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OAKLAND
2019 MAY -2 PM 6: 24

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Maraskeshia Smith
Assistant City Administrator

SUBJECT: Brooklyn Basin Affordable Housing
Agreements

DATE: April 22, 2019

City Administrator Approval

Date:

5/2/19

RECOMMENDATION

Staff Recommends That The City Council Adopt The Following Pieces Of Legislation:

- 1) An Ordinance (1) Authorizing Lease Disposition and Development Agreements With MidPen Housing Corporation And The Oakland Housing Authority, Or Affiliated Entities, For The Long-Term Ground Lease Of Parcel A At Brooklyn Basin Development, 2) Finding and Determining That The Lease Of The Parcel A Property To Nibbi Brothers Associates, Inc., For Less Than Its Fair Market Value Is In The Best Interest Of The City, And (3) Making CEQA Findings For This Action; And
- 2) A Resolution (1) Authorizing An Additional Unsecured Predevelopment Loan In The Amount Of \$3,532,000 To MidPen Housing Corporation, Or Affiliated Entities, To Support The Development Of Affordable Housing On Parcel A At Brooklyn Basin, And Amend Existing Predevelopment Loans To 0% Interest, (2) Authorizing A Secured Affordable Housing Development Loan In An Amount Not To Exceed \$29,775,000, To MidPen Housing Corporation, Or Affiliated Entities, To Support The Development Of 254 Units Of Affordable Housing On Parcel A At Brooklyn Basin, (3) Appropriate \$2,003,436.22 In Master Developer Fee Contributions and Interest Earnings And \$9,984,957.25 In Net Sales Proceeds From The OHA Purchase Of An Ownership Interest In The Affordable Housing Parcels Into Development Financing Of The Affordable Housing Units For Development Of Both Parcel A And Parcel F, And (4) Making CEQA Findings For This Action.

EXECUTIVE SUMMARY

The City is required to ensure that 465 units of affordable rental housing are developed on two parcels (Parcels A and F) jointly owned by the City and the Oakland Housing Authority (OHA) at the Brooklyn Basin project site. The affordable housing will be developed in phases and consists of four projects sequenced over seven years. Parcel F consists of Projects 1A, 1B and 2 and Parcel A consists of Projects 3 and 4. The 211 units on Parcel F are under construction as of December 2018, and MidPen is seeking through the current recommended actions to proceed with development of 254 affordable housing units on Parcel A.

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Staff is seeking City Council authorization for land disposition and funding to facilitate the development, including: (1) Lease Disposition and Development Agreements among the City, OHA and MidPen for the disposition by ground lease of Parcel A, for development of affordable family housing projects with a total of 254 affordable rental units; (2) waive license fees for the temporary use of Parcel A to support construction activities on Parcel F; (3) an additional \$3,352,000 in predevelopment loans to MidPen to fund predevelopment expenses associated with getting Parcel A projects ready to secure other funding sources and commence construction on Project 3 in late 2019 or early 2020, and Project 4 within the next two years, and amending the existing predevelopment loan interest to 0%; (4) a \$29,775,000 development loan to MidPen to fund development of the two affordable housing projects on Parcel A; and (5) formally appropriate funding from the master developer contribution and OHA net sales proceeds previously allocated to the affordable housing projects.

BACKGROUND / LEGISLATIVE HISTORY

Project Description and Affordable Housing Requirement

The Brooklyn Basin Project (formerly known as the Oak to Ninth Project) is a large-scale development project on a formerly-industrial site along Oakland's waterfront. When fully developed, the project will comprise approximately 3,100 housing units, over 200,000 square feet in retail space, 29.9 acres of parks and public open space, two renovated marinas and restoration of an existing wetland area.

In 2006, the developer of the project (then known as Oakland Harbor Partners), the City, and the Redevelopment Agency entered into a Development Agreement (DA) for the project. The City negotiated a variety of community benefits provisions into the DA, including provisions for on-site affordable housing development. The DA required the Redevelopment Agency to purchase two parcels (then Parcels F and G) from the developer and to develop 465 units of housing affordable to low income households on those parcels, to be developed in phases as part of the overall project. Oakland Harbor Partners agreed to sell the affordable housing parcels at a discount and to contribute \$2 million toward development of affordable housing on those parcels.

At the same time, the Redevelopment Agency also negotiated a Cooperation Agreement with a coalition of community groups, known as the Oak to Ninth Community Benefits Coalition (the "Coalition"), over the level of community benefits that would result from the project, including affordable housing development. The Cooperation Agreement was also executed in 2006. Consistent with the DA, the Cooperation Agreement required the Redevelopment Agency to purchase the affordable housing parcels and ensure that at least 465 affordable housing units are developed as part of the overall development, but also sets forth more stringent requirements for affordability levels and unit sizes and population, as described on page 3 of this report.

Delay and Purchase of Parcels

Shortly after the DA and the Cooperation Agreement were originally signed, the Brooklyn Basin project was put on hold by the developer due to the economic downturn, and a legal challenge to the Project.

Upon dissolution of the Redevelopment Agency in 2012, the City retained and assumed the housing assets and functions of the Redevelopment Agency, including obligations related to affordable housing development at Brooklyn Basin.

Pursuant to the DA and the Cooperation Agreement, the City purchased Parcels F and G from the Brooklyn Basin developer, now known as Zarsion-OHP I, LLC (ZOHP), on August 28, 2014, for a purchase price of \$21,508,462 plus closing costs, with ZOHP obligated to conduct extensive environmental remediation, as well as infrastructure work on the property. The purchase price represented the appraised fair market value of the parcels, discounted by \$3,033,204 due to the early purchase. To fund the purchase, the City used proceeds from a housing bond issued by the Redevelopment Agency in 2011. Project funds totaling \$2,454,627 from this bond remained after the purchase of the parcels.

Selection of MidPen as Affordable Housing Developer, Parcel Swap, Oakland Housing Authority as Co-Owner, and Overall Project Financing

ZOHP has completed active environmental remediation and site preparation work on the first phase of the overall project, including the affordable housing parcels. The first market rate phase of the development, 241 units on Parcel B, is due to complete construction in a few months. Parcel C, with another 241 units of market rate housing, is scheduled to start construction within a month of the writing of this report. In addition, Parcel G's Final Development Permit for 356 market rate residential units was approved on March 20, 2019, and construction is expected to begin on that parcel by the end of the year.

In June 2015, per the terms of the DA, ZOHP selected MidPen Housing Corporation, a nonprofit affordable housing developer with extensive development experience in the Bay Area, to be the developer for the affordable housing project, and the City Administrator approved this selection. The City has been working closely with MidPen, OHA and the Coalition since June 2015, as MidPen develops and refines its affordable housing development scenarios and financing plan.

Although the Brooklyn Basin Development is MidPen's first development in Oakland, the organization has a 45-year history of affordable housing development and property management, having developed or rehabilitated over 100 properties with over 8,000 units in cities throughout the Bay Area. MidPen is building the required 465 affordable housing units in five project phases over a seven-year time frame. Per the terms of the Cooperation Agreement, 110 units will target seniors and the remaining 355 will target families. All units must be affordable to households earning between 25 percent to 60 percent of Area Median Income. At least 30 percent of the units will be three-bedroom units and at least 20 percent of the units will be two-bedroom units.

On January 5, 2016, the City Council approved Resolution No. 85939 C.M.S., which approved a financing plan for the affordable housing development, and approved the submittal of a petition

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to the California Department of Finance (DOF) for a Final and Conclusive Determination that the City had an enforceable obligation under the DA and the Cooperation Agreement to fund development of 465 units of affordable housing on the affordable housing parcels. The City sought \$45 million in Real Property Tax Trust Funds (RPTTF), i.e., property tax funds that were formerly considered tax increment funds, to develop the affordable housing.

After extensive negotiations in 2016, DOF allowed the City to retroactively re-characterize previous draws from the 2011 Affordable Housing Set-Aside Bond Fund, for the affordable parcel purchase at Brooklyn Basin and the Mural Apartments affordable housing development at the MacArthur BART station, as RPTTF expenditures. This freed up a minimum of \$35 million in 2011 Affordable Housing Bond Funds to support vertical construction of affordable housing development at Brooklyn Basin.

On July 19, 2016, per City Council Resolution No. 86301 C.M.S., the City Council approved a \$360,000 predevelopment loan to support MidPen's predevelopment activities for Parcel F.

On January 17, 2017, per City Council Resolution No. 13413 C.M.S., the City Council, acknowledging the impracticality of a requirement under the DA for the affordable housing developer to also build an additional 400 parking spaces and 42,000 square feet of retail on a reimbursement basis on Parcel G, authorized a swap with ZOHP of Parcel G for Parcel A. The parcel swap closed in June 2017. As a result, the affordable housing parcels are now Parcels F and A. As part of the parcel swap, ZOHP agreed to place its DA-required \$2 million affordable housing contribution (\$1 million per parcel) into an escrow account through the end of 2018.¹

On September 19, 2017, the City Council approved Ordinance No. 13453 C.M.S. authorizing the sale of a 50% joint ownership interest in the affordable housing parcels to OHA, in exchange for a \$10 million purchase price and OHA's commitment to provide 258 Project-Based Section 8 vouchers to the project. The \$10 million in sales proceeds would be earmarked to the project. OHA's purchase of a 50% ownership interest in the site closed in October 2017, and OHA and the City's respective rights and obligations as co-owners of the property are memorialized in a Joint Ownership Agreement (JOA).

Master Housing Agreement and Parcel F Development Underway

Pursuant to City Council Resolution No. 86937 C.M.S. and Ordinance No. 13458 C.M.S. adopted on October 17, 2017 and November 7, 2017, respectively, authorized entering into several agreements that delineate the rights and responsibilities between the City, OHA and MidPen, set the stage for predevelopment activities to take both parcels further into the predevelopment process, and provided the formal site control and development financing commitments required to allow MidPen to successfully apply for the remaining funding sources required for the affordable housing development on Parcel F.

¹ The Affordable Housing Escrow set aside \$2 million in ZOHP contributions to the affordable housing - \$1 million per each parcel, payable when MidPen pulls the first building permits on each parcel. MidPen drew down the \$1 million for Parcel F in December 2018. Although the escrow account is being terminated, ZOHP remains obligated per the DA to make an additional \$1 million contribution to affordable housing development on Parcel A when the first of those building permits is issued.

~~The Master Housing Agreement (MHA) among the City, OHA, and MidPen outlines the general terms for affordable housing development for the entire affordable housing project at Brooklyn Basin, including land disposition and funding, and established a proposed schedule for development of the affordable housing in several phases on both Parcel A and Parcel F.~~

The Parcel F Lease Disposition and Development Agreements (LDDAs) set the terms for conveying site control via long-term ground leases of Parcel F for a 101-unit family housing project (Project 1 A/B) and a 110-unit senior housing project (Project 2) on Parcel F, the first parcel to be developed. The LDDAs were executed by the City, OHA and MidPen project affiliates in February 2018, and the ground leases in December 2018, immediately prior to closing of construction financing.

The October 17, 2017 resolution also included an an additional \$2,067,000 in unsecured predevelopment loans for predevelopment expenses on both Parcels A and F, which permitted MidPen to use funding set aside for the Brooklyn Basin affordable housing to pay for predevelopment activities such as architectural and engineering work, legal work (required given the complicated ownership structure, and parcel formation), and permits.

Finally, MidPen received secured affordable housing development loan funding in the total amount of \$17,670,000 to fund the first three development projects on Parcel F, which will include 211 of the 465 affordable units. Paseo Estero (Project 1 A/B family) received \$5,350,000 in total loan funds, and Vista Estero (Project 2 senior) received \$12,320,000 in loan funds.

Between the \$17,670,000 in loans from City sources, and the \$9,755,914 estimated value of the below market ground lease for Parcel F units, total funding/land contributions from the City on the Parcel F projects were \$27,425,914, or just under \$130,000 per unit.

With the City and OHA's substantial funding commitments and operating support in place, MidPen was successful in applying for tax credits (including competitive 9% tax credits) for the affordable housing development on Parcel F in Summer/Fall 2018, while simultaneously pursuing building permits. In order to maximize the leveraging of project funding, the Paseo Estero project was divided into 4% and 9% tax credit deals. Functionally they are part of the same building, but legally there are two ownership structures for Project 1A and Project 1B. In addition, Paseo Estero and Vista share a podium and parking structures, with a reciprocal easement agreement governing use between the parties.

MidPen executed ground leases with the City and OHA in early December 2018, and closed construction financing and started construction later in December on all three Parcel F projects, increasing the number of affordable housing units under construction in the City by roughly 50%.

Current Actions: Parcel A Predevelopment and Development Loans, LDDAs and License Agreement for Parcel F Construction Support

With construction now underway on Parcel F, MidPen staff are currently preparing to get full planning and building approvals, as well as construction financing lined up for the two family affordable housing projects on Parcel A for the remaining 254 affordable housing units. MidPen went to Design Review Committee in late March 2019, and hopes to receive Planning Commission approvals in May.

Unlike the Parcel F projects, which closed construction loans and commenced construction simultaneously, Projects 3 and 4 on Parcel A are scheduled to start construction roughly one year apart, largely due to timing issues with the City's ability to draw down the remaining RPTTF contributions over several Recognized Obligation Payment Schedule (ROPS) periods. However, they will also share a podium when fully completed.

Project 3, with 130 affordable housing units, received a commitment of \$9,698,000 in County A1 affordable housing bond funds from the County's competitive regional pool funding application in February 2019, and intends to apply for State Multifamily Housing Program (MHP) funds in June. The State's MHP program, recently reinvigorated with the passage of affordable housing bonds at the state level (Propositions 1 and 2), anticipates releasing their Notice of Available Funding (NOFA) in April 2019, with applications due in June (as of report writing, the release and due dates for the MHP are not yet known). Should an MHP funding application be successful, MidPen plans to close construction financing and start construction on Project 3 in late 2019 or early 2020.

Project 3's 130 units will include a mixture of 1 to 3BR units, in compliance with the DA and the Cooperation Agreement, including 26 units for chronically homeless individuals: 26 units at 20% of Area Median Income (AMI), 26 units at 30% of AMI, and 77 units at 60% of AMI.

Project 4, with the remaining 124 affordable units, will also include a mixture of 1 to 3BR units, with exact unit mix and affordability levels to be determined in the coming months depending on projected funding sources, but nevertheless in accordance with the DA and Cooperation Agreement. Due to expected changes in the State Building Code in 2020, MidPen is attempting to move up the design approvals for Project 4, and depending on the timing of drawing down the RPTTF contribution, may move up construction timing.

LDDA

Staff is recommending that the City Administrator be authorized to enter into Parcel A Lease Disposition and Development Agreements (LDDAs) that will set the terms for the City and OHA to convey site control via long-term ground leases of portions of the 2.13 acre Parcel A for the 130-unit family housing project (Project 3) and a 124-unit family housing project (Project 4). As with Parcel F, Parcel A will be ground leased to MidPen at a nominal rent to make the projects economically feasible. The long-term ground lease structure complies with the City's policy for retaining long-term fee ownership of land parcels it owns. MidPen will develop and own the improvements (i.e., the affordable housing developments), which the affordable housing development loans will be secured against. The LDDAs will set forth the terms and conditions for the ground lease and development of Parcel A, including various preconveyance conditions.

The LDDA for Project 3 must be executed prior to the June due date for the MHP application. During the course of negotiations on Parcel F, it became clear that there would be a gap in timing between execution of the ground leases and the financial closing² to allow for the parcels' Certificates of Acceptance to be recorded. This will also be the case on Projects 3 and 4, thus staff recommends that the City Administrator be authorized to include necessary provisions in the LDDAs and ground leases to protect the City and OHA's interests and investment by unwinding the ground lease(s) in the unlikely event that the projects do not close their funding in the few weeks' gap between the ground lease closing and the financial close.

Predevelopment Funding

In 2017, the City Council approved a \$388,000 predevelopment loan for Project 3 and a \$378,000 predevelopment loan for Project 4 for partial predevelopment expenses on Parcel A to get through design review. The current funding request of \$3,532,000 would bring the total predevelopment loan award to \$2,148,000 on Project 3, and \$2,150,000 for Project 4. The additional funding will help assist the Parcel A phases to get through the State Multi-family Housing Program (MHP) and State Tax Credit Allocation Committee (TCAC) application processes to obtain their remaining needed development funding. MidPen's proposed predevelopment loan budget is attached as **Attachment A**.

The total amount of predevelopment loan funds exceeds the City's typical predevelopment loan amounts (which are limited currently to \$50,000 per project). Staff has long considered increasing the predevelopment loan limits, but to date has not had sufficient funding available to do so. In this instance, in which funding is set aside for development of the affordable housing units at Brooklyn Basin, staff believes that it is appropriate to exceed the usual predevelopment loan limits in order to cover permitting fees, architectural and engineering fees, and legal costs.

MidPen has requested that the predevelopment loan term be for a 36-month period at zero percent simple interest, and that the existing predevelopment loans convert from three percent (3%) simple interest to zero percent (0%) interest as well. During the construction closing at Brooklyn Basin Parcel F, MidPen and City of Oakland encountered a logistical issue while trying to roll the City's Predevelopment loans into a new construction/permanent loan. Because the existing predevelopment loans were executed at 3% interest, and the interest rate on the construction/permanent loans were to be at zero percent (0%) interest, it was not feasible to simply recast the existing loans under a new loan. MidPen's counsel suggests that the simplest route is to amend and restate the existing predevelopment loans for Project 3 and Project 4 to specify 0% interest, in order to eliminate this conflict when trying to close Project 3 & 4 in the future.

As with the Parcel F predevelopment loans, the Parcel A predevelopment loans would initially be unsecured, which is necessary in this case because MidPen does not as yet own a fee simple or ground lease interest in the parcels. When the parcels are conveyed to MidPen via ground lease and the development loans are closed, then the predevelopment loans will be

² Due to the use of the Subdivision Map Act's allowance for government entities to create parcels through conveyance of property, including ground leases.

consolidated with the development loans and will be secured by MidPen's interest in the properties and project improvements.

Construction/Permanent Funding

MidPen is requesting secured affordable housing development loan funding in the total amount of \$29,775,000 to fund the development of the remaining 254 affordable units on Parcel A. The development budget and proforma for the Parcel A family Project 3 is included as **Attachment B**, and the development budget and proforma for the Parcel A family Project 4 is included as **Attachment C** to this staff report. This represents roughly \$117,224 per unit for the Parcel A projects.

The DA and Cooperation Agreement set out extensive requirements for the affordable housing units in terms of depth of affordability, limits on senior units, and minimum number family-sized units (two and three bedroom units) that are reflected through the MHA, LDDAs, ground leases and loan documents for all of the projects. Although 2016's favorable DOF decision provides substantial capital towards the development of the affordable units, this estimated \$35 million and land contribution costs of \$21.5 million represents about 23 percent of the projected total development costs for the project, which are estimated at \$240 million for the 465 units. This gap is not unusual for affordable housing developments – the City's policy is to provide a maximum of 40 percent of total development costs, with developers expected to leverage the remaining funding with a variety of sources, including tax credits, other state and federal funding sources, and private loans to the extent that these are supported by cash flow. OHA's involvement as co-owner in the property provides substantial benefits to the projects and to residents, including: development capital of nearly \$10 million from the net sales proceeds, on-going development subsidies via the vouchers, and on-going contributions to project capital reserves and operating expenses for the affordable units over the long-term while allowing the property to serve some households at even lower incomes than were originally contemplated.

In addition, staff has two administrative items to address with this report's recommended actions:

The first is to permit a temporary license of Parcel A for construction administration and parking for Parcel F construction staging and worker parking and waive the monthly license fee. City Council approval is needed to waive license fee payments, estimated at \$20,000/month, for this usage. By waiving payments for temporary usage of Parcel A to support Parcel F construction activities, the City would prevent the need to reimburse the fee payments out of funding intended to construct the affordable housing units. Also, permitting the temporary use of the Parcel A for staging and parking purposes would provide security and maintenance and an ongoing presence at the site in effort to serve as a deterrent to illegal dumping.

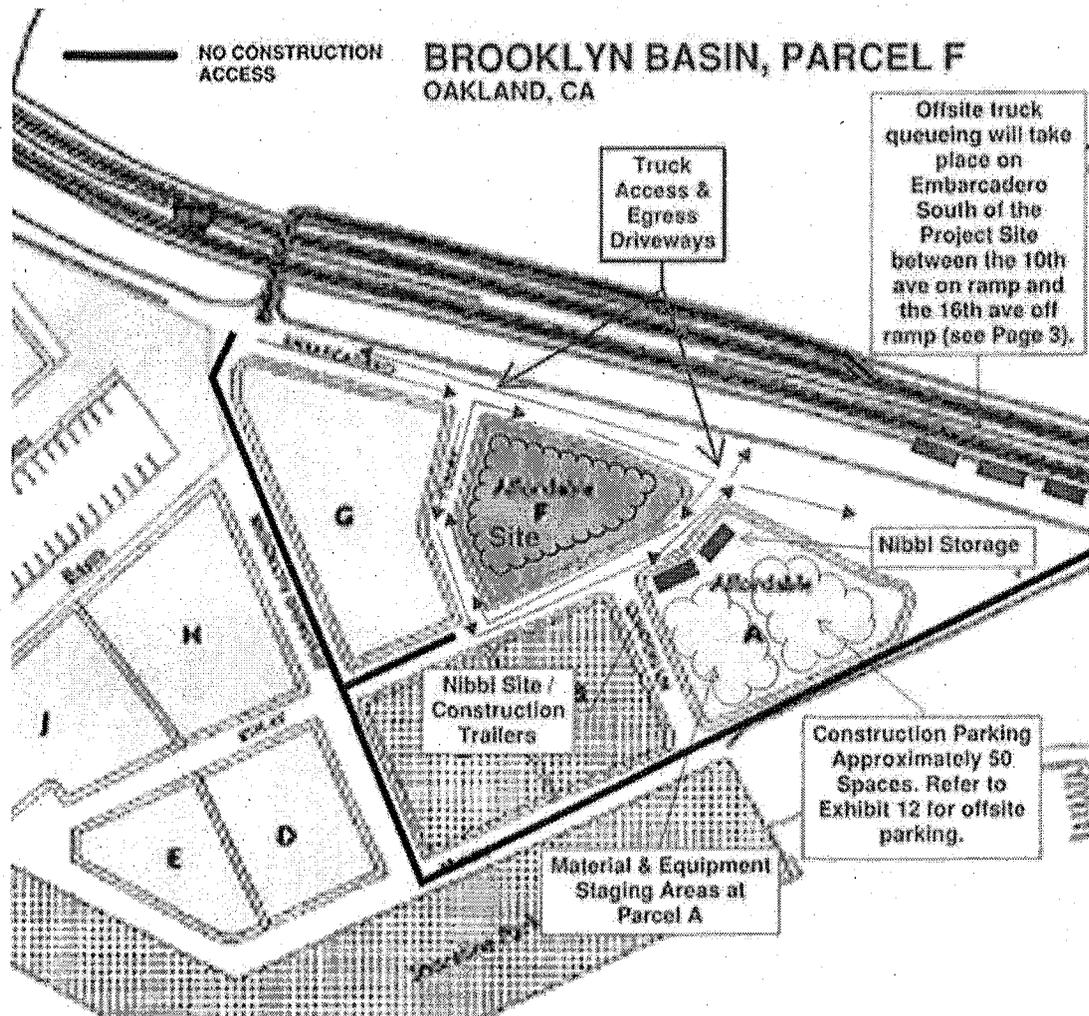
Due to the City's policies regarding license agreements of City owned land, City Council approval is needed before staff can enter into a license agreement without fees. Staff recommends waiving the fees retroactively to the start of construction on Parcel F, and permitting MidPen and their general contractor Nibbi Brothers to utilize Parcel A without license fees for approximately 24 months, until Parcel A construction itself requires use of the space.

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Nibbi Brothers will be required to maintain the parcel, repair any damages, and carry liability coverage for use of the site.

The second is to formally appropriate ZOHP developer contributions and interest earnings (\$2,003,436.22) and OHA purchase fees (\$9,984,957). Previous resolutions allocated the ZOHP and OHA funds, but inadvertently left out the appropriation language.

Figure 1 illustrates the Parcel A area for the staging and parking.



ANALYSIS AND POLICY ALTERNATIVES

The City is compelled to produce 465 affordable rental housing units at Brooklyn Basin per the DA and the Cooperation Agreement at deep affordability levels. The partnerships with OHA and MidPen, using the development funding allocated to the construction of the affordable housing,

are absolutely integral to bring these units to fruition. MidPen staff have proven adept at managing an extraordinarily complex project thus far with bringing Parcel F into the construction phase, and in securing additional funding sources required to commence development. Private predevelopment lenders would require predevelopment loans of the scale proposed here to be secured against the land, which is not ideal and would potentially place the Parcel A parcel at risk in the unlikely event of default. Interest paid on these predevelopment loans would also be significant (reducing Parcel A funding available for construction). Charging Nibbi to utilize Parcel A to support construction activities on Parcel F would reduce development funding available for the construction of Parcel F. Given strength of these partnerships and the urgency to address the Bay Area's extreme affordable housing crisis, no other options were considered.

FISCAL IMPACT

LDDA

By entering into a long-term ground lease for Parcel A, the City and OHA retain ownership of the parcel thus outweighing any fiscal impact, which staff assesses to be negligible.

Parcel F

The \$17,670,000 secured development loans for construction of the affordable housing on Parcel F (total between the senior and family projects) will be funded as follows:

- \$1 million from ZOHP's affordable housing contribution. This represents half of the funds held in escrow by First American Title Company through an escrow agreement with ZOHP that terminated on December 31, 2018.
- \$5 million from OHA purchase proceeds (half of the total paid) from 2017.
- \$9,243,000 in swapped and remaining 2011 bond funds.
- \$2,427,000 in converted predevelopment loan funding (funded by swapped and remaining bond funds) that have now been consolidated into the development loans for the projects.

Parcel A

After funding development on Parcel F, approximately \$29,775,000 in local funding remains for development of the 254 units of affordable rental housing on Parcel A, as follows:

- \$1 million remaining contribution from ZOHP and \$3,436.22 in interest earnings from the affordable housing escrow account deposited in the Low and Moderate Income Housing Asset Fund (2830), Housing Development Organization (88929), Housing Development Program Project (1004722).
- \$4,984,957.25 from the other half of OHA's purchase of a joint interest in Parcel A, deposited in the 2011 Affordable Housing Set-Aside Bond Fund (1885), Housing Development Organization (88929), Housing Development Project (1003984).
- Approximately \$23,786,607 in 2011 bond funding projected to come through FY 2021-22, including previous and current recommendations for predevelopment loan funds (as of the date of this report, over \$16 million of this funding is currently available in the 2011 Affordable Housing Set-Aside Bond Fund (1885), Housing Dev Project (1000390).

These amounts are inclusive of the additional \$3,532,000 predevelopment loans, and \$766,000 in predevelopment loans made to Projects 3 and 4 last year, which will be paid from RPTTF funds (2011 Affordable Housing Set-Aside Bond Fund (1885), Projects 10000020, 1000390, and 1001237), and will be taken out by the development loans for their respective projects.

The DOF drawdown schedule is attached as **Attachment D**. DOF's May 19, 2016 decision allows the City to use the remaining 2011 Bond funds, and allows the City to go back and re-characterize previous commitments totaling \$37.5 million made from the 2011 Bond fund for use in the City's purchase of the affordable housing parcels in 2014 (\$21.5 million) and Mural Apartments (MacArthur BART Transit Oriented Development affordable phase, \$16 million) as RPTTF expenditures, which frees up the 2011 Bond Funds for use for the vertical construction of affordable units at Brooklyn Basin. Funding is being reimbursed over six to seven tax years as it becomes available. However, under this arrangement, DOF does not consider the vertical unit construction to be an enforceable obligation, and will not cover City staff project delivery costs (estimated to total \$4-\$5 million over the life of the five phases of the project through 2023). Therefore, City staffing costs will need to be recovered from the 2011 Housing Bond as well, leaving approximately \$35 million for vertical construction.

Between the City's purchase price for the affordable housing parcels of approximately \$21,500,000 and estimated development loans of \$35,000,000, the City's total funding investment in all 465 units will be roughly \$56,500,000 (\$121,505 per unit). OHA has provided an additional \$10 million (minus closing costs) in development subsidies via its purchase of a 50% interest in the property, and ZOHP is providing another \$2 million towards the affordable housing. These sources are expected to help leverage approximately \$200 million in outside funding sources.

Regarding the license fees for temporary use of Parcel A for supporting construction activities on Parcel F, by waiving payments for temporary usage of Parcel A to support Parcel F construction activities, the City would forego the need to reimburse the fee payments out of funding intended to construct the affordable housing units.

PUBLIC OUTREACH / INTEREST

The Coalition continues to be involved with this project since it is a party to the 2006 Cooperation Agreement with the City. The members of the Coalition are the Asian Pacific Environmental Network, East Bay Asian Youth Center, Oakland Community Organizations, and the Urban Strategies Council. City staff, the Coalition, OHA, and MidPen have been meeting frequently since June 2015 to discuss the affordable housing program and financing plan and the Coalition is an active participant in those discussions. In addition, the Coalition supports the involvement of OHA at the current level of Section 8 units.

COORDINATION

Housing and Community Development staff coordinated with the City Attorney's Office, Budget Bureau, and the City Administrator's Office in preparation of this report. Staff also remains in

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frequent contact with the Real Estate division, Planning and Building Department, and Public Works Department's Environmental Services Division.

SUSTAINABLE OPPORTUNITIES

Economic: The development of affordable housing at Brooklyn Basin will create economic opportunities through the provision of construction and property management employment opportunities. In addition, providing affordable housing, with a substantial portion of Project-Based Section 8 units, will allow residents to have greater financial security. Residents of affordable housing tend to spend their increased discretionary funds within their communities, which will also help local businesses.

Environmental: Environmental remediation of the affordable housing parcels has been completed and monitoring is occurring. Housing staff will work with Public Works – Environmental Services Division staff on remediation issues and monitoring, and has worked with Planning staff on NEPA review for the projects.

Social Equity: The development of affordable housing at Brooklyn Basin will create 465 affordable housing units for low and very low income residents, which is a means of achieving greater social equity. Units will serve lower incomes (regulated at 25-60 percent of AMI, but with vouchers that could allow residents in the 0-25 percent of AMI level as well). Affordable units will serve seniors and families, with large (3 bedroom) units that would otherwise be difficult to find in Oakland. Oakland's neighborhood-level environment will be improved by replacing vacant and underused lots with new homes and residents.

CEQA

The City of Oakland's Planning Commission certified the Oak to Ninth Avenue Project Environmental Impact Report on March 15, 2006. Under the California Environmental Quality Act (CEQA) Section 15162, no subsequent environmental review is required unless the project has changed substantially, the circumstances under which the project would occur have changed substantially, or new information demonstrates that any potential environmental impacts would be substantially more severe than previously demonstrated. In reviewing the preliminary affordable housing development and financing plan, staff has determined that none of the circumstances necessitating further environmental review are present. The reasons for this determination include, among others, the following: (1) the preliminary affordable housing development and financing plan does not affect development envelope previously reviewed in the EIR and is not a change in the project that involves any new significant effects or a substantial increase in the severity of previously identified significant effects; (2) circumstances under which the project is undertaken have not occurred that will involve new significant environmental effects or a substantial increase in the severity of previously identified significant effects; and (3) no new information has come to light that would involve new or substantially more severe effects or feasible alternatives or mitigation measures. Accordingly, no further environmental review is required for this project at this time. The EIR identifies impacts and requires mitigation measures, and the proposed project will continue to be required to

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incorporate the mitigation measures. The EIR is available for review at 250 Frank Ogawa Plaza, Suite 3315, Oakland, CA 94612 during normal business hours.

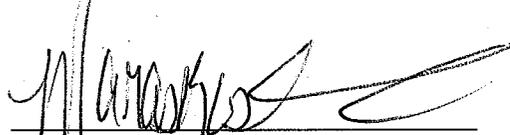
ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt The Following Pieces of Legislation

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

Respectfully submitted,



MARASKESHIA SMITH
Assistant City Administrator

Reviewed by:
Maryann Leshin, Deputy Director, Housing and
Community Development

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

Attachments (4):

- A: MidPen Predevelopment Loan Budget
- B: Parcel A: Project 3 Family housing budget/proforma
- C: Parcel A: Project 4 Family housing budget/proforma
- D: Projected RPTTF Drawdown

Attachment A.

Brooklyn Basin Project 3 Predev Budget		Brooklyn Basin Project 4 Predev Budget	
	Predev Budget		Predev Budget
Design & Engineering		Design & Engineering	
Architecture	\$ 1,362,425	Architecture	\$ 1,396,748
Civil & Mapping - BKF	\$ 74,850	Civil & Mapping - BKF	\$ 74,480
Sustainability Consultant	\$ 34,500	Sustainability Consultant	\$ 40,685
Solar/ PV Consultant	\$ 25,500	Solar/ PV Consultant	\$ 26,265
Joint Trench Consultant	\$ 35,000	Joint Trench Consultant	\$ 36,050
Acoustical Consultant	\$ 5,000	Acoustical Consultant	\$ 5,000
Exterior Building Maintenance	\$ 35,000	Exterior Building Maintenance	\$ 35,000
DAS Communications	\$ 10,000	DAS Communications	\$ 10,000
Trash Consultant	\$ 9,000	Trash Consultant	\$ 9,000
GeoTech	\$ 35,325	GeoTech	\$ 25,540
Fire Sprinkler Design	\$ 20,000	Fire Sprinkler Design	\$ 20,000
Waterproofing	\$ 8,000	Waterproofing	\$ 8,000
Environmental Consultant	\$ 5,250	Environmental Consultant	\$ -
			\$ -
Other Consultants		Other Consultants	
Financial Consultant	\$ 20,000	Financial Consultant	\$ 20,000
Construction Management		Construction Management	
Appraisal	\$ 32,500	Appraisal	\$ 32,500
Market Study	\$ 7,500	Market Study	\$ 7,500
Legal	\$ 15,000	Legal	\$ 15,000
	\$ 7,500		\$ 7,500
	\$ -		\$ -
Other Costs		Other Costs	
Permit/Impact Fees	\$ -	Permit Fees	\$ -1,000,000
TCAC Fees	\$ 1,000,000	TCAC Fees	\$ 90,225
Insurance (BR/ GL)	\$ 90,225	Insurance (BR/ GL)	\$ 470,000
	\$ 444,508		\$ -
	\$ -		\$ -
Soft Cost Contingency	\$ 91,431	Soft Cost Contingency	\$ 100,000
Total Predev Budget	\$ 3,368,514	Total Predev Budget	\$ 3,429,493

A1 Family



SOURCES AND USES

SOURCES AND USES			
CONSTRUCTION SOURCES		per unit	
Construction Loan	\$ 59,764,028	459,723	
City of Oakland Bond Funds	\$ 6,442,000	49,554	
City of Oakland/ OHA Land Sale Proceeds	\$ 5,000,000	38,462	
City of Oakland/ ZOHP Contribution	\$ 1,000,000	7,692	
MHP	\$ -	-	
Alameda County Regional A1	\$ 9,648,000	74,215	
No Place Like Home	\$ -	-	
LP and GP Equity	\$ 4,056,467	31,204	
total	\$ 96,586,326	\$ 742,972	
PERMANENT SOURCES		per unit	
Amortizing Perm Loan, Tranche A	\$ 1,210,200	9,309	
Amortizing Perm Loan, Tranche B	\$ 10,877,400	83,672	
City of Oakland Bond Funds	\$ 6,442,000	49,554	
City of Oakland/ OHA Land Sale Proceeds	\$ 5,000,000	38,462	
City of Oakland/ ZOHP Contribution	\$ 1,000,000	7,692	
MHP	\$ 8,164,000	62,800	
Alameda County Regional A1	\$ 9,698,000	74,600	
No Place Like Home	\$ 5,500,000	42,308	
Tax Credit Investor Proceeds	\$ 40,563,665	312,028	
GP Equity	\$ 9,971,398	76,703	
Deferred Developer Fee	\$ 436,140	3,355	
total	\$ 109,538,634	\$ 760,483	
PERMANENT USES			
ACQUISITION	total	per unit	per SF
Land	\$ 10,400,000	\$ 80,000	\$ 68
Other Acquisition Costs	\$ 110,000	\$ 846	\$ 1
Total Acquisition Costs	\$ 10,510,000		\$ 68
HARD COSTS			
Resid. Site Work and Structures	\$ 52,585,000	\$ 404,500	\$ 341
Commercial Costs	\$ -	\$ -	\$ -
Escalation Contingency	\$ 7,887,750	\$ 60,675	\$ 51
Overhead & Profit/GC/Ins. Bond	\$ 9,754,255	\$ 75,033	\$ 63
Owner Contingency	\$ 3,511,350	\$ 27,010	\$ 23
Total Hard Costs	\$ 73,738,355	\$ 567,218	\$ 479
SOFT COSTS			
Architecture and Engineering	\$ 2,575,185	\$ 19,809	\$ 17
Construction Loan interest and fees	\$ 5,736,017	\$ 44,123	\$ 37
Permanent Financing	\$ 150,876	\$ 1,161	\$ 1
Legal Fees	\$ 263,000	\$ 2,023	\$ 2
Reserves	\$ 2,238,581	\$ 17,220	\$ 15
Permits and Fees	\$ 2,180,000	\$ 16,769	\$ 14
Other Soft Costs	\$ 1,628,653	\$ 12,528	\$ 11
Relocation	\$ -	\$ -	\$ -
Developer Fee	\$ 12,407,538	\$ 95,443	\$ 81
Total Soft Costs	\$ 27,179,850	\$ 209,076	\$ 176
TOTAL DEVELOPMENT COSTS	\$ 111,428,205	\$ 857,140	\$ 724

A2 Family



SOURCES AND USES

CONSTRUCTION SOURCES		per unit	
Construction Loan	\$ 69,905,926		563,757
City of Oakland Bond Funds	\$ 17,333,000		139,782
City of Oakland/ OHA Land Sale Proce	\$ -		-
City of Oakland/ ZOHP Contribution	\$ -		-
HCD - IIG	\$ 4,960,000		40,000
Not used	\$ -		-
Source 6	\$ -		-
LP and GP Equity	\$ 4,366,714		35,215
total	\$ 96,565,640		\$ 778,755

PERMANENT SOURCES		per unit	
Amortizing Perm Loan, Tranche A	\$ 7,227,500		58,286
Amortizing Perm Loan, Tranche B	\$ 10,214,300		82,373
City of Oakland Bond Funds	\$ 17,333,000		139,782
City of Oakland/ OHA Land Sale Proce	\$ -		-
City of Oakland/ ZOHP Contribution	\$ -		-
HCD - IIG	\$ 4,960,000		40,000
Not used	\$ -		-
HCD - MHP	\$ 16,014,000		129,145
Tax Credit Investor Proceeds	\$ 43,666,141		352,146
GP Equity	\$ 4,190,850		33,797
Deferred Developer Fee	\$ -		-
total	\$ 105,814,941		\$ 835,531

PERMANENT USES

ACQUISITION	total	per unit	per SF
Land	\$ -	\$ -	\$ -
Other Acquisition Costs	\$ 50,000	\$ 403	\$ 0
Total Acquisition Costs	\$ 50,000		\$ 0

HARD COSTS

Resid. Site Work and Structures	\$ 54,150,800	\$ 436,700	\$ 368
Commercial Costs	\$ -	\$ -	\$ -
Escalation Contingency	\$ 13,537,700	\$ 109,175	\$ 92
Overhead & Profit/GC/Ins. Bond	\$ 10,897,849	\$ 87,886	\$ 74
Owner Contingency	\$ 3,929,317	\$ 31,688	\$ 27
Total Hard Costs	\$ 82,515,666	665,449	\$ 561

SOFT COSTS

Architecture and Engineering	\$ 2,426,471	\$ 19,568	\$ 16
Construction Loan interest and fees	\$ 7,111,475	\$ 57,351	\$ 48
Permanent Financing	\$ 20,000	\$ 161	\$ 0
Legal Fees	\$ 140,000	\$ 1,129	\$ 1
Reserves	\$ 765,292	\$ 6,172	\$ 5
Permits and Fees	\$ 2,580,000	\$ 20,806	\$ 18
Other Soft Costs	\$ 1,305,137	\$ 10,525	\$ 9
Relocation	\$ -	\$ -	\$ -
Developer Fee	\$ 8,900,000	\$ 71,774	\$ 60
Total Soft Costs	\$ 23,248,375	187,487	\$ 158
TOTAL DEVELOPMENT COSTS	\$ 105,814,041	\$ 853,339	\$ 719

PARCEL 2 - Family 3 Phase (Non-Competitive 4% Tax Exempt Bond project)	4% Tax Exempt							
Tax Credit Application Tax Credit Award Tax Credit closing deadline (90 days) / Construction Start RPTIF needed RPTIF needed Construction Completion / Begin Lease-Up	March 2021 May 2021 July 2021 July 2021 January 2022 December 2022						5,750,000	5,750,000

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DEPUTY CITY ATTORNEY

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C.M.S.

ORDINANCE (1) AUTHORIZING LEASE DISPOSITION AND DEVELOPMENT AGREEMENTS WITH MIDPEN HOUSING CORPORATION AND THE OAKLAND HOUSING AUTHORITY, OR AFFILIATED ENTITIES, FOR THE LONG-TERM GROUND LEASE OF PARCEL A AT BROOKLYN BASIN, 2) FINDING AND DETERMINING THAT THE LEASE OF THE PARCEL A PROPERTY TO NIBBI BROTHERS ASSOCIATES, INC. FOR LESS THAN ITS FAIR MARKET RENTAL VALUE IS IN THE BEST INTEREST OF THE CITY, AND (3) MAKING CEQA FINDINGS FOR THIS ACTION

WHEREAS, in 2014 and 2017, the City acquired Project Parcels A and F (the "affordable housing parcels") at the Brooklyn Basin development project (formerly the Oak to 9th project) for the development of 465 units of affordable housing; and

WHEREAS, the obligation to purchase the affordable housing parcels for development of affordable housing arises pursuant to a Development Agreement between the City and Zarsion-OHP I, LLC ("ZOHP"), originally entered into in 2006 and subsequently amended (the "Development Agreement") and a Cooperation Agreement between the City and the Oak to Ninth Community Benefits Coalition originally entered into in 2006 and subsequently amended (the "Cooperation Agreement"); and

WHEREAS, the Development Agreement provides that the City and ZOHP will work together to identify, recruit and select an affordable housing developer to acquire the affordable housing parcels and develop affordable housing, and sets forth a process for ZOHP to propose an affordable housing developer and for the City to accept or reject the proposed developer; and

WHEREAS, the Housing Authority of the City of Oakland, California ("OHA") has purchased an undivided 50 percent tenant-in-common interest in the affordable housing parcels; and

WHEREAS, the City and OHA have selected MidPen Housing Corporation ("MidPen"), a California nonprofit public benefit corporation, pursuant to the developer selection process in the Development Agreement, to be the developer of affordable housing at the affordable housing parcels; and

WHEREAS, MidPen is an experienced and capable affordable housing developer;
and

WHEREAS, on January 5, 2016, Council passed Resolution No. 85939 C.M.S. approving a financing plan for developing affordable housing at Brooklyn Basin; and

WHEREAS, on November 7, 2017, Council passed Ordinance No. 13458, authorizing a Master Housing Agreement among the City, OHA and MidPen, or affiliates, which sets forth the general terms and conditions under which the affordable housing parcels will be conveyed and the affordable housing will be financed and developed on the parcels, as well as authorizing entering into Lease Disposition and Development (LDDAs) for MidPen affiliates to develop the first 211 affordable housing units in Projects 1 and 2 on Parcel F, with long-term ground leases; and

WHEREAS, MidPen has proposed developing the affordable housing on the affordable housing parcels in phases, with 211 affordable units currently under construction on Parcel F, and is currently seeking to proceed with the final two project phases being developed on Parcel A; and

WHEREAS, MidPen has proposed to develop 130 units of family housing as part of Project 3 and 124 units of family housing as part of Project 4 on Parcel A; and

WHEREAS, all units (other than manager units) will be affordable to households earning no more than 60% of area median income; and

WHEREAS, Section 2.42.140, et seq., of the Oakland Municipal Code authorizes the City to sell or lease real property for development by ordinance; and

WHEREAS, lease disposition and development agreements among the City, OHA and MidPen will set forth the terms and conditions under which the City and OHA will dispose of Parcel A to MidPen and/or affiliated entities by means of long-term ground leases, and by which MidPen will construct Project 3 and Project 4 on Parcel A; and

WHEREAS, the conveyance of Parcel A to MidPen for development and operation of affordable housing will further the health, safety, and general welfare of the residents of the City of Oakland by increasing the stock of housing affordable to low income households; and

WHEREAS, Section 2.42.180 of the Oakland Municipal Code authorizes the City to dispose of property at its fair reuse value as assessed based on the property's proposed development and use, prevailing market conditions, development climate at the time of disposition, and other economic and noneconomic factors, and requires findings to justify any below-market disposition; and

WHEREAS, the assessment set forth in the staff report accompanying this Ordinance concludes that, based on a financial feasibility analysis of the proposed project, the fair reuse value of Parcel A is nominal; and

WHEREAS, given the economics of the proposed projects and the need to make the projects work, the ground lease of Parcel A to MidPen at a nominal cost is necessary; and

WHEREAS, the Environmental Impact Report for the Oak to Ninth Mixed Use Development Project prepared under the California Environmental Quality Act ("CEQA") and certified by the City Council in 2006 and recertified in 2009 (the "EIR") provides a project-level analysis of the environmental impacts of the Brooklyn Basin development project and supports all levels of approval necessary to implement the Brooklyn Basin project, including affordable housing development on the affordable housing parcels; and

WHEREAS, the proposed transactions, including development of Project 3 and Project 4 on Parcel A, would not result in any significant effect that has not already been analyzed in the EIR, and there will be no significant environmental effects caused by the transactions that have not already been analyzed in the EIR; and

WHEREAS, MidPen affiliates are currently under contract with Nibbi Brothers Associates, Inc. ("Nibbi Brothers"), a contractor with over sixty years of experience in construction as their general contractor for the construction of the 211 affordable housing units on Parcel F; and

WHEREAS, Nibbi Brothers' construction management plan with the Bureau of Planning and Building calls for usage of Parcel A as a construction staging and worker parking area for up to 24 months, depending on the development Plans for Parcel A; and

WHEREAS, the 2015 – 2020 Consolidated Plan for the Housing and Community Development Department identifies that 70% of low and moderate income households in the City of Oakland (55,970 households), are facing cost burdens, paying over 30% of their income towards housing costs; and

WHEREAS, 43% of low and moderate income renters are severely cost burdened, paying more than 50% of their income towards housing costs; and

WHEREAS, Parcel F's 211 affordable housing units will help ameliorate this housing crisis; and

WHEREAS, it is mutually beneficial to have an active use on Parcel A until construction on Parcel A affordable housing units can commence; and

WHEREAS, it is not mutually beneficial to utilize the Parcel F development funds towards license costs; and

WHEREAS, the City Council finds that urgent and expeditious efforts are necessary to develop additional affordable housing solutions; and

WHEREAS, Oakland Municipal Code ("OMC") 2.42.110 provides that City-owned real property must be leased for a rent equal to or exceeding the property's fair market rental value unless the City Council has made a finding and determination that the lease of the property for less than its fair market rental value is in the best interest of the City; and

WHEREAS, in making the required finding and determination, the City Council may consider the value of in-kind services to the City or the community at-large provided by the lessee such as but not limited to property security and maintenance, social and cultural benefits to the community or other services; now, therefore

The Council of the City of Oakland does ordain as follows:

SECTION 1. The City Council hereby authorizes the City Administrator or her designee to negotiate and execute lease disposition and development agreements with OHA and MidPen, or affiliated entity or entities approved by the City Administrator, for the disposition of Parcel A to Mid-Pen or affiliate by long-term ground leases and the development of Project 3 and Project 4 on Parcel A by MidPen or affiliate consistent with the terms of this Ordinance and other agreements with respect to the affordable housing parcels.

SECTION 3. The City Council hereby authorizes the City Administrator or her designee to negotiate and execute license agreement(s) between the City, OHA and Nibbi Brothers, or affiliated entity or entities approved by the City Administrator, for the temporary license of Parcel A for the undertaking of construction activities on Parcel F, consistent with the terms of this Ordinance and other agreements with respect to the affordable housing parcels.

SECTION 4. The City Council hereby authorizes long-term ground leases of the City's interest in Parcel A at Brooklyn Basin to MidPen, or affiliated entity or entities approved by the City Administrator, for nominal lease payments, in return for an agreement by the developer to develop and operate Project 3 and Project 4 on Parcel A as affordable housing. The City Council further authorizes the City Administrator or her designate to negotiate and execute ground leases and any other agreements or documents as necessary to convey leasehold interests in Parcel A to MidPen or affiliates, as well as agreements or documents as necessary to transfer or assign funds or other interests the City has with respect to Parcel A including remediation and monitoring funds, escrowed funds, and environmental protections, upon the satisfaction of any preconveyance conditions imposed by the City Administrator or her designee.

SECTION 5. As a condition of the conveyances, the City will require that appropriate restrictions on occupancy, rents and operations for affordable units developed as part of Project 3 and Project 4 be recorded against improvements developed on Parcel A.

SECTION 6. The City Council, pursuant to Oakland Municipal Code Section 2.42.170.B., hereby waives the competitive Notice of Development Opportunity ("NODO") process for disposition of Parcel A, and finds and determines that disposition of Parcel A without a competitive NODO process is in the best interests of the City in order to comply with the provisions of the Development Agreement concerning selection of an affordable housing developer for the affordable housing parcels, and to facilitate timely development of affordable housing on the affordable housing parcels by an experienced and capable affordable housing developer.

SECTION 7. Based on the reuse value assessment set forth in the staff report accompanying this Ordinance concluding that the fair reuse value of Parcel A is nominal given its

required use as affordable housing and the need to make Project 3 and Project 4 financially feasible, Council hereby finds that the ground lease of Parcel A to MidPen at nominal cost is necessary and in the best interests of the City. Because Parcel A is being conveyed at less than fair rental value, all City employment and contracting programs shall apply to Project 3 and Project 4.

SECTION 8. Based on the benefits of having an active use on Parcel A during the period prior to construction, which benefits include, without limitation, having the contractor provide security and maintenance of the site all the while having the contractor's continued and ongoing presence serve as a deterrent to illegal dumping and vandalism until construction can commence on Parcel A, and the inadvisability of using limited development loan funds on Parcel F for licensing the site temporarily, as noted above and in the City Administrator's report accompanying this ordinance, the City Council hereby finds and determines that leasing the Parcel A property at Brooklyn Basin to Nibbi Brothers for less than the property's fair market value is in the best interest of the City.

SECTION 9. All agreements associated with the Parcel A license agreement and Project 3 and Project 4 shall be reviewed and approved as to form and legality by the Office of the City Attorney prior to execution by the City, and shall be placed on file with the City Clerk.

SECTION 10. The City Council finds and determines that the proposed LDDA transactions would not result in any significant effect that has not already been analyzed in the EIR, and there will be no significant environmental effects caused by the transactions that have not already been analyzed in the EIR. The City Administrator or her designee is hereby authorized to file a notice of determination with the Office of the Alameda County Recorder and the State Office of Planning and Research, and to take any other action necessary in furtherance of the project consistent with this Ordinance and its basic purposes.

SECTION 11. The City Council finds and determines that the license agreement actions authorized by this Ordinance are exempt from CEQA pursuant to CEQA Guidelines Section 15301, which exempts the operation of existing private or public facilities involving negligible or no expansion of use.

SECTION 12. The record before this Council relating to this Ordinance includes, without limitation, the following:

- A. All staff reports, decision letters and other documentation and information produced by or on behalf of the City, and all notices relating to this Ordinance, the license agreement, and the LDDAs;
- B. All oral and written evidence received by City staff and the City Council before and during the consideration of this Ordinance;
- C. All matters of common knowledge and all official enactments and acts of the City, such as (1) the General Plan; (2) the Oakland Municipal Code, including, without limitation, the Oakland real estate regulations; (3) the Oakland Planning Code; (4) other applicable City policies and regulations; and (5) all applicable state and federal laws, rules and regulations.

SECTION 13. The custodians and locations of the documents or other materials which constitute the record of proceedings upon which the City Council's decision is based are respectively: (a) the Housing and Community Development Department, 250 Frank H. Ogawa Plaza, 5th floor, Oakland CA; (b) Bureau of Planning and Building, Planning Division, 250 Frank H. Ogawa Plaza, 3rd floor, Oakland CA; and (c) the Office of the City Clerk, 1 Frank H. Ogawa Plaza, 1st floor, Oakland, CA.

SECTION 14. The recitals contained in this Ordinance are true and correct and are an integral part of the Council's decision.

SECTION 15. This Ordinance shall be in full force and effect immediately upon its passage as provided by Section 216 of the City Charter if adopted by at least six members of Council, or upon the seventh day after final adoption if adopted by fewer votes.

SECTION 16. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Chapter. The City Council hereby declares that it would have passed this Ordinance and each section, subsection, clause or phrase thereof irrespective of the fact that one or more other sections, subsections, clauses or phrases may be declared invalid or unconstitutional.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2019

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California

2019 MAY 16 AM 10:07

ORDINANCE (1) AUTHORIZING LEASE DISPOSITION AND DEVELOPMENT AGREEMENTS WITH MIDPEN HOUSING CORPORATION AND THE OAKLAND HOUSING AUTHORITY, OR AFFILIATED ENTITIES, FOR THE LONG-TERM GROUND LEASE OF PARCEL A AT BROOKLYN BASIN, (2) FINDING AND DETERMINING THAT THE LEASE OF THE PARCEL A PROPERTY TO NIBBI BROTHERS ASSOCIATES, INC. FOR LESS THAN ITS FAIR MARKET RENTAL VALUE IS IN THE BEST INTEREST OF THE CITY, AND (3) MAKING CEQA FINDINGS FOR THIS ACTION

NOTICE AND DIGEST

This Ordinance authorizes the temporary ground lease of Parcel of one of the affordable housing parcels, Parcel A, to Nibbi Brothers to support construction activities on Parcel F at no cost, and also authorizes the long-term ground leases Parcel A, to MidPen Housing Corporation or their affiliates at a nominal cost for development of affordable housing, on the site, and authorizes the City Administrator to negotiate and enter into lease disposition and development agreements and ground leases with MidPen Housing Corporation and the Oakland Housing Authority for this transaction, and makes associated findings with respect to the California Environmental Quality Act (CEQA) and other matters.