



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Alexa Jeffress
Director, EWDD

SUBJECT: Redevelopment Bond Spending Plan

DATE: December 1, 2020

City Administrator Approval

Date: December 7, 2020

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution To: 1) Authorize The City Administrator To Amend The Bond Spending Plan For Excess Oakland Redevelopment Successor Agency (ORSA) Bond Proceeds For Fiscal Year (FY) 2020-21; 2) Accept \$9,972,029 In Excess Bond Proceeds From ORSA And Appropriate Said Funds; And 3) Amend The Appropriation And Reallocate \$8,193,366 In Excess Bond Proceeds Previously Appropriated And Committed In The Approved Bond Spending Plan.

EXECUTIVE SUMMARY

Staff recommends that the City Council adopt a resolution amending the Redevelopment Bond Spending Plan (the Plan), to authorize Budget Revisions for fiscal year (FY) 2020-21 to appropriate bond revenue in the current fiscal year for affordable housing and other qualified projects in the current fiscal year.

Consistent with the City's policy priorities, the proposed Plan Amendment directs new and existing bond funds to support affordable housing, including 1) gap funding for the Fruitvale Transit Village IIB Project, a 181-unit, 100 percent affordable housing project, as recommended by the Housing and Community Development Department for allocation in the Notice of Funds Availability (NOFA) Resolution No. 88249 C.M.S. passed on July 28, 2020; 2) funding for the acquisition of additional sites for affordable housing; and 3) funding current major projects. The proposed Plan Amendment also continues to fund needed City streetscape, infrastructure and public facility projects such as the Fox Theater, Oakland Ice Center (OIC) and the Henry J. Kaiser Convention Center as well as façade, tenant improvement and blight programs.

BACKGROUND / LEGISLATIVE HISTORY

Pursuant to Assembly Bill (AB) 1484, the amended state legislation dissolving redevelopment agencies, successor agencies, including the Oakland Redevelopment Successor Agency (ORSA), were allowed to transfer "excess" bond proceeds to cities and counties for redevelopment purposes once a "Finding of Completion" was received from the California

City Council
December 15, 2020

Department of Finance (DOF) recognizing that the successor agency had met its payment obligations under Redevelopment law. Excess bond proceeds are defined as pre-2011 tax allocation bond proceeds that were not otherwise obligated for projects, which includes any future proceeds from bond-funded activities, such as land sale proceeds, lease revenue, loan principal, interest payments, etc.

The use of bond proceeds is restricted to redevelopment activities within the project area for which the bonds were issued, or for affordable housing anywhere in the City as is proposed for the use of Central District bond funds for the Fruitvale Transit Village Phases IIIB Project in the Coliseum Redevelopment Area. Additional restrictions apply to the use of proceeds depending on whether the issuing bond was taxable or tax-exempt: taxable bond proceeds may be used for private and revenue-generating activities, such as affordable housing development, whereas tax-exempt bonds are restricted to non-revenue generating activities, such as public facilities, public infrastructure and grants. If the City does not receive rent the tax-exempt bonds can also be used for property acquisition.

On May 29, 2013, DOF issued a Finding of Completion to ORSA. On July 16, 2013, ORSA approved Resolution No. 2013-23 C.M.S., which authorized a Bond Expenditure Agreement for the transfer of excess tax allocation bond proceeds to the City of Oakland. On July 16, 2013, the Oakland City Council adopted Resolution No. 84516 C.M.S., also approving the Bond Expenditure Agreement and authorizing a Bond Spending Plan appropriating approximately \$91.5 million to projects and programs for four redevelopment areas: 1) Broadway/MacArthur/San Pablo in North Oakland (\$1.8 million); 2) Central District in Downtown Oakland (\$30.5 million); 3) Central City East (\$37.2 million) and 4) Coliseum (\$22.0 million) in East Oakland. See **Attachment A** for a map of redevelopment bond areas. Approximately \$33.8 million of these funds were already committed to existing City contracts for streetscapes, public facilities, specific plans, blight abatement, façade and tenant improvement projects and programs.

Pursuant to the 2013 Bond Spending Plan, the City allocated the remaining funds to continue redevelopment activities, including: Coliseum Transit Village Phase I, now called Coliseum Connection, a 110-unit mixed-income residential project with half of the units affordable at 50 percent - 60 percent of Area Medium Income (AMI); Seminary Point, a retail center with a new Walgreens store and drive-thru pharmacy in an underserved community in East Oakland; replacement of parking at 23rd & Valdez as part of the Broadway/Valdez Specific Plan; and providing grants for the rehabilitation of the Calvin Simmons Theater at the Henry J Kaiser Convention Center.

Additional development projects in progress or recently completed include: 23rd & Valdez (market rate/mixed-income), 11th & Clay (market rate), Fruitvale Transit Village Phases IIA & IIB (100 percent affordable), 12th Street Remainder (mixed income), 500 Kirkham (market rate/mixed income), 2100 Telegraph (office), 3050 International (100 percent affordable), and 95th & International (100 percent affordable).

The Bond Spending Plan has been amended several times since 2013, including:

- On May 11, 2015 the Oakland City Council approved Resolution No. 85547 C.M.S. authorizing an amendment to the Plan for Broadway/MacArthur/San Pablo adding \$1,357,000 from excess redevelopment bond proceeds and project revenue.
- On June 30, 2015 the Oakland City Council approved Resolution No. 85672 C.M.S. authorizing the FY 2015-17 Budget and appropriating an additional \$4,510,000 to the Plan from excess redevelopment bond proceeds and project revenue.
- On June 29, 2017 the Oakland City Council approved Resolution No. 86821 C.M.S. authorizing the FY 2017-19 Budget and appropriating an additional \$14,215,937 to the Plan from excess redevelopment bond proceeds and project revenue.
- On June 19, 2018 the Oakland City Council approved Resolution No. 87245 C.M.S. authorizing amendments to the FY 2018-19 Budget including transfer of \$9.0 million to the Plan for affordable housing projects and programs.
- On June 24, 2019 the Oakland City Council approved Resolution No. 87759 C.M.S. authorizing the FY 2019-21 Budget and appropriating an additional \$2,739,570 to the Plan from excess redevelopment bond proceeds and project revenue.
- On July 16, 2019 the Oakland City Council approved Ordinance No. 13556 C.M.S., authorizing appropriating and allocating \$3,100,000 in new funds under the Bond Spending Plan for a Lease Disposition and Development Agreement (LDDA) between the City of Oakland and Oakland Civic, LLC (Oakland Civic), an affiliate of Orton Development, Inc. (Orton), for the renovation of the Henry J. Kaiser Convention Center (Kaiser Civic Center).

ANALYSIS AND POLICY ALTERNATIVES

Bond Spending Plan 2020-21

As of June 30, 2020, approximately \$45.1 million in bond funds were appropriated under the current Plan. There is also revenue from prior fiscal years, now in fund balance, and anticipated revenue for FY 2020-21 that are available for appropriating. Most of the fund balance and revenue are from the following projects in the Central District: land sale proceeds from sale of the University of California Office of the President (UCOP) Garage (\$3.9 million); additional excess bond proceeds from program revenue that was transferred from ORSA at the end of FY 2019-20 (\$1.0 million); lease payments from the Uptown Project (\$1.4 million); and, if approved by City Council in a separate action, anticipated loan payments and operations from the Fox Theater (\$3.7 million) to be transferred to the City by the end of FY 2020-21.

The Bond Spending Plan proposes to allocate \$10.0 million of new revenue in FY 2020-21 as follows (see **Attachment B**, FY 2020-21 Bond Spending Plan):

- Supplement the Notice of Funds Availability (NOFA) funds for new construction of affordable housing (**\$4.4 million new funding** for the Fruitvale IIB affordable housing project; added to \$8.2 million existing funding already committed to affordable housing pipeline projects);
- Acquire sites for affordable housing development (\$3.9 million reallocated and added to \$3.2 million existing);
- Assume operation of the Fox Theater (**\$3.7 million new**);
- Fund City-owned facilities – replacement of the refrigeration system at the Oakland Ice Center and rehabilitation of the Henry J. Kaiser Convention Center (**\$1.8 million new** added to \$6.8 million existing); and
- Fund ongoing projects for the current FY (\$1.1 million reallocated and added to \$5.7 million existing)

Allocation of Bond Revenue Between Redevelopment Areas 2020-2021

Except for an existing \$2.2 million allocation for affordable housing development and \$2.2 million allocation for site acquisition in the Central City East redevelopment area, all proposed funding is in the Central District where the anticipated revenue will be generated. Some funding will be retained in the Coliseum for project costs associated with commercial development in that redevelopment area. The rest of the funds are allocated to: capital improvements and operations at City-owned facilities, including: Henry J. Kaiser Convention Center, Fox Theater, Oakland Ice Center, and Oakland Asian Cultural Center (\$18.7 million); streetscape and infrastructure projects (\$3.5 million); Façade and Tenant Improvement Programs (\$3.3 million); Coliseum Planning and Transit Village (\$3.3 million); East Oakland Business Assistance (\$1.0 million); Blight Programs (\$0.5 million); Public Art (\$0.4 million); and general administration (\$0.7 million).

Alternatives

In the alternative, City Council could elect to allocate additional funding for new affordable housing in the current FY by reducing the funds set aside for ongoing projects. However, other sources of funds would need to be identified to continue these ongoing major projects. The most likely source would be the General Purpose Fund, which is severely impacted by the current COVID-19 pandemic and economic crisis.

FISCAL IMPACT

Approval of the proposed resolution will amend the Bond Spending Plan for FY 2020-21, accept \$9,972,029 in excess bond proceeds from ORSA and appropriate and allocate those funds to projects and/or programs, including to cover project costs that have been funded from these sources since the dissolution of the Redevelopment Agency, from the following funds:

Amount	Fund	Description
\$3,792,029	5610	Central District Projects
\$370,000	5611	Central District: TA Bonds Series 2003
\$500,000	5612	Central District: TA Bonds Series 2005
\$563,000	5613	Central District: TA Bonds Series 2009T
\$1,717,000	5614	Central District: TA Bonds Series 2006T
\$1,559,000	5650	Coliseum Projects
(\$2,229,000)	5656	Coliseum; TA Bonds Series 2006B-T
\$3,700,000*	5614	Central District: TA Bond Series 2009T -Fox Theater Operations
\$9,972,029	TOTAL	Excess Bond Proceeds

*The \$3,700,000 from Fox Theater Operations is being brought to the City Council separately as part of the proposed Fox Theater Asset Transfer and Loan Termination item.

The proposed resolution will also amend the prior appropriation and allocation of \$8,193,366 previously listed and committed to other bond-eligible projects and/or programs from the following funds:

Amount	Funds	Redevelopment Project Area
\$5,238,783	5610, 5611, 5612, 5613, 5614	Central District
\$76,217	5630	Broadway/MacArthur/San Pablo
\$1,000,000	5642, 5643	Central City East
\$1,878,366	5650, 5653, 5656	Coliseum
\$8,193,366	TOTAL	Reallocation of Funds

The fiscal impact of the proposed projects and programs will be analyzed when the specific projects and programs are brought to the City Council for approval of development agreements, contracts, grants, loans and other City actions. Funding will need to be reviewed and approved during future biennial and mid-cycle budget processes.

This action has no impact to the General Fund for the current year.

PUBLIC OUTREACH / INTEREST

The current projects funded through the Bond Spending Plan were previously approved by City Council through a public process with community input. The proposed disposition of any new development site or approval of new project funding will be brought to City Council for a public hearing before any agreement is executed.

COORDINATION

The Finance Department was consulted in preparation of the Bond Spending Plan to establish the funds available for allocation, to estimate future project costs and to ensure the funds are allocated consistent with bond requirements. Economic and Workforce Development Department staff met with the Housing and Community Development Department to review the proposed allocation of funding to support affordable housing development and align timing and resources to advance the affordable housing projects proposed in the Plan. This report and legislation were prepared in consultation with the Budget Bureau and the Office of the City Attorney.

SUSTAINABLE OPPORTUNITIES

Economic: The various projects and programs proposed for the use of the excess bond proceeds have numerous economic opportunities for Oakland businesses, including contracts for construction and professional services, grants for property owners and businesses, and improvements to streets and public facilities that will attract future development and new businesses to surrounding neighborhoods.

Environmental: Many of the projects and programs provide environmental opportunities, such as the replacement of the cooling system at the Oakland Ice Center which will reduce greenhouse gas emissions from the center and will be required to meet the City Council's adopted 2030 Oakland Equitable Climate Action Plan (ECAP).

Race & Equity: The proposed Plan Amendment allocates additional bond proceeds to support affordable housing development in Oakland. New, deeply affordable housing units are urgently needed to address homelessness, which disproportionately impacts Black, Indigenous and other people of color in Oakland. In addition, most of the projects are required to meet the City's contracting programs, including the Small/Local Business Construction Program, the Local/Small Local Business Enterprise Professional Services Program (L/SLBE), and the Local Employment Program. All of the workers performing construction work for the City-funded improvements must be paid prevailing wages. Currently, the majority of the contractors hired for the work under the grant are Oakland-based.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Many of the projects have already met CEQA requirements and/or are exempt. The rest are not ready for final approval and additional planning, including completion of CEQA requirements, is required before the projects can be implemented. The following are CEQA determinations for those projects funded by the Plan:

Henry J. Kaiser Convention Center

A detailed California Environmental Quality Act (CEQA) Addendum entitled "The Oakland Civic Auditorium Rehabilitation - CEQA Analysis" (the 2019 CEQA Analysis), dated February 2019, was prepared for the proposed renovation of the Henry J. Kaiser Convention Center. The 2019 CEQA Analysis concluded that the Project satisfies each of the following CEQA Guidelines: (A) Section 15164 of the State CEQA Guidelines - CEQA Analysis Addendum, (B) Section 15183 of the State CEQA Guidelines - Projects consistent with a Community Plan, General Plan or Zoning), and (C) Section 15168 of the State CEQA Guidelines - (Prior Program Environmental Impact Reports). Staff recommends that the City Council find and determine that the anticipated environmental effects of the proposed renovation of the Henry J. Kaiser Convention Center have been evaluated in the 2019 CEQA Analysis, and that no additional environmental analysis beyond the 2019 CEQA Analysis for the Grant identified in the Bond Spending Plan is necessary as the proposed actions would result in no changes to the physical project.

Oakland Ice Center

City staff have determined, after independent review and consideration, that the New Agreement is exempt from CEQA pursuant to Section 15301 (existing facilities) of the CEQA Guidelines.

Fruitvale Transit Village IIB The Fruitvale Transit Village Environmental Impact Report (EIR) was certified in May 2010 for FTV Phase II. Pursuant to Sections 15162-15164 of the California Environmental Quality Act (CEQA) Guidelines, no additional environmental review is necessary for this bond spending plan amendments action.

Fox Theater

Since the Fox Project was completed in 2009 and the proposed actions would result in no changes to the physical building or changes to the operations of the building, there will be no effect on the environment by this new action. The actions are therefore not a project subject to CEQA pursuant to CEQA Guidelines Section 15378, because there is not a potential to result in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, and are exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3), because it can be seen with certainty that there is no possibility that the actions may have a significant effect on the environment.

Other Projects and Programs

Pursuant to CEQA Guidelines Section 15004, the remaining projects funded by the Bond Spending Plan are in early stages of planning, and the specific projects that may result in a physical change to the environment are too speculative to evaluate at this time. Future use of the funds for projects under such programs would be evaluated for CEQA compliance at the earliest feasible time when potential environmental impacts can be known. No mitigation measures are foreclosed by this action.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution To: 1) Authorize The City Administrator To Amend The Bond Spending Plan For Excess Oakland Redevelopment Successor Agency (ORSA) Bond Proceeds For FY 2020-21; 2) Accept \$9,972,029 In Excess Bond Proceeds From ORSA And Appropriate Said Funds; and 3) Amend The Appropriation And Reallocate \$8,193,366 In Excess Bond Proceeds Previously Appropriated And Committed In The Approved Bond Spending Plan.

Respectfully submitted,



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Development Department

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Attachments (2):
Attachment A - Map of Redevelopment Bond Areas.
Attachment B - FY 2020-21 Bond Spending Plan