

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

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2004 JUN 10 PM 4:45

TO: Office of the City Manager/Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: June 22, 2004

RE: **CITY AND REDEVELOPMENT AGENCY RESOLUTIONS AUTHORIZING THE SALE OF REAL PROPERTY LOCATED AT 14TH STREET, 13TH STREET PEDESTRIAN WALK, JEFFERSON STREET AND MARTIN LUTHER KING, JR. WAY TO OLSON URBAN HOUSING, LLC, FOR \$8.7 MILLION PLUS PROFIT-SHARING FOR THE CITY CENTER T-10 RESIDENTIAL PROJECT, AUTHORIZING SELLER FINANCING FROM THE AGENCY OF \$1.7 MILLION, AND AUTHORIZING A DISPOSITION AND DEVELOPMENT AGREEMENT FOR THE PROJECT**

SUMMARY

Resolutions have been prepared authorizing the Redevelopment Agency to sell to Olson Urban Housing, LLC ("Olson") Agency-owned real property located on the block bounded by 14th Street, 13th Street Pedestrian Walk, Jefferson Street and Martin Luther King, Jr. Way and known as the City Center T-10 Block for an initial purchase price of \$8,700,000 plus profit participation (projected at \$1.5 million), for development of a 200 to 275 unit market rate condominium residential project and 2,500 to 5,000 square feet of retail space. The resolutions will authorize the Agency Administrator to enter into a Disposition and Development Agreement ("DDA") with Olson for the Project. The Agency resolution will also authorize an Agency market-rate loan of \$1.7 million that will be repaid by December 31, 2004.

The project proposed by Olson includes approximately 246 units of market rate condominiums, with 246 parking spaces, and approximately 2,500 square feet of retail (see Attachment A, Term Sheet and Project Summary). The project will also include a leasing office, pool and a gym and other amenities (see Attachment B, Project Schematic Design).

FISCAL IMPACTS

Approval of the DDA and sale of the City Center T-10 site will generate approximately \$7 million in land sales proceeds immediately after planning approvals are completed. Close of escrow is anticipated in September. The Agency will also receive repayment of the \$1.7 million loan, plus 8% interest, by December 31, 2004. The projected \$1.5 million in profit-sharing should be received after the sale of units, anticipated to be in late FY 2006-07.

The Agency temporarily reallocated \$7 million from the Uptown project to purchase this site from the City. Upon sale of the site to Olson, \$7 million will be returned to the Uptown project to allow this project to proceed on schedule. \$1.7 million plus interest (approximately \$35,000)

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will be available for redevelopment projects in the next two-year budget cycle. The approximately \$1.5 million in profit-sharing is contingent on market conditions and can not be allocated to other projects until the funds are in fact received. The project will also produce an estimated \$530,000 per year in general tax increment revenue, net of all pass throughs and set-asides, plus \$275,000 per year for the Low and Moderate Income Housing Fund, for the Redevelopment Agency in the first full tax year after completion, FY 2007-08. Between 2004 when the site is sold and 2020, the project will generate approximately \$8.0 million in tax increment revenue for the Central District and \$4.0 million for the Low and Moderate Income Housing Fund (see Attachment C, Tax Increment Analysis).

This is a Redevelopment Agency project and there will be no significant negative impacts on the General Fund. The project will generate approximately \$75,000 per year in property tax that the City will receive as part of the pass throughs to other taxing entities. The project residents will also support retail and entertainment activities in the downtown and throughout Oakland, which will generate additional sales tax and business license tax for the City.

BACKGROUND

The prior prospective developer, Camden USA, Inc. ("Camden"), determined that a rental housing project was not financially feasible in Oakland at the time, as stated in the November 10, 2004 letter. Subsequently, the Agency issued a new Request for Proposals ("RFP") to develop the property on November 24, 2004.

The Agency received four proposals from highly qualified developers (see Attachment D, Summary of Proposals), and interviewed three of the developers. The fourth developer, Legacy Partners, proposed rental units, with the lowest density and lowest purchase offer, which was not considered feasible given the Agency's recent experience with Camden. Of the three developers interviewed, Olson made the highest purchase offer (\$10.2 million minus toxics remediation costs, since estimated at \$50,000) and after negotiations increased the number of units to 246 units, a density higher than either of the competing proposals. Olson's proposal is now the highest density achievable in Type II light metal construction. Signature Properties proposed 150 to 200 units and offered to purchase the site for \$6.5 million. Centex Homes/Aegis proposed 220 to 240 units and offered to purchase the site for \$8.1 million.

Based on these differences, staff began negotiations with Olson on the DDA. While revising the financial feasibility analysis to take into account the changes to the project size and construction type, Olson determined that the project would no longer meet the investor returns required for a large multi-family condominium project. At this time Olson proposed the reduction in base purchase price, to \$8.7 million, and inclusion of profit-sharing instead, projected to be \$1.5 million. The specific terms of the DDA will require between 200 and 275 residential units and 2,500 to 5,000 square feet of retail space. While negotiating with the Agency, Olson has completed due diligence on the site and determined the toxics remediation only requires a \$50,000 reduction in purchase price. Olson has also hired a local architect, determined that a Type II building with approximately 246 units is feasible for the site, and completed initial

schematic designs and a pre-application meeting with Planning staff. Olson will be completing planning approvals concurrently with Agency approvals for the DDA. The project is expected to be presented to the Design Review Committee in June and to the Planning Commission in late July/early August for final approval. Close of escrow will be approximately a month later in September and construction will commence in early 2005.

PROJECT DESCRIPTION

Location

The City Center T-10 Residential Project will be located on the parcel bound bounded by 14th Street, 13th Street Pedestrian Walk, Jefferson Street and Martin Luther King, Jr. Way. The site is located across the street from the Ronald Dellums Federal Building and Preservation Park, and adjacent to the City Center West Garage.

Project Scope

The project will provide approximately 246 units of market rate for-sale housing, consisting of 32 studio units, 120 1-bedroom units, and 94 2-bedroom units. The residential units range from 580 to 1,500 square feet in size. The ground floor will have individual entries to activate the street level. The retail space will further activate the street at the corner of 13th and Jefferson Streets. In addition, there will be 246 structured parking spaces accessible from Martin Luther King Jr. Way, and the project will have up to 200 spaces available in the City Center West Garage. 800 spaces in this garage are assigned to the City Center project, with 200 spaces assigned to each block including the T-10 site. Use of the parking would be at market rate.

The Developer

The Olson Company is an experienced developer and has completed over 60 projects and 3,000 residential units over the past 15 years. Urban redevelopment projects account for a third of this development, making Olson one of the largest developers of this type in California. The Olson Company creates uniquely designed communities which redevelop and enhance neighborhoods utilizing live/work, mixed use developments, artist lofts, transit-oriented developments, brownstones, single family attached and detached homes in partnerships with cities and other agencies. Olson also has almost \$600 million in revolving debt and equity lines of credit from major banks and pension funds. Recently, The Olson Company was named the "Fastest Growing Builder in America" for 2003 by Builder Magazine. The Olson Company ranked first in increased closings and increased revenue and is one of the top 100 home builders in America in terms of revenue and units delivered.

Project Budget and Financing

Olson is estimating a total project cost of \$78.0 million, as shown in Table 1. This development budget equates to about \$317,073 per unit or \$363 per square foot, which is generally consistent with residential development of this type.

Table 1. Developer's Estimated Costs for T-10 Residential Project

Land Acquisition including closing costs	\$8,700,000
Construction Costs	\$43,600,000
Construction Contingency	\$2,300,000
Soft Costs	\$14,700,000
Financing Costs	\$6,000,000
Total Project Costs	\$75,300,000

Project Schedule

The predevelopment phase under the DDA is for three months with the sale of the site taking place in September 2004. Olson has approximately 60 days after executing the DDA to complete planning approvals, or until August 2004, and an additional 30 days to close escrow on the site. Completion of the design, construction documents and permits will take another six months, until early 2005. Construction will require up to 22 months, with occupancy of the units starting in late 2006 or early 2007. The Agency's profit-sharing, to the extent available, would be anticipated for late FY 2006-07 or early FY 2007-08.

KEY ISSUES AND IMPACTS

Once the project was increased to 246 units and financial feasibility analysis was completed, Olson made two proposals: (1) the Agency provide seller financing for the portion above the \$7 million required to reimburse the Uptown project, \$1.7 million; (2) reduce the sales price by \$1.5 million and add profit-sharing of \$1.5 million, contingent on meeting the profit anticipated in Olson's proforma.

Agency Loan

Olson requested that the Agency provide seller financing to reduce the amount of high cost investor equity required for the project in order for the project to meet return bench marks required by Olson and investors. The proposed loan is for \$1.7 million. Olson requested that the loan be due at start of construction. The Agency normally sells land at the start of construction anyway. It is only because the Agency needs to reimburse the Uptown project immediately that the close of escrow is in September. After negotiating with Olson, the interest rate on the loan was set at eight percent (8%) with principal and interest due by December 31, 2004. This will result in approximately \$35,000 in interest.

Profit-Sharing

Based on the DDA and initial proforma, the Agency will receive the following profit-sharing: (1) for the first 10.85% of profits (based on profits/gross sales revenue) or approximately \$10.0 million – the Agency does not share in the profits; (2) for the next 3.15% (between 10.85% and 14%) or \$2.9 million – the Agency receives 50% of the profits or approximately \$1.5 million; (3)

for the rest of the profits -- the proforma currently shows no additional profits in this category -- the Agency receives 25% of the profits. The Agency's total share in the profits is currently estimated at approximately \$1.5 million. These profits are closely tied to market conditions and will vary accordingly. If the final sales prices decline by 10%, the Agency would receive no profit-share; if the final sales prices increase by 10%, the Agency's profit-share would increase to \$3.1 million.

CEQA Review

An Environmental Impact Report ("EIR") was prepared for the City Center project by Shorenstein Development, including the T-10 site and the three blocks between 11th Street, 12th Street, Martin Luther King Jr. Way and Broadway, and certified by the Planning Commission on April 26, 2000. At that time, the proposed development for T-10 consisted of a 31-story mixed use building (550,000 sq. ft. of office space and 200 residential units). Subsequently, an addendum to the EIR was prepared for the modified project on the T-10 site in October 2003, for a residential development of 20-24 stories (400 dwelling units). A table comparing the original Shorenstein proposal, the revised Camden proposal and the current Olson proposal is attached to this report (see Attachment E, Oakland City Center Project Environmental Impact Report Addendum Analysis, and Project Comparisons). The full EIR and Addendum are available from the Planning Department and will be provided to the Council for review and consideration by the City and Agency.

Even with the larger 400 unit project, the Addendum concludes that there is no substantial change proposed that would require major revisions to the previous EIR; that there is no substantial change in circumstances as a result of project modifications that would cause new or more intense significant impacts; and that there is no new information of substantial importance that identifies new or more intense significant impacts (CEQA Guidelines Section 15162). The EIR and the Addendum both showed that four of the impacts were significant and unavoidable, including: increase in traffic delays in the downtown; cumulative contribution to regional air pollutant problems, cumulative noise impacts; and exceedances of the 36-mph "wind hazard" speed could occur. No new or more severe impacts were identified by the Addendum. Accordingly, the proposed action (approval of a Disposition and Development Agreement for a maximum 275 unit residential building), is consistent with the environmental setting, environmental impacts and mitigation measures set forth in the originally certified 2000 EIR and October 2003 addendum. No supplemental EIR or negative declaration is required.

Environmental Remediation

The City and Redevelopment Agency completed investigations and environmental remediation actions on the site and received a Remedial Action Completion Certification, a "no further action" letter, from the Alameda County Department of Environmental Health. Although the site received a "no further action" letter, there are still toxic materials in the soil and groundwater and any development of the site will have additional costs associated with these contaminants. The

cost is estimated at \$50,000. As part of the negotiated price, Olson will purchase the property in an “as is” condition.

ENVIRONMENTAL OPPORTUNITIES

Economic

The proposed project will take an underutilized site and convert it to better economic use. The project will generate approximately \$75,000 per year in additional property tax revenue for the City’s General Fund beginning in FY 2007-08 and increase the Redevelopment Agency’s general tax increment by \$530,000 per year.

Environmental

Developing this type of “infill” high-density residential project in the urban core reduces suburban sprawl by reducing development pressures on communities at the Bay Area’s periphery and preserves open space. Moreover, the project’s location next to mass transit will reduce the reliance on automobiles and decrease pollution from cars. The DDA also requires Olson to work with the Agency’s economic development staff to develop appropriate and economically feasible sustainable building goals and strategies for the Project using the Agency’s Sustainable Building Guide and Project Management Tool; and to the extent economically feasible, incorporate into the final construction plans for the Project including green building techniques such as energy-conserving design and appliances, water-conserving fixtures and landscape, recycled-content building materials and low waste construction techniques.

Social Equity

The project will generate approximately \$275,000 per year for the Low and Moderate Income Housing Fund, which will fund approximately three new affordable housing units per year, or over 40 units by the end of Central District life in 2020.

DISABILITY AND SENIOR CITIZEN ACCESS

All housing development projects are required to construct and set aside units to be occupied by persons with disabilities as required by Federal ADA Accessibility Guidelines, the Fair Housing Act and the State of California’s Title 24 accessibility regulations. This means that at least 5 percent of the newly constructed units will be available to people with disabilities. Also the use of “green building” materials may reduce any incidence of environmental illness disabilities.

RECOMMENDATION(S) AND RATIONALE

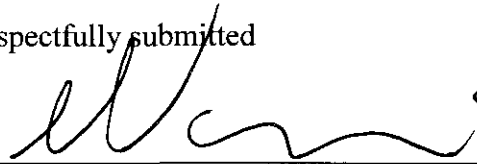
It is recommended that the Agency and City Council authorize the sale of the subject property for a price of \$8.7 million (plus profit-sharing) to Olson for the purpose of developing the T-10 Residential Project. The proposed project meets many objectives of the Central District redevelopment plan:

1. The project will increase the stock of for-sale housing in the Central District, and reestablish residential areas for all economic levels within the Central District;
2. The project will help create a stable 24-hour residential community which will enhance the viability of retail businesses in the area;
3. The project will redevelop a key underutilized site in the Central District;
4. The Project will improve environmental design within the Central District; and
5. The Project, once developed, will enhance depreciated and stagnant residential and commercial property values in the surrounding City Center area, and will encourage efforts to alleviate economic and physical blight conditions in the area by enhancing the development potential and overall economic viability of neighboring properties.

ACTIONS REQUESTED OF THE AGENCY/CITY

It is recommended that the Agency and the City approve the resolutions authorizing the sale of Agency-owned property located on the block bounded by 14th Street, 13th Street Pedestrian Walk, Jefferson Street and Martin Luther King, Jr. Way in the Central District Redevelopment Project Area for \$8.7 million, plus profit-sharing, to Olson, authorizing seller financing of \$1.7 million, and authorizing the execution of the DDA with Olson for this project.

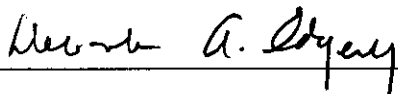
Respectfully submitted



Dan Vanderpriem, Director of Redevelopment,
Economic Development and Housing

Prepared by:
Patrick Lane
Redevelopment Manager

APPROVED AND FORWARDED
TO THE CITY COUNCIL /
REDEVELOPMENT AGENCY



OFFICE OF THE CITY MANAGER/
AGENCY ADMINISTRATOR

**ATTACHMENT A
TERM SHEET AND PROJECT SUMMARY**

Terms of Disposition and Development Agreement

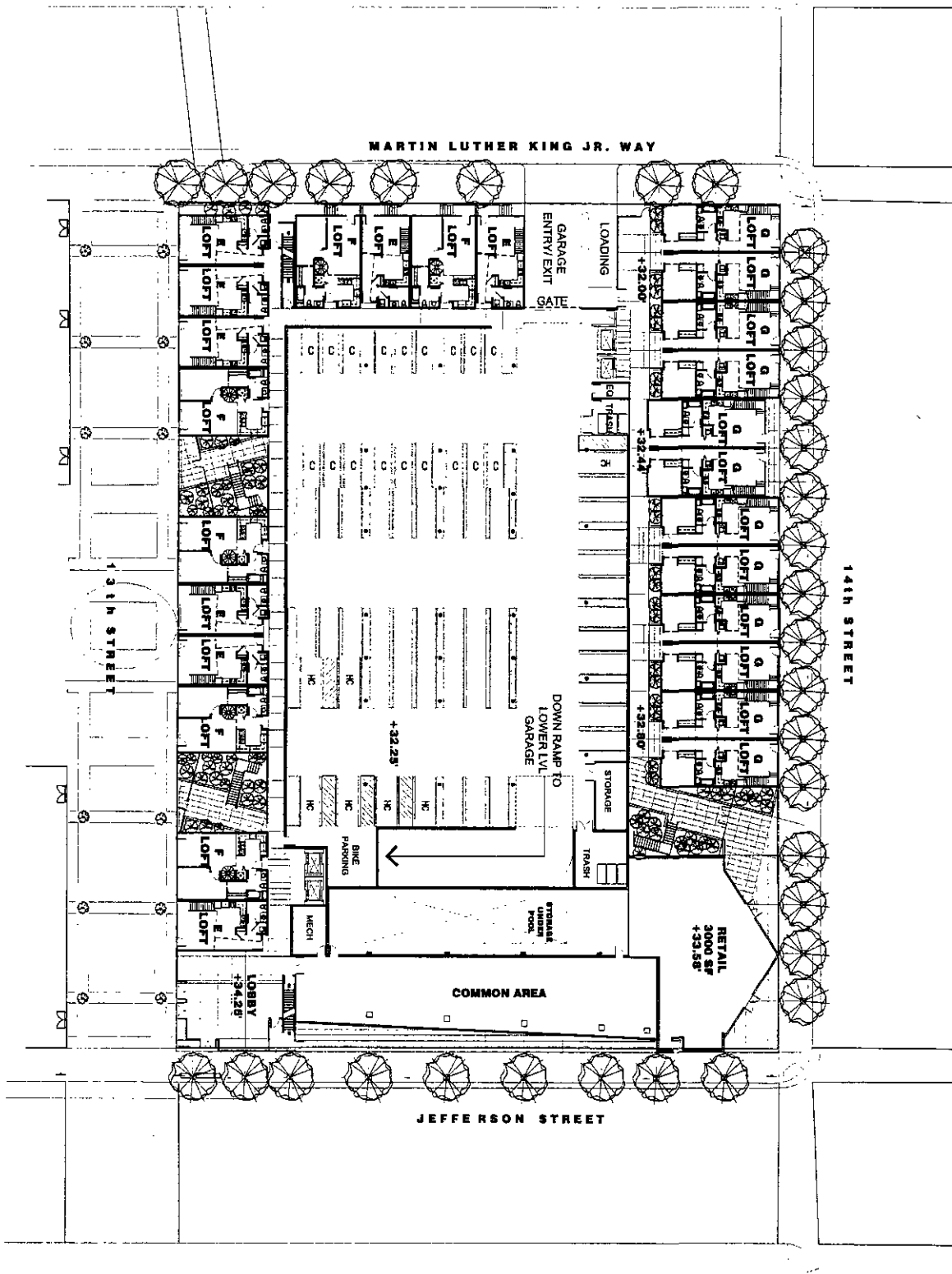
The terms of the Disposition and Development Agreement include the following:

- Olson to build between 200 and 275 residential condominium units
- Olson to build between 2,500 and 5,000 square feet of retail space
- Olson to purchase the site for \$8.7 million, plus profit-sharing
 - \$7 million of the purchase price to be paid in the form of cash;
 - \$1.7 million of the purchase price, plus interest at 8% earned from the close of escrow, to be paid by December 31, 2004;
- Seller financing to be secured by a deed of trust on the Property;
- The Agency to share in profits generated by the sale of Project units as follows:
 - Olson or Olson's affiliate to receive 10.85% of gross sales proceeds as profit
 - The Agency to receive 50% of excess sales proceeds greater than 10.85% but less than 14% of gross sales proceeds
 - The Agency to receive 25% of excess sales proceeds greater than 14% of gross sales proceeds
- The Agency to reserve UP TO 200 parking spaces in City Center Garage West for Project occupants as negotiated by the Agency Administrator and Olson;
- Olson or Olson's affiliate to be responsible for the cost of required off-site improvements in connection with the Project;
- Olson or Olson's affiliate to take the Property in its "as-is" condition;
- Olson or Olson's affiliate to comply with provisions of the Central District Redevelopment Plan and nondiscrimination provisions of redevelopment law;
- The plans and specifications for the Project to be reviewed and approved by the Agency;
- Transfer of the Property to be restricted prior to Project completion;
- Project commencement and completion dates to be set in the DDA as negotiated by the Agency Administrator;
- No required application of the Agency's employment and contracting programs (prevailing wage, local employment, local/small local business enterprise contracting, apprenticeship, living wage, or first-source hiring) to the Project;
- The Project to be restricted to residential, parking, and retail uses; and
- Any other appropriate terms and conditions as the Agency Administrator or his or her designee may establish in his or her discretion or as the California Community Redevelopment Law or the Redevelopment Plan may require.

Project Summary – Current Proposal

Project Name: City Center T-10 Residential Project
Project Type: Residential with commercial and parking
Address/Location: 613-617 14th Street,
1307-1335 Jefferson Street and
1308-1330 Martin Luther King Jr. Way, in the
City Center Activity Area of the Central District
Redevelopment Project Area
Developer: Olson Urban Housing, LLC
Architect: McLarand, Vasuez & Partners
Type of Construction: New construction-Type II light metal, seven-story
residential buildings with structured parking
wrapped by housing and retail located between City
Center and historic Preservation Park.
Number of Units: 246 units ranging from 520 to 1,450 sf
32 studios units (580 sf),
120 1-bedroom units (737 to 930 sf),
94 2-bedroom units (963 to 1,500 sf).
Retail Area: 2,500 sf
Parking Garage: 246 spaces
Project Tenure: Market rate for-sale
Total Development Costs: \$78,048,634
Development Cost per Unit: \$317,271
Sales Price per Unit: \$370,211

**ATTACHMENT B
SCHEMATIC DESIGN**



T-10 LOFTS

AT OAKLAND CITY CENTER

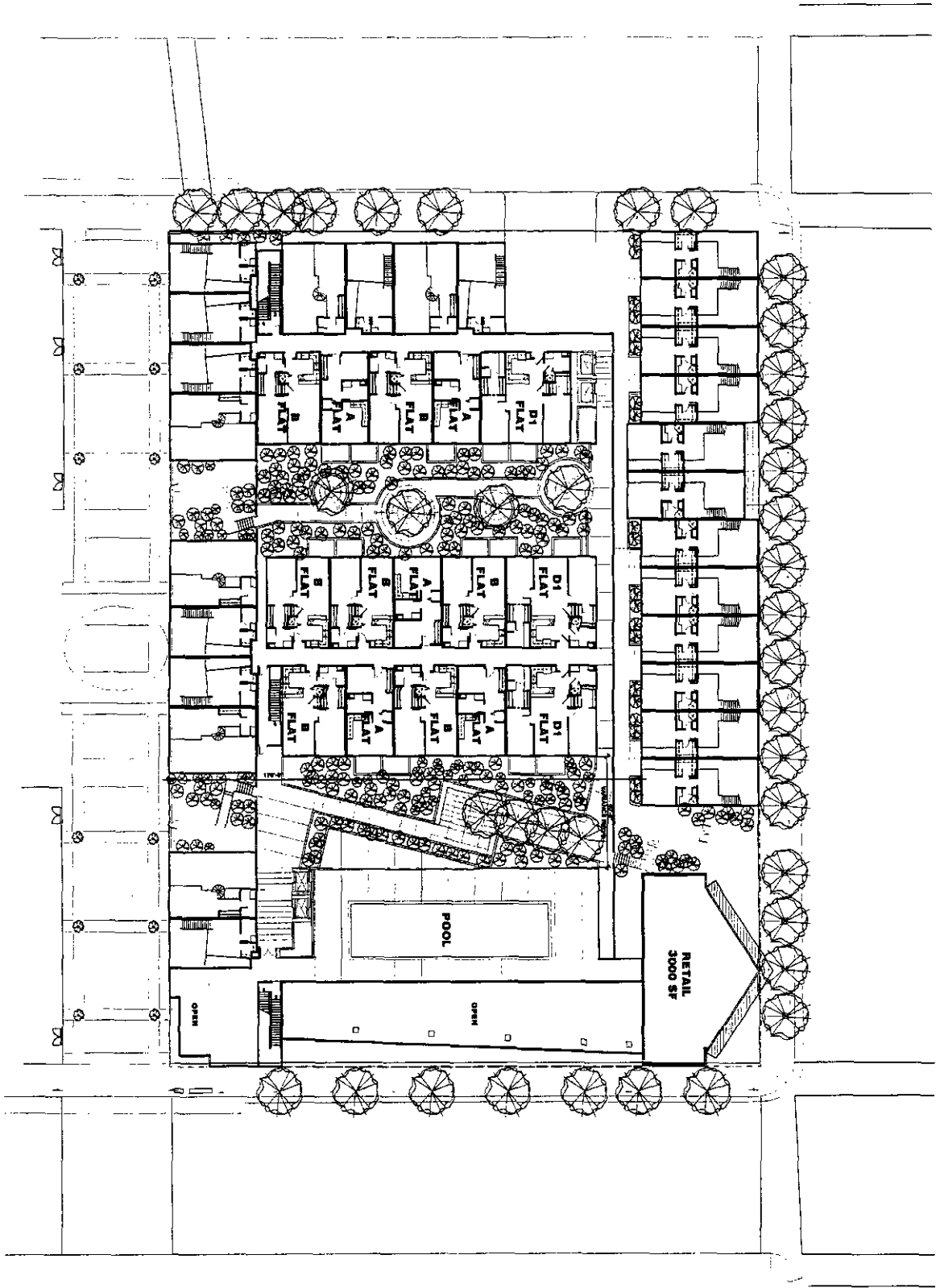


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 PROJECT #: 200464
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 NORTH

STREET LEVEL

DRC SUBMITTAL PACKAGE





T-10 LOFTS AT OAKLAND CITY CENTER

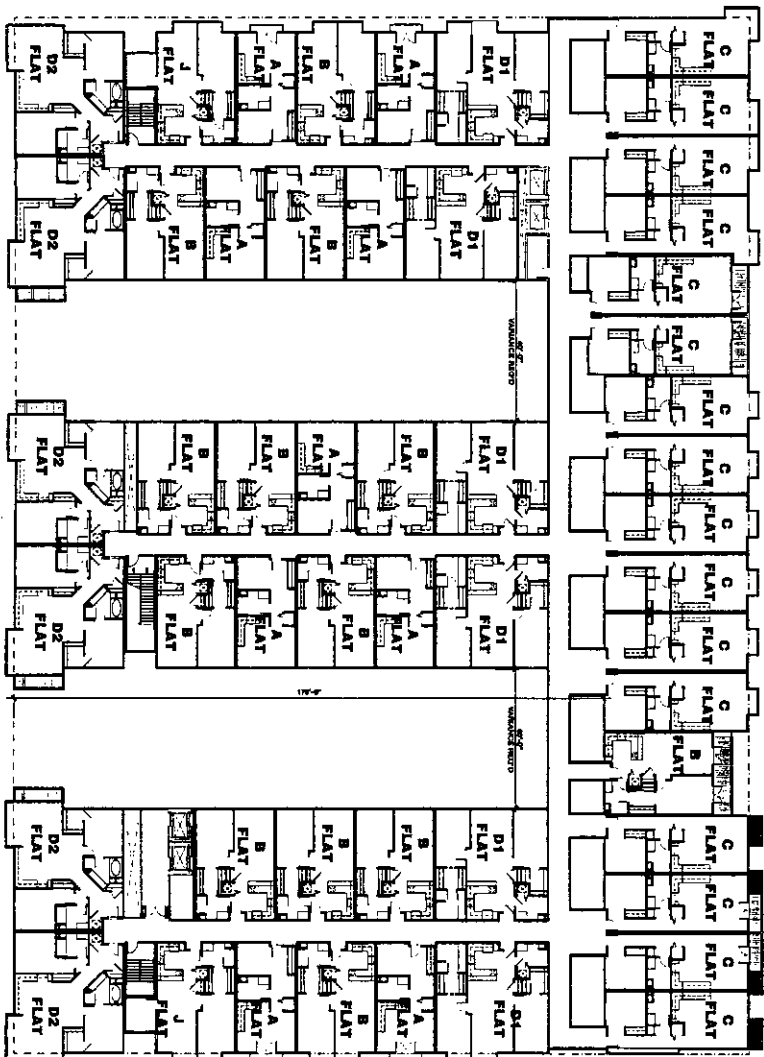


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 NORTH

LEVEL 1- PODIUM

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T-10 LOFTS

AT OAKLAND CITY CENTER

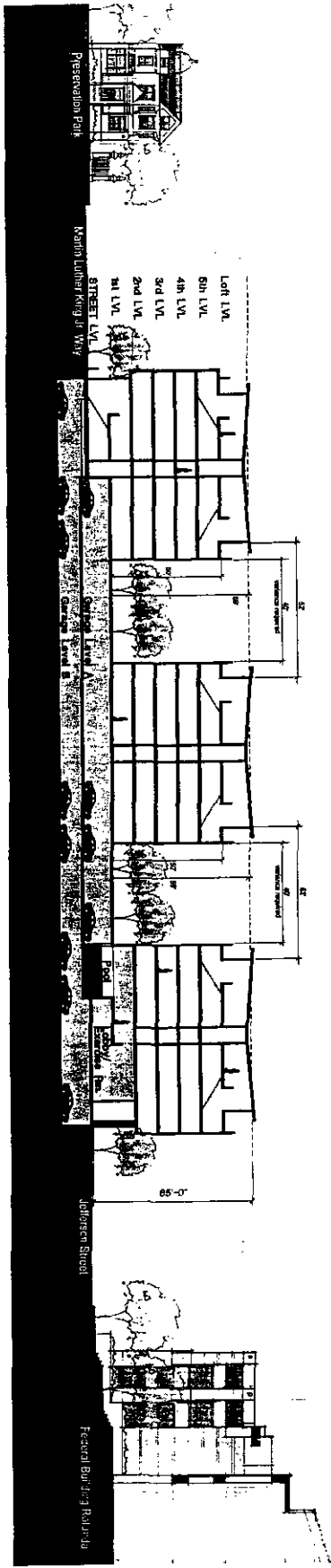


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LEVEL 2

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T-10 LOFTS

AT OAKLAND CITY CENTER

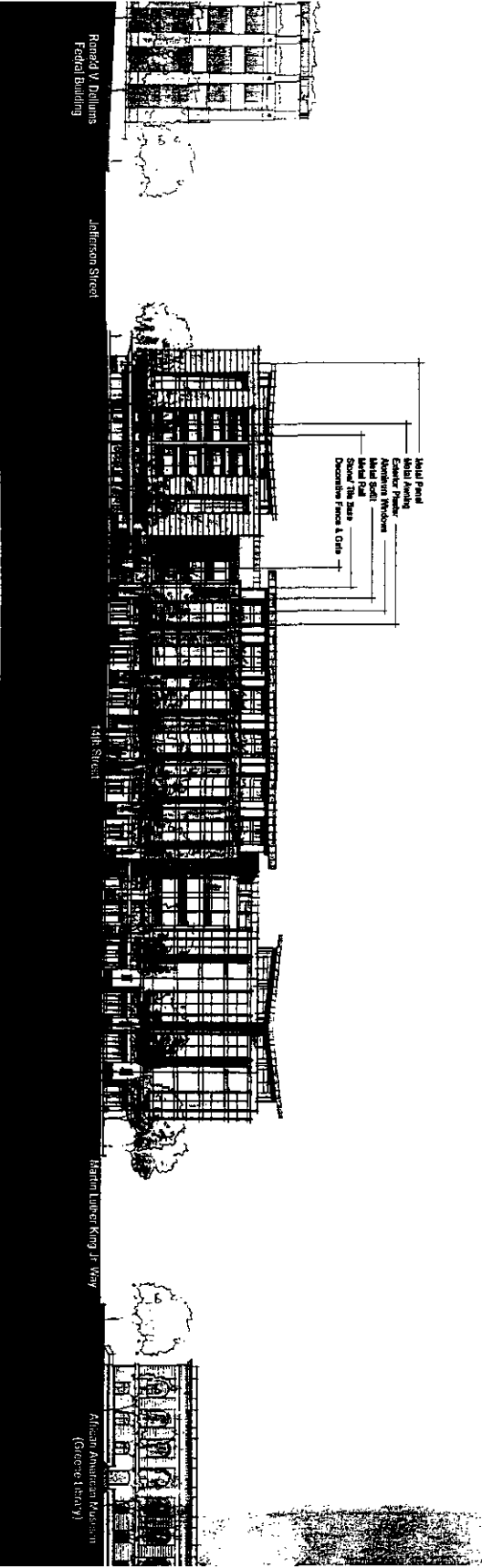
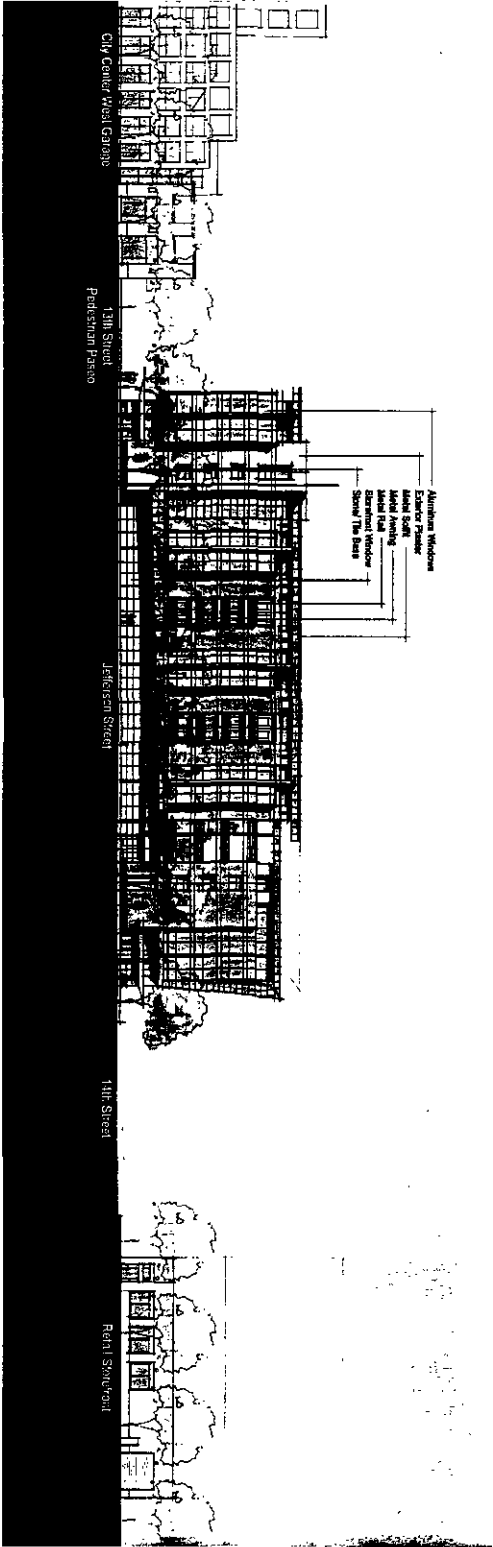


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SECTION

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T-10 LOFTS AT OAKLAND CITY CENTER



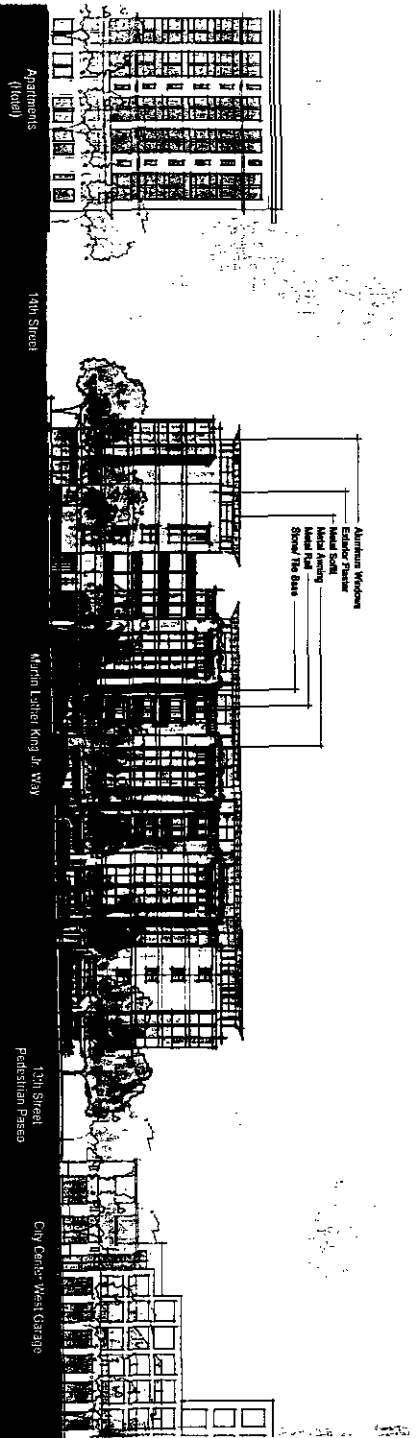
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 9 | 10 | 20

ELEVATIONS

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1010 Broadway, Vancouver, B.C. V6A 3V1



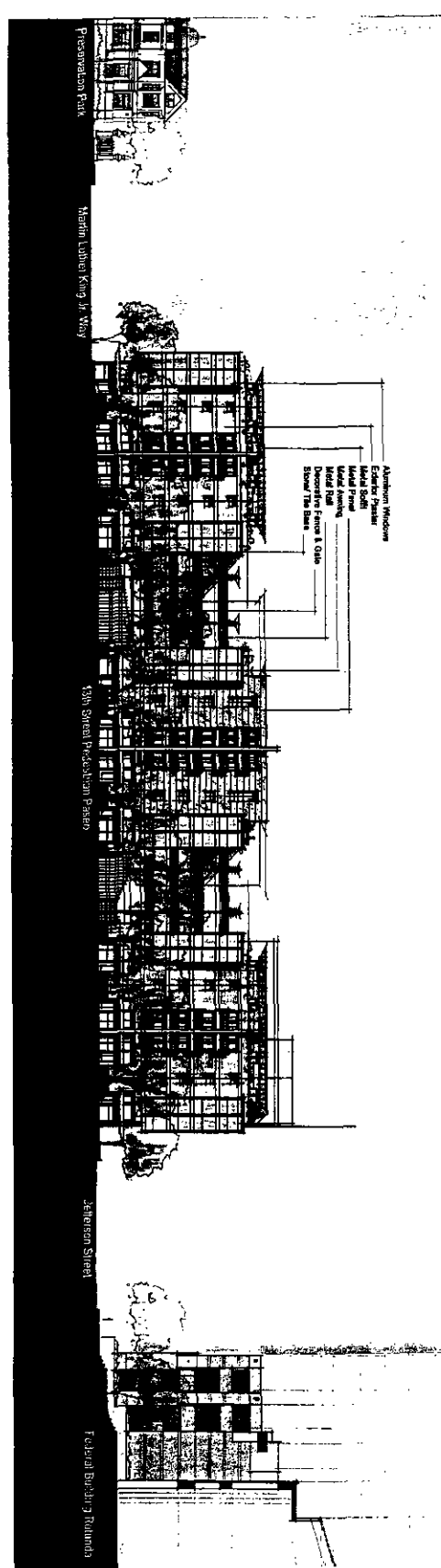
Apartment
(false)

14th Street

Muriel Luther King Jr. Way

13th Street
Petestian Passo

City Center West Garage



Preservation Park

Muriel Luther King Jr. Way

13th Street Petestian Passo

Jefferson Street

Richard Building Rounda

T-10 LOFTS AT OAKLAND CITY CENTER



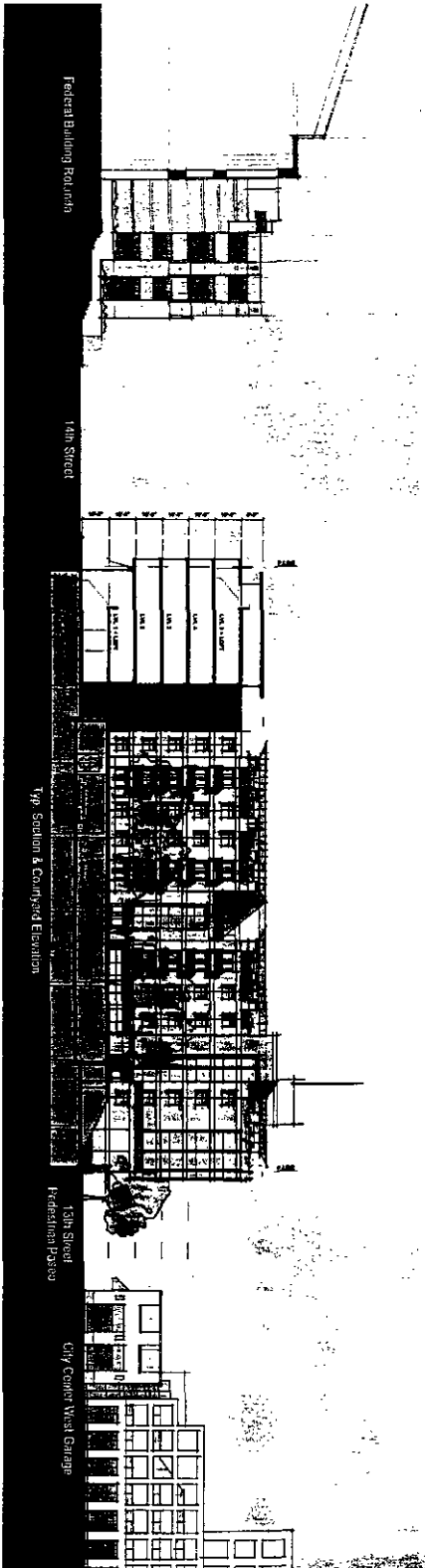
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ELEVATIONS

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PACKAGE



MURPHY, VANDERKAM & PARTNERS LLP



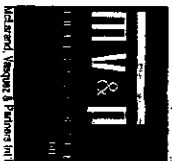
T-10 LOFTS AT OAKLAND CITY CENTER



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 PROJECT: 2004/04
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ELEVATIONS

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**ATTACHMENT C
TAX INCREMENT ANALYSIS**

Year	Project Assessed Value	Applicable Tax Rate	Tax Increment	Pass Through 20%	ERAF 5.78%	Housing Set-a-side 25%	Net Tax Increment
2004-05			-	-	-	-	-
2005-06	8,700,000	1.1775%	102,443	(20,489)	(5,921)	(25,611)	50,422
2006-07	35,000,000	1.1775%	412,125	(82,425)	(23,821)	(103,031)	202,848
2007-08	91,072,000	1.1775%	1,072,373	(214,475)	(61,983)	(268,093)	527,822
2008-09	92,893,440	1.1775%	1,093,820	(218,764)	(63,223)	(273,455)	538,378
2009-10	94,751,309	1.1775%	1,115,697	(223,139)	(64,487)	(278,924)	549,146
2010-11	96,646,335	1.1775%	1,138,011	(227,602)	(65,777)	(284,503)	560,129
2011-12	98,579,262	1.1775%	1,160,771	(232,154)	(67,093)	(290,193)	571,331
2012-13	100,550,847	1.1775%	1,183,986	(236,797)	(68,434)	(295,997)	582,758
2013-14	102,561,864	1.1775%	1,207,666	(241,533)	(69,803)	(301,916)	594,413
2014-15	104,613,101	1.1775%	1,231,819	(246,364)	(71,199)	(307,955)	606,301
2015-16	106,705,363	1.1775%	1,256,456	(251,291)	(72,623)	(314,114)	618,427
2016-17	108,839,470	1.1775%	1,281,585	(256,317)	(74,076)	(320,396)	630,796
2017-18	111,016,260	1.1775%	1,307,216	(261,443)	(75,557)	(326,804)	643,412
2018-19	113,236,585	1.1775%	1,333,361	(266,672)	(77,068)	(333,340)	656,280
2019-20	115,501,317	1.1775%	1,360,028	(272,006)	(78,610)	(340,007)	669,406

City's Total Portion of Pass Through (34.8%) \$1,124,382

Total for the Agency's Low- & Moderate-Income Housing Set-A-Side \$4,038,728

Agency's Total Tax Increment FY 2004-2020 8,001,870

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**ATTACHMENT D
SUMMARY OF INITIAL PROPOSALS**

	Legacy Partners	Signature Properties	The Olson Company	Centex Homes/Aegis
Interviews		1/9/04 @ 1:30-2:30 pm	1/12/04 @ 1:30-2:30 pm	1/9/04 @ 10:00-11:00 am
Purchase Offer	\$4,500,000	\$6,500,000	\$10,200,000	\$8,100,000
Development Costs			\$64,600,000	
Number of Units	130	150-200	205 (currently 246)	220-240
Square Feet of Retail	10,000		3,000	3,000
Parking Spaces			229	242
Tenancy Type	rental	for-sale	for-sale	for-sale
Construction Type		Type II, 85'	Type V 50' livable, 65' elements	Type I
Schedule				
Close of escrow		October 1, 2004	August 1, 2004	October 4, 2004
Start of Construction		March 1, 2005	August 1, 2005	October 21, 2005
Complete construction		September 1, 2006	August 1, 2007	October 21, 2007
Complete sale/leasing		July 1, 2007		May 30, 2008

ATTACHMENT E
OAKLAND CITY CENTER PROJECT ENVIRONMENTAL IMPACT REPORT
ADDENDUM ANALYSIS

An EIR was certified for the City Center project in April 2000. The project analyzed in the EIR covered four city blocks designated as blocks T5/6, T-9, T-10, and T-12. At that time, the proposed development for T-10 consisted of a 31-story mixed use building (550,000 sq. ft. of office space and 200 residential units). Subsequently an addendum to the EIR was prepared for the modified project on the T-10 site in October 2003, for a residential development of 20-24 stories (400 dwelling units). The project descriptions were compared for the original City Center project proposed for the T-10 site, the modified project analyzed in the 2003 addendum, and the currently proposed project. Staff has determined that the proposed project is well within the level of development that was analyzed in both the 2003 addendum and 2000 EIR (see Attachment E-1) and thus the environmental impacts of the current proposal were already fully analyzed in the previous environmental documents. Furthermore, there have not been substantial changes in circumstances nor new information of substantial importance since the October 2003 addendum and 2000 EIR were prepared and the analyses related to land use, traffic, air quality, noise, visual quality, shadow and wind, and historic architectural resources would still apply to the currently proposed project.

The Redevelopment Agency has work with three different developers regarding this site. The initial EIR was prepared when the Shorenstein Company had development rights to four blocks, including the T-10 site. The Shorenstein Company proposed 550,000 square feet of office, 200 units of housing and 8,000 square feet of retail for the T-10 block. When the Shorenstein Company surrendered development rights on the sight, while maintaining development rights on the other three sites, the Agency entered into negotiations with a residential developer, Camden USA, Inc. While negotiating with Camden USA, Inc., the Redevelopment Agency prepared an addendum to the EIR for the Shorenstein proposal. This addendum looked at the maximum potential residential development for the site, in order to cover the Camden USA, Inc. project and any other potential residential project for the site. The addendum analyzed a project with 400 units of housing and 3,000 to 10,000 square feet of retail for the T-10 block. Now the Redevelopment Agency is working with the Olson Company. The current project by Olson is 249 units of housing and 3,000 square feet of retail for the T-10 block. Each successive project was at a lower density and had less intensive impacts than earlier proposals.

Therefore, the proposed project is not subject to additional environmental review because it does not meet any of the following criteria from CEQA Guidelines Section 15162:

Item: 7

1. Substantial changes are proposed in the project which will require major revisions of the previous EIR and addendum due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;
2. Substantial changes will occur with respect to the circumstances under which the project is undertaken which will require major revisions to the previous EIR or addendum due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; and
3. New information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous EIR was certified as complete and the addendum was prepared, shows any of the following:
 - (a) The project will have one or more significant effects not discussed in the previous EIR and addendum;
 - (b) Significant effects previously examined will be substantially more severe than shown in the previous EIR and addendum;
 - (c) Mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure or alternative; or
 - (d) Mitigation measures or alternatives which are considerably different from those analyzed in the previous EIR and addendum would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative.

Accordingly, the proposed action (approval of a Disposition and Development Agreement for a maximum 275 unit residential building), is consistent with the environmental setting, environmental impacts and mitigation measures set forth in the originally certified 2000 EIR and October 2003 addendum. No supplemental EIR or negative declaration is required.

Attachment E1
Table 2-1 City Center T-10 Site Project Comparisons *

	Approved Draft EIR 1/31/00	Modified per Addendum 10/13/03	Olson Co. Current
Office Floor Area	550,000 sq.ft.	None	None
Residential Units	200 units	400 units	275 units
Residential area	220,00 sq.ft.	306,000 sq.ft.	275,000 sq.ft.
Commercial Floor Area	8,000 sq.ft.	3,000-10,000 sq.ft.	2,500 - 5,000 sq.ft.
Off-Street Parking **	230	400	275
Loading spaces	3	1	1
Height (stories)	max 31 stories	20-24 stories	7 stories
Height (feet)	max 440 feet	240 feet	65 feet
Principle pedestrian access	14th Street	Jefferson Street	Corner of Jefferson/13th
Location of Tower	Center of site, oriented East-West	Corner Jefferson/14th, oriented East-West	None
Location of loading	Martin Luther King Jr. Way	14th Street	Martin Luther King Jr. Way

* Modification of Table 2-1 on page 12 of Oakland City Center Project - Environmental Impact Report Addendum #1, dated October 13, 2003, to include a comparison to the revised (Olson Co.) project.

** All projects analyzed include 200 additional off-street parking spaces that are available at City Center West Garage through an agreement with the Redevelopment Agency.

FILED
OFFICE OF THE CITY CLERK
APPROVED AS TO FORM AND LEGALITY:

[Signature]
2004 JUN 10 PM 4:45
Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

A RESOLUTION APPROVING THE SALE OF REAL PROPERTY LOCATED BETWEEN 14TH STREET, 13TH STREET PEDESTRIAN WALK, JEFFERSON STREET AND MARTIN LUTHER KING, JR. WAY TO OLSON URBAN HOUSING, LLC, FOR \$8.7 MILLION, PLUS PROFIT-SHARING, FOR THE CITY CENTER T-10 RESIDENTIAL PROJECT

WHEREAS, the California Community Redevelopment Law, Health and Safety Code Section 33430, authorizes a redevelopment agency within a survey (project) area or for purposes of redevelopment to sell real property; and

WHEREAS, the California Community Redevelopment Law, Health and Safety Code Section 33433, requires that before any property of a redevelopment agency that is acquired in whole or in part with tax increment moneys is sold for development pursuant to a redevelopment plan, the sale must first be approved by the legislative body, i.e., the City Council, by resolution after a public hearing; and

WHEREAS, the City and the Redevelopment Agency of the City of Oakland (the "Agency") have initiated the "10K Downtown Housing Program" to attract ten thousand new residents into the Central District; and

WHEREAS, the Agency owns the block bounded by 14th Street, 13th Street Pedestrian Walk, Jefferson Street and Martin Luther King, Jr. Way and known as the City Center T-10 Block, more fully described in Exhibit A attached to this Resolution (the "Property"); and

WHEREAS, the Property is located within the Central District; and

WHEREAS, Olson Urban Housing, LLC ("Olson") desires to purchase the Property from the Agency in order to develop the City Center T-10 Residential Project consisting of between 200 and 275 residential condominium units, along with parking, and between 2,500 and 5,000 square feet of retail space (the "Project"); and

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DEVELOPMENT CMTE
JUN 22 2004**

WHEREAS, staff has negotiated a Disposition and Development Agreement ("DDA") with Olson which sets forth the terms and conditions of the sale of the Property to Olson or Olson's affiliate by the Agency and governs the development of the Project and the use of the Property by Olson and any successors to the Property subsequent to sale through recorded covenants running with the land; and

WHEREAS, the DDA provides that the Agency will provide seller financing to Olson or Olson's affiliate in the form of market-rate loan of \$1.7 million; and

WHEREAS, the DDA requires that Olson or Olson's affiliate construct and operate the Project consistent with the Central District Urban Renewal Plan (the "Central District Redevelopment Plan" or the "Redevelopment Plan"), and restricts the use of the Property to housing and commercial uses; and

WHEREAS, the DDA and the grant deed that will convey the Property to Olson or Olson's affiliate adequately condition the sale of the Property on the redevelopment and use of the Property in conformity with the Central District Redevelopment Plan, and such documents prohibit discrimination in any aspect of the Project as required under the Central District Redevelopment Plan and the California Community Redevelopment Law; and

WHEREAS, the Project uses are in conformity with the Central District Redevelopment Plan, the Project will assist in the elimination of blight in the Central District, and the Project will help meet the objectives of the Central District Redevelopment Plan; and

WHEREAS, as required by the California Community Redevelopment Law, the Agency has made available to the public for inspection, no later than the first date of publication of the notice for the hearing, a report that contained a copy of the draft DDA and a summary of the cost of the agreement to the Agency, the estimated fair market value of the Property at its highest and best use permitted under the Redevelopment Plan, and an explanation of why the sale of the Property and development of the Project will assist in the elimination of blight, with supporting facts and material; and

WHEREAS, a joint public hearing between the Agency and the City Council was held to hear public comments on the sale of the Property for the Project; and

WHEREAS, notice of the sale of the Property and the public hearing was given by publication at least once a week for not less than two weeks prior to the public hearing in a newspaper of general circulation in Alameda County; and

WHEREAS, the City is the Lead Agency for this Project for purposes of environmental review under the California Environmental Quality Act of 1970 ("CEQA"); and

WHEREAS, an Environmental Impact Report (“EIR”) was previously prepared for the City Center project as proposed by Shorenstein Realty Partners Three, L.P., which covered the City Center T-10 site; and

WHEREAS, said EIR was independently reviewed and considered by the City Planning Commission in evaluating the City Center project in compliance with CEQA, the Guidelines for Implementation of the California Environmental Quality Act (14 CCR Sections 15000, et seq., the “State EIR Guidelines”), and the City’s Environmental Review Regulations; and

WHEREAS, the Planning Commission certified the EIR on April 26, 2000, as being prepared in compliance with CEQA and made all the required CEQA findings, including without limitation: (1) determining that the EIR examined a reasonable range of alternatives, and that each alternative was rejected as infeasible for various reasons; (2) determining there were four significant and unavoidable impacts that could not be mitigated to less than significant levels; and (3) finding and determining that the benefits of the City Center project outweigh any unavoidable adverse impact of the project; and

WHEREAS, the City Planning Commission approved the City Center project in April, 2000, and a Notice of Determination was subsequently filed with Alameda County; and

WHEREAS, on October 13, 2003, Addendum #1 to the EIR was prepared, which analyzed a 400 unit residential project, and the Addendum concluded that none of the changes to the project considered in the EIR, or circumstances under which it will be undertaken, or new information of substantial importance require preparation of a subsequent or supplemental EIR, as specified in CEQA and the CEQA Guidelines, including without limitation, Public Resources Code Section 21166 and CEQA Guidelines Sections 15162 and 15163; and

WHEREAS, the previously certified EIR and Addendum #1 were reviewed for applicability to the proposed Project; now, therefore, be it

RESOLVED: That the City Council hereby finds and determines: (1) that it has been presented and has independently reviewed and considered the information contained in the previously certified EIR and Addendum # 1, and the EIR and the Addendum comply with CEQA and the CEQA Guidelines’ requirements for analysis of the Project’s environmental effects and mitigation measures; (2) that the mitigation measures adopted by the Planning Commission and the Agency in considering the EIR and adopting the DDA, together with a mitigation monitoring program for the Project, are hereby adopted and amended as specified in the attached Exhibit B; and (3) that none of the changes to the project, or circumstances under which it will be undertaken, or new information of substantial importance require preparation of a subsequent or supplemental EIR; and be it further

RESOLVED: That the Council hereby finds and determines that the sale of the Property by the Agency to Olson or Olson's affiliate for the Project furthers the purposes of the California Community Redevelopment Law, contributes to the elimination of blight in the Central District Redevelopment Project Area, conforms to the Central District Redevelopment Plan, including its Implementation Plan, and furthers the goals and objectives of said Redevelopment Plan in that: (1) the Project will increase the stock of ownership housing in the Central District, and reestablish residential areas for all economic levels within the Central District; (2) the Project will provide necessary neighborhood-serving commercial facilities lacking in the Central District; (3) the Project, once developed, will create permanent jobs for low and moderate income people, including jobs for area residents; (4) the Project will create a stable 24-hour residential community which will enhance the viability of retail businesses in the area; (5) the Project will redevelop a key underutilized site in the Central District; (6) the Project will improve environmental design within the Central District; and (7) the Project, once developed, will enhance depreciated and stagnant residential and commercial property values in the surrounding City Center and Preservation Park areas, and will encourage efforts to alleviate economic and physical blight conditions in the area, including high business vacancy rates, excessive vacant lots, and abandoned buildings, by enhancing the development potential and overall economic viability of neighboring properties; and be it further

RESOLVED: That the City Council hereby approves the sale of the Property by the Agency to Olson, or to an affiliated entity satisfactory to the Agency, for the purchase price of \$8.7 million, plus profit-sharing, subject to the terms and conditions of the DDA, including a loan in an amount not to exceed \$1.7 million; and be it further

RESOLVED: That the City Council hereby approves the grant of an easement to Olson or Olson's affiliate for vacated portions of 13th Street for pedestrian and other uses as negotiated by the Agency; and be it further

RESOLVED: That the City Council finds and determines that the purchase price of \$8.7 million equals or exceeds the fair market value of the Property at its highest and best use permitted under the Redevelopment Plan, and that the seller financing provided by the Agency to Olson is at a prevailing market interest rate for this type of loan; and be it further

RESOLVED: That the City Manager or his or her designee is directed to file a Notice of Determination within five (5) working days of this Resolution in accordance with CEQA Guidelines Section 15094; and be it further

RESOLVED: That the custodians and locations of the documents or other materials which constitute the record of proceedings upon which the City's decision is based are respectively: (a) the Community and Economic Development Agency, Projects Division, 250 Frank H. Ogawa Plaza, 5th Floor, Oakland; (b) the Community and Economic Development Agency, Planning Division, 250 Frank H. Ogawa Plaza, 3rd

Floor, Oakland and (c) the Office of the City Clerk, 1 Frank H. Ogawa Plaza, 1st Floor, Oakland; and be it further

RESOLVED: That the Council hereby appoints the City Manager or his or her designee as agent of the City to take any other action with respect to the Property and the Project consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2004

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN, and PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
CEDA FLOYD
City Clerk and Clerk of the Council
of the City of Oakland, California

7-1
**COMMUNITY & ECONOMIC
DEVELOPMENT CMTE**
JUN 22 2004

EXHIBIT A

FILED
OFFICE OF THE CITY CLERK
OAKLAND

PROPERTY DESCRIPTION, T-10 SITE

2004 JUN 10 PM 4:46

REAL PROPERTY in the City of Oakland, County of Alameda, State of California, described as follows:

PARCEL ONE:

Lots 1 to 28, inclusive, Block 187 Kellersberger's Map of Oakland, filed September 2, 1853, in Map Book 7, Page 3, Alameda County Records.

PARCEL TWO:

The northeasterly 1/4 width of 13th Street lying between the Southeasterly line of Martin Luther King Jr. Way, formerly Grove Street, and the Northwesterly line of Jefferson Street as said Jefferson Street and Grove Street are shown on the Kellersberger's Map of Oakland, filed September 2, 1853, in Map Book 7, Page 3, Alameda County Records.

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2004 JUN 10 PM 4:46

EXHIBIT B

MITIGATION MONITORING PROGRAM

EXHIBIT B

MITIGATION MONITORING PROGRAM

This is a revised Mitigation Monitoring Program that applies only to the T-10 site proposed for housing development. The Planning approvals will be an amendment to the Planned Unit Development (“PUD”) for the four-block City Center project and will have an expanded Mitigation Monitoring Program that will be applied discretely to housing and office development.

CITY CENTER PROJECT

B. TRAFFIC, CIRCULATION, AND PARKING

Impact B.6: The project is likely to increase the demand for bicycle parking in the City Center area, and may be inconsistent with the suggested bicycle parking space recommendations indicated in the Oakland Bicycle Master Plan. This would be a significant impact.

Mitigation Measure B.6: The project shall provide an adequate number of bicycle parking spaces, as determined by the City, in location(s) either on-site or within a three-block radius, or through payment of appropriate in-lieu fees. Implementation of this measure would reduce the anticipated impact to less-than-significant levels.

Monitoring Responsibility: City of Oakland Community and Economic Development Agency, Planning Division; City of Oakland Public Works Agency, Traffic Engineering Division

Monitoring Timeframe: Prior to Final PUD approval for each subsequent phase after Block T9

Impact B.7: Project construction could result in temporary circulation impacts in the project vicinity. This would be a significant impact.

Mitigation Measure B.7: Prior to the start of excavation or construction on all project blocks, the project sponsors (Olson Urban Housing or Shorenstein, or their successors, as applicable) would submit to the City Traffic Engineering Division for review and approval a plan for managing construction-period traffic and parking. This plan would include information on routing of construction traffic, provision of off-street parking for construction workers, and off-street equipment staging. Implementation of this measure would reduce the anticipated impact to less-than-significant levels.

Monitoring Responsibility: City of Oakland Public Works Agency, Traffic Engineering Division

Monitoring Timeframe: Prior to issuance of building permits for each building

C. AIR QUALITY

Impact C.1: Fugitive dust generated by construction activities would be substantial and would increase PM-10 concentrations in the immediate project vicinity. This would be a significant impact.

Mitigation Measure C.1: The project sponsors (Olson Urban Housing or Shorenstein, or their successors, as applicable) shall require the construction contractor to implement a dust abatement program.

Elements of this program shall include the following:

- Water all active construction areas at least twice daily;
- Cover all trucks hauling soil, sand, and other loose materials or require all trucks to maintain at least two feet of freeboard (i.e., the minimum required space between the top of the load and the top of the trailer);
- Pave, apply water three times daily, or apply (non-toxic) soil stabilizers on all unpaved access roads, parking areas and staging areas at construction sites;
- Sweep daily (with water sweepers) all paved access roads, parking areas and staging areas at construction sites;
- Sweep streets daily (with water sweepers) if visible soil material is carried onto adjacent public streets; and
- Designate a person or persons to oversee the implementation of a comprehensive dust control program and to increase watering, as necessary.

The above list of measures are recommended by BAAQMD as feasible control measures to reduce construction dust emissions at sites, such as the individual development blocks associated with the project, which are less than four acres in area. With implementation of these mitigation measures, the residual effect would be less than significant.

In addition, the following measures, which are identified in the EIR on the *Oakland General Plan Land Use and Transportation Element* (City of Oakland, 1997; p. III.E-26) for future development projects, are recommended to minimize construction equipment emissions during the construction period:

- Demonstrate compliance with BAAQMD Regulation 2, Rule 1 (General Requirements) for all portable construction equipment subject to that rule. BAAQMD Regulation 2, Rule 1 requires an authority to construct and permit to operate certain types of portable equipment used for construction purposes (e.g., gasoline or diesel-powered engines used in conjunction with power generation, pumps, compressors, and cranes) unless such equipment complies with all applicable requirements of the "CAPCOA Portable Equipment Registration Rule" or with all applicable requirements of the Statewide Portable Equipment Registration Program. This exemption is provided in BAAQMD Rule 2-1-105.
- Perform low- NO_x tune-ups on all diesel-powered construction equipment greater than 50 horsepower (no more than 30 days prior to the start of use of that equipment). Periodic tune-ups (every 90 days) should be performed for such equipment used continuously during the construction period.

Implementation of these measures would reduce the anticipated impact to less-than-significant levels.

Monitoring Responsibility: City of Oakland Community and Economic Development Agency, Building Services Division

Monitoring Timeframe: Implementation will occur throughout construction and grading activities on the sites

D. NOISE

Impact D.1: Construction activities would intermittently and temporarily generate noise levels above existing ambient levels in the project vicinity. This would be a significant impact.

Mitigation Measure D.1a: To avoid the potential for significant nighttime noise impacts due to construction, the project sponsors (Olson Urban Housing or Shorenstein, or their successors, as applicable) shall require their construction contractors to limit noisy construction activities to 8:00 a.m. to 7:00 p.m., Monday through Friday. Pile driving and/or other extreme noise generating activities greater than 90 dBA limited to between 8:00 a.m. and 4:00 p.m. Monday through Friday, with no extreme noise generating activity permitted between 12:30 and 1:30 p.m. No construction activities shall be allowed on weekends until after the building is enclosed, without prior authorization of the Building Services Division, and no extreme noise generating activities shall be allowed on weekends and holidays. Implementation of this measure would reduce the anticipated impact to less-than-significant levels.

Monitoring Responsibility: City of Oakland Community and Economic Development Agency, Building Services Division

Monitoring Timeframe: Implementation will occur throughout duration of construction and grading activities on each site

Mitigation Measure D.1b: To reduce daytime noise impacts due to construction, construction contractors shall be required to achieve the Noise Ordinance standards of 65 dB for residential uses across from Block T10 on 14th Street and 70 dB at commercial uses elsewhere by implementing the following measures:

- Equipment and trucks used for project construction shall utilize the best available noise control techniques (*e.g.*, improved mufflers, equipment redesign, use of intake silencers, ducts, engine enclosures and acoustically-attenuating shields or shrouds, wherever feasible and necessary);
- Impact tools (*e.g.*, jack hammers, pavement breakers, and rock drills) used for project construction shall be hydraulically or electrically powered wherever possible to avoid noise associated with compressed air exhaust from pneumatically powered tools. However, where use of pneumatic tools is unavoidable, an exhaust muffler on the compressed air exhaust shall be used; this muffler can lower noise levels from the exhaust by up to about 10 dB. External jackets on the tools themselves shall be used where feasible, and this could achieve a reduction of 5 dB. Quieter procedures shall be used such as drilling rather than impact equipment whenever feasible; and
- Stationary noise sources shall be located as far from sensitive receptors as possible. If they must be located near existing receptors, they shall be muffled to the extent feasible and enclosed within temporary sheds.
- If feasible, the noisiest phases of construction (such as pile driving) shall be limited to less than 10 days at a time to comply with the local noise ordinance.

Mitigation Measure D.1c: To further mitigate potential pile driving and/or other extreme noise generating construction impacts, if applicable, a set of site-specific noise attenuation measures shall be completed under the supervision of a qualified acoustical consultant. Prior to commencing construction, a plan for such measures shall be submitted for review and approval by the City to ensure that maximum feasible noise attenuation will be achieved. These attenuation measures shall include as many of the following control strategies as feasible:

- Erect temporary plywood noise barriers around the construction site, particularly along the eastern boundary along 14th Street to shield the adjacent multi-family residential buildings;

- Implement “quiet” pile driving technology (such as pre-drilling of piles, the use of more than one pile driver to shorten the total pile driving duration), where feasible, in consideration of geotechnical and structural requirements and conditions;
- Utilize noise control blankets on the building structure as the building is erected to reduce noise emission from the site;
- Evaluate the feasibility of noise control at the receivers by temporarily improving the noise reduction capability of adjacent buildings; and

Monitor the effectiveness of noise attenuation measures by taking noise measurements.

Mitigation Measure D.1d: Prior to the issuance of each building permit, along with the submission of construction documents, the project sponsors (Olson Urban Housing or Shorenstein, or their successors, as applicable) shall submit to the City Building Department a list of measures to respond to and track complaints pertaining to construction noise. These measures shall include:

- A procedure for notifying the City Building Division staff and Oakland Police Department;
- A plan for posting signs on-site pertaining to permitted construction days and hours and complaint procedures and who to notify in the event of a problem;
- A listing of telephone numbers (during regular construction hours and off-hours);
- *The designation of an on-site construction complaint manager for the project;*
- Notification of neighbors within 300 feet of the project construction area at least 30 days in advance of pile-driving activities about the estimated duration of the activity; and
- A preconstruction meeting shall be held with the job inspectors and the general contractor/on-site project manager to confirm that noise mitigation and practices (including construction hours, neighborhood notification, posted signs, etc.) are completed.

Implementation of these measures would reduce the anticipated impact to less-than-significant levels.

Monitoring Responsibility: City of Oakland Community and Economic Development Agency, Building Services Division

Monitoring Timeframe: Implementation will occur throughout duration of construction and grading activities on each site

FILED
OFFICE OF THE CITY CLERK
APPROVED AS TO FORM AND LEGALITY
2004 JUN 22
Agency Course 25

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

A RESOLUTION AUTHORIZING THE SALE OF REAL PROPERTY LOCATED BETWEEN 14TH STREET, 13TH STREET PEDESTRIAN WALK, JEFFERSON STREET AND MARTIN LUTHER KING, JR. WAY TO OLSON URBAN HOUSING, LLC, FOR \$8.7 MILLION, PLUS PROFIT-SHARING, FOR THE CITY CENTER T-10 RESIDENTIAL PROJECT, AUTHORIZING SELLER FINANCING FROM THE AGENCY OF \$1.7 MILLION, AND AUTHORIZING A DISPOSITION AND DEVELOPMENT AGREEMENT FOR THE PROJECT

WHEREAS, the California Community Redevelopment Law, Health and Safety Code Section 33430, authorizes a redevelopment agency within a survey (project) area or for purposes of redevelopment to sell real property, Section 33432 requires that any sale of real property by a redevelopment agency in a project area must be conditioned on redevelopment and use of the property in conformity with the redevelopment plan, and Section 33439 provides that a redevelopment agency must retain controls and establish restrictions or covenants running with the land for property sold for private use as provided in the redevelopment plan; and

WHEREAS, the Central District Urban Renewal Plan adopted on June 12, 1969, as subsequently amended, as well as the Five-Year Implementation Plan for the Central District (1999-2004) (together, the "Central District Redevelopment Plan" or "Redevelopment Plan"), authorizes the Redevelopment Agency to sell land in the Central District Redevelopment Project Area (the "Central District"); and

WHEREAS, the Agency and the City have initiated the "10K Downtown Housing Program" to attract ten thousand new residents into the Central District, and the Agency has determined that it desires to encourage new housing development in part by offering Agency-owned land to developers for the construction of housing; and

WHEREAS, the Agency owns the block bounded by 14th Street, 13th Street Pedestrian Walk, Jefferson Street and Martin Luther King, Jr. Way and known as the City Center T-10 Block, more fully described in Exhibit A attached to this Resolution (the "Property"); and

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COMMUNITY & ECONOMIC
DEVELOPMENT CMTE

JUN 22 2004

WHEREAS, the Property is located within the Central District; and

WHEREAS, Olson Urban Housing, LLC ("Olson") desires to purchase the Property from the Agency in order to develop the City Center T-10 Residential Project consisting of between 200 and 275 residential condominium units, along with parking, and between 2,500 and 5,000 square feet of retail space (the "Project"); and

WHEREAS, staff has negotiated and proposes entering into a Disposition and Development Agreement ("DDA") with Olson which sets forth the terms and conditions of the sale of the Property to Olson or Olson's affiliate and governs the development of the Project and the use of the Property by Olson and any successors to the Property subsequent to sale through recorded covenants running with the land; and

WHEREAS, the DDA provides that the Agency will provide seller financing to Olson in the form of market-rate loan of \$1.7 million; and

WHEREAS, the DDA requires that Olson or Olson's affiliate construct and operate the Project consistent with the Redevelopment Plan and restricts the use of the Property to housing and commercial uses; and

WHEREAS, the DDA and the grant deed that will convey the Property to Olson or Olson's affiliate adequately condition the sale of the Property on the redevelopment and use of the Property in conformity with the Central District Redevelopment Plan, and such documents prohibit discrimination in any aspect of the Project as required under the Central District Redevelopment Plan and the California Community Redevelopment Law; and

WHEREAS, the Project uses are in conformity with the Central District Redevelopment Plan, the Project will assist in the elimination of blight in the Central District, and the Project will help meet the objectives of the Central District Redevelopment Plan; and

WHEREAS, the California Community Redevelopment Law (Health and Safety Code Section 33433) requires that before any property of a redevelopment agency that is acquired in whole or in part with tax increment moneys is sold for development pursuant to a redevelopment plan, the sale must first be approved by the legislative body, i.e., the City Council, by resolution after public hearing; and

WHEREAS, as required by the California Community Redevelopment Law, the Agency has made available to the public for inspection, no later than the first date of publication of the notice for the hearing, a report that contains a copy of the draft DDA and a summary of the cost of the agreement to the Agency, the estimated fair market value of the Property at its highest and best use permitted under the Redevelopment Plan, and an explanation of why the sale of the Property and development of the Project will assist in the elimination of blight, with supporting facts and material; and

WHEREAS, a joint public hearing between the Agency and the City Council of the City of Oakland was held to hear public comments on the sale of the Property for the Project; and

WHEREAS, notice of the sale of the Property and the public hearing was given by publication at least once a week for not less than two weeks prior to the public hearing in a newspaper of general circulation in Alameda County; and

WHEREAS, the City Council has approved the sale of the Property by resolution after the public hearing; and

WHEREAS, the Redevelopment Agency is a Responsible Agency for this Project for purposes of environmental review under the California Environmental Quality Act of 1970 ("CEQA"); and

WHEREAS, an Environmental Impact Report ("EIR") was previously prepared for the City Center project as proposed by Shorenstein Realty Partners Three, L.P., which covered the City Center T-10 site; and

WHEREAS, said EIR was independently reviewed and considered by the City Planning Commission in evaluating the City Center project in compliance with CEQA, the Guidelines for Implementation of the California Environmental Quality Act (14 CCR Sections 15000, et seq., the "State EIR Guidelines"), and the City's Environmental Review Regulations; and

WHEREAS, the Planning Commission certified the EIR on April 26, 2000, as being prepared in compliance with CEQA and made all the required CEQA findings, including without limitation: (1) determining that the EIR examined a reasonable range of alternatives, and that each alternative was rejected as infeasible for various reasons; (2) determining there were four significant and unavoidable impacts that could not be mitigated to less than significant levels; and (3) finding and determining that the benefits of the City Center project outweigh any unavoidable adverse impact of the project; and

WHEREAS, the City Planning Commission approved the City Center project in April, 2000, and a Notice of Determination was subsequently filed with Alameda County; and

WHEREAS, on October 13, 2003, Addendum #1 to the EIR was prepared, which analyzed a 400 unit residential project, and the Addendum concluded that none of the changes to the project considered in the EIR, or circumstances under which it will be undertaken, or new information of substantial importance require preparation of a subsequent or supplemental EIR, as specified in CEQA and the CEQA Guidelines, including without limitation, Public Resources Code Section 21166 and CEQA Guidelines Sections 15162 and 15163; and

WHEREAS, the previously certified EIR and Addendum #1 were reviewed for applicability to the proposed Project; now, therefore, be it

RESOLVED: That the Redevelopment Agency hereby finds and determines (1) that it has been presented and has independently reviewed and considered the information contained in the previously certified EIR and Addendum #1, and the EIR and the Addendum comply with CEQA and the CEQA Guidelines' requirements for analysis of the Project's environmental effects and mitigation measures; (2) that the mitigation measures adopted by the Planning Commission and the Agency in considering the EIR and approving the DDA, together with a mitigation monitoring program for the Project, are hereby adopted and amended as specified in the attached Exhibit B; and (3) that none of the changes to the project, or circumstances under which it will be undertaken, or new information of substantial importance require preparation of a subsequent or supplemental EIR; and be it further

RESOLVED: That the Agency hereby finds and determines that the sale of the Property by the Agency to Olson or Olson's affiliate for the Project furthers the purposes of the California Community Redevelopment Law, contributes to the elimination of blight in the Central District Redevelopment Project Area, conforms to the Central District Redevelopment Plan, including its Implementation Plan, and furthers the goals and objectives of said Redevelopment Plan in that: (1) the Project will increase the stock of ownership housing in the Central District, and reestablish residential areas for all economic levels within the Central District; (2) the Project will provide necessary neighborhood-serving commercial facilities lacking in the Central District; (3) the Project, once developed, will create permanent jobs for low and moderate income people, including jobs for area residents; (4) the Project will create a stable 24-hour residential community which will enhance the viability of retail businesses in the area; (5) the Project will redevelop a key underutilized site in the Central District; (6) the Project will improve environmental design within the Central District; and (7) the Project, once developed, will enhance depreciated and stagnant residential and commercial property values in the surrounding City Center and Preservation Park areas, and will encourage efforts to alleviate economic and physical blight conditions in the area, including high business vacancy rates, excessive vacant lots, and abandoned buildings, by enhancing the development potential and overall economic viability of neighboring properties; and be it further

RESOLVED: That the Redevelopment Agency hereby authorizes the Agency Administrator or his or her designee to sell the Property to Olson, or to an affiliated entity satisfactory to the Agency Administrator, for the purchase price of \$8.7 million, plus profit-sharing, subject to the terms and conditions of the DDA; and be it further

RESOLVED: That the Agency hereby approves the grant of an easement to Olson or Olson's affiliate for vacated portions of 13th Street for pedestrian and other uses as negotiated by the Agency Administrator; and be it further

RESOLVED: That the Agency finds and determines that the purchase price of \$8.7 million equals or exceeds the fair market value of the Property at its highest and best use permitted under the Redevelopment Plan, that the seller financing provided by the Agency to Olson is at a prevailing market interest rate for this type of loan, that there

are no Agency or City subsidies to the developer in this transaction, and that therefore the Agency's employment and contracting programs do not apply; and be it further

RESOLVED: That the transaction shall include the following terms and conditions:

- \$7 million of the purchase price to be paid in the form of cash;
- \$1.7 million of the purchase price, plus interest at 8% earned from the close of escrow, to be paid by December 31, 2004;
- Seller financing to be secured by a deed of trust on the Property;
- The Agency to share in profits generated by the sale of Project units as follows:
 - Olson or Olson's affiliate to receive 10.85% of gross sales proceeds as profit
 - The Agency to receive 50% of excess sales proceeds greater than 10.85% but less than 14% of gross sales proceeds
 - The Agency to receive 25% of excess sales proceeds greater than 14% of gross sales proceeds
- The Agency to reserve parking spaces in City Center Garage West for Project occupants as negotiated by the Agency Administrator and Olson;
- Olson or Olson's affiliate to be responsible for the cost of required off-site improvements in connection with the Project;
- Olson or Olson's affiliate to take the Property in its "as-is" condition;
- Olson or Olson's affiliate to comply with provisions of the Central District Redevelopment Plan and nondiscrimination provisions of redevelopment law;
- The plans and specifications for the Project to be reviewed and approved by the Agency;
- Transfer of the Property to be restricted prior to Project completion;
- Project commencement and completion dates to be set in the DDA as negotiated by the Agency Administrator;
- No required application of the Agency's employment and contracting programs (prevailing wage, local employment, local/small local business enterprise contracting, apprenticeship, living wage, or first-source hiring) to the Project;
- The Project to be restricted to residential, parking, and retail uses;
- Any other appropriate terms and conditions as the Agency Administrator or his or her designee may establish in his or her discretion or as the California Community Redevelopment Law or the Redevelopment Plan may require;

and be it further

RESOLVED: That land sale proceeds shall be deposited in the Central District TA Bond fund (fund 9532) and be reallocated back to Uptown – Forest City DDA project from which it was taken to purchase the Property from the City; and be it further

RESOLVED: That the Agency Administrator or his or her designee is hereby authorized to negotiate and execute a Disposition and Development Agreement with

Olson, or an affiliated entity or entities approved by the Agency Administrator, for the Project, as well as negotiate and execute a promissory note and other loan documents for the seller financing from the Agency, and other documents with Olson or its affiliate, Project funding sources, or other parties as necessary to facilitate the sale and development of the Property for the Project; and be it further

RESOLVED: That all documents related to this transaction shall be reviewed and approved by Agency Counsel prior to execution, and copies will be placed on file with the Agency Secretary; and be it further

RESOLVED: That the Agency Administrator or his or her designee is directed to file a Notice of Determination within five (5) working days of this Resolution in accordance with CEQA Guidelines Section 15094; and be it further

RESOLVED: That the custodians and locations of the documents or other materials which constitute the record of proceedings upon which the Agency's decision is based are respectively: (a) the Community and Economic Development Agency, Redevelopment Division, 250 Frank H. Ogawa Plaza, 5th Floor, Oakland; (b) the Community and Economic Development Agency, Planning Division, 250 Frank H. Ogawa Plaza, 3rd Floor, Oakland; and (c) the Office of the City Clerk, 1 Frank H. Ogawa Plaza, 1st Floor, Oakland; and be it further

RESOLVED: That the Agency hereby appoints the Agency Administrator or his or her designee as agent of the Redevelopment Agency to conduct negotiations and execute documents with respect to the sale of the Property as necessary to effectuate this transaction, and to take any other action with respect to the Property and Project consistent with this Resolution and its basic purpose.

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

7-2
**COMMUNITY & ECONOMIC
DEVELOPMENT CMTE**

JUN 22 2004

EXHIBIT A**PROPERTY DESCRIPTION, CITY CENTER T-10 SITE**

REAL PROPERTY in the City of Oakland, County of Alameda, State of California, described as follows:

PARCEL ONE:

Lots 1 to 28, inclusive, Block 187 Kellersberger's Map of Oakland, filed September 2, 1853, in Map Book 7, Page 3, Alameda County Records.

PARCEL TWO:

The northeasterly 1/4 width of 13th Street lying between the Southeasterly line of Martin Luther King Jr. Way, formerly Grove Street, and the Northwesterly line of Jefferson Street as said Jefferson Street and Grove Street are shown on the Kellersberger's Map of Oakland, filed September 2, 1853, in Map Book 7, Page 3, Alameda County Records.

EXHIBIT B

MITIGATION MONITORING PROGRAM

EXHIBIT B

MITIGATION MONITORING PROGRAM

This is a revised Mitigation Monitoring Program that applies only to the T-10 site proposed for housing development. The Planning approvals will be an amendment to the Planned Unit Development (“PUD”) for the four-block City Center project and will have an expanded Mitigation Monitoring Program that will be applied discretely to housing and office development.

CITY CENTER PROJECT

B. TRAFFIC, CIRCULATION, AND PARKING

Impact B.6: The project is likely to increase the demand for bicycle parking in the City Center area, and may be inconsistent with the suggested bicycle parking space recommendations indicated in the Oakland Bicycle Master Plan. This would be a significant impact.

Mitigation Measure B.6: The project shall provide an adequate number of bicycle parking spaces, as determined by the City, in location(s) either on-site or within a three-block radius, or through payment of appropriate in-lieu fees. Implementation of this measure would reduce the anticipated impact to less-than-significant levels.

Monitoring Responsibility: City of Oakland Community and Economic Development Agency, Planning Division; City of Oakland Public Works Agency, Traffic Engineering Division

Monitoring Timeframe: Prior to Final PUD approval for each subsequent phase after Block T9

Impact B.7: Project construction could result in temporary circulation impacts in the project vicinity. This would be a significant impact.

Mitigation Measure B.7: Prior to the start of excavation or construction on all project blocks, the project sponsors (Olson Urban Housing or Shorenstein, or their successors, as applicable) would submit to the City Traffic Engineering Division for review and approval a plan for managing construction-period traffic and parking. This plan would include information on routing of construction traffic, provision of off-street parking for construction workers, and off-street equipment staging. Implementation of this measure would reduce the anticipated impact to less-than-significant levels.

Monitoring Responsibility: City of Oakland Public Works Agency, Traffic Engineering Division

Monitoring Timeframe: Prior to issuance of building permits for each building

C. AIR QUALITY

Impact C.1: Fugitive dust generated by construction activities would be substantial and would increase PM-10 concentrations in the immediate project vicinity. This would be a significant impact.

Mitigation Measure C.1: The project sponsors (Olson Urban Housing or Shorenstein, or their successors, as applicable) shall require the construction contractor to implement a dust abatement program.

Elements of this program shall include the following:

- Water all active construction areas at least twice daily;
- Cover all trucks hauling soil, sand, and other loose materials or require all trucks to maintain at least two feet of freeboard (i.e., the minimum required space between the top of the load and the top of the trailer);
- Pave, apply water three times daily, or apply (non-toxic) soil stabilizers on all unpaved access roads, parking areas and staging areas at construction sites;
- Sweep daily (with water sweepers) all paved access roads, parking areas and staging areas at construction sites;
- Sweep streets daily (with water sweepers) if visible soil material is carried onto adjacent public streets; and
- Designate a person or persons to oversee the implementation of a comprehensive dust control program and to increase watering, as necessary.

The above list of measures are recommended by BAAQMD as feasible control measures to reduce construction dust emissions at sites, such as the individual development blocks associated with the project, which are less than four acres in area. With implementation of these mitigation measures, the residual effect would be less than significant.

In addition, the following measures, which are identified in the EIR on the *Oakland General Plan Land Use and Transportation Element* (City of Oakland, 1997; p. III.E-26) for future development projects, are recommended to minimize construction equipment emissions during the construction period:

- Demonstrate compliance with BAAQMD Regulation 2, Rule 1 (General Requirements) for all portable construction equipment subject to that rule. BAAQMD Regulation 2, Rule 1 requires an authority to construct and permit to operate certain types of portable equipment used for construction purposes (e.g., gasoline or diesel-powered engines used in conjunction with power generation, pumps, compressors, and cranes) unless such equipment complies with all applicable requirements of the "CAPCOA Portable Equipment Registration Rule" or with all applicable requirements of the Statewide Portable Equipment Registration Program. This exemption is provided in BAAQMD Rule 2-1-105.
- Perform low- NO_x tune-ups on all diesel-powered construction equipment greater than 50 horsepower (no more than 30 days prior to the start of use of that equipment). Periodic tune-ups (every 90 days) should be performed for such equipment used continuously during the construction period.

Implementation of these measures would reduce the anticipated impact to less-than-significant levels.

Monitoring Responsibility: City of Oakland Community and Economic Development Agency, Building Services Division

Monitoring Timeframe: Implementation will occur throughout construction and grading activities on the sites

D. NOISE

Impact D.1: Construction activities would intermittently and temporarily generate noise levels above existing ambient levels in the project vicinity. This would be a significant impact.

Mitigation Measure D.1a: To avoid the potential for significant nighttime noise impacts due to construction, the project sponsors (Olson Urban Housing or Shorenstein, or their successors, as applicable) shall require their construction contractors to limit noisy construction activities to 8:00 a.m. to 7:00 p.m., Monday through Friday. Pile driving and/or other extreme noise generating activities greater than 90 dBA limited to between 8:00 a.m. and 4:00 p.m. Monday through Friday, with no extreme noise generating activity permitted between 12:30 and 1:30 p.m. No construction activities shall be allowed on weekends until after the building is enclosed, without prior authorization of the Building Services Division, and no extreme noise generating activities shall be allowed on weekends and holidays. Implementation of this measure would reduce the anticipated impact to less-than-significant levels.

Monitoring Responsibility: City of Oakland Community and Economic Development Agency, Building Services Division

Monitoring Timeframe: Implementation will occur throughout duration of construction and grading activities on each site

Mitigation Measure D.1b: To reduce daytime noise impacts due to construction, construction contractors shall be required to achieve the Noise Ordinance standards of 65 dB for residential uses across from Block T10 on 14th Street and 70 dB at commercial uses elsewhere by implementing the following measures:

- Equipment and trucks used for project construction shall utilize the best available noise control techniques (*e.g.*, improved mufflers, equipment redesign, use of intake silencers, ducts, engine enclosures and acoustically-attenuating shields or shrouds, wherever feasible and necessary);
- Impact tools (*e.g.*, jack hammers, pavement breakers, and rock drills) used for project construction shall be hydraulically or electrically powered wherever possible to avoid noise associated with compressed air exhaust from pneumatically powered tools. However, where use of pneumatic tools is unavoidable, an exhaust muffler on the compressed air exhaust shall be used; this muffler can lower noise levels from the exhaust by up to about 10 dB. External jackets on the tools themselves shall be used where feasible, and this could achieve a reduction of 5 dB. Quieter procedures shall be used such as drilling rather than impact equipment whenever feasible; and
- Stationary noise sources shall be located as far from sensitive receptors as possible. If they must be located near existing receptors, they shall be muffled to the extent feasible and enclosed within temporary sheds.
- If feasible, the noisiest phases of construction (such as pile driving) shall be limited to less than 10 days at a time to comply with the local noise ordinance.

Mitigation Measure D.1c: To further mitigate potential pile driving and/or other extreme noise generating construction impacts, if applicable, a set of site-specific noise attenuation measures shall be completed under the supervision of a qualified acoustical consultant. Prior to commencing construction, a plan for such measures shall be submitted for review and approval by the City to ensure that maximum feasible noise attenuation will be achieved. These attenuation measures shall include as many of the following control strategies as feasible:

- Erect temporary plywood noise barriers around the construction site, particularly along the eastern boundary along 14th Street to shield the adjacent multi-family residential buildings;

- Implement “quiet” pile driving technology (such as pre-drilling of piles, the use of more than one pile driver to shorten the total pile driving duration), where feasible, in consideration of geotechnical and structural requirements and conditions;
- Utilize noise control blankets on the building structure as the building is erected to reduce noise emission from the site;
- Evaluate the feasibility of noise control at the receivers by temporarily improving the noise reduction capability of adjacent buildings; and

Monitor the effectiveness of noise attenuation measures by taking noise measurements.

Mitigation Measure D.1d: Prior to the issuance of each building permit, along with the submission of construction documents, the project sponsors (Olson Urban Housing or Shorestein, or their successors, as applicable) shall submit to the City Building Department a list of measures to respond to and track complaints pertaining to construction noise. These measures shall include:

- A procedure for notifying the City Building Division staff and Oakland Police Department;
- A plan for posting signs on-site pertaining to permitted construction days and hours and complaint procedures and who to notify in the event of a problem;
- A listing of telephone numbers (during regular construction hours and off-hours);
- The designation of an on-site construction complaint manager for the project;
- Notification of neighbors within 300 feet of the project construction area at least 30 days in advance of pile-driving activities about the estimated duration of the activity; and
- A preconstruction meeting shall be held with the job inspectors and the general contractor/on-site project manager to confirm that noise mitigation and practices (including construction hours, neighborhood notification, posted signs, etc.) are completed.

Implementation of these measures would reduce the anticipated impact to less-than-significant levels.

Monitoring Responsibility: City of Oakland Community and Economic Development Agency, Building Services Division

Monitoring Timeframe: Implementation will occur throughout duration of construction and grading activities on each site