

**CITY OF OAKLAND
COUNCIL/AGENCY AGENDA REPORT**

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2004 MAY 13 PM 4:11

TO: Office of the City Manager/ Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: May 25, 2004

RE: REDEVELOPMENT AGENCY RESOLUTION AUTHORIZING THE AGENCY ADMINISTRATOR TO NEGOTIATE AND EXECUTE A THREE-PARTY EXCLUSIVE NEGOTIATING AGREEMENT WITH MACARTHUR TRANSIT COMMUNITY PARTNERS, LLC. AND THE SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT TO PURSUE THE DEVELOPMENT OF A TRANSIT VILLAGE AT THE MACARTHUR BART STATION

SUMMARY

The item is a request for Redevelopment Agency approval of a resolution authorizing the Agency Administrator to negotiate and execute a three-party Exclusive Negotiating Agreement (ENA) with MacArthur Transit Community Partners, LLC (MTCP) and the San Francisco Bay Area Rapid Transit District (BART) to pursue the planning and development of a transit village at the MacArthur BART Station.

MTCP is a limited liability company that consists of a partnership between Aegis Equity Partners, Shea Properties, and BUILD (BRIDGE Urban Infill Land Development, LLC) and is the development team that was selected through a public Requests for Proposals process for the MacArthur Transit Village project. The ENA with MTCP is for a period of twelve months and will provide for the evaluation of project feasibility and the initiation of the environmental review process. The ENA will include an option for the Agency Administrator to extend the ENA following the completion of all of the required submittals to cover the period until environmental review is complete.

FISCAL IMPACTS

Authorization to enter into a three-party ENA with MTCP and BART does not commit any expenditure of City or the Redevelopment Agency funds. As part of the ENA, the Agency is required to hire a consultant to prepare a joint Environmental Impact Report/Environmental Impact Statement (EIR/EIS). In September 2002, the Council approved a contract with Public Affairs Management to complete this work. The EIR/EIS is funded through a grant from the Alameda County Congestion Management Agency. Final approval of the transit village project and Agency participation in the project will require approval by the Agency at a later time. There will be no adverse impact on the General Fund or to the funds of the Redevelopment Agency as a result of entering into this agreement.

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BACKGROUND

Since 1993, the City has been working jointly with BART and the MacArthur BART Citizens Planning Committee (CPC), comprised of community residents and representatives of neighborhood organizations, in a planning process for the development of the MacArthur Transit Village. The proposed project site encompasses the area from Telegraph Avenue to Highway 24 between 40th Street and West MacArthur Boulevard.

Over the past ten years, the focus of the Agency, BART and the surrounding community has been on achieving a project with a significant residential density and neighborhood serving retail. After completing extensive planning and market studies, the City and BART began negotiations with Jones Lang LaSalle, the real estate representative for the East Bay Surgery Center, an adjacent property owner, and their selected development partner Creative Housing Associates in 1999. Jones Lang LaSalle removed themselves from the project in 2001 due to internal restructuring in their company.

The Broadway/MacArthur/San Pablo Redevelopment Project Area, which includes the project site, was established in July 2000. Following the establishment of the Redevelopment Project, the Agency took on the role of project management for the MacArthur Transit Village. The Agency and BART entered into an ENA with Creative Housing Associates in July 2002 to pursue a high-density residential mixed-use project. Over the course of the negotiating period, Creative Housing Associates was not able to submit a project proposal that reflected the goals of the Agency, BART, and the community and was financially feasible. The ENA administratively expired in March 2003.

The Agency and BART jointly released an RFP to solicit interest for a new development team for the MacArthur Transit Village project on September 5, 2003. The RFP called for a mixed-use project with a residential focus. The RFP submittals from interested development teams were due on November 13, 2003. A total of 5 development teams submitted proposals under the RFP. The development teams that submitted are listed below:

- Madison Park Financial Corporation and Kenwood Investments, LLC
- Creative Housing Associates, Lambert Development, and CIM Group
- Capital Vision Equities, LLC, Keyshawn Capital Development, LLC, and Centex Homes
- Aegis Equity Partners and Shea Properties
- BRIDGE Housing Corporation and BRIDGE Urban Infill Land Development (BUILD)

The Agency and BART established a selection panel to evaluate the proposals. The selection panel consisted of Councilperson Brunner, BART Board member Lynette Sweet, 3 members of the Citizen's Planning Committee, and staff from the Agency, the CEDA Planning Division, the BART Real Estate Division, and the BART Planning Division.

The selection panel held interviews with all of the development teams on December 11th and 12th, 2003. Following these interviews, the selection panel decided to narrow down the teams to a short-list of three teams based primarily on the experience of the teams, particularly within the

local market, the density of their proposed development, and the selection panel's level of comfort with the financial assumptions made by the development team. The teams that were short-listed were: Madison Park/Kenwood, Aegis/Shea Properties, and BRIDGE/BUILD. The short-listed teams were provided with additional follow-up questions to clarify their development proposal and financial information.

The selection panel met on February 12, 2004 to discuss the short-listed teams. At that meeting, the selection panel concluded that the preferred option for the development team for the MacArthur Transit Village project would be a partnership of the two highest rated teams: Aegis/Shea Properties and BRIDGE/BUILD. The selection panel determined that many of the benefits that each team had to offer were complementary and that a partnership between the teams would be stronger than either team on their own. Agency and BART staff indicated to the selection panel that they believed it would be inappropriate to force a marriage between the two teams or to dictate, in any way, the terms under which a partnership should be formed. As a result, the selection panel decided to give the Aegis/Shea Properties team and the BRIDGE/BUILD team one month to determine the terms of a potential partnership arrangement through private negotiations.

The Selection Panel met with the two selected development teams on April 8, 2004. At this meeting the teams announced that they had formed an equal partnership and will be working together to plan and implement the project. All of the involved development entities formed a limited liability company, entitled MacArthur Transit Community Partners, LLC (MTCP), which will be the entity that will negotiate with the Agency and BART on the project.

Since the teams submitted two separate project proposals using two different architectural firms, their first task as a joint team will be to come up with a new project proposal and site plan that combines the best of both submittals. MTCP expects to have a preliminary site plan to show the community by late June 2004. Based on the previous submissions of both development teams, the Agency anticipates that the combined project proposal will contain over 500 housing units, an expanded East Bay Surgery Center, and between 50,000 and 120,000 square feet of neighborhood serving retail, including a grocery store. The Agency is requiring that a minimum of twenty percent of housing units be affordable.

KEY ISSUES AND IMPACTS

MTCP and its component members have extensive experience in developing urban infill, high-density, mixed use projects. Aegis Equity Partners is a local Oakland firm that has shown long-term commitment to completing development projects in Oakland, specifically in economically-challenged communities. Some of their recent Oakland projects include the rehabilitation of 1625 Clay, 101 Linden Street, and the Old Mother's Cookies property. Shea Properties is a major national developer that has extensive experience with ownership housing, rental housing, and major retail development. Some of Shea Properties' representative projects include the Shops and Apartments at Waterford in Dublin, Rivermark Village in Santa Clara, and the Trio project in downtown Pasadena. BUILD is a subsidiary of BRIDGE Housing that was formed specifically to pursue mixed-use urban infill projects. BRIDGE Housing has over 20 years of development

experience developing large scale projects throughout the Bay Area. BRIDGE's experience with building transit based projects includes Coggins Square at the Pleasant Hill BART Station, Mandela Gateway at the West Oakland BART Station, and Ohlone Court in San Jose along the VTA light rail system.

The three-party ENA between the Agency, BART, and MTCP is for the purpose of studying and evaluating the feasibility of the development of a transit village at the MacArthur BART Station. In order to coordinate the review and approval of the required submittal items, Agency and BART staff agreed that it would be beneficial to enter into a three-party ENA with the development team as opposed to negotiating and managing two parallel agreements.

Some of the key tasks that will be included in the agreement include:

- MTCP will submit a non-refundable Good Faith Deposit of \$50,000. The funds from this deposit will be used by the Agency and BART to help cover costs incurred during the negotiating period.
- MTCP will submit a project description suitable for the environmental review process that includes site plans, elevations, proposed project circulation, and interim replacement parking strategies for the existing BART surface parking. The project description will be reviewed by the Agency and BART, and will be presented to the community for review and comment prior to being finalized.
- MTCP will develop a project pro forma to evaluate the financial feasibility of the project that will include an analysis of the need for financial assistance from the Redevelopment Agency and grant funds from transportation funding sources.
- The Agency will authorize work to begin on a consultant contract to complete an EIR/EIS for the project.

The ENA will be for a period of twelve months terminating in June 2005. The ENA will include an extension option, subject to the Agency Administrator's discretion, to cover the period until the EIR/EIS document is certified.

SUSTAINABLE OPPORTUNITIES

Economic

Potential benefits if the transit village project goes forward include increased housing stock, new permanent jobs from net new commercial development, and increased tax revenue to the City and Agency.

Environmental

Potential benefits if the transit village project goes forward include redevelopment of transit-node located land at a higher density, creating a more sustainable urban land use pattern and increased transit ridership. The use of sustainable design features will be addressed in the Disposition and Development Agreement if the project goes forward.

Social Equity

The Agency included a requirement in the RFP for the development team that a minimum of 20 percent of the housing units developed as part of this project shall be affordable. Consequently, potential benefits if the Transit Village project goes forward include the development of affordable housing.

DISABILITY AND SENIOR CITIZEN ACCESS

The authorization of the ENA will have no impact on disability and senior citizen access. Any future developments on the site will be required to comply with state and federal accessibility requirements, including Federal ADA Accessibility Guidelines, the Fair Housing Act and the State of California's Title 24 Accessibility regulations.

ACTION REQUESTED OF THE COUNCIL AND AGENCY MEMBERS

Staff recommends that the Agency authorize the Agency Administrator to negotiate and execute a three-party Exclusive Negotiating Agreement with MacArthur Transit Community Partners, LLC and the San Francisco Bay Area Rapid Transit District. This agreement will allow the Agency to pursue the development of a transit village at the MacArthur BART Station

Respectfully submitted,



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

Prepared by:
Kathy Kleinbaum
Urban Economic Analyst III

APPROVED FOR FORWARDING TO
THE COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE



OFFICE OF THE CITY MANAGER/
AGENCY ADMINISTRATOR

Item: 4
CED Committee
May 25, 2004

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2004 MAY 13 PM 4:11

REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND

RESOLUTION No. _____ C. M. S.

**RESOLUTION AUTHORIZING THE AGENCY ADMINISTRATOR TO
NEGOTIATE AND EXECUTE A THREE-PARTY EXCLUSIVE
NEGOTIATING AGREEMENT WITH MACARTHUR TRANSIT
COMMUNITY PARTNERS, LLC. AND THE SAN FRANCISCO BAY
AREA RAPID TRANSIT DISTRICT TO PURSUE THE DEVELOPMENT
OF A TRANSIT VILLAGE AT THE MACARTHUR BART STATION**

WHEREAS, the City of Oakland is working to redevelop the MacArthur BART Station and the surrounding properties into a transit village; and

WHEREAS, the Redevelopment Agency formed the Broadway/MacArthur/San Pablo Redevelopment Project Area in July 2000, which includes the proposed transit village site; and

WHEREAS, the Agency entered into an Exclusive Negotiating Agreement with Creative Housing Associates, LLC to evaluate the feasibility of a mixed-use development project for the MacArthur Transit Village in July 2002; and

WHEREAS, the Agency and the Bay Area Rapid Transit District ("BART") entered into a Memorandum of Understanding in October 2002 to cooperatively pursue private development at the MacArthur BART Station; and

WHEREAS, Creative Housing Associates was not able to develop a project proposal that reflected the goals of the Agency, BART, and the community, and the ENA administratively expired in March 2003; and

WHEREAS, the Agency and BART issued a joint Request for Proposals for a new development team for the MacArthur Transit Village in September 2003; and

WHEREAS, the Agency and BART received five submissions from development teams in response to the Request for Proposals in November 2003; and

WHEREAS, the Agency and BART established a selection panel to evaluate the proposals that consisted of community representatives, Councilmember Brunner, BART Board Director Lynette Sweet, and staff from the Agency, the City, and BART; and

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DEVELOPMENT CMTE
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WHEREAS, the selection panel unanimously selected a development team that consists of a partnership of Aegis Equity Partners, Shea Properties, and BUILD (BRIDGE Urban Infill Land Development, LLC), organized as MacArthur Transit Community Partners, LLC (“MTCP”); and

WHEREAS, the Agency, BART, and MTCP wish to enter into a period of preliminary study and negotiations over the project proposal, agreeing that this does not constitute a binding commitment on the part of the Agency to any developer or to participate in any project; and

WHEREAS, in consideration for the exclusive right to negotiate for this project with the Agency and BART, MTCP will submit a non-refundable deposit of \$50,000; and

WHEREAS, the Agency has independently reviewed and considered this environmental determination, and the Agency finds and determines that this action complies with CEQA because this action on the part of the Agency is exempt from CEQA pursuant to Section 15262 (feasibility and planning studies), Section 15306 (information collection) and Section 15061(b) (3) (general rule) of the CEQA guidelines; now therefore be it

RESOLVED: That the Agency Administrator is authorized to negotiate and enter into a three-party Exclusive Negotiating Agreement with MTCP and BART for purposes of studying and evaluating the feasibility of, and negotiating terms and conditions for the potential development of a transit village at the MacArthur BART Station including, but not limited to, the following provisions:

- MTCP will submit a non-refundable Good Faith Deposit of \$50,000. The funds from this deposit will be used by the Agency and BART to help cover costs incurred during the negotiating period.
- MTCP will submit a project description suitable for environmental review purposes that includes site plans, elevations, proposed project circulation, and interim replacement parking strategies for the existing BART surface parking;
- MTCP will develop a project pro forma to evaluate the financial feasibility of the project that will include an analysis of the need for financial assistance from the Redevelopment Agency and grant funds from transportation funding sources;
- The Agency will authorize work to begin on a consultant contract to complete an EIR/EIS for the project;

and be it further

RESOLVED: That the exclusive negotiating period will be for 12 months, with the option to extend said period, with the approval of the Agency Administrator in her sole discretion, until the Environmental Impact Report/Environmental Impact Statement for the project is certified; and be it further

RESOLVED: That the Agency hereby appropriates and authorizes expenditure of up to

\$50,000 of the Good Faith Deposit from MTCP, to be deposited into Broadway/MacArthur/San Pablo Capital Fund MacArthur Transit Village Project (Fund 9530, Project P187440); and be it further

RESOLVED: That the Exclusive Negotiating Agreement shall be reviewed and approved as to form and legality by Agency Counsel prior to execution; and be it further

RESOLVED: That the Agency Administrator or her designee shall cause to be filed with the County of Alameda a Notice of Exemption for this action; and be it further

RESOLVED: That the Agency hereby authorizes the Agency Administrator or her designee to take all other actions necessary with respect to the Exclusive Negotiating Agreement and the project consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2004

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
CEDA FLOYD
Secretary of the Redevelopment
Agency of the City of Oakland

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