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OFFICE OF THE CITY CLERK
OAKLAND

2019 OCT 24 PM 3:56

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Alexa Jeffress
Interim Director, EWD

SUBJECT: 12th Street Remainder -- Second DDA
Amendment

DATE: October 21, 2019

City Administrator Approval

Date:

10/24/19

RECOMMENDATION

Staff Recommends That The City Council Adopt An Ordinance To Authorize A Second Amendment To The Disposition And Development Agreement Between The City Of Oakland And LakeHouse Commons, LLC And LakeHouse Commons Affordable Housing, LP, To (1) Extend The Outside Date (Retroactively, If Necessary) And Related Performance Deadlines In Exchange For Monthly Payment Of An Additional Deposit And An Extension Fee, (2) Require Reappraisal Of The Property And Renegotiation Of The Purchase Price, (3) Replace The Project Labor Agreement Requirement With An Alternative Requirement, And (4) Remove The Option For City Financing Of 50 Percent Of The Purchase Price Attributable To The Market Rate Project.

EXECUTIVE SUMMARY

Staff seeks City Council authorization for a Second Amendment to the Disposition and Development Agreement (DDA) between the City of Oakland (City) and the Developers (as defined below), for the sale and development of the "12th Street Remainder Parcel", a 0.92-acre City-owned parcel of vacant land located between East 12th Street and 2nd Avenue near Lake Merritt (the Property). The "Developers" are jointly LakeHouse Commons, LLC (the Market Rate Developer), an affiliate of UrbanCore Development, LLC (UrbanCore), and LakeHouse Commons Affordable Housing LP (the Affordable Housing Developer), an affiliate of the East Bay Asian Local Development Corporation (EBALDC).

The proposed project consists of 360 mixed-income residential units, including 108 units (30 percent of total project units) at below-market rent, 90 of which will be affordable to very-low income households earning 30 percent to 50 percent of area median income (AMI), and 18 of which will be affordable to moderate-income households earning up to 120 percent of AMI (the Project).

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The number of affordable units to be provided by the Project:

- exceeds the City's on-site inclusionary requirement of 5 percent of total units to be affordable to very-low income households;
- exceeds the State Surplus Lands Act's 15 percent inclusionary requirement; and
- exceeds the proposed Amendment to the State Surplus Lands Act (AB 1486, passed in September 2019 by State Legislature), which restricts at least 25 percent of the residential units to lower income households in mixed-use developments that include at least 300 units.

The DDA terminates on November 15, 2019 (Outside Date) if the sale of the Property does not occur by that date. The Developers will not be able to meet this deadline and have requested an extension to performance deadlines, a change to the Project Labor Agreement (PLA) requirement and a modification to the timing of the purchase price payment for the Property. In consideration of this request, staff recommends that the City Council authorize the following amendments to the DDA:

- (1) grant a request for a nine-month extension to the Outside Date, from November 15, 2019 to August 15, 2020, retroactively, if necessary, and to all related performance deadlines of the Project Schedule (such as pre-closing requirements, and construction start and completion dates), in exchange for Developers' payments each month of (a) an additional deposit of \$15,000 that could be applied toward the purchase price at closing (Additional Deposit), and (b) a nonrefundable, non-applicable extension fee of \$15,000 (Extension Fee) until conveyance of the Property by the City to the Developers (the Close of Escrow);
- (2) require a reappraisal of the Property and renegotiation of the purchase price if Developers have not submitted and paid for applications for building permits by February 28, 2020;
- (3) replace the current PLA requirement with a condition that the construction contracts between the Developers and the selected General Contractors (GCs) include the requirement that all subcontractors working on the Project be 100 percent union; and
- (4) remove the option for the City to finance half of the purchase price of \$4,700,000 to be paid by the Market Rate Developer with a secured loan. Instead, the Market Rate Developer will pay the entire purchase price attributable to the Market Rate Project at Close of Escrow.

BACKGROUND/LEGISLATIVE HISTORY

In 2016, the City complied with the State Surplus Lands Act (SLA) to select this Project and the Developers. The SLA allows the City to enter into a contract with a developer/buyer for a project that includes a minimum of 15 percent of units that are affordable to lower-income households.

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At the time of developer selection in March 2016, the City did not choose the developer/project that offered a 100 percent affordable housing option because that proposal did not have the same number of total units (132 units) as the Project, and would have required more City subsidy in the form of gap financing and a land price write-down. Instead, the City selected the UrbanCore/EBALDC proposal (Resolution No. 86056 C.M.S), because it:

- maximized housing unit density on the Property,
- maximized affordable housing production on-site for a range of income levels (30 percent to 120 percent of AMI), while minimizing City and other public subsidy costs for those below market rate units,
- offered the greatest number of family-sized units (2- and 3- bedrooms),
- provided shared access to all residents to 100 percent of the building's common spaces,
- offered an option for a 100 percent PLA project, and
- offered the required upfront payment to the City of \$4,700,000.

The DDA was executed on February 15, 2017 by the City and UrbanCore, as the Market Rate Developer, and LakeHouse Commons Affordable Housing LP, as the Affordable Housing Developer affiliated with EBALDC (Ordinance No. 13382 C.M.S.) (the Original DDA). On October 13, 2017, UrbanCore assigned its rights and obligations under the DDA to a new entity, LakeHouse Commons, LLC, comprised of UrbanCore and its capital partner, National Real Estate Advisors, LLC (Resolution No. 86849 C.M.S.) (the Assignment).

On December 11, 2018, the City Council adopted Ordinance No. 13514 C.M.S. to authorize a first amendment to the DDA (the First Amendment) to (1) extend the closing date and related outstanding performance deadlines, and (2) provide City financing of 50 percent of the Property purchase price attributable to the Market Rate Project by taking back a promissory note from the Market Rate Developer in the amount of \$2,350,000. The term "DDA" means the Original DDA, as assigned by the Assignment and amended by the First Amendment.

The Project pursuant to the DDA consists of 360 residential units, of which 108 (30 percent) will be restricted to below-market rents. The Project will include two buildings (LakeHouse North and LakeHouse South) sharing a common entrance, a podium garage and other amenities. The following table illustrates the unit mix and affordability level of the Project as well as other building details:

Table 1: Project Description

	LakeHouse Commons			
	LakeHouse North "Tower"	LakeHouse South "Mid-Rise"	Total	% of Total
Affordable Units @ 30-50% of AMI	0	90	90	25%
Affordable Units @ 100-120% of AMI	18	0	18	5%
Market Rate Units	<u>252</u>	<u>0</u>	<u>252</u>	<u>70%</u>
Total Residential Units	270	90*	360	100%
Parking Spaces for Cars/Bikes (Podium Garage on Floors 1 & 2 and Two Underground Floors)	192	29	221 car spaces 216 bike spaces	
Height	26 stories 267-ft tall	5 stories 76-ft tall		

**Affordable building includes 90 affordable units plus 1 manager's unit for a total of 91 units*

The DDA also includes these following covenants and requirements:

- landscaping and ongoing maintenance of the City-owned open space adjacent to the Property;
- shared access to the Project's common spaces and amenities by all residents of the Project; and
- prohibition of Developers asserting condominium "conversion rights" that the Project may have under the current Condominium Conversion Ordinance.

Developers estimate that they have spent over \$12,000,000 (\$9,700,000 by the Market Rate Developer and \$2,300,000 by the Affordable Housing Developer) on predevelopment costs thus far, and continue to cite rising construction costs as a challenge to Project feasibility, which has required value engineering and scope adjustments to keep the Project within the budget.

The City Administrator is authorized to use \$300,000 of the land sales proceeds for a Community Benefits Program highlighted as follows per Resolution No. 87455 C.M.S.:

- \$50,000 to Catholic Charities of the East Bay for a tenant-legal rights and education program(s);
- \$30,000 to the Lake Merritt Business Association's fiscal agent or the City for a study to create a business improvement of community benefits district for the Eastlake neighborhood;
- \$150,000 to Oakland Parks and Recreation Foundation or the City for the restoration work at San Antonio Park or construction of a recreational facility in City Council District 2;
- \$50,000 to Keep Oakland Clean & Beautiful or a qualified third-party for graffiti abatement and neighborhood beautification of the Eastlake Neighborhood; and
- \$20,000 to Urban Releaf for the purchase and maintenance of trees in City Council District 2, including the Eastlake Neighborhood.

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ANALYSIS AND POLICY ALTERNATIVES

Staff recommends City Council authorize staff to pursue the following amendments to the DDA:

1) Nine-Month Extension to the Outside Date

The Project is behind schedule largely due to a change of the general contractors (GCs) for both buildings, and a redesign of the mid-rise affordable housing component after construction bids from November 2018 came in significantly over budget. Construction costs have risen an estimated 20 percent since the development team’s pricing efforts began in 2016. To reduce construction costs, the development team replaced the previous GC (Cahill) with Clark Construction for the tower and shared podium and with JH Fitzmaurice for the mid-rise. The mid-rise affordable component also underwent an expedited redesign and value engineering process to align construction costs with available funding. The mid-rise changed from Type I concrete construction to Type III wood-frame construction, eliminating a floor and reducing building size while maintaining the total count of 90 affordable units. These design changes reduced construction costs to within the original budget, but resulted in a four-month schedule delay. The Market Rate Developer submitted 90 percent construction drawings (CDs) for the tower and podium by the DDA performance deadline of July 1, 2019, but the Affordable Housing Developer was only able to submit a revised coordination set of 25 percent CDs on the midrise.

More time is needed to secure financing for both Project components. The Market Rate Developer is applying for a Department of Housing and Urban Development (HUD) FHA 220d4 loan for over \$122,000,000, which has received preliminary approval. The Affordable Housing Developer applied for State National Housing Trust Fund (NHTF) funding in August 2018 and Alameda County A1 funds in November 2018, but did not receive an award from either program. The Affordable Housing Developer is proceeding with a revised set of funding sources, which, if approved, will allow for closing on construction financing in June 2020. Proposed funding sources include:

Approved:

- An \$18,000,000 Affordable Housing and Sustainable Communities (AHSC) grant, awarded June 2016, which requires construction start by November 2020; and

To be Submitted:

- \$41,200,000 from 4 percent non-competitive federal tax credits and non-competitive state tax credits (November 2019 application, January 2020 committee).

If the City does not extend the November 15, 2019 Outside Date, the DDA will terminate and the City will lose a 360-unit residential project with 30 percent of the units available at below market rate rents targeted to very-low to moderate income families, 729 union construction jobs, over \$600,000 in ongoing annual tax revenue to the City, and \$4,700,000 in land sale proceeds.

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Staff recommends granting a nine-month extension to enable the Developers to secure all Project funding because delivering this much-needed housing to the market as soon as possible will help to address the urgent affordable housing crisis in Oakland in addition to the other benefits outlined above.

Staff further recommends that (1) the Developers be asked to pay each month the Extension Fee and Additional Deposit, and (2) the City commission a reappraisal of the Property and renegotiation of the purchase price, if applications for building permits are not submitted and paid for by February 28, 2020.

2) PLA Requirement Substitute

The proposed Second Amendment would replace the current PLA requirement with a condition that all work on the Project be performed by unionized firms only. Specifically, the Developers request that the provision in Section 2.1.13 of the DDA requiring a PLA be replaced with substantially the following:

Union Subcontractors. In order to fulfill the intent of a project labor agreement for the Project, the Developers will enter into contracts with their general contractors requiring that all subcontractors working on the Project be union subcontractors, and that all labor will receive the union rate pay scale, equal or exceeding Davis-Bacon rates (exclusive to LakeHouse Commons [the Market Rate Developer]) and prevailing wage rates (exclusive to the Partnership [the Affordable Housing Developer]).

Staff has no objection to this change as it complies with the intent of a PLA provision, has the written support of the Alameda County Building & Trades Council (see **Attachment A**) and conforms to HUD's requirement for the Project to pay Davis-Bacon federal wages unless a funding source requires State prevailing wages, and/or union wages. Also, Section 7 of the DDA requires the Affordable Housing Developer to comply with the City's Small Local Business Enterprise Program. Section 7.2 of the DDA requires the Market Rate Developer to meet a 25 percent combined goal for local business and small-local business participation.

3) Market Rate Developer to pay the full Property purchase price at time of closing.

In further consideration for the above amendments, the Market Rate Developer has agreed to forego City financing of 50 percent of the purchase price that was provided in the First Amendment. Instead of paying the Property purchase prices in two parts (\$2,350,000 cash due at closing and a secured loan of \$2,350,000 due in 60 months with interest), the full \$4,700,000 purchase price for the portion of the Property attributable to the Market Rate Developer will be paid in full at the Close of Escrow.

FISCAL IMPACT

The sale of the Property will yield at least \$4,700,000 in land sales proceeds which will be deposited into the City's General Purpose Fund (1010), Real Estate Services Organization (85231), Sale of Land (48111), Project To-Be-Determined, Real Estate Program (PS32). By removing the option for City financing, the land sale proceeds will be received in full at the Close of Escrow, which is anticipated to occur in August 2020. If the Developers do not submit and pay for building permit applications by February 28, 2020, then any additional sales proceeds resulting from a reappraisal of the Property that exceed the current Property sales price of \$4,700,000 will be deposited in the same funds and coding blocks referenced above.

This Second Amendment also allows the City to receive funds in the form of Extension Fee and Additional Deposit payments from the Developers to be deposited into Miscellaneous Capital Project Fund (5999), Central District Redevelopment Organization (85245), 12th St Parcel Project (1003826), Downtown Redevelopment Program (SC13).

Like the initial Good Faith Deposit (as defined in the DDA), each Additional Deposit will be placed into the Project's existing escrow account and applied towards the purchase price at Close of Escrow or retained by the City as liquidated damages in accordance with Section 3.1.4 of the DDA.

PUBLIC OUTREACH / INTEREST

Developers conducted public outreach for this Project as required by the Bureau of Planning and the Exclusive Negotiation Agreement (ENA).

The Project was approved by Planning Commission on June 15, 2016. The planning approvals lapsed on June 22, 2019. On September 18, 2019, the Planning Commission unanimously reinstated the planning approvals.

Pursuant to Section 2.1.7.4 of the DDA, Developers are required to hold at least one community meeting regarding mitigation of the impact of Project construction on the neighboring community. Developers will also consult with the Oakland Unified School District to agree on a plan for the implementation of mitigation measures that will address construction impacts on the District. A community meeting was held with Council District 2 Office on the evening of October 2, 2019, at Dewey Academy.

COORDINATION

Staff coordinated with the Office of the City Attorney, the Council District 2 Office, and the Budget Bureau.

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SUSTAINABLE OPPORTUNITIES

Economic: The proposed Project will transform vacant underutilized land into a high-density residential development that will provide much-needed housing units, a modest amount of neighborhood-serving retail, and further stimulus to the local economy. Development of the site will produce 729 construction jobs and a yet-to-be determined number of permanent jobs for staffing a café and property management. In addition to the upfront land sale proceeds, the sale of the Property at \$8,000,000 will generate \$200,000 in City transfer taxes.

Environmental: The proposed Project is expected to maximize the potential use of the land with an environmentally-sensitive design, use of materials and operating standard. The proposed high-density development near to a regional transportation hub will likely encourage residents and café patrons to use BART and AC Transit and reduce automobile reliance, which will decrease the use of fossil fuels and resulting greenhouse gas emissions. The Market Rate Developer will fund the cost to design, construct and provide ongoing maintenance for the adjacent open space parcel owned by the City.

Social Equity: The Project will provide 30 percent of the units at an affordable rent to very low- and moderate-income households, and comply with the City's local business and employment participation requirements for construction. The City Administrator is authorized to appropriate \$300,000 of the land sale proceeds to fund a Community Benefits Program consistent with terms adopted in Resolution No. 87455 C.M.S.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

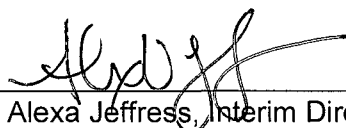
On a separate and independent basis, the anticipated environmental effects of the Project have been adequately evaluated by the Lake Merritt Station Area Plan Final Environmental Impact Report (Final EIR) certified November 2014; the Project is consistent with a Community Plan, General Plan or Zoning under Section 15183 of the State CEQA Guidelines (Projects consistent with a Community Plan, General Plan or Zoning); and the Project complies with Section 15183.3 of the State CEQA Guidelines (Streamlining for Infill Projects); further, the Project is Categorically Exempt under Section 15332 of the State CEQA Guidelines (In-Fill Development Projects).

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt An Ordinance To Authorize A Second Amendment To The Disposition And Development Agreement Between The City Of Oakland And Lakehouse Commons, LLC And Lakehouse Commons Affordable Housing, LP, To (1) Extend The Outside Date (Retroactively, If Necessary) And Related Performance Deadlines In Exchange For Monthly Payment Of An Additional Deposit And An Extension Fee, (2) Require Reappraisal Of The Property And Renegotiation Of The Purchase Price, (3) Replace The Project Labor Agreement Requirement With An Alternative Requirement, And (4) Remove The Option For City Financing Of 50 Percent Of The Purchase Price Attributable To The Market Rate Project.

For questions regarding this report, please contact Hui-Chang Li at (510) 238-6239.

Respectfully submitted,



Alexa Jeffress, Interim Director
Economic & Workforce Development Department

Reviewed by:
Jens Hillmer, Redevelopment Area Manager
Public/Private Development Division

Prepared by:
Hui-Chang Li, Urban Economic Analyst IV
Public/Private Development Division

Attachments (1):

A – Letter of Support from Alameda County Building & Trades Council

Building and Construction Trades Council of Alameda County, AFL-CIO

7750 Pardee Lane, Suite 100
Oakland, CA 94621
btca@btcalameda.org | (510) 430-8664

Andreas Cluver
Secretary-Treasurer

Rob Stoker
President

Rafael Gonzalez
Vice President

Auto & Marine Painters, #1176
Boilermakers, #549
Brick & Tile Layers, #3
Carpenters, #713
Carpenters, #2236
Carpet & Linoleum, #12
Cement Masons, #300
Electrical Workers, #595
Elevator Constructors #8
Glaziers #169
Insulators & Asbestos Workers, #16
Iron Workers, #378
Laborers, #67
Laborers, #304
Lathers, #68L
Millwrights, #102
Operating Engineers, #3
Painters, #3
Pile Drivers, #34
Plasterers, #66
Plumbers & Steamfitters, #342
Roofers, #81
Sheet Metal Workers, #104
Sign & Display, #510
Sprinkler Fitters, #483
Teamsters, #853
U.A., Utilities / Landscape, #355

August 8, 2019

Ms. Hui-Chang Li
City of Oakland
Economic & Workforce Development Dept.
250 Frank H. Ogawa Plaza, Suite 5313
Oakland, CA 94612

Re: LakeHouse Project – E. 12th Street Remainder Parcel – DDA

Dear Ms. Li,

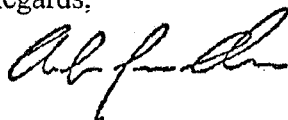
This letter follows a conversation I recently had with Michael Johnson of UrbanCore regarding the PLA requirement in the above mentioned DDA that his company, NREA, and EBALDC have with the City for the LakeHouse Project – E. 12th Street Remainder Parcel (the “Project”). I understand that UrbanCore’s intent is to include the attached language in their contracts with their general contractors, which would require 100% union contractors and union labor on the Project. Mr. Johnson has agreed to execute a Letter of Intent with the Council to this effect.

Under these particular circumstances, and based on the representations made to me by UrbanCore, the Building Trades Council of Alameda County can agree that, provided UrbanCore satisfies its obligations stated herein and in the Letter of Intent, it is not necessary to enter into a Project Labor Agreement (“PLA”) on the project.

Thus, we support the City amending the DDA to provide that the PLA requirement would be fulfilled by UrbanCore including the attached language in all construction contracts on the Project, including any pre-construction, design, or service contracts under which construction work is performed, and entering into a Letter of Intent with the Building Trades Council to require 100% union contractors and union labor on the Project.

Finally, we also support the City providing the extension requested by the developers to move this project forward. This project will not only provide hundreds of union jobs but add a significant amount of affordable housing to the City of Oakland. Please let us know if you have any questions.

Regards,



Andreas Culver, Secretary- Treasurer
Building Trades Council of Alameda County

2018 OCT 24 PM 3:43


Deputy City Attorney

OAKLAND CITY COUNCIL

ORDINANCE No. _____ C.M.S.

AN ORDINANCE TO AUTHORIZE A SECOND AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE CITY OF OAKLAND AND, LAKEHOUSE COMMONS, LLC AND LAKEHOUSE COMMONS AFFORDABLE HOUSING, LP, TO (1) EXTEND THE OUTSIDE DATE (RETROACTIVELY, IF NECESSARY) AND RELATED PERFORMANCE DEADLINES IN EXCHANGE FOR MONTHLY PAYMENT OF AN ADDITIONAL DEPOSIT AND AN EXTENSION FEE, (2) REQUIRE REAPPRAISAL OF THE PROPERTY AND RENEGOTIATION OF THE PURCHASE PRICE, (3) REPLACE THE PROJECT LABOR AGREEMENT REQUIREMENT WITH AN ALTERNATIVE REQUIREMENT, AND (4) REMOVE THE OPTION FOR CITY FINANCING OF 50 PERCENT OF THE PURCHASE PRICE ATTRIBUTABLE TO THE MARKET RATE PROJECT

WHEREAS, the City of Oakland ("City") owns approximately 0.92 acres of vacant property (Assessor Parcel Number 19-27-14), commonly known as the 12th Street Remainder Parcel, bounded by East 12th Street on the east, Second Avenue and property owned by the Oakland Unified School District on the south, newly created open space to the west, and Lake Merritt Boulevard to the north (the "Property"); and

WHEREAS, the City Council adopted Ordinance No. 13382 C.M.S. approving the terms of a Disposition and Development Agreement (the "DDA") with UrbanCore Development, LLC ("UrbanCore") and Lakehouse Commons Affordable Housing LP (the "Affordable Housing Developer"), an affiliate of East Bay Asian Local Development Corporation ("EBALDC"), for sale of the Property and the construction thereon of a mixed-use residential project (the "Project"); and

WHEREAS, the City Administrator executed the DDA with UrbanCore and the Affordable Housing Developer as of February 15, 2017; and

WHEREAS, the Project described in the DDA is commonly known as "LakeHouse Commons" and will consist of 360 residential units in two buildings (i.e., "LakeHouse North" and "LakeHouse South") sharing a common entrance and garage, with 30% (or 108) of the total units affordable to very low and moderate income households; and

WHEREAS, on July 18, 2017, the City Council adopted Resolution No. 86849 C.M.S. authorizing the assignment of UrbanCore's rights and obligations under the DDA to LakeHouse Commons, LLC, which is comprised of UrbanCore and its capital partner, National Real Estate Advisors, LLC ("Market Rate Developer"); and

WHEREAS, on December 11, 2018, the City Council adopted Ordinance No. 13514 C.M.S. to authorize a first amendment to the DDA (the "First Amendment") to (1) extend the Outside Date and related outstanding performance deadlines, and (2) provide the option for City financing of 50% of the purchase price attributable to the Market Rate Project through a secured loan; and

WHEREAS, Market Rate Developer and the Affordable Housing Developer are now seeking amendments to the DDA as hereinafter set forth (collectively, the "Second Amendment"); and

WHEREAS, staff's review of the Project's current design development status and the financial proforma models of Market Rate Developer and the Affordable Housing Developer indicate that the Second Amendment is justified and necessary to keep the Project moving forward to produce 361 residential units, including 108 units at below market rents, 729 construction jobs at union wage rates, over \$600,000 in ongoing annual tax revenue to the City, and \$4,700,000 in land sale proceeds; and

WHEREAS, Section 12.22 of the DDA provides that an amendment to the DDA must be in writing, approved as to form and legality by the City Attorney of Oakland, and must be executed by the parties thereto; and

WHEREAS, the City Council desires to authorize the Second Amendment to the DDA by adoption of this Ordinance; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council hereby authorizes the City Administrator to execute the Second Amendment to the DDA to: (1) extend the Outside Date (retroactively, if necessary), from November 15, 2019 to August 15, 2020, and all related outstanding performance deadlines in exchange for monthly payment of an additional deposit and a nonrefundable, non-applicable extension fee each in the amount of \$15,000 until close of escrow of the sale of the Property, (2) require reappraisal of the Property and renegotiation of the purchase price on the basis of the reappraisal, if building permit applications are not submitted and paid for by February 28, 2020, (3) replace the project labor agreement requirement with the requirement that the construction contracts between the development team and the selected General Contractors include language requiring all subcontractors working on the Project be 100% union, and (4) remove the option authorized by the First Amendment for City financing for 50% of the Property purchase price attributable to the Market Rate Project.

SECTION 2: The City Council authorizes the City Administrator to deposit land sales proceeds in the amount of \$4.7 million into the General Purpose Fund (1010), Real Estate Services Organization (85231), Sale of Land (48111), Project To-Be-Determined, Real Estate Program (PS32).

SECTION 3: The City Council authorizes the City Administrator to appropriate \$300,000 of the land sale proceeds for purposes of funding a Community Benefits Program consistent with the terms defined in Ordinance 13382 C.M.S. and Resolution No. 87455 C.M.S. into the General Purpose Fund (1010); Project Implementation Organization (85221) to be transferred to other City organizations/departments as appropriate to administer Community Benefits Program components; Contract Contingencies Account (54011); Project(s) to-be-determined.

SECTION 4: The City Council authorizes the City Administrator to accept, deposit and appropriate Extension Fees in the amount of \$15,000 per month beginning November 15, 2019 until the close of escrow for purposes of reimbursing the City for its project-related staff costs and third-party expenses into the Miscellaneous Capital Project Fund (5999), Central District Redevelopment Organization (85245), 12th St Parcel Project (1003826), Downtown Redevelopment Program (SC13).

SECTION 5: The City Council authorizes the City Administrator to accept, deposit and appropriate Additional Deposit Payments in the amount of \$15,000 each month beginning November 15, 2019 until the close of escrow (to be applied towards the purchase price or retained by City as liquidated damages in accordance with Section 3.1.4 of the DDA) into the Miscellaneous Capital Project Fund (5999), Central District Redevelopment Organization (85245), 12th St Parcel Project (1003826), Downtown Redevelopment Program (SC13).

SECTION 6: The City Council hereby finds and determines, on a separate and independent basis, that the anticipated environmental effects of the Project have been adequately evaluated by the Lake Merritt Station Area Plan Final Environmental Impact Report (Final EIR) (certified November 2014); the Project is consistent with a Community Plan, General Plan or Zoning under Section 15183 of the State CEQA Guidelines (Projects consistent with a Community Plan, General Plan or Zoning); and the Project complies with Section 15183.3 of the State CEQA Guidelines (Streamlining for Infill Projects); further, the Project is Categorically Exempt under Section 15332 of the State CEQA Guidelines (In-Fill Development Projects).

SECTION 7: The City Administrator or his or her designee is further authorized to negotiate and enter into other agreements and take whatever action is necessary consistent with this Ordinance and its basic purposes.

SECTION 8: 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.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2019

PASSED BY THE FOLLOWING VOTE:

AYES – 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

AN ORDINANCE TO AUTHORIZE A SECOND AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE CITY OF OAKLAND AND LAKEHOUSE COMMONS, LLC AND LAKEHOUSE COMMONS AFFORDABLE HOUSING, LP, TO (1) EXTEND THE OUTSIDE DATE (RETROACTIVELY, IF NECESSARY), AND RELATED PERFORMANCE DEADLINES IN EXCHANGE FOR MONTHLY PAYMENT OF AN ADDITIONAL DEPOSIT AND AN EXTENSION FEE, (2) REQUIRE REAPPRAISAL OF THE PROPERTY AND RENEGOTIATION OF THE PURCHASE PRICE, (3) REPLACE THE PROJECT LABOR AGREEMENT REQUIREMENT WITH AN ALTERNATIVE REQUIREMENT, AND (4) REMOVE THE OPTION FOR CITY FINANCING OF 50 PERCENT OF THE PROPERTY PURCHASE PRICE ATTRIBUTABLE TO THE MARKET RATE PROJECT

NOTICE AND DIGEST

An Ordinance to authorize a Second Amendment to the Disposition and Development Agreement between The City Of Oakland and LakeHouse Commons, LLC and LakeHouse Commons Affordable Housing, LP to (1) extend the Outside Date (retroactively, if necessary), from November 15, 2019 to August 15, 2020, and all related outstanding performance deadlines in exchange for monthly payment of an additional deposit in the amount of \$15,000 and an extension fee in the amount of \$15,000 until close of escrow of the sale of the Property, (2) require reappraisal of the Property and renegotiation of the purchase price if building permit applications are not submitted and paid for by February 28, 2020, (3) replace the current Project Labor Agreement requirement with the requirement that the General Contractor require all subcontractors working on the Project be 100% union, and (4) remove the option for City financing of 50% of the Property purchase price attributable to the Market Rate Project.