City of Oakland Underwriting Requirements, no ongoing loan service fee was

included but a loan origination fee equal to 2.5% of the loan amount was included.

- Replacement Reserves – Per the City of Oakland Underwriting guidelines, replacement reserves for this family project have been set at \$600 per unit.
- Voluntary Reduction of Basis – Based on the results of Round 1 of the 2018 9% tax credit competition, we have assumed a 62% tiebreaker is needed in the extremely challenging East Bay Region to be competitive for a 9% tax credit award. In order to reach the very high 62% tiebreaker, we must take a significant voluntary basis reduction for the project to be competitive.

Project Sources

The proposed Wood Street apartments will be financed mainly using the following sources:

1. Low Income Housing Tax Credits

Based on our financing analysis, the 4% and 9% options are about even from a public subsidy perspective. If selected, MidPen proposes to partner with Oakland to continuously evaluate the two options to determine the best path forward. In the past, we have also dual tracked projects to maximize our ability to secure funding.

For the 9% scenario, the most current California Tax Credit Allocation Committee (CTCAC) regulations for 2018 created a new (and smaller) East Bay Geographical Region, which means there is less 9% tax credit allocation available in the East Bay pool. The tiebreaker competition in the first round this year was more fierce

than usual, and when combined with A1 funds hitting the streets and the introduction of High Resource Areas as a tiebreaker booster, we anticipate that winning tiebreakers in this region will continue to go up, and only the highest-scoring projects will win 9% tax credits.

In addition, a project of this size most likely will have to place first in the region to secure an award, as placing second would likely mean there will not be enough credits left in the small region to fund the project. This forces the project to have the highest tiebreaker in the region to prevail. Finally, while the projected City subsidy is lower than the 4% alternate, there are some state programs that are incompatible with 9% tax credits (for example, MHP can only be used with 4%, and AHSC preferences 4% in its scoring).

For the 4% scenario, one current challenge is that the site, quite surprisingly, is not in a Qualified Census Tract (QCT) or a Difficult to Develop Area (DDA) (while its surrounding areas are). This lack of QCT/DDA designation pushes the project to compete for state credits to maximize its tax credit funding, which loses the traditional advantage of 4% tax credits being over-the-counter. It is possible during the entitlement period, the designation will change.

Employing 4% tax credits will provide the broadest access to state funding sources, since the State is very aware of the oversubscription of 9% tax credits. MidPen will also take advantage of a recent 4% rule change that allows for a developer fee of up to 15% of basis, to be claimed in eligible

basis. This results in extra credits and thus extra equity in the deal, yielding a net gain of sources for the project. MidPen will put the majority of this fee back into the project as GP equity and \$1M in as priority deferred fee, resulting in a net developer fee of \$1.4M at perm conversion, the same fee as in a 9% project.

In both the 4% and 9% cases, the federal pay-in rate is assumed at \$1.00 per dollar of federal credit, and state pay-in rate is assumed at \$0.89 per dollar of state credit, taking into account the certificated program to increase the value of state tax credits.

2. Conventional Perm Loan

Wood Street apartments will leverage a conventional perm loan using the net operating income of rental revenue after operating expenses. The 35-year amortized tax-exempt bond debt in the 4% scenario has an interest rate of 6.0%, and the taxable debt in the 9% scenario an interest rate of 6.25%. Please see Section 5 for a letter and term sheet from Union Bank regarding their interest in providing the conventional perm loan.

Public Subsidy Sources

In addition to the backbone of tax credits equity and conventional debt, which covers just over half of the total development cost, the remaining public subsidy could come from some combination of the following sources:

a) Alameda County A1 Bond Funds

Informed by our conversations with the County, MidPen has confirmed that the maximum A1 Bond Allocation a project is eligible for is subject to the per unit subsidy limits prescribed in

the Measure A1 Implementation Policies. The plan recognizes that not all A1 projects can fit through the constrained 9% queue, thereby raising the A1 loan limits for 4% projects to encourage timely production of new developments in the County. Thus, the County cap for 4% projects is higher than what is available to 9% projects. MidPen will apply for A1 funds in the County regional pool competition. The proposed placeholder request of \$7M in A1 is below the lower of the two limits since it is unknown currently how the competition will roll out.

b) Oakland Housing Authority – Project-Based Section 8 Vouchers

Project-Based “Housing Choice” Vouchers, with a contract term of 15 years, would generate a Tranche B debt against the incremental rental subsidy. Vouchers could fill a significant portion of the gap, contribute to the tiebreaker, and help make long-term operations more sustainable.

c) HUD VASH Vouchers

Veteran Administration – HUD Housing Choice Vouchers can also be designated as project-based, and provide housing assistance and case management for homeless Veterans. The rental subsidy would leverage a Tranche B debt similar to conventional PBVs. We are proposing a set-aside of 7 VASH units to place veterans in an integrated setting.

d) AHP

With the City land donation, the proposed development should meet the threshold points necessary to prevail in the AHP competition, held each

year by the Federal Home Loan Bank of San Francisco. The grant will fund a minimum of \$10,000 per restricted unit.

e) State of California – Affordable Housing and Sustainable Communities (AHSC)

A competitive state program through the Strategic Growth Council, applying for this funding requires rich transit near the site, a transit infrastructure partner project, and high offset of carbon emissions. Competition for this program has been released irregularly, but roughly once a year, with regulations changing every round since its inception three years ago. The City of Oakland has been hugely successful in accessing AHSC funds in the past. The program does preference 4% tax credit projects, and if awarded, the funding is for permanent financing only.

f) State of California – Various Programs

With the passage of SB2 and a state bond going to the voters in November 2018 in the form of SB3, there will likely be more available funding from the Department of Housing and Community Development (HCD) and the California Housing Finance Agency (CalHFA), in the form of prior programs like Multi-Family Housing Program (MHP), Infill and Infrastructure Grant (IIG), etc., which are great potential sources to fill the financing gap.

g) City Contributions

If all of the above sources were insufficient to fully fund the proposed development, MidPen would then look

to the City to fill the final gap, to be applied for through the City's NOFA process, over and above the City land donation or lease. We intend to make a diligent effort to seek and secure other sources to conserve Oakland's resources.

In California's current funding environment, MidPen firmly believes the necessary sources to fully financing the proposed development can be readily assembled.

Conclusion

MidPen has worked creatively to craft the financing plans outlined in the following Sections and has identified potential sources to fill the subsidy gap. MidPen is prepared to put our deep experience, our impeccable track record, and our strong balance sheet to work for the City of Oakland to deliver a beautiful, mixed-tenure development that complements its surrounding neighborhood while providing housing opportunities for a broad range of households.

16. WOOD STREET TOWNHOMES - FINANCIAL NARRATIVE

Habitat for Humanity East Bay/Silicon Valley ("Habitat") has a 30+ year track record of providing affordable homeownership solutions to low- and moderate-income families throughout the San Francisco Bay Area. In Oakland alone, Habitat has developed over 100 new homes for families in the last 10 years. Habitat has created a proven financing model that combines federal, state and local resources for affordable housing with its own internal network of donor fundraising that leverages its volunteer and sweat equity construction methods to deliver outstanding homeownership projects.

For the Wood Street Townhomes, Habitat anticipates applying for the following affordable housing resources once site control is established: Alameda County Measure A-1 Ownership funding of \$5.46M (\$195,000 per low-income unit), State Affordable Housing and Sustainable Communities (AHSC) funding of \$3.64M (\$130,000 per low-income unit), New Market Tax Credit funding of \$1.3M, and smaller funding allocations from the Workforce Initiative Subsidy for Ownership Program (WISH) and Department of Toxic Substance Control (to partially assist in the environmental remediation of the site). Habitat has successfully applied for and used these (or similar) financing strategies on its projects throughout the Bay Area and has excellent relationships with these funding sources.

Habitat has structured the townhome component of its Joint Venture development with MidPen to serve families qualifying in the low (< 80% AMI) and moderate (< 120% AMI) income strata. Based upon the proposed unit mix of 33% low (underwritten at a 70% AMI average) and 67% moderate (underwritten at a 100% AMI average), Habitat anticipates an average affordability across the entire Townhome community of no more than 107% AMI. Habitat has used the City of Oakland's 2018 Income Limits as required by the RFP to establish its proposed unit sales prices and projected sales proceeds when developing its project proforma.

Habitat has based its funding needs on project costs for similarly designed projects currently under construction in the East Bay, as well as input from its design consultants, and from J.H. Fitzmaurice for projects developed in the Wood Street District. Habitat believes that the costs reflected in the current development budget accurately depict the construction costs for the 85 ownership homes.

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Exhibit 21: Development Budget (Ownership)

Project Name	Wood St. Mixed Tenure Proposal (HabitatTownhomes)										
	Total	Affordable Portion	Market Rate Portion								
Total Square Feet	72,076	72,076	0								
Units	85	85	0								
Total # of Bedrooms	151	151	0								
Homeownership Projects	Entire Project	Affordable Portion	Market Rate Portion	Affordable Portion of Project - Sources						Other Source:	Other Source:
	Total	Total	Total	City Development Funds**	Other City Loans**	Developer Equity**	Construction Loan**	Proceeds from Sales**			
Construction Sources:											
City/Agency Development Loan	\$ 9,830,000	\$ 9,830,000	\$ -	9,830,000	0	0	0	0	0	0	
Other City/Agency Loans	\$ -	\$ -	\$ -	0	0	0	0	0	0	0	
Developer Equity	\$ 501,100	\$ 501,100	\$ -	0	0	501,100	0	0	0	0	
Construction Loan	\$ 26,726,650	\$ 26,726,650	\$ -	0	0	0	26,726,650	0	0	0	
Other Source: County Measure A-1	\$ 5,460,000	\$ 5,460,000	\$ -	0	0	0	0	0	5,460,000	0	
Other Source: AHSC/WISH/DTSC/New Mkt	\$ 5,660,000	\$ 5,660,000	\$ -	0	0	0	0	0	0	5,660,000	
Total Sources	\$ 48,077,750	\$ 48,077,750	\$ -	\$ 9,830,000	\$ -	\$ 501,100	\$ 26,726,650		#####	#####	
Construction Uses:											
Land Costs											
Land*	\$ 4,000,000	\$ 4,000,000	\$ -	4,000,000							
Closing Costs	\$ -	\$ -	\$ -								
Other: Due Diligence Items	\$ 100,000	\$ 100,000	\$ -	100,000							
Other:	\$ -	\$ -	\$ -								
Total Land Costs	\$ 4,100,000	\$ 4,100,000	\$ -	\$ 4,100,000	\$ -	\$ -	\$ -		\$ -	\$ -	
Hard Costs											
Site Development	\$ 5,146,700	\$ 5,146,700	\$ -	5,146,700							
Building Costs	\$ 21,420,000	\$ 21,420,000	\$ -	21,420,000							
Hard Cost Contingency (10% new const., 15% rehab)	\$ 2,857,000	\$ 2,857,000	\$ -	2,857,000							
Utility Hookups	\$ -	\$ -	\$ -								
Other: Off-Site Costs & Soil Remediation	\$ 2,008,000	\$ 2,008,000	\$ -	2,008,000							
Other:	\$ -	\$ -	\$ -								
Total Hard Costs	\$ 31,431,700	\$ 31,431,700	\$ -	\$ 31,431,700	\$ -	\$ -	\$ -		\$ -	\$ -	
Soft Costs											
Architect/Engineer	\$ 1,003,000	\$ 1,003,000	\$ -	1,003,000							
Developer Fee during Construction	\$ 3,163,000	\$ 3,163,000	\$ -	3,163,000							
Marketing/Model Homes/Counseling	\$ 1,515,000	\$ 1,515,000	\$ -	1,515,000							
Financing Fees/Closing Costs/Interest Reserve	\$ 1,118,000	\$ 1,118,000	\$ -	1,118,000							
City Loan Fee (2.5% of Current Loan Request)	\$ 245,750	\$ 245,750	\$ -	245,750							
Interim Interest (during construction/sales period)	\$ -	\$ -	\$ -								
Legal/Accounting	\$ -	\$ -	\$ -								
Appraisal/Market Study	\$ -	\$ -	\$ -								
Taxes (during construction/sales period)	\$ -	\$ -	\$ -								
Insurance (Liability, Builder's Risk)	\$ -	\$ -	\$ -								
Permits/Testing/City Inspections	\$ 5,100,000	\$ 5,100,000	\$ -	5,100,000							
Survey/Soils/Miscellaneous	\$ 100,000	\$ 100,000	\$ -	100,000							
Construction Loan Inspections	\$ -	\$ -	\$ -								
Soft Cost Contingency/Site Security/Maintenance	\$ 301,300	\$ 301,300	\$ -	301,300							
Predevelopment Loan Interest	\$ -	\$ -	\$ -								
Other:	\$ -	\$ -	\$ -								
Other:	\$ -	\$ -	\$ -								
Total Soft Costs	\$ 12,546,050	\$ 12,546,050	\$ -	\$ 12,546,050	\$ -	\$ -	\$ -		\$ -	\$ -	
Total Construction Period Costs	\$ 48,077,750	\$ 48,077,750	\$ -	\$ 48,077,750	\$ -	\$ -	\$ -		\$ -	\$ -	
Total Downpayments and First Mortgages Should Match Total Sales Proceeds Calculated in Unit Affordability Worksheet											
Post Construction Sources:											
Downpayments	\$ 709,191	\$ 709,191	\$ -					\$ 709,191			
First Mortgages	\$ 25,532,309	\$ 25,532,309	\$ -					#####			
Other: First Mortgage Inflation (4.5 Yrs @ 2%)	\$ 986,250	\$ 986,250	\$ -					\$ 986,250			
Other: Forgivable City Construction Loan	\$ 9,830,000	\$ 9,830,000	\$ -					#####			
Other: County Measure A-1	\$ 5,460,000	\$ 5,460,000	\$ -					#####			
Other:	\$ 5,660,000	\$ 5,660,000	\$ -					#####			
Total Post Construction Sources	\$ 48,077,750	\$ 48,077,750	\$ -					#####	\$ -	\$ -	
Post Construction Costs:											
Construction Loans Takeout	\$ 48,077,750	\$ 48,077,750	\$ -					#####	\$ -	\$ -	
Soft Costs During Sales											
Developer Fee from Sales	\$ -	\$ -	\$ -								
Commissions and Closing Costs at Sale	\$ -	\$ -	\$ -								
Post Construction Contingency	\$ -	\$ -	\$ -								
Post Construction Construction Defect Insurance	\$ -	\$ -	\$ -								
Other:	\$ -	\$ -	\$ -								
Other:	\$ -	\$ -	\$ -								
Subtotal Soft Costs during sale	\$ -	\$ -	\$ -					\$ -	\$ -	\$ -	
Total Post Construction Costs	\$ 48,077,750	\$ 48,077,750	\$ -					#####	\$ -	\$ -	
*If property has been donated, include the value of the donated property, and show as a source of funds in the financial summary. ** Not expected to be a source of income for shaded costs.											
SUMMARY											
The below table doesn't calculate total sources of funds, rather it summarizes the total cost for the project and provides cost per unit & square											
Total Construction Period Costs	\$ 48,077,750	\$ 48,077,750	\$ -	\$ 48,077,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Post Construction Soft Costs only	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Project Costs	#####	#####	\$ -	#####	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Costs Per Unit	565620.588	565620.588	0	565620.588	0	0	0	0	0	0	
Total Costs Per SF	667.051682	667.051682	0	667.051682	0	0	0	0	0	0	

21. Development Budget (Rental)

Project Name		4% TAX CREDIT SCENARIO - Wood Street Apartments		
	Total	Affordable Portion	Market Rate Portion	
Total Square Feet	84,989	84,989	0	
# of Units	85	85	0	
Total # of Bedrooms	155	155	0	
* assume 1 person per SRO, 1.5 per bedroom or studio	232.5	232.5	0	

Rental Projects	Item	Entire Project	Affordable Portion	Market Rate Portion	Commercial Portion	Affordable Units Sources	
		Total Costs	Residential Costs	Residential Costs	Commercial Costs	City Development Funds	Other Sources Total
1. Acquisition*							
	Option Payments	\$ -					
	Acquisition*	\$ 4,000,000	\$ 4,000,000	\$ -	\$ -	\$ -	\$ -
	Total Acquisition	\$ 4,000,000	\$ 4,000,000	\$ -	\$ -	\$ -	\$ -
2. Off-Site Improvements**		\$ 1,000,000	\$ 1,000,000				
3. Hard Costs							
	Demolition/Site Clearance	\$ 2,286,900	\$ 2,286,900				
	Construction	\$ 26,148,125	\$ 26,148,125				
	Contingency	\$ 4,099,339	\$ 4,099,339				
	Other: Insurance	\$ 284,350	\$ 284,350				
	Other: Contractor Overhead & General Require	\$ 1,900,452	\$ 1,900,452				
	Total Hard Costs	\$ 34,719,166	\$ 34,719,166	\$ -	\$ -	\$ -	\$ -
4. Soft Costs							
	Appraisal	\$ 7,500	\$ 7,500				
	Architecture/Engineering	\$ 1,622,500	\$ 1,622,500				
	Survey	\$ 225,000	\$ 225,000				
	Construction Bond Premium	\$ -	\$ -				
	Construction Testing/Inspection	\$ 100,000	\$ 100,000				
	Soils Report/Geological Survey	\$ 150,000	\$ 150,000				
	Environmental: Phase I, II, lead, asbestos	\$ -	\$ -				
	Environmental Review: CEQA/NEPA	\$ 50,000	\$ 50,000				
	Plan Check	\$ -	\$ -				
	Permits & Fees	\$ 425,000	\$ 425,000				
	Accounting/Audit/Tax Prep./Cost Cert.	\$ 20,000	\$ 20,000				
	Legal	\$ 75,500	\$ 75,500				
	Utility Fees	\$ -	\$ -				
	Construction Management	\$ 150,000	\$ 150,000				
	Relocation	\$ -	\$ -				
	Title/Recording/Closing Costs						
	-Construction/Acquisition Closing	\$ 181,268	\$ 181,268				
	Title/Recording/Closing Costs						
	-Perm. Loan Closing	\$ 153,169	\$ 153,169				
	Marketing	\$ 120,000	\$ 120,000				
	Other: Soft Cost Contingency	\$ 130,000	\$ 130,000				
	Other: Impact Fees, Monitoring, Market Study	\$ 1,155,000	\$ 1,155,000				
	Total Soft Costs	\$ 4,564,937	\$ 4,564,937	\$ -	\$ -	\$ -	\$ -
5. Carrying Costs							
	Property Taxes During Construction	\$ -	\$ -				
	Insurance During Construction	\$ 208,315	\$ 208,315				
	City Loan Fee (2.5% of Current Loan Request)	\$ -	\$ 95,124				
	City Loan Fee (2% of Previous Award)	\$ -	\$ -				
	City Loan Fee (1% of Previous Award)	\$ -	\$ -				
	Construction Loan Fees	\$ 193,324	\$ 193,324				
	Construction Loan Interest	\$ 1,329,825	\$ 1,329,825				
	Bridge Loan Interest	\$ -	\$ -				
	Other: Cost of Bond Issuance	\$ 133,129	\$ 133,129				
	Other: Lender Expense	\$ 25,000	\$ 25,000				
	Total Carrying Costs	\$ 1,889,593	\$ 1,984,717	\$ -	\$ -	\$ -	\$ -
6. Syndication Costs							
	Syndication Accounting	\$ -	\$ -				
	Syndication Legal	\$ 35,000	\$ 35,000				
	Syndication Consultant Fees	\$ 40,000	\$ 40,000				
	LIHTC Fees	\$ 51,689	\$ 51,689				
	Other: Origination/ App Fees	\$ 77,212	\$ 77,212				
	Other:	\$ -	\$ -				
	Total Syndication Costs	\$ 203,881	\$ 203,881	\$ -	\$ -	\$ -	\$ -
7. Capitalization of Reserves							
	Vacancy Loss Reserve (18 months)	\$ -	\$ -				
	Operating Reserve (long term)**	\$ -	\$ -				
	Replacement Reserve**	\$ 688,842	\$ 688,842				
	Other: Security	\$ 300,000	\$ 300,000				
	Other:	\$ -	\$ -				
	Total Reserves	\$ 988,842	\$ 988,842	\$ -	\$ -	\$ -	\$ -
8. Developer Fee		\$ 6,230,347	\$ 6,230,347				
9. Furnishings/Other**		\$ 120,000	\$ 120,000				
Total Project Costs		\$ 53,716,766	\$ 53,811,890	\$ -	\$ -	\$ -	\$ -
	Pre-2014-2015 City Funding***						
	2014-2015 City Funding***						
	Current Request for City Funds					\$ -	\$ -
Total Project Costs Per Unit		\$ 631,962	\$ 633,081	#DIV/0!	\$ -	\$ -	\$ -
Total Project Costs Per Sq. Foot		\$ 632	\$ 633	#DIV/0!	\$ -	\$ 0	\$ -

*If property has been donated, include the value of the donated property, and show as a source of funds in the financial summary.
 **This item is ineligible for HOME funding but may be an eligible cost if no HOME funds are awarded.
 *** Do not include predevelopment loans

21. Development Budget (Rental)

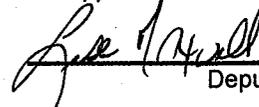
Project Name 9% TAX CREDIT SCENARIO - Wood Street Apartments			
	Total	Affordable Portion	Market Rate Portion
Total Square Feet	84,989	84,989	0
# of Units	85	85	0
Total # of Bedrooms	155	155	0
* assume 1 person per SRO, 1.5 per bedroom or studio	232.5	232.5	0

Rental Projects	Item	Entire Project	Affordable Portion	Market Rate Portion	Commercial Portion	Affordable Units Sources	
		Total Costs	Residential Costs	Residential Costs	Commercial Costs	City Development Funds	Other Sources Total
1. Acquisition*							
	Option Payments	\$ -					
	Acquisition*	\$ 4,000,000	\$ 4,000,000	\$ -	\$ -	\$ -	\$ -
	Total Acquisition	\$ 4,000,000	\$ 4,000,000	\$ -	\$ -	\$ -	\$ -
2. Off-Site Improvements**		\$ 1,000,000	\$ 1,000,000				
3. Hard Costs							
	Demolition/Site Clearance	\$ 2,286,900	\$ 2,286,900				
	Construction	\$ 26,148,125	\$ 26,148,125				
	Contingency	\$ 4,150,399	\$ 4,150,399				
	Other: Insurance	\$ 284,350	\$ 284,350				
	Other: Contractor Overhead & General Require	\$ 1,800,452	\$ 1,800,452				
	Total Hard Costs	\$ 34,770,226	\$ 34,770,226	\$ -	\$ -	\$ -	\$ -
4. Soft Costs							
	Appraisal	\$ 7,500	\$ 7,500				
	Architecture/Engineering	\$ 1,622,500	\$ 1,622,500				
	Survey	\$ 225,000	\$ 225,000				
	Construction Bond Premium	\$ -	\$ -				
	Construction Testing/Inspection	\$ 100,000	\$ 100,000				
	Soils Report/Geological Survey	\$ 150,000	\$ 150,000				
	Environmental: Phase I, II, lead, asbestos	\$ -	\$ -				
	Environmental Review: CEQA/NEPA	\$ 50,000	\$ 50,000				
	Plan Check	\$ -	\$ -				
	Permits & Fees	\$ 425,000	\$ 425,000				
	Accounting/Audit/Tax Prep./Cost Cert.	\$ 20,000	\$ 20,000				
	Legal	\$ 75,500	\$ 75,500				
	Utility Fees	\$ -	\$ -				
	Construction Management	\$ 150,000	\$ 150,000				
	Relocation	\$ -	\$ -				
	Title/Recording/Closing Costs						
	-Construction/Acquisition Closing	\$ 181,268	\$ 181,268				
	Title/Recording/Closing Costs						
	-Perm. Loan Closing	\$ 153,169	\$ 153,169				
	Marketing	\$ 120,000	\$ 120,000				
	Other: Soft Cost Contingency	\$ 127,000	\$ 127,000				
	Other: Impact Fees, Monitoring, Market Study	\$ 1,155,000	\$ 1,155,000				
	Total Soft Costs	\$ 4,561,937	\$ 4,561,937	\$ -	\$ -	\$ -	\$ -
5. Carrying Costs							
	Property Taxes During Construction	\$ -	\$ -				
	Insurance During Construction	\$ 208,315	\$ 208,315				
	City Loan Fee (2.5% of Current Loan Request)	\$ -	\$ 95,124				
	City Loan Fee (2% of Previous Award)	\$ -	\$ -				
	City Loan Fee (1% of Previous Award)	\$ -	\$ -				
	Construction Loan Fees	\$ 193,324	\$ 193,324				
	Construction Loan Interest	\$ 1,431,281	\$ 1,431,281				
	Bridge Loan Interest	\$ -	\$ -				
	Other: Cost of Bond Issuance	\$ -	\$ -				
	Other: Lender Expense	\$ 25,000	\$ 25,000				
	Total Carrying Costs	\$ 1,857,920	\$ 1,853,044	\$ -	\$ -	\$ -	\$ -
6. Syndication Costs							
	Syndication Accounting	\$ -	\$ -				
	Syndication Legal	\$ 35,000	\$ 35,000				
	Syndication Consultant Fees	\$ 40,000	\$ 40,000				
	LIHTC Fees	\$ 51,669	\$ 51,669				
	Other: TCAC App/ allocation Monitoring Fees	\$ 140,648	\$ 140,648				
	Other:	\$ -	\$ -				
	Total Syndication Costs	\$ 267,317	\$ 267,317	\$ -	\$ -	\$ -	\$ -
7. Capitalization of Reserves							
	Vacancy Loss Reserve (18 months)	\$ -	\$ -				
	Operating Reserve (long term)**	\$ -	\$ -				
	Replacement Reserve**	\$ 688,842	\$ 688,842				
	Other: Security	\$ 300,000	\$ 300,000				
	Other:	\$ -	\$ -				
	Total Reserves	\$ 988,842	\$ 988,842	\$ -	\$ -	\$ -	\$ -
8. Developer Fee		\$ 1,400,000	\$ 1,400,000				
9. Furnishings/Other***		\$ 120,000	\$ 120,000				
Total Project Costs		\$ 48,966,242	\$ 49,061,366	\$ -	\$ -	\$ -	\$ -
	Pre-2014-2015 City Funding***						
	2014-2015 City Funding***						
	Current Request for City Funds					\$ -	\$ -
Total Project Costs Per Unit		\$ 576,073	\$ 577,193	#DIV/0!	\$ -	\$ -	\$ -
Total Project Costs Per Sq. Foot		\$ 576	\$ 577	#DIV/0!	\$ -	\$ 0	\$ -

*If property has been donated, include the value of the donated property, and show as a source of funds in the financial summary.
 **This item is ineligible for HOME funding but may be an eligible cost if no HOME funds are awarded.
 *** Do not include predevelopment loans

2018 NOV 20 PM 12:33

Approved as to Form and Legality


Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR, OR HER DESIGNEE, TO ENTER INTO AN EXCLUSIVE NEGOTIATING AGREEMENT WITH MIDPEN HOUSING CORPORATION AND HABITAT FOR HUMANITY EAST BAY/SILICON VALLEY, OR THEIR AFFILIATED ENTITIES, FOR THE NEGOTIATION OF A LEASE DISPOSITION AND DEVELOPMENT AGREEMENT (“LDDA”) AND RELATED DOCUMENTS FOR DEVELOPMENT OF AFFORDABLE RENTAL AND HOMEOWNERSHIP HOUSING AT 1707 WOOD STREET (BETWEEN 18TH AND 20TH STREETS) IN OAKLAND, SUBJECT TO THE COMPLETION OF A CEQA AND NEPA DETERMINATION, IF APPLICABLE

WHEREAS, the City of Oakland (“City”) owns approximately 3.12 acres of property located at 1707 Wood street between 18th and 20th Streets (the “Property”); and

WHEREAS, on May 15, 2018, the City issued a Request for Proposals (“RFP”) seeking development proposals for affordable housing development for the Property, with RFP responses due on July 23, 2018; and

WHEREAS, an evaluation panel of City staff and community residents reviewed the two sets of RFP responses, and determined that the proposal from MidPen Housing Corporation (“MidPen”) and Habitat for Humanity East Bay/Silicon Valley, Inc. (“Habitat”) was the most responsive to the RFP guidelines, and programmatically feasible; and

WHEREAS, the City and MidPen and Habitat desire to commence negotiations over the possible development of a proposed affordable housing development (“Project”) on the Property, including approximately eighty-five (85) affordable homeownership units and eight-five (85) affordable rental homes, including one unrestricted manager’s unit, serving projected incomes between 20% to 120% of Area Median Income; and

WHEREAS, MidPen and Habitat are both California non-profit benefit corporations formed to undertake this and other similar developments in the future; and

WHEREAS, the City and MidPen and Habitat desire to dedicate time for the preliminary study and exclusive negotiations of the proposed Project and Project documents, including an LDDA, Ground Lease and related documents, with the understanding that such study and negotiations do

not constitute a binding commitment on the part of the City to the proposed Project, MidPen, Habitat, or any other development of the Property, and that staff will return to City Council to seek authorization to execute an LDDA, Ground Lease and related documents; now, therefore be it

RESOLVED: That the City Administrator or her designee is authorized to negotiate and enter into an Exclusive Negotiating Agreement ("ENA") with MidPen and Habitat for purposes of studying and evaluating the feasibility of the Project, negotiating terms and conditions for the potential development of the Project, including negotiating an LDDA, Ground Lease and related documents, and conducting California Environmental Quality Act ("CEQA") review and approval; and be it

FURTHER RESOLVED: That the exclusive negotiating period shall be for eighteen months from the date of Council approval of this Resolution, with the option to extend said period an additional six months at the discretion of the City Administrator or her designee; and be it

FURTHER RESOLVED: That this Resolution does not commit the City to the expenditure of any funds, and total Project cost will depend on the end Project and financing sources; and be it

FURTHER RESOLVED: That MidPen and Habitat shall bear sole responsibility for all costs associated with developing the Project for approval, including consultant fees, permitting fees, legal fees, financing expenses, etc.; and be it

FURTHER RESOLVED: That the City finds and determines, after independent review and consideration, that the authorization to enter into the ENA with MidPen and Habitat is exempt from CEQA pursuant to Section 15262 (feasibility and planning studies), Section 15306 (information collection) and Section 15061(b)(3) (general rule) of the CEQA Guidelines; and be it

FURTHER RESOLVED: That the City Administrator or his/her designee shall cause to be filed with the County of Alameda a Notice of Exemption from CEQA requirements; and be it

FURTHER RESOLVED: That the City Council hereby authorizes the City Administrator or his/her designee to negotiate and enter into other agreements and take all other actions necessary with respect to the ENA and the Project consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLEN, KALB, KAPLAN,
AND PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California