

**REDEVELOPMENT AGENCY  
OF THE CITY OF OAKLAND  
AGENDA REPORT**

2006 DEC 12 5:40

TO: Agency Administrator  
ATTN: Deborah Edgerly  
FROM: Community and Economic Development Agency  
DATE: December 12, 2006

**RE: Resolution Authorizing a Change in the Source of Agency Funds for the Acquisition of Properties Formerly Located at 1911 Telegraph Avenue, 2000-2016 Telegraph Avenue, 490 Thomas L. Berkeley Way, 565 Thomas L. Berkeley Way, 571 Thomas L. Berkeley Way, 1920 San Pablo Avenue, 1954 San Pablo Avenue, 1972 San Pablo Avenue and 610 William Street; and Authorizing a Change in the Source of Agency Funds to Provide Gap Financing and Pay for Hazardous Materials Remediation Pursuant to a Lease Disposition and Development Agreement Between the Oakland Redevelopment Agency, the City of Oakland and Uptown Housing Partners, LLC**

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**SUMMARY**

Staff is recommending approval of a resolution authorizing a change in the source of Agency funds used for the acquisition of properties formerly located at 1911 Telegraph Avenue, 2000-2016 Telegraph Avenue, 490 Thomas L. Berkeley Way, 565 Thomas L. Berkeley Way, 571 Thomas L. Berkeley Way, 1920 San Pablo Avenue, 1954 San Pablo Avenue, 1972 San Pablo Avenue and 610 William Street (hereinafter collectively referred to as the "Properties"); and authorizing a change in the source of Agency funds to provide gap financing and pay for hazardous materials remediation pursuant to a Lease Disposition And Development Agreement ("LDDA") between the Agency, the City Of Oakland And Uptown Housing Partners, LLC ("Uptown Housing Partners").

Portions of the Agency's Central District Tax Allocation Bond Series 2003 ("2003 Bonds") and Series 2005 ("2005 Bonds ") proceeds were designated for the acquisition of the Properties, and for providing financial gap and hazardous materials abatement funding to Uptown Housing Partners. This use of tax-exempt bond funding is incompatible with certain LDDA business terms and the approved fair market value sale of Parcel 4 (a portion of the Property located at 1911 Telegraph Avenue) to Forest City Residential West, Inc. (Forest City). Therefore, staff recommends substitution of unrestricted Redevelopment Agency funds for the previously allocated tax exempt 2003 and 2005 Bonds.

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The Agency would allocate a total of \$13,276,000 in taxable bond proceeds and tax increment funds to replace 2003 and 2005 Bond proceeds currently assigned to the Uptown Project. Staff has identified \$7,000,000 of Oakland Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2006T (Federally Taxable) (the “2006T Bonds”) and \$6,276,000 from the Agency’s Central District Operating Fund for this purpose. The proposed reallocation of funds does not represent additional financial assistance to Uptown Housing Partners or Forest City.

## **FISCAL IMPACT**

The proposed legislation authorizes changing the funding sources for the acquisition of the Properties, and for gap financing and hazardous materials remediation per the LDDA between the Agency, the City Of Oakland and Uptown Housing Partners.

Pursuant to Agency Resolution No. 2004-38 C.M.S. and Resolution No. 2005-38 C.M.S., the Agency allocated the following bond proceeds in the total amount of \$24,191,931 to the Uptown Project:

- \$18,691,839 from the Agency’s Central District Tax Allocation Bond Series 2003 (the “2003 Bonds”) Fund (9532), Uptown Forest City DDA Project (T245610) for site acquisition and gap financing; and
- \$5,500,000 from the Agency’s Central District Tax Allocation Bond Series 2005 (the “2005 Bonds”) Fund (9533), Uptown Forest City Residential Project (P128660) for site acquisition and hazardous materials abatement.

Agency staff would like to replace a total of \$13,276,000 of 2003 and 2005 Bonds designated for the Uptown Project with new appropriations of \$7,000,000 from 2006T Bond proceeds and \$6,276,000 from the Agency’s Central District Operating Fund (9510), Capital Improvement Project – Economic Development Organization (94800).

Specifically, staff proposes the following funding structure for the Uptown Project:

**Table 1 – Original and New Allocation by Use**

Source	Use	Original	New
2003 Bonds (tax-exempt)	Site Assembly	\$13,154,839	\$6,315,839
2003 Bonds (tax-exempt)	Gap Financing	\$5,537,000	\$0
<b>Subtotal</b>		<b>\$18,691,839</b>	<b>\$6,315,839</b>
2005 Bonds (tax-exempt)	Site Assembly	\$4,000,000	\$4,600,000
2005 Bonds (tax-exempt)	Hazardous Materials Abatement	\$1,500,000	\$0
<b>Subtotal</b>		<b>\$5,500,000</b>	<b>\$4,600,000</b>
<b>Total Original Funds</b>		<b>\$24,191,839</b>	<b>\$10,915,839</b>
Central District Operating Fund	Site Assembly	\$0	\$4,776,000
Central District Operating Fund	Hazardous Materials Abatement	\$0	\$1,500,000
<b>Subtotal</b>		<b>\$0</b>	<b>\$6,276,000</b>
2006T Bonds (taxable)	Site Assembly	\$0	\$1,463,000
2006T Bonds (taxable)	Gap Financing	\$0	\$5,537,000
<b>Subtotal</b>		<b>\$0</b>	<b>\$7,000,000</b>
<b>Total New Funds</b>		<b>\$0</b>	<b>\$13,276,000</b>
<b>Grand Total</b>		<b>\$24,191,839</b>	<b>\$24,191,839</b>

The 2003 and 2005 Bond proceeds in the amounts of \$12,376,000 and \$900,000, respectively, that will no longer be used for the Uptown Project can be assigned to other redevelopment projects and programs in the Central District Redevelopment Project Area as the Council deems appropriate.

**BACKGROUND**

In 2003 and 2005, the Agency issued tax-exempt bonds under Central District Tax Allocation Bond Series 2003 and Central District Tax Allocation Bond Series 2005 generating new bond proceeds in the respective amounts of \$25 million and \$46 million for redevelopment activities in the Central District Redevelopment Project Area. Pursuant to Agency Resolutions No. 2004-38 C.M.S. and No. 2005-38 C.M.S., the Agency allocated 2003 Bond proceeds in the amount of \$18,691,931 for site acquisition and gap financing, and 2005 Bond funds in the amount of \$5,500,000 for site acquisition and hazardous materials abatement to the Uptown Project pursuant to a LDDA with Uptown Housing Partners, LLC, an affiliate of Forest City.

**KEY ISSUES AND IMPACTS**

Prompted by the sale of Parcel 4 to Forest City, staff was advised that certain business terms included in the LDDA with Uptown Housing Partners, as well as the approved sale of Parcel 4 to FC, raised certain non-governmental use issues, which were incompatible with the use of tax-exempt bond proceeds. Specifically, the LDDA terms included: (1) annual ground lease payments by Uptown Housing Partners assigned to the City, (2) the option to purchase the project site for an amount other than fair market value, and (3) the recently approved direct fair market value sale of Parcel 4 to FC. Accordingly, taxable

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bond proceeds and tax increment funds must be substituted for certain portions of the 2003 and 2005 Bonds that have been allocated to the Uptown Project.

Staff has identified the Agency's 2006T Bonds and the Central District Operating Fund as the sources for the new allocation. The Agency would allocate a total of \$13,276,000 to the Uptown Project to replace existing, 2003 and 2005 Bonds with \$7,000,000 of 2006T Bonds and \$6,276,000 from the Agency's Central District Operating Fund. The proposed reallocations are illustrated in Table 1 of the Fiscal Impact section of this report.

## **SUSTAINABLE OPPORTUNITIES**

### **Economic**

There are no sustainable economic opportunities related to the proposed legislation.

### **Environmental**

There are no sustainable environmental opportunities related to the proposed legislation.

### **Social Equity**

There are no sustainable social equity opportunities related to the proposed legislation.

## **DISABILITY AND SENIOR CITIZEN ACCESS**

The proposed legislation does not involve issues related to disability and senior citizen access.

## **RECOMMENDATION AND RATIONALE**

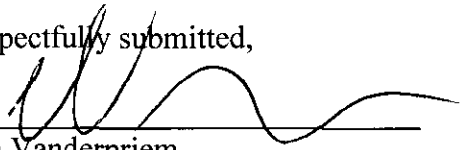
Staff is recommending that the Agency authorize the proposed replacement of portions of the 2003 and 2005 Bonds with funds from the 2006T Bonds and the Agency's Central District Operating Fund because this action will ensure that the financing sources of the Uptown Project are compatible with the terms of the LDDA, the approved sale of Parcel 4 and federal bond law.

## **ACTION REQUESTED OF THE AGENCY**

Staff recommends that the Agency approve a resolution authorizing a change in the source of Agency funds used for the acquisition of the Properties; and authorizing a change in the source of Agency funds to provide gap financing and pay for hazardous

materials remediation pursuant to a LDDA between the Agency, the City Of Oakland and Uptown Housing Partners. The Agency will allocate a total of \$13,276,000 to the Uptown Project to replace Central District Tax Allocation Bond Series 2003 and 2005 proceeds with \$7,000,000 of Oakland Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2006T (Federally Taxable) and \$6,276,000 from the Agency's Central District Operating Fund.

Respectfully submitted,

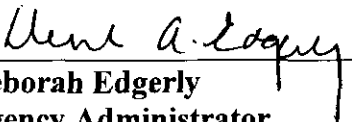


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Dan Vanderpriem  
Director of Redevelopment, Economic  
Development, Housing and Community  
Development

Prepared by:  
Jens Hillmer, Urban Economic  
Coordinator  
Redevelopment Division

APPROVED AND FORWARDED TO  
THE FINANCE COMMITTEE



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Deborah Edgerly  
Agency Administrator

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OFFICE OF PUBLIC CLERK

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APPROVED AS TO FORM AND LEGALITY:

  
Kathleen M. Byle  
Agency Counsel

## REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. \_\_\_\_\_ C.M.S.

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**RESOLUTION AUTHORIZING A CHANGE IN THE SOURCE OF AGENCY FUNDS FOR THE ACQUISITION OF PROPERTIES FORMERLY LOCATED AT 1911 TELEGRAPH AVENUE, 2000-2016 TELEGRAPH AVENUE, 490 THOMAS L. BERKELEY WAY, 565 THOMAS L. BERKELEY WAY, 571 THOMAS L. BERKELEY WAY, 1920 SAN PABLO AVENUE, 1954 SAN PABLO AVENUE, 1972 SAN PABLO AVENUE AND 610 WILLIAM STREET; AND AUTHORIZING A CHANGE IN THE SOURCE OF AGENCY FUNDS TO PROVIDE GAP FINANCING AND PAY FOR HAZARDOUS MATERIALS REMEDIATION PURSUANT TO A LEASE DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE OAKLAND REDEVELOPMENT AGENCY, THE CITY OF OAKLAND AND UPTOWN HOUSING PARTNERS, LLC**

**WHEREAS**, the Agency, pursuant to Resolution No. 2004-38 C.M.S dated July 20, 2004, and Resolution No. 2005-38 C.M.S. dated June 21, 2005, allocated \$18,691,839 from the Agency's Central District Tax Allocation Bond Series 2003 (the "2003 Bonds") Fund for the acquisition of certain properties located at 1911 Telegraph Avenue, 2000-2016 Telegraph Avenue, 490 Thomas L. Berkeley Way, 565 Thomas L. Berkeley Way, 571 Thomas L. Berkeley Way, 1920 San Pablo Avenue, 1954 San Pablo Avenue, 1972 San Pablo Avenue and 610 William Street (hereinafter collectively referred to as the "Properties") and gap financing, and \$5,500,000 from the Agency's Central District Tax Allocation Bond Series 2005 (the "2005 Bonds") Fund for acquisition of the Properties and hazardous materials abatement to the Uptown Project; and

**WHEREAS**, the Agency desires to replace a portion of the 2003 Bonds in the amount of \$12,376,000, and a portion of the 2005 Bonds in the amount \$900,000 with taxable bond proceeds and tax increment funds; and

**WHEREAS**, the Agency has identified replacement funds totaling \$13,276,000 million from the following funds: \$7,000,000 of Oakland Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2006T (Federally Taxable) (the "2006T Bonds"), and \$6,276,000 from the Agency's Central District Operating Fund (9510); now therefore be it

**RESOLVED:** That the Agency hereby authorizes the Agency Administrator to appropriate: (1) \$4,776,000 from the Agency's Central District Operating Fund (9510) operating reserve to replace \$4,776,000 from the Agency's 2003 Bonds (Fund 9532, Project T245610); (2) \$1,463,000 from the Oakland Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2006T (Federally Taxable) to replace \$1,463,000 from the Agency's 2003 Bonds (Fund 9532, Project T245610); and (3) \$600,000 from the Agency 2005 Bonds (Fund 9533, Project P128660) previously designated to cover hazardous materials abatement to replace \$600,000 from the 2003 Bonds (Fund 9532, Project T245610), for a total of \$6,839,000 toward the acquisition of the Properties; and be it further

**RESOLVED:** That the Agency hereby authorizes the Agency Administrator to appropriate \$1,500,000 from the Agency's Central District Operating Fund (9510) operating reserve to replace \$1,500,000 from the Agency's 2005 Bonds (Fund 9533, Project P128660) for hazardous materials abatement funding assistance to Uptown Housing Partners LLC, for the development of the Uptown Project; and be it further

**RESOLVED:** That the Agency hereby authorizes the Agency Administrator to appropriate \$5,537,000 from the Oakland Central District Redevelopment Project Subordinated Tax Allocation Bonds, Series 2006T (Federally Taxable) to replace \$5,537,000 from the Agency's 2003 Bonds (Fund 9532, Project T245610) for gap financing assistance to Uptown Housing Partners LLC for the development of the Uptown Project; and be it further

**RESOLVED:** That all documents related to this transaction shall be reviewed and approved by the Agency's Counsel prior to execution; and be it further

**RESOLVED:** That the Agency finds and determines that this Resolution complies with CEQA and that staff is directed to cause to be filed a Notice of Determination with the appropriate agencies; and be it further

**RESOLVED:** That the custodians and locations of the documents or other materials which constitute the record of proceedings upon which the Agency's decision is based are respectively: (a) the Community & Economic Development Agency, Projects Division, 250 Frank H. Ogawa Plaza, 5th Floor, Oakland CA; (b) the Community & Economic Development Agency, 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.

IN AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2006

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS , BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND CHAIRPERSON DE LA FUENTE,

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_

LATONDA SIMMONS  
Secretary of the Redevelopment Agency  
of the City of Oakland, California