

OFFICE OF THE CITY CLERK

CITY OF OAKLAND

SUPPLEMENTAL AGENDA REPORT

2006 DEC -7 PM 5: 54

TO: Office of the City/Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: December 19, 2006
RE: **Supplemental Report on a Joint City and Agency Action Relating to**

An Ordinance Adopting The Second Amendment To The Oak Knoll Redevelopment Plan To (1) Merge The Oak Knoll Redevelopment Project Area With The Central City East Redevelopment Project Area For Fiscal Purposes, (2) Merge The Affordable Housing Production Requirements For The Two Project Areas Subject To Limitations And Conditions, (3) Raise The Limits On Receipt Of Tax Increment Revenues And Bonded Indebtedness, (4) Replace The Land Use Map With The Current General Plan Land Use Map, (5) Expand The List Of Authorized Public Improvements, And (6) Make Other Text Changes; And

An Ordinance Adopting The Third Amendment To The Central City East Redevelopment Plan To (1) Merge The Central City East Redevelopment Project Area With The Oak Knoll Redevelopment Project Area For Fiscal Purposes, And (2) Merge The Affordable Housing Production Requirements For The Two Project Areas Subject To Limitations And Conditions

Agency and Council Action – December 5, 2006

On December 5, 2006, the City Council introduced two ordinances amending the Central City East and Oak Knoll redevelopment Plans to provide for fiscal merger, merger of affordable housing production requirements, and other text changes. The Council added the following wording to Sections 2.B.2 Project Area Housing Production for the Central City East and Oak Knoll Redevelopment Plans:

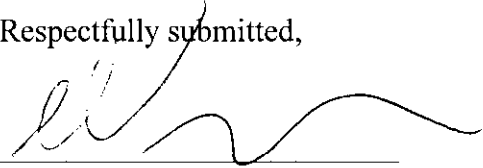
- At least 50% of the Oak Knoll affordable housing area production requirement shall be satisfied by allocating surplus affordable housing units developed in Central City East.

Revised ordinances are attached reflecting the Council action.

Recommendation

Staff recommends adoption of the revised ordinances providing for limited merger of the Central City East and Oak Knoll Project Areas.

Respectfully submitted,



DAN VANDERPRIEM
Director of CEDA Redevelopment, Economic
Development, Housing & Community Development

APPROVED AND FORWARDED TO
THE COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



OFFICE OF THE CITY ADMINISTRATOR
/ AGENCY ADMINISTRATOR

Attachments: Ordinance Amending the Oak Knoll Redevelopment Area Plan
Ordinance Amending the Central City East Redevelopment Area Plan

REVISÉD 12/5/2006

00120 - 11:53

APPROVED AS TO FORM AND LEGALITY


DEPUTY CITY ATTORNEY

OAKLAND CITY COUNCIL
ORDINANCE NO. _____ C.M.S.

AN ORDINANCE ADOPTING THE THIRD AMENDMENT TO THE CENTRAL CITY EAST REDEVELOPMENT PLAN TO (1) MERGE THE CENTRAL CITY EAST REDEVELOPMENT PROJECT AREA WITH THE OAK KNOLL REDEVELOPMENT PROJECT AREA FOR FISCAL PURPOSES, AND (2) MERGE THE AFFORDABLE HOUSING PRODUCTION REQUIREMENTS FOR THE TWO PROJECT AREAS SUBJECT TO LIMITATIONS AND CONDITIONS

WHEREAS, the City Council adopted the Redevelopment Plan for the Central City East Redevelopment Project (the "Central City East Redevelopment Plan") on July 29, 2003, pursuant to the California Community Redevelopment Law (California Health and Safety Code Sections 33000, et seq.); and

WHEREAS, the City Council adopted the Redevelopment Plan for the Oak Knoll Redevelopment Project (the "Oak Knoll Redevelopment Plan") on July 14, 1998, pursuant to the California Community Redevelopment Law; and

WHEREAS, both Plans include affordable housing production requirements as required under Section 33413(b) of the California Health and Safety Code; and

WHEREAS, Sections 33485 through 33489 of the California Health and Safety Code authorize a legislative body through plan amendment to merge redevelopment project areas; and

WHEREAS, the Redevelopment Agency has submitted to the Council a proposed Third Amendment to the Central City East Redevelopment Plan (the "Third Amendment" or the "Amendment"), attached to this Ordinance as Attachment A, which would (1) merge the Central City East Redevelopment Project Area with the Oak Knoll Redevelopment Project Area for fiscal purposes, and (2) merge the affordable housing production requirements for the two Project Areas, in that the Agency would be authorized to allocate surplus affordable housing units produced in the Central City East Project Area to meet the Oak Knoll affordable housing production requirements under certain conditions and subject to certain limitations; and

WHEREAS, the City of Oakland, as the Lead Agency for purposes of environmental review under the California Environmental Quality Act of 1970 ("CEQA"), prepared and certified an Environmental Impact Report for the Central City East Redevelopment Project (the "EIR") in connection with the adoption of the Central City East Redevelopment Project, in accordance with the California Environmental Quality Act, Public Resources Code § 21000, et seq.; and

WHEREAS, the requirements of CEQA, the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied; and

WHEREAS, the City Council has received from the Agency a Report of the Agency on the proposed amendments to the Central City East Redevelopment Plan and Oak Knoll Redevelopment Plan (the "Report to Council") pursuant to Section 33352 of the Community Redevelopment Law, which includes, among other things, a description of the remaining blight in the Central City East and Oak Knoll Project Areas, the projects that are planned to eradicate the remaining blight, and the relationship of the cost of those projects to the amount of increase in the tax increment limit for Oak Knoll; and

WHEREAS, the Planning Commission has submitted to the Council its report and recommendations for approval of the Amendment and its certification that the Amendment conforms to the General Plan of the City of Oakland; and

WHEREAS, the Council and the Agency held a joint public hearing on October 31, 2006, on adoption of the Amendment; and

WHEREAS, a notice of said hearing was duly and regularly published in a newspaper of general circulation in the City of Oakland, once a week for four successive weeks prior to the date of said hearing; and

WHEREAS, copies of the notice of joint public hearing were mailed by first-class mail to property owners, residents, and businesses in the Central City East Redevelopment Project Area; and

WHEREAS, copies of the notice of joint public hearing were mailed by certified mail with return receipt requested to the governing body of each taxing agency which receives taxes from property in the Central City East Redevelopment Project Area; and

WHEREAS, the Agency has notified the California Department of Housing and Community Development of its intention to merge the Central City East Redevelopment Project Area with the Oak Knoll Redevelopment Project Area at least 30 days prior to the adoption of this Ordinance; and

WHEREAS, the Central City East Project Area Committee ("PAC") has reviewed and made recommendations on the proposed Amendment; and

WHEREAS, the Council has considered the report and recommendations of the Planning Commission and the PAC, the Report to Council from the Agency on the Amendment and its economic feasibility, as well as the analysis and conclusions in the Report on remaining blight within the Central City East Project Area, and the environmental analysis, has provided an opportunity for all persons to be heard, and has received and considered all evidence and testimony presented for or against any and all aspects of the Amendment; and

WHEREAS, it is necessary and desirable that the Amendment and the merger be adopted for the reasons set forth in the Report to Council accompanying this Ordinance; now, therefore

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

SECTION 1. The Third Amendment to the Redevelopment Plan for the Central City East Project attached to this Ordinance as Attachment A is hereby approved and adopted as an amendment to the Redevelopment Plan for the Central City East Redevelopment Project.

SECTION 2. The City Council finds that it is necessary and desirable to amend the Redevelopment Plan and merge the Central City East Redevelopment Project Area with the Oak Knoll Redevelopment Project Area for fiscal purposes for the reasons set forth herein and in the Report to Council accompanying this Ordinance. The merger will result in substantial benefit to the public and contribute to the economic revitalization of blighted areas in Oakland through the increased economic vitality of such areas and through increased and improved housing opportunities in such areas. The carrying out of the merger will promote the public peace, health, safety and welfare of the City of Oakland and effectuate the purposes and policies of the Community Redevelopment Law.

SECTION 3. The City Council finds that the limited merger of the affordable housing production requirements of the Central City East Project Area with the Oak Knoll Project Area as set forth in the Amendment is necessary and desirable in order to provide needed flexibility to comply with the affordable housing production requirements of the two Project Areas. *The City Council further finds that such limited merger will not cause or exacerbate racial, ethnic, or economic segregation in the Central City East Project Area, since it would have no effect on the level of affordable housing production in Central City East; the limited merger would simply allow surplus affordable housing units that are actually developed in Central City East irrespective of the merger to be allocated to Oak Knoll, and would expressly prohibit the development of additional affordable housing in Central City East to meet Oak Knoll's affordable housing production requirements.*

SECTION 4. The City Council finds that the Amendment conforms to the General Plan of the City of Oakland. This finding is based on the finding of the Planning Commission that the Amendment conforms to the General Plan of the City of Oakland.

SECTION 5. The City Council has independently reviewed and considered this environmental determination, and the City Council finds and determines, based on the information provided in the report accompanying this Ordinance, that this action complies

with CEQA because the Amendment is exempt from CEQA pursuant to Section 15061(b)(3) (general rule), Section 15301 (alterations to existing facilities), and Section 15378(b)(4) (government fiscal activities) of the CEQA Guidelines.

SECTION 6. The City Administrator or her designee shall cause to be filed with the County of Alameda a Notice of Exemption for this action.

SECTION 7. The City Council further finds and determines on the basis of substantial evidence in the record that none of the circumstances necessitating preparation of additional CEQA review as specified in CEQA and the CEQA Guidelines, including without limitation Public Resources Code Section 21166 and CEQA Guidelines Section 15162, are present in that (1) there are no substantial changes proposed in the Central City East Redevelopment Project or the circumstances under which the Project is undertaken that would require major revisions of the EIR due to the involvement of new environmental effects or a substantial increase in the severity of previously identified significant effects, and (2) there is no "new information of substantial importance" as described in CEQA Guidelines Section 15162(a)(3).

SECTION 8. The Council is satisfied that all written objections received before or at the noticed public hearing, if any, have been responded to in writing. In addition, written findings have been adopted in response to each written objection of an affected property owner or taxing entity which has been filed with the City Clerk either before or at the noticed public hearing, and all objections are hereby overruled.

SECTION 9. If any part of this Ordinance is held to be invalid for any reason, such decision shall not affect the validity of the remaining portion of this Ordinance, and this Council hereby declares that it would have passed the remainder of this Ordinance if such invalid portion thereof had been deleted.

SECTION 10. 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, _____, 2006

PASSED BY THE FOLLOWING VOTE:

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

NOES- _____

ABSENT- _____

ABSTENTION- _____

ATTEST: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California

**ORDINANCE ADOPTING THIRD AMENDMENT TO
THE CENTRAL CITY EAST REDEVELOPMENT PLAN**

Attachment A

**THIRD AMENDMENT
TO THE REDEVELOPMENT PLAN FOR THE
CENTRAL CITY EAST REDEVELOPMENT PROJECT**

(attached)

THIRD AMENDMENT
TO THE REDEVELOPMENT PLAN FOR THE
CENTRAL CITY EAST REDEVELOPMENT PROJECT

Adopted by Ordinance No. _____ C.M.S.
effective _____, 2006

Prepared by the
REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

THIRD AMENDMENT TO THE REDEVELOPMENT PLAN FOR THE CENTRAL CITY EAST REDEVELOPMENT PROJECT

I. INTRODUCTION

A Redevelopment Plan for the Central City East Redevelopment Project (the "Central City East Redevelopment Plan") was adopted by the Oakland City Council and the Redevelopment Agency of the City of Oakland on July 29, 2003, pursuant to the California Community Redevelopment Law (California Health and Safety Code Sections 33000, et seq.). A Redevelopment Plan for the Oak Knoll Redevelopment Project (the "Oak Knoll Redevelopment Plan") was adopted by the Oakland City Council and the Redevelopment Agency of the City of Oakland on July 14, 1998.

Sections 33485 through 33489 of the California Health and Safety Code authorize a legislative body through plan amendment to merge redevelopment project areas.

II. AMENDMENT

A. The Central City East Redevelopment Plan is hereby amended to add the following section:

X. [§1000] MERGER

Upon the effective date of the Ordinance adopting the Third Amendment to this Plan, and provided an ordinance becomes effective that amends the Redevelopment Plan for the Oak Knoll Redevelopment Project to merge the Oak Knoll Redevelopment Project Area with this Project Area, the Central City East Project Area is hereby merged with the Oak Knoll Project Area. The merged project area may be referred to as the "Central City East/Oak Knoll Project Area" or the "Central City East/Oak Knoll Redevelopment Project." Any tax increment funds allocated to the Agency pursuant to Section 502 of the Redevelopment Plan for the Oak Knoll Redevelopment Project that are attributable to the Oak Knoll Project Area as established prior to the Third Amendment to the Oak Knoll Redevelopment Plan may be allocated to the entire Central City East/Oak Knoll Project Area for the purpose of paying the principal of, and interest on, indebtedness incurred by the Agency to finance or refinance, in whole or in part, the Central City East/Oak Knoll Redevelopment Project. Notwithstanding the merger, tax increment funds allocated to the Agency pursuant to Section 502 of this Plan that are attributable to the Central City East Project Area as established prior to the Third Amendment to this Plan, may not be allocated to the Oak Knoll Redevelopment Project.

Third Amendment to Central City East Redevelopment Plan

Page 3

Notwithstanding the merger, all provisions of this Plan shall continue to govern the Central City East Project Area as established prior to the Third Amendment to this Plan. The Redevelopment Plan for the Oak Knoll Redevelopment Project shall have no application to this Project Area.

B. Section 330 of the Central City East Redevelopment Plan, Project Area Housing Production, is hereby amended to read as follows (additional text is underlined):

2. [\$330] Project Area Housing Production

At least 30 percent of all new or substantially rehabilitated dwelling units developed by the Agency in the Project Area shall be available at affordable housing cost to persons and families of low or moderate income, with not less than 50 percent of these units made available at affordable housing cost to very low income households, as required by Section 33413 (in particular, subdivision (b) of that section) of the Community Redevelopment Law. At least 15 percent of all new or substantially rehabilitated dwelling units developed by public or private entities or persons other than the Agency in the Project Area shall be available at affordable housing cost to persons and families of low or moderate income, with not less than 40 percent of these units made available at affordable housing cost to very low income households, as required by Section 33413 (in particular, subdivision (b) of that section) of the Community Redevelopment Law. The requirements of this section shall apply in the aggregate, and not to each individual case of rehabilitation, development, or construction of dwelling units; however, the Agency in its discretion may impose inclusionary housing requirements on particular housing projects developed by public or private entities or persons other than the Agency in the Project Area, as needed in order for the Agency to comply with Section 33413 of the Community Redevelopment Law, this Plan, and the implementation plan adopted for the Project pursuant to Section 33490 of the Community Redevelopment Law.

Notwithstanding the above or anything else in the Plan to the contrary, the affordable housing production requirements as set forth above for the Central City East Project Area are hereby merged with the affordable housing production requirements as set forth in the Oak Knoll Redevelopment Plan, but only in the limited circumstances and subject to the conditions set forth in this paragraph. In general, the Agency shall ensure that the affordable housing production requirements set forth in Section 33413(b) of the Community Redevelopment Law are met separately for the Central City East Project Area and for the Oak Knoll Project Area every 10 years (the "compliance period") as set forth in the Community Redevelopment Law. However, if the number of new or substantially rehabilitated dwelling units actually developed in the Central City East Project Area during a compliance period and made available at an affordable housing cost

Third Amendment to Central City East Redevelopment Plan

Page 4

to low or moderate income families and/or very low income households exceeds the minimum number required by this Section for such income group, the surplus of affordable housing units may be allocated to the Oak Knoll Project Area for purposes of satisfying the affordable housing production requirements of the Oak Knoll Redevelopment Plan for the same income group. Any such allocation shall be subject to all of the following conditions:

- Any allocation of surplus affordable housing units to Oak Knoll must be approved by the governing body of the Agency by resolution.
- Only surplus affordable housing units developed within Central City East with no relationship to development at Oak Knoll may be allocated to Oak Knoll.
- The Agency must compensate Central City East redevelopment funds from Oak Knoll redevelopment funds for any allocation of surplus affordable housing units to Oak Knoll as set forth below. The amount of compensation for each unit shall be equal to the average Agency per-unit subsidy for developing affordable housing for the applicable income group, with such average calculated based on the average Agency subsidy provided through the Agency's most recent Notice of Funding Availability process or other affordable housing funding process at the time of the allocation. The compensation shall come from non-housing Oak Knoll tax increment funds. The compensation may be in the form of an Agency commitment to compensate Central City East redevelopment funds from present or future Oak Knoll funds. The Agency may also accept contributions from redevelopers in the Oak Knoll Project Area to fund such compensation. In no event may Oak Knoll Low and Moderate Income Housing Funds be used for such purposes. Any such funds shall be used exclusively within the Central City East Project Area.
- No affordable housing shall be constructed within the Central City East Project Area for the purpose of satisfying the affordable housing production requirements of the Oak Knoll Project Area.
- At least 50% of the Oak Knoll affordable housing area production requirement shall be satisfied by allocating surplus affordable housing units developed in Central City East.

C. All other provisions of the Central City East Redevelopment Plan not expressly modified or amended by the terms of this Third Amendment shall remain in full force and effect.

AN ORDINANCE ADOPTING THE THIRD AMENDMENT TO THE CENTRAL CITY EAST REDEVELOPMENT PLAN TO (1) MERGE THE CENTRAL CITY EAST REDEVELOPMENT PROJECT AREA WITH THE OAK KNOLL REDEVELOPMENT PROJECT AREA FOR FISCAL PURPOSES, AND (2) MERGE THE AFFORDABLE HOUSING PRODUCTION REQUIREMENTS FOR THE TWO PROJECT AREAS SUBJECT TO LIMITATIONS AND CONDITIONS

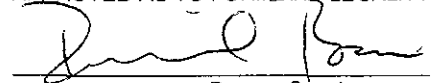
NOTICE AND DIGEST

This ordinance amends the Central City East Redevelopment Plan to merge the Central City East Redevelopment Project Area with the Oak Knoll Redevelopment Project Area for fiscal purposes and for affordable housing production requirement purposes pursuant to the California Community Redevelopment Law, and makes certain findings in support of such amendment.

GO 000 - 11:53

REVISED 12/5/2006

APPROVED AS TO FORM AND LEGALITY


DEPUTY CITY ATTORNEY

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C.M.S.

AN ORDINANCE ADOPTING THE SECOND AMENDMENT TO THE OAK KNOLL REDEVELOPMENT PLAN TO (1) MERGE THE OAK KNOLL REDEVELOPMENT PROJECT AREA WITH THE CENTRAL CITY EAST REDEVELOPMENT PROJECT AREA FOR FISCAL PURPOSES, (2) MERGE THE AFFORDABLE HOUSING PRODUCTION REQUIREMENTS FOR THE TWO PROJECT AREAS SUBJECT TO LIMITATIONS AND CONDITIONS, (3) RAISE THE LIMITS ON RECEIPT OF TAX INCREMENT REVENUES AND BONDED INDEBTEDNESS, (4) REPLACE THE LAND USE MAP WITH THE CURRENT GENERAL PLAN LAND USE MAP, (5) EXPAND THE LIST OF AUTHORIZED PUBLIC IMPROVEMENTS, AND (6) MAKE OTHER TEXT CHANGES

WHEREAS, the City Council adopted the Redevelopment Plan for the Oak Knoll Redevelopment Project (the "Oak Knoll Redevelopment Plan") on July 14, 1998, pursuant to the California Community Redevelopment Law (California Health and Safety Code Sections 33000, et seq.); and

WHEREAS, the City Council adopted amendments to the General Plan for the City of Oakland conforming the General Plan to the Reuse Plan for the Oak Knoll Redevelopment Project Area; and

WHEREAS, the City Council adopted the Redevelopment Plan for the Central City East Redevelopment Project (the "Central City East Redevelopment Plan") on July 29, 2003, pursuant to the California Community Redevelopment Law; and

WHEREAS, Sections 33485 through 33489 of the California Health and Safety Code authorize a legislative body through plan amendment to merge redevelopment project areas; and

WHEREAS, Section 33354.6 of the California Health and Safety Code authorizes a legislative body to adopt a plan amendment to increase the limitation on the amount of tax increment revenues allocated to an agency, and Section 33450 of the California Health and Safety Code authorizes other forms of plan amendments; and

WHEREAS, the Redevelopment Agency has submitted to the Council a proposed Second Amendment to the Oak Knoll Redevelopment Plan (the "Second Amendment" or the "Amendment"), attached to this Ordinance as Attachment A, which would (1) merge the Central City East Redevelopment Project Area with the Oak Knoll Redevelopment Project Area for fiscal purposes, (2) merge the affordable housing production requirements for the two Project Areas, in that the Agency would be authorized to allocate surplus affordable housing units produced in the Central City East Project Area to meet the Oak Knoll affordable housing production requirements under certain conditions and subject to certain limitations, (3) raise the limitation on the number of tax increment dollars that may be allocated to the Agency from \$87 million to \$1.5 billion, (4) raise the limitation on the amount of bonded indebtedness that may be outstanding from \$21.5 million to \$400 million, (5) replace the redevelopment land use map now attached to the Plan with the land use map set forth in the General Plan, (6) replace the list of authorized public improvements with an expanded list consistent with the Central City East Plan, and (7) make other text changes; and

WHEREAS, the City of Oakland, as the Lead Agency for purposes of environmental review under the California Environmental Quality Act of 1970 ("CEQA"), prepared and certified an Environmental Impact Report for the Oak Knoll Redevelopment Project (the "EIR") in connection with the adoption of the Oak Knoll Redevelopment Project, in accordance with the California Environmental Quality Act, Public Resources Code § 21000, et seq.; and

WHEREAS, the requirements of CEQA, the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied; and

WHEREAS, the City Council has received from the Agency a Report of the Agency on the proposed amendments to the Central City East Redevelopment Plan and Oak Knoll Redevelopment Plan (the "Report to Council") pursuant to Section 33352 of the Community Redevelopment Law, which includes, among other things, a description of the remaining blight in the Central City East and Oak Knoll Project Areas, the projects that are planned to eradicate the remaining blight, and the relationship of the cost of those projects to the amount of increase in the tax increment limit for Oak Knoll; and

WHEREAS, the Planning Commission has submitted to the Council its report and recommendations for approval of the Amendment and its certification that the Amendment conforms to the General Plan of the City of Oakland; and

WHEREAS, the Council and the Agency held a joint public hearing on October 31, 2006, on adoption of the Amendment; and

WHEREAS, a notice of said hearing was duly and regularly published in a newspaper of general circulation in the City of Oakland, once a week for four successive weeks prior to the date of said hearing; and

WHEREAS, copies of the notice of joint public hearing were mailed by first-class mail to property owners, residents, and businesses in the Oak Knoll Redevelopment Project Area; and

WHEREAS, copies of the notice of joint public hearing were mailed by certified mail with return receipt requested to the governing body of each taxing agency which receives taxes from property in the Oak Knoll Redevelopment Project Area; and

WHEREAS, the Agency has notified the California Department of Housing and Community Development of its intention to merge the Central City East Redevelopment Project Area with the Oak Knoll Redevelopment Project Area at least 30 days prior to the adoption of this Ordinance; and

WHEREAS, the Council has considered the report and recommendations of the Planning Commission, the Report to Council from the Agency on the Amendment and its economic feasibility, and the environmental analysis, has provided an opportunity for all persons to be heard, and has received and considered all evidence and testimony presented for or against any and all aspects of the Amendment; and

WHEREAS, it is necessary and desirable that the Amendment and the merger be adopted for the reasons set forth in the Report to Council accompanying this Ordinance; now, therefore

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

SECTION 1. *The Second Amendment to the Redevelopment Plan for the Oak Knoll Project attached to this Ordinance as Attachment A is hereby approved and adopted as an amendment to the Redevelopment Plan for the Oak Knoll Redevelopment Project.*

SECTION 2. The City Council finds that it is necessary and desirable to amend the Redevelopment Plan and merge the Oak Knoll Redevelopment Project Area with the Central City East Redevelopment Project Area for fiscal purposes for the reasons set forth herein and in the Report to Council accompanying this Ordinance. The merger will result in substantial benefit to the public and contribute to the economic revitalization of blighted areas in Oakland through the increased economic vitality of such areas and through increased and improved housing opportunities in such areas. The carrying out of the merger will promote the public peace, health, safety and welfare of the City of Oakland and effectuate the purposes and policies of the Community Redevelopment Law.

SECTION 3. The City Council finds that the limited merger of the affordable housing production requirements of the Oak Knoll Project Area with the Central City East

Project Area as set forth in the Amendment is necessary and desirable in order to provide needed flexibility to comply with the affordable housing production requirements of the two Project Areas. The City Council further finds that such limited merger will not cause or exacerbate racial, ethnic, or economic segregation in the Oak Knoll Project Area.

SECTION 4. The City Council finds that both (1) significant blight remains within the Central City East Redevelopment Project Area, as demonstrated in the Report to Council, and (2) the remaining blight in Central City East cannot be eliminated without the fiscal merger of Oak Knoll with Central City East, the establishment of additional debt in the Oak Knoll Redevelopment Project, and the increase in the limitation on the number of dollars to be allocated to the Agency from Oak Knoll and the increase in the limitation on bonded indebtedness for Oak Knoll, for the reasons set forth herein and in the Report to Council accompanying this Ordinance.

SECTION 5. The City Council finds that the text changes in the Amendment and the substitution of the Redevelopment Land Use Map are necessary and desirable to conform the Oak Knoll Redevelopment Plan to the development standards set forth in the General Plan and its implementing regulations.

SECTION 6. The City Council finds that the expansion of the list of authorized public improvements in the Amendment is necessary and desirable in order to update the Plan, make it consistent with the categories of public improvements authorized under the Central City East Redevelopment Plan, and meet the redevelopment goals and objectives of the Plan.

SECTION 7. The City Council finds that the Amendment conforms to the General Plan of the City of Oakland. This finding is based on the finding of the Planning Commission that the Amendment conforms to the General Plan of the City of Oakland.

SECTION 8. Pursuant to California Health and Safety Code Section 33492.20(a)(2), the City Council finds that the Oak Knoll Redevelopment Plan as amended is consistent with the General Plan of the City of Oakland, including the Housing Element which substantially complies with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

SECTION 9. The City Council has independently reviewed and considered this environmental determination, and the City Council finds and determines, based on the information provided in the report accompanying this Ordinance, that this action complies with CEQA because the Amendment is exempt from CEQA pursuant to Section 15061(b)(3) (general rule), Section 15301 (alterations to existing facilities), and Section 15378(b)(4) (government fiscal activities) of the CEQA Guidelines.

SECTION 10. The City Administrator or her designee shall cause to be filed with the County of Alameda a Notice of Exemption for this action.

SECTION 11. The City Council further finds and determines on the basis of substantial evidence in the record that none of the circumstances necessitating preparation of additional CEQA review as specified in CEQA and the CEQA Guidelines, including without limitation Public Resources Code Section 21166 and CEQA Guidelines Section 15162, are present in that (1) there are no substantial changes proposed in the Oak Knoll Redevelopment Project or the circumstances under which the Project is undertaken that would require major revisions of the EIR due to the involvement of new environmental effects or a substantial increase in the severity of previously identified significant effects, and (2) there is no "new information of substantial importance" as described in CEQA Guidelines Section 15162(a)(3).

SECTION 12. The Council is satisfied that all written objections received before or at the noticed public hearing, if any, have been responded to in writing. In addition, written findings have been adopted in response to each written objection of an affected property owner or taxing entity which has been filed with the City Clerk either before or at the noticed public hearing, and all objections are hereby overruled.

SECTION 13. If any part of this Ordinance is held to be invalid for any reason, such decision shall not affect the validity of the remaining portion of this Ordinance, and this Council hereby declares that it would have passed the remainder of this Ordinance if such invalid portion thereof had been deleted.

SECTION 14. 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, _____, 2006

PASSED BY THE FOLLOWING VOTE:

AYES-	BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND PRESIDENT DE LA FUENTE
NOES-	_____
ABSENT-	_____
ABSTENTION-	_____

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

**ORDINANCE ADOPTING SECOND AMENDMENT TO
THE OAK KNOLL REDEVELOPMENT PLAN**

Attachment A

**SECOND AMENDMENT
TO THE REDEVELOPMENT PLAN FOR THE
OAK KNOLL REDEVELOPMENT PROJECT**

(attached)

**SECOND AMENDMENT
TO THE REDEVELOPMENT PLAN FOR THE
OAK KNOLL REDEVELOPMENT PROJECT**

**Adopted by Ordinance No. _____ C.M.S.
effective _____, 2006**

**Prepared by the
REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND**

SECOND AMENDMENT TO THE REDEVELOPMENT PLAN FOR THE OAK KNOLL REDEVELOPMENT PROJECT

I. INTRODUCTION

A Redevelopment Plan for the Oak Knoll Redevelopment Project (the “Oak Knoll Redevelopment Plan”) was adopted by the Oakland City Council and the Redevelopment Agency of the City of Oakland on July 14, 1998, pursuant to the California Community Redevelopment Law (California Health and Safety Code Sections 33000, et seq.). A Redevelopment Plan for the Central City East Redevelopment Project (the “Central City East Redevelopment Plan”) was adopted by the Oakland City Council and the Redevelopment Agency of the City of Oakland on July 29, 2003.

Sections 33485 through 33489 of the California Health and Safety Code authorize a legislative body through plan amendment to merge redevelopment project areas. Sections 33354.6 and 33450 of the California Health and Safety Code authorize other forms of plan amendments.

II. AMENDMENT

A. The Oak Knoll East Redevelopment Plan is hereby amended to add the following section:

X. [§1000] MERGER

Upon the effective date of the Ordinance adopting the Second Amendment to this Plan, and provided an ordinance becomes effective that amends the Redevelopment Plan for the Central City East Redevelopment Project to merge the Central City East Redevelopment Project Area with this Project Area, the Oak Knoll Project Area is hereby merged with the Central City East Project Area. The merged project area may be referred to as the “Central City East/Oak Knoll Project Area” or the “Central City East/Oak Knoll Redevelopment Project.” Any tax increment funds allocated to the Agency pursuant to Section 502 of this Plan that are attributable to the Oak Knoll Project Area as established prior to the Second Amendment to this Plan may be allocated to the entire Central City East/Oak Knoll Project Area for the purpose of paying the principal of, and interest on, indebtedness incurred by the Agency to finance or refinance, in whole or in part, the Central City East/Oak Knoll Redevelopment Project. Notwithstanding the merger, tax increment funds allocated to the Agency pursuant to Section 502 of the Central City East Redevelopment Plan that are attributable to the Central City East Project Area as established prior to the Second Amendment to Central City East Plan, may not be allocated to the Oak Knoll Redevelopment Project.

Notwithstanding the merger, all provisions of this Plan as amended, other than the allocation of tax increment funds, shall continue to govern the Oak Knoll Project Area as established prior to the Second Amendment to this Plan. The Redevelopment Plan for the Central City East Redevelopment Project shall have no application to this Project Area.

B. Section 331 of the Oak Knoll Redevelopment Plan, previously captioned Inclusionary Housing, is hereby amended to read as follows:

2. [§331] Project Area Housing Production

At least 30 percent of all new or substantially rehabilitated dwelling units developed by the Agency in the Project Area shall be available at affordable housing cost to persons and families of low or moderate income, with not less than 50 percent of these units made available at affordable housing cost to very low income households, as required by Section 33413 (in particular, subdivision (b) of that section) of the Community Redevelopment Law. At least 15 percent of all new or substantially rehabilitated dwelling units developed by public or private entities or persons other than the Agency in the Project Area shall be available at affordable housing cost to persons and families of low or moderate income, with not less than 40 percent of these units made available at affordable housing cost to very low income households, as required by Section 33413 (in particular, subdivision (b) of that section) of the Community Redevelopment Law. The requirements of this section shall apply in the aggregate, and not to each individual case of rehabilitation, development, or construction of dwelling units; however, the Agency in its discretion may impose inclusionary housing requirements on particular housing projects developed by public or private entities or persons other than the Agency in the Project Area, as needed in order for the Agency to comply with Section 33413 of the Community Redevelopment Law, this Plan, and the implementation plan adopted for the Project pursuant to Section 33490 of the Community Redevelopment Law.

Notwithstanding the above or anything else in the Plan to the contrary, the affordable housing production requirements as set forth above for the Oak Knoll Project Area are hereby merged with the affordable housing production requirements as set forth in the Central City East Redevelopment Plan, but only in the limited circumstances and subject to the conditions set forth in this paragraph. In general, the Agency shall ensure that the affordable housing production requirements set forth in Section 33413(b) of the Community Redevelopment Law are met separately for the Oak Knoll Project Area and for the Central City East Project Area every 10 years (the "compliance period") as set forth in the Community Redevelopment Law. However, if the number of new or substantially rehabilitated dwelling units actually developed in the Central City East Project

Second Amendment to Oak Knoll Redevelopment Plan

Page 4

Area during a compliance period and made available at an affordable housing cost to low or moderate income families and/or very low income households exceeds the minimum number required by the Central City East Redevelopment Plan for such income group, the surplus of affordable housing units may be allocated to the Oak Knoll Project Area for purposes of satisfying the affordable housing production requirements of this Oak Knoll Redevelopment Plan for the same income group. Any such allocation shall be subject to all of the following conditions:

- Any allocation of surplus affordable housing units to Oak Knoll must be approved by the governing body of the Agency by resolution.
- Only surplus affordable housing units developed within Central City East with no relationship to development at Oak Knoll may be allocated to Oak Knoll.
- The Agency must compensate Central City East redevelopment funds from Oak Knoll redevelopment funds for any allocation of surplus affordable housing units to Oak Knoll as set forth below. The amount of compensation for each unit shall be equal to the average Agency per-unit subsidy for developing affordable housing for the applicable income group, with such average calculated based on the average Agency subsidy provided through the Agency's most recent Notice of Funding Availability process or other affordable housing funding process at the time of the allocation. The compensation shall come from non-housing Oak Knoll tax increment funds. The compensation may be in the form of an Agency commitment to compensate Central City East redevelopment funds from present or future Oak Knoll funds. The Agency may also accept contributions from redevelopers in the Oak Knoll Project Area to fund such compensation. In no event may Oak Knoll Low and Moderate Income Housing Funds be used for such purposes. Any such funds shall be used exclusively within the Central City East Project Area.
- No affordable housing shall be constructed within the Central City East Project Area for the purpose of satisfying the affordable housing production requirements of the Oak Knoll Project Area.
- At least 50% of the Oak Knoll affordable housing area production requirement shall be satisfied by allocating surplus affordable housing units developed in Central City East.

C. The third full paragraph of Section 502 of the Oak Knoll Redevelopment Plan, Tax Increment Funds, is hereby amended to read as follows:

The portion of taxes divided and allocated to the Agency pursuant to subdivision 2 of this Section 502 shall not exceed a cumulative total of ONE AND ONE-HALF BILLION DOLLARS (\$1,500,000,000).

Second Amendment to Oak Knoll Redevelopment Plan

Page 5

D. The sixth full paragraph of Section 502 of the Oak Knoll Redevelopment Plan, Tax Increment Funds, is hereby amended to read as follows:

The amount of bonded indebtedness to be repaid in whole or in part from the allocation of taxes described in subdivision 2 above which can be outstanding at any one time shall not exceed FOUR HUNDRED MILLION DOLLARS (\$400,000,000).

E. Section 100 of the Oak Knoll Redevelopment Plan, **INTRODUCTION**, is hereby amended to read as follows (additional text is underlined; deleted text is in ~~strikeout text~~):

I. **[§100] INTRODUCTION**

This is the Redevelopment Plan (the "Plan") for the Oak Knoll Redevelopment Project (the "Project") in the City of Oakland (the "City"), County of Alameda, State of California; it consists of the text, the Legal Description of the Project Area Boundaries (Attachment No. 1), the Project Area Map (Attachment No. 2), the Redevelopment Land Use Map (Attachment No. 3), and the Proposed Public Improvements (Attachment No. 4). This Plan was prepared by The Redevelopment Agency of the City of Oakland (the "Agency") pursuant to the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.), Chapter 4.5 of the Community Redevelopment Law (Health and Safety Code Section 33492 et seq.), the California Constitution, and all applicable local laws and ordinances.

In 1996 the Oakland Base Reuse Authority, created through a Joint Powers Agreement between the City of Oakland, the Agency, and the County of Alameda, completed and adopted the Final Reuse Plan for the Naval Medical Center, Oakland (commonly known as the Oak Knoll Naval Hospital) (the "Reuse Plan"). ~~The proposed redevelopment of the area within the boundaries of the Project (the "Project Area") as described in this Plan conforms to the Reuse Plan. It is contemplated that the~~ The City of Oakland will prepare and adopt has prepared and adopted amendments to the General Plan for the City of Oakland (the "General Plan") to conform the General Plan to the Reuse Plan pursuant to the intent of Health and Safety Code Sections 33331 and 33492.20(a)(2) and Government Code Section 67840 et seq. The proposed redevelopment of the area within the boundaries of the Project (the "Project Area") as described in this Plan conforms to the General Plan.

This Plan is based upon a Preliminary Plan formulated and adopted by the Planning Commission of the City of Oakland (the "Planning Commission") by Resolution No. 97-37 C.M.S., on June 24, 1997.

This Plan provides the Agency with powers, duties, and obligations to implement and further the program generally formulated in the ~~Reuse~~ General Plan and this Plan for the redevelopment, rehabilitation, and revitalization of the area within the Project Area. Because of the long-term nature of this Plan and the need to retain in the Agency flexibility to respond to market and economic conditions, property owner and developer interests, and opportunities from time to time presented for redevelopment, this Plan does not present a precise plan or establish specific projects for the redevelopment, rehabilitation, and revitalization of any area within the Project Area, nor does this Plan present specific proposals in an attempt to solve or alleviate the concerns and problems of the community relating to the Project Area. Instead, this Plan presents a process and a basic framework within which specific plans will be presented, specific projects will be established, and specific solutions will be proposed and by which tools are provided to the Agency to fashion, develop, and proceed with such specific plans, projects, and solutions.

The purposes of the Community Redevelopment Law will be attained through, and the major goals of this Plan are:

- A. The mitigation of the economic and social degradation that is faced by the community due to the closure of the Naval Medical Center by the federal Base Closure Commission, in accordance with the legislative intent expressed in Section 33492 of the Health and Safety Code.
- B. Implementation of the adopted ~~Final~~ Reuse General Plan.
- C. The elimination of blighting influences and the correction of environmental deficiencies in the Project Area, including, among others, buildings in which it is unsafe or unhealthy for persons to live or work; obsolete, aged, dilapidated and deteriorated building types; substandard, faulty, inadequate or deteriorated infrastructure and utility lines; buildings that are too large or too small for modern use; inadequate parking facilities; incompatible and uneconomic land uses; noncompliance of land and buildings with modern subdivision, zoning and planning regulations; and buildings that do not meet current building, plumbing, mechanical or electrical code standards.
- D. The subdivision of land into parcels suitable for modern, integrated development with improved pedestrian and vehicular circulation in the Project Area.

Second Amendment to Oak Knoll Redevelopment Plan

Page 7

- E. The replanning, redesign, and development of portions of the Project Area which are improperly utilized.
- F. The establishment of retail and other commercial functions in the Project Area.
- G. The strengthening of the economic base of the community by the construction and installation of needed site improvements to stimulate new residential, commercial, and light industrial uses, employment, and social and economic growth.
- H. The provision of adequate land for parking and open spaces.
- I. The establishment and implementation of performance criteria to assure high site design standards and environmental quality and other design elements which provide unity and integrity to the entire Project.
- J. The expansion, improvement, and preservation of the community's supply of housing available to low- and moderate-income persons and families.

F. All references to "Reuse Plan" in Section 324 and Sections 402 through 418 of the Oak Knoll Redevelopment Plan are hereby replaced with "General Plan".

G. The first full paragraph of Section 501 of the Oak Knoll Redevelopment Plan, General Description of the Proposed Financing Method, is hereby amended to read as follows (additional text is underlined; deleted text is in ~~strikeout text~~):

The Agency is authorized to finance this Project with financial assistance from the City, the State of California, the federal government, interest income, Agency bonds, donations, loans from private financial institutions, the lease or sale of Agency-owned property, or any other available source, public or private. The Agency is further authorized to finance this Project utilizing tax increment funds provided for under Section 502 of this Plan; ~~provided that the Agency shall not expend any tax increment funds allocated to it from the Project Area for expenses related to carrying out the Project unless and until the City has amended its General Plan, as referenced in Section 100, and the findings set forth in Health and Safety Code Section 33492.20(a)(2) have been adopted.~~

H. The Redevelopment Land Use Map originally attached to the Oak Knoll Redevelopment Plan as Attachment No. 3 is hereby replaced with that Redevelopment Land Use Map attached to this Amendment as Exhibit A.

Second Amendment to Oak Knoll Redevelopment Plan

Page 8

I. The list of Proposed Public Improvements originally attached to the Oak Knoll Redevelopment Plan as Attachment No. 4 is hereby replaced with that list of Public Improvements attached to this Amendment as Exhibit B.

J. All other provisions of the Oak Knoll Redevelopment Plan not expressly modified or amended by the terms of this Second Amendment shall remain in full force and effect.




















**SECOND AMENDMENT TO THE REDEVELOPMENT PLAN FOR THE
OAK KNOLL REDEVELOPMENT PROJECT**

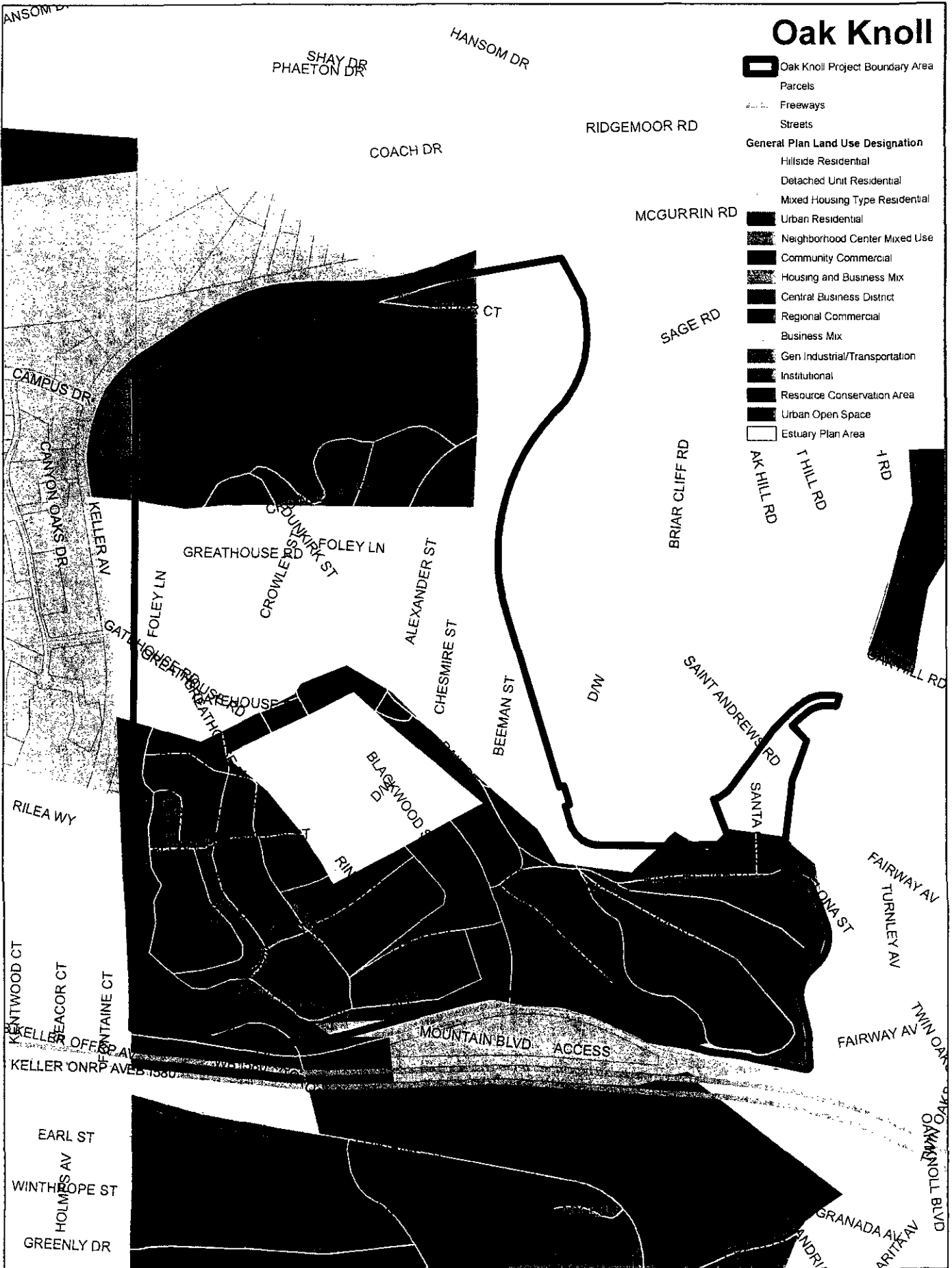
Exhibit A

Redevelopment Land Use Map

(attached)

Oak Knoll

-  Oak Knoll Project Boundary Area
-  Parcels
-  Freeways
-  Streets
- General Plan Land Use Designation**
-  Hillside Residential
-  Detached Unit Residential
-  Mixed Housing Type Residential
-  Urban Residential
-  Neighborhood Center Mixed Use
-  Community Commercial
-  Housing and Business Mix
-  Central Business District
-  Regional Commercial
-  Business Mix
-  Gen Industrial/Transportation
-  Institutional
-  Resource Conservation Area
-  Urban Open Space
-  Estuary Plan Area



**SECOND AMENDMENT TO THE REDEVELOPMENT PLAN FOR THE
OAK KNOLL REDEVELOPMENT PROJECT**

Exhibit B

PUBLIC IMPROVEMENTS

(attached)

**OAK KNOLL
REDEVELOPMENT PLAN**

ATTACHMENT NO. 4

PUBLIC IMPROVEMENTS

The Agency may acquire property and/or pay for, install, develop, construct, or rehabilitate the publicly-owned buildings, facilities, structures, or other improvements set forth in the attached list in connection with the Project:

- Streets and roadways
 - Roadway widening
 - Intersection improvements
 - Traffic signalization
 - Roadway resurfacing
 - Installation of overpasses and underpasses
 - Street signage
 - Traffic calming

- Streetscape
 - Sidewalks
 - Curbs and gutters
 - Street medians
 - Street lighting
 - Street furniture
 - Landscaping
 - Street beautification

- *Public transit and bicycle facilities*

- Water, natural gas and electricity distribution systems

- Sanitary sewer systems
 - Wastewater treatment plant improvements
 - Upgrading and replacing deteriorated sewer pipes

- Storm drainage systems
 - Reconstruction of damaged catch basins and broken storm drain lines
 - Construction of concrete cross drains

- Telecommunications systems, including installation of fiber optic and other cabling

Second Amendment to Oak Knoll Redevelopment Plan

Page 12

- Undergrounding of overhead utility lines
- Parking facilities and improvements
- Parks, plazas, landscaped areas, pedestrian paths, playgrounds, recreational facilities, and open space
- Public housing and shelters
- Police, fire, emergency response, and other public safety facilities
- Public schools, colleges and universities, training centers, libraries, and community centers
- Public health facilities and human services facilities



AN ORDINANCE ADOPTING THE SECOND AMENDMENT TO THE OAK KNOLL REDEVELOPMENT PLAN TO (1) MERGE THE OAK KNOLL REDEVELOPMENT PROJECT AREA WITH THE CENTRAL CITY EAST REDEVELOPMENT PROJECT AREA FOR FISCAL PURPOSES, (2) MERGE THE AFFORDABLE HOUSING PRODUCTION REQUIREMENTS FOR THE TWO PROJECT AREAS SUBJECT TO LIMITATIONS AND CONDITIONS, (3) RAISE THE LIMITS ON RECEIPT OF TAX INCREMENT REVENUES AND BONDED INDEBTEDNESS, (4) REPLACE THE LAND USE MAP WITH THE CURRENT GENERAL PLAN LAND USE MAP, (5) EXPAND THE LIST OF AUTHORIZED PUBLIC IMPROVEMENTS, AND (6) MAKE OTHER TEXT CHANGES

NOTICE AND DIGEST

This ordinance amends the Oak Knoll Redevelopment Plan to (1) merge the Oak Knoll Redevelopment Project Area with the Central City East Redevelopment Project Area for fiscal purposes pursuant to the California Community Redevelopment Law, (2) merge the affordable housing production requirements for the two Project Areas, subject to specified conditions and limitations, (3) raise the limitation on the number of tax increment dollars that may be allocated to the Agency from \$87 million to \$1.5 billion, (4) raise the limitation on the amount of bonded indebtedness that may be outstanding from \$21.5 million to \$400 million, (5) replace the redevelopment land use map now attached to the Plan with the land use map set forth in the General Plan, (6) expand the list of authorized public improvements, and (7) make other text changes related to Plan references to the "Reuse Plan." The ordinance also makes findings in support of this amendment.