CITY OF OAKLAND

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AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Michele Byrd
Director, HCD

SUBJECT: Brooklyn Basin Affordable Housing

DATE: June 15, 2016

City Administrator Approval Date: 6/28/16

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing an Unsecured Predevelopment Loan in the Amount of $360,000 to MidPen Housing Corporation, Inc., or Affiliated Entities to Support the Development of Affordable Housing at the Brooklyn Basin Project.

EXECUTIVE SUMMARY

In June 2015, Zarsion Oakland Harbor Partners ("ZOHP"), the developer of the Brooklyn Basin project, selected MidPen Housing Corporation as the affordable housing developer for the project and the City subsequently approved the selection. MidPen has been working diligently since that time to create a plan to provide 465 affordable housing units at the Brooklyn Basin project site, as provided for under the Cooperation Agreement with the Oak to Ninth Community Benefits Coalition.

One of the funding sources approved for use in the development of the affordable housing units is funding from the 2011 Affordable Housing Set-Aside Bond Fund, and MidPen has requested $360,000 in predevelopment loan funds in order to proceed with predevelopment activities for the first two (of five total) phases of the Project, with a projected 101 units of family housing and 110 senior units. These funds will be used for a variety of eligible predevelopment expenses, including architecture and engineering expenses, as well as planning fees and legal costs. Since the City owns the parcels, the loan cannot be secured against the property. Therefore, staff is recommending approval of an unsecured loan, although the intent is to convert these loans to permanent, secured financing as the phases move forward, and can be secured against a future ground lease and improvements.

BACKGROUND / LEGISLATIVE HISTORY

The Brooklyn Basin project (formerly known as the Oak to Ninth project) is a large-scale development project on a formerly-industrial site along Oakland's waterfront. When fully developed, the project will comprise approximately 3,100 housing units, over 200,000 square feet in retail space, 29.9 acres of parks and public open space, two renovated marinas and restoration of an existing wetland area. The development site straddles two redevelopment project areas, the Central District Redevelopment Project Area and the Central City East Redevelopment Project Area.

In 2006, the developer of the project (then known as Oakland Harbor Partners), the City, and the Redevelopment Agency entered into a Development Agreement for the project. The City negotiated a variety of community benefits provisions into the Development Agreement, including provisions for on-site affordable housing development. The Development Agreement required the Redevelopment Agency to purchase two parcels at the development site from the developer, and to develop 465 units of housing affordable to low income households on those parcels. The affordable housing would be developed in phases as the overall project is developed over a schedule set forth in the Development Agreement. Oakland Harbor Partners agreed to sell the affordable housing parcels at a discount and to contribute $2 million toward development of affordable housing on those parcels.

Parallel to negotiations with the developer over the Development Agreement, the Redevelopment Agency negotiated a "Cooperation Agreement" with a coalition of community groups, known as the Oak to Ninth Community Benefits Coalition[1], over the level of community benefits that would result from the project, including affordable housing development. The Cooperation Agreement was executed in 2006. Consistent with the Development Agreement, the Cooperation Agreement requires the Redevelopment Agency to purchase the affordable housing parcels and ensure that at least 465 affordable housing units are developed on the site. The Cooperation Agreement specifically provides that 25 percent of the tax increment revenue generated by the Brooklyn Basin project (the 20 percent set-aside required for affordable housing under redevelopment law and an additional five percent by Redevelopment Agency policy) be reserved for the affordable housing development.

Shortly after the Development Agreement and the Cooperation Agreement were signed, the Brooklyn Basin project was put on hold by the developer due to the economic downturn.

Upon dissolution of the Redevelopment Agency in 2012, the City retained and assumed the housing assets and functions of the Redevelopment Agency, while the Oakland Redevelopment Successor Agency ("ORSA") assumed the enforceable obligations of the Redevelopment Agency, including the obligation to fund the purchase and development of the affordable housing parcels. ORSA's obligation to develop 465 units of affordable housing on the affordable housing parcels, as well as the obligation to fund the purchase of the affordable housing parcels, has been listed as enforceable obligations on all of ORSA's Recognized Obligation

[1] The members of the Coalition are the Asian Pacific Environmental Network, East Bay Asian Youth Center, Oakland Community Organizations, and the Urban Strategies Council.

Payment Schedules ("ROPS") since dissolution. Such funding was intended to come from a combination of housing bond funds and Real Property Tax Trust Funds (RPTTF) money.

In recent years, the project has been revived by the current developer, ZOHP. Pursuant to the Development Agreement and the Cooperation Agreement, the City purchased the affordable housing parcels from ZOHP on August 28, 2014, for a purchase price of $21,508,462 plus closing costs, with ZOHP obligated to conduct extensive environmental remediation, as well as infrastructure work on the property. The purchase price represented the appraised fair market value of the parcels, discounted by $3,033,204. To fund the purchase, the City used proceeds from a housing bond issued by the Redevelopment Agency in 2011. Project funds totaling $2,454,627 from this bond remained with ORSA after the purchase of the parcels. These funds are located on the City side in Fund 1885, which will be reimbursed from ORSA fund 9785.

ZOHP has begun site preparation work on the first phase of the overall project, including the affordable housing parcels. In June 2015, ZOHP selected MidPen Housing Corporation, a nonprofit affordable housing developer with extensive development experience in the Bay Area, to be the developer for the affordable housing project, and the City approved this selection. The City has been working closely with MidPen and the Coalition since June 2015, as MidPen developed and refined its affordable housing development scenarios and financing plan.

On January 5, 2016, City Council approved Resolution No. 85939 C.M.S., which approved MidPen's proposed financing plan for the affordable housing unit development, and approved the submittal of a request to the California Department of Finance ("DOF") for a Final and Conclusive Determination ("FCD") for the use of $45 million in RPTTF, i.e., property tax funds that were formerly considered tax increment funds.

The City filed the FDC request with DOF on February 1, 2016. The obligation to use RPTTF funds to develop affordable housing at Brooklyn Basin had been listed on Oakland's ROPS since the dissolution of the Redevelopment Agency in 2012. Under state law, the City was permitted petition DOF for an FCD when an obligation is to be funded through RPTTF. Receipt of an FCD would bar DOF from later determining that the ROPS item is not an enforceable obligation.

In an initial denial of the City's FDC request, DOF indicated their position that the Cooperation Agreement covering vertical construction of the affordable housing was not an enforceable obligation, despite its inclusion in every ROPS commencing with Redevelopment's dissolution by the State in 2012. After a period of negotiations with DOF staff and local staff and officials, with the enthusiastic and invaluable support of the Coalition, other local taxing entities and State elected officials, a solution was reached in a DOF determination issued on May 19, 2016 (***Attachment A***). Per this decision, DOF is allowing the City to retroactively re-characterize previous draws from the 2011 Affordable Housing Set-Aside Bond Fund, for the parcel purchase at Brooklyn Basin and the Mural Apartments affordable housing development at the MacArthur BART station, as RPTTF expenditures. This frees up the 2011 Affordable Housing Bond Funds to support the vertical construction.

The full fiscal implications of this decision are discussed in the Fiscal Impact statement. Approximately $30-35 million in 2011 Affordable Housing Bond funds are projected to be available for vertical construction following DOF's decision, instead of the $45 million in RPTTF funds requested. However, MidPen has indicated that they are able to re-work their financial projections to leverage other funding sources, and the 465 units of affordable housing will be viable with the new funding amount.

MidPen proposes to build the required 465 units through five separate phases over a seven-year time frame. In accordance with the parameters of the Cooperation Agreement, 110 units will target seniors and the remaining 355 will target families. All units will be affordable to households earning 25 percent to 60 percent of Area Median Income. Furthermore, at least 30 percent of the units will be three-bedroom units and at least 20 percent of the units will be two-bedroom units.

ANALYSIS AND POLICY ALTERNATIVES

With the DOF ruling on financing finalized, staff and MidPen are seeking to move ahead expeditiously to respond to the City's affordable housing crisis by bringing a substantial number of affordable housing units online as soon as possible. MidPen has requested a $360,000 predevelopment loan to expedite their work on Phase 1a (101 units of family housing) and Phase 1b (110 units of senior housing). These two phases are to be developed on Parcel F (referred to as Parcel 1 by MidPen, see ***Attachment B*** for Brooklyn Basin Site map).

Attachment C, the Brooklyn Basin Affordable Parcel 1 Predevelopment Loan Budget, shows the projected expenditures to be covered by the predevelopment loan. Proposed expenditures include permitting fees, architectural and engineering fees, and legal costs.

MidPen has requested that the loan terms be for a 24 month period (with a six month extension available as an administrative action) at three percent simple interest, with interest and principal payments deferred to the end of the term. The Predevelopment Loan Program provides some leeway for unsecured loans, which is necessary in this case because the City owns the parcels. Thus, there is no asset to secure the City's loan against until the City (along with funding partner the Oakland Housing Authority) is ready to enter into a long-term ground lease with MidPen.

The proposed Predevelopment Loan requested here is substantially larger than what would be allowed under the City's over-the-counter program (which allows for a loan of $35,000 per phase, or $75,000 per phase if the Project is located in the Downtown area). In addition, MidPen has requested a longer interest rate (three percent to align with the City's development loans, rather than the usual six percent for predevelopment loans), and a longer term (24 months instead of 18 months). However, given the breadth and complexity of the project, and the fact that the funding is clearly dedicated to the Project, Staff is comfortable with recommending these adjustments to the standard Predevelopment Loan Program terms.

FISCAL IMPACT

Currently, there is approximately $2.5 million in 2011 Affordable Housing Set-Aside Bond Funds available to support the vertical development of the Project, far in excess of the $360,000 requested by MidPen for this predevelopment loan.

The City's FCD request to DOF included these remaining 2011 Bond funds, as well as $45 million in RPTTF funds, to be distributed over a seven year period, to support the vertical construction of the 465 affordable units at Brooklyn Basin, for a total of $47.5 million. In addition, City project delivery staffing costs were projected to be recovered with RPTTF during subsequent ROPS periods through the completion of the affordable units.

DOF's May 19, 2016 decision allows the City to use the remaining $2,454,627 in 2011 Bond funds, and allows the City to go back and re-characterize previous commitments totaling $37.5 million made from the 2011 Bond fund for the City's purchase of the affordable housing parcels in 2014 ($21.5 million) and Mural Apartments (MacArthur BART Transit Oriented Development affordable phase, $16 million) as RPTTF expenditures, which frees up the 2011 Bond Funds for use for the vertical construction of affordable units at Brooklyn Basin. Funding would be reimbursed over six to seven tax years as it becomes available. However, under this decision DOF does not consider the vertical unit construction to be an enforceable obligation of ORSA, and will not cover City staff project delivery costs (estimated to total $4-$5 million over the life of the five phases of the project through 2023). Therefore, City staffing costs will need to be recovered from the 2011 Housing Bond as well, leaving approximately $30-35 million for vertical construction.

MidPen has been exploring various alternative funding scenarios this spring, and has indicated to City staff that they are confident that they can produce the 465 units of affordable housing with a $30-35 million local contribution.

PUBLIC OUTREACH / INTEREST

The Coalition continues to be involved with this project since it negotiated the Cooperation Agreement with the City in 2006. The members of the Coalition are the Asian Pacific Environmental Network, East Bay Asian Youth Center, Oakland Community Organizations, and the Urban Strategies Council. City staff, the Coalition, the Oakland Housing Authority (which is planning to commit development funding and Project-Based Section 8 vouchers to the affordable housing), and MidPen have been meeting frequently since June 2015 to discuss the affordable housing program and financing plan and the Coalition is an active participant in those discussions.

COORDINATION

Housing and Community Development staff coordinated with the City Attorney's Office, Controller's Bureau, the City Administrator's Office and MidPen Housing in preparation of this report. Staff also remains in frequent comment with the Planning and Building Department regarding preparations for development and compliance with the Development and Cooperation Agreements.

SUSTAINABLE OPPORTUNITIES

Economic: The development of affordable housing at Brooklyn Basin will create economic opportunities through the provision of construction and property management employment opportunities.

Environmental: Environmental remediation of the affordable housing parcels has been completed and monitoring is occurring.

Social Equity: The development of affordable housing at Brooklyn Basin will create 465 affordable housing units for low and very low income residents, which is a means of achieving greater social equity. Oakland's neighborhood-level environment will be improved by replacing vacant and underused lots with new homes and residents.

CEQA

The City of Oakland Planning Commission certified the Oak to Ninth Avenue Project Environmental Impact Report on March 15, 2006. Under the California Environmental Quality Act (CEQA) Section 15162, no subsequent environmental review is required unless the project has changed substantially, the circumstances under which the project would occur have changed substantially, or new information demonstrates that any potential environmental impacts would be substantially more severe than previously demonstrated. In reviewing the preliminary affordable housing development and financing plan, staff has determined that none of the circumstances necessitating further environmental review are present. The reasons for this determination include, among others, the following: (1) the preliminary affordable housing development and financing plan does not affect development envelope previously reviewed in the EIR and is not a change in the project that involves any new significant effects or a substantial increase in the severity of previously identified significant effects; (2) circumstances under which the project is undertaken have not occurred that will involve new significant environmental effects or a substantial increase in the severity of previously identified significant effects; and (3) no new information has come to light that would involve new or substantially more severe effects or feasible alternatives or mitigation measures. Accordingly, no further environmental review is required for this project at this time. The EIR identifies impacts and requires mitigation measures, and the proposed project will continue to be required to incorporate the mitigation measures. The EIR is available for review at 250 Frank Ogawa Plaza, Suite 3315, Oakland, CA 94612 during normal business hours.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that City Council approve a resolution authorizing an unsecured predevelopment loan to MidPen Housing in the amount of $360,000 for predevelopment costs associated with the development of affordable housing at the Brooklyn Basin project.

For questions regarding this report, please contact me at 510-238-3714.

Respectfully submitted,

MICHELE BYRD
Director, Housing and Community
Development Department

Reviewed by:
Norma Thompson, Housing Development
Manager

Prepared by:

Christia Katz Mulvey, Housing and Community
Development Coordinator, Housing
Development Unit

Attachments (3):

A. California Department of Finance Determination Letter – May 19, 2016
B. Brooklyn Basin - Project Site Map
C. Brooklyn Basin – Parcel 1 Predevelopment Budget

Attachment A

DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

Revised

May 19, 2016

Ms. Sarah T. Schlenk, Agency Administrative Manager
City of Oakland
250 Frank H. Ogawa Plaza
Suite 3315
Oakland, CA 94612

Dear Ms. Schlenk:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letters dated April 4, 2016, and May 17, 2016. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Oakland Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period of July 1, 2016 through June 30, 2017 (ROPS 16-17) to Finance on January 26, 2016. Finance issued a ROPS determination letter on April 4, 2016. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on April 21, 2016. Subsequent to the issuance of the May 17, 2016 letter, the Agency requested to decrease the amounts for Item Nos. 421 and 422.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed.

- Item No. 207 – 9451 MacArthur Blvd-Evelyn Rose Project in the total outstanding amount of $517,500. Finance continues to deny this item. During the initial review the Agency contended that the repayment to the Low and Moderate Income Housing Fund (LMIHF) is required because the former redevelopment agency (RDA) expended LMIHF funds on an affordable housing project located at 9451 MacArthur Boulevard, which was never completed. The former RDA ultimately sold the property to another developer in 2002 for development of non-affordable housing. Furthermore, the Agency contended that due to the removal of the affordable housing covenant tied to the property, the Agency is required to pay back the LMIHF funds used. However, Finance initially denied this item because the Agency did not provide sufficient documentation to support requirement to repay the LMIHF.

  During the Meet and Confer process, the Agency contended that HSC section 34171 (d) (1) (G) provides that payments owing to the LMIHF are enforceable obligations and are payable to the LMIHF of the housing successor. However, HSC section 34171 (d) (1) (G) specifically limits repayments to amounts borrowed from, or payments owing to, the LMIHF of a former RDA, which had been deferred. The amount that the Agency contends is owed was not a result of funds being borrowed or amounts owed as a result of a deferral. As such, this item does not meet the definition of an enforceable obligation pursuant to HSC section 34171 (d) (1) (G). Therefore, this item is not an enforceable obligation and the requested Redevelopment Property Tax Trust Fund (RPTTF) funding in the amount of $517,500 is denied.

- Item No. 370 – Low and Moderate Income Housing Project management cost in amount of $1,620,828. Finance continues to partially approve this item. The Agency provided a breakdown of how the total requested amount was allocated to housing projects listed on ROPS 16-17. Of the requested amount, a total of $734,850 was related to the Oak to 9th Project (Brooklyn Basin) under Item No. 423, which was initially denied. During the Meet and Confer process, the Agency requested that the project management costs for Item No. 423 be reconsidered if that item is approved for funding.

  As noted in the bullet below, Item No. 423 is not an enforceable obligation, but rather it is an excess bond proceeds obligation pursuant to HSC section 34191.4 (c) (1). The use of excess bond proceeds does not constitute an enforceable obligation pursuant to HSC section 34171 and therefore, do not create further enforceable obligations. As such, the Agency's request to fund project management costs incidental to the use of excess bond proceeds is not eligible for funding out of RPTTF. Finance notes that to the extent allowable, the Agency should use available bond proceeds to fund project management costs and should request such funding on a ROPS. Therefore, the related project development costs are also not an enforceable obligation of the Agency. As a result, of the requested $1,620,828, the amount of $734,850 is not eligible for RPTTF funding.

- Item No. 421 – MacArthur BART affordable housing in the amount of $5,200,000 from excess bond proceeds. This item was not reviewed during the initial review. Subsequent to the Meet and Confer process, the Agency requested that this item be decreased by $2,200,000 to $3,000,000 for ROPS 16-17 and the funding source be changed to RPTTF. Finance decreases the amount requested to a total of $3,000,000 and changes the funding source to RPTTF. Additionally, the outstanding balance has been updated to $16,005,000 for ROPS 16-17.

- Item No. 422 – Oak to 9th Project – Land Acquisition in the amount of $0. This item was not reviewed during the initial review. Subsequent to the Meet and Confer process, the Agency requested that this item be funded at $1,000,000 from RPTTF for ROPS 16-17. Finance approves the amount requested of $1,000,000 from RPTTF. Additionally, the outstanding balance has been updated to $21,545,373 for ROPS 16-17.

- Item No. 423 – Oak to 9th Project (Brooklyn Basin) is not an enforceable obligation of the Agency. Finance continues to deny the request for RPTTF funding, but increases the excess bond proceeds requested as this item is an excess bond proceeds obligation pursuant to HSC section 34191.4 (c) (1).

  We note that the Agency initially requested re-authorization to use $2,545,000 in excess bond proceeds, which were approved on a previous ROPS. The Agency received a Finding of Completion on May 29, 2013, and is allowed to expend bond proceeds derived from bonds issued prior to January 1, 2011 (pre-2011 bond proceeds) and housing bonds issued prior to June 28, 2011, in a manner consistent with the bond covenants. Such expenditures constitute the creation of an "excess bond proceeds obligation" payable from available excess bond proceeds. Additionally, during ROPS 15-16B, Agency staff acknowledged the Agency's use of bond proceeds was pursuant to recent Senate Bill 107 changes. As such, Finance approved bond funding for pre-development costs of the affordable housing units in accordance with HSC section 34176 (g). Finance is re-authorizing the Agency's request to use $2,545,000 in excess housing bond proceeds in accordance with HSC section 34176 (g), as the funds may not have been expended.

During the Meet and Confer process, the Agency requested that excess bond proceeds be increased by $2,000,000 for a total of $4,545,000 for ROPS 16-17. As such, Finance approves a total of $4,545,000 in excess bond proceeds and continues to deny the requested amount of $4,000,000 in RPTTF.

Our approval is specifically limited to the use of excess pre-2011 bond proceeds pursuant to HSC section 34191.4 (c) (1) and excess housing bond proceeds pursuant to HSC section 34176 (g). Such approval should not be construed as approval of the project itself as an enforceable obligation. Therefore, we continue to change the Obligation Type from "OPA/DDA/Construction" to "Bond Funded Project – Housing."

- Item No. 426 – West Oakland Loan Indebtedness in the total outstanding amount of $2,717,524. Finance continues to deny this item. Finance initially denied this item because the Agency was unable to provide sufficient financial documentation to support the current outstanding principal amount owed. During the Meet and Confer process, the Agency provided a summary of actual expenditures. The summary shows that expenditures incurred by the City started in fiscal year 2011-12, which were in accordance with the list of projects in the First Amendment to Funding Agreement dated March 25, 2011, between the City and the former RDA. Additionally, documents provided by the Agency indicated that contracts entered into by the City were after June 27, 2011. As such, the outstanding balance as of June 27, 2011, was $0 for the loan agreement approved by the Oversight Board (OB) in OB Resolution 2013-16.

  ABx1 26 requires agencies to expeditiously wind down the affairs of the dissolved RDAs and provides successor agencies with limited authority only to the extent needed to implement the wind down of RDA affairs and perform under enforceable obligations. As of June 27, 2011, RDAs were prohibited from creating any new obligations and engaging in any new redevelopment. As of February 1, 2012, the RDA's authority was suspended and the RDA ceased to exist. Any transfers of the RDA's powers to a third party were also impacted by the prohibitions and the dissolution. Since the RDA no longer had the power to take out or make new loans or engage in any other activity to create obligations as of June 27, 2011, these powers could no longer be transferred to a third party. Thus, any specific obligations, whether by the RDA or a third party acting on behalf of the RDA, that did not exist as of June 27, 2011, are not enforceable obligations on the successor agency within the meaning of HSC section 34171 (d) (1). As such, the various contracts entered into by the City with third parties after June 27, 2011, are not obligations of the Agency.

  Therefore, for the above reasons, this item is not an enforceable obligation and the $1,813,238 requested for ROPS 16-17 is denied.

In addition, per Finance's letter dated April 4, 2016, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item No. 6 – Claimed administrative costs exceed the allowance by $226,930. HSC section 34171 (b) (3) limits the fiscal year 2016-17 Administrative Cost Allowance (ACA) to three percent of actual distributed RPTTF funding in the preceding fiscal year or $250,000, whichever is greater; not to exceed 50 percent of the distributed RPTTF in the preceding fiscal year. As a result, the Agency's maximum ACA is $1,794,454 for the fiscal year 2016-17. Although $2,021,384 is claimed for administrative cost, only $1,794,454 is available pursuant to the cap. Therefore, $226,930 of excess administrative cost is not allowed.

Except for the items denied in whole or in part or reclassed, Finance is not objecting to the remaining items listed on your ROPS 16-17.

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. Be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is $66,108,332 as summarized in the Approved RPTTF Distribution table on page 6 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

http://www.dof.ca.gov/redevelopment/ROPS

This is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-3274.

Sincerely,

JUSTYN HOWARD
Program Budget Manager

cc: Mr. Patrick Lane, Development Manager, City of Oakland
Ms. Carol S. Orth, Tax Analysis, Division Chief, Alameda County

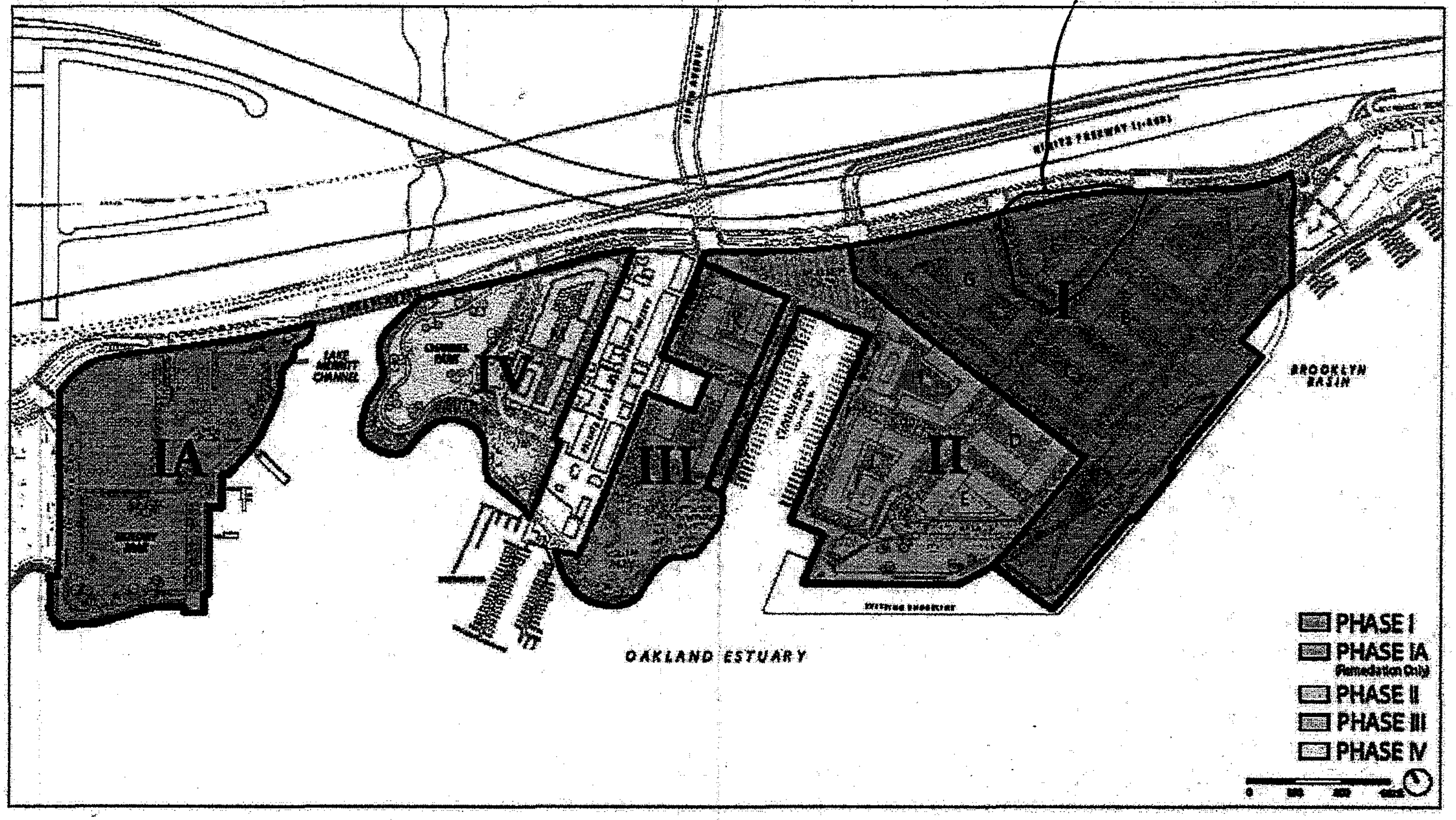
Attachment

Approved RPTTF Distribution For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	$ 19,342,195	$ 48,037,270	$ 67,379,465
Requested Administrative RPTTF	580,266	1,441,118	2,021,384
Total RPTTF requested for obligations on ROPS 16-17	**19,922,461**	**49,478,388**	**$ 69,400,849**
Adjustment to Agency Requested RPTTF	2,000,000	2,000,000	4,000,000
Total RPTTF adjustments	**2,000,000**	**2,000,000**	**$ 4,000,000**
Total RPTTF requested	**21,342,195**	**50,037,270**	**71,379,465**
Denied Items			
Item No. 207	(517,500)	0	(517,500)
Item No. 370	(367,425)	(367,425)	(734,850)
Item No. 423	(2,000,000)	(2,000,000)	(4,000,000)
Item No. 426	(906,619)	(906,618)	(1,813,237)
	(3,791,544)	(3,274,043)	(7,065,587)
Total RPTTF authorized	**17,550,651**	**46,763,227**	**$ 64,313,878**
Total Administrative RPTTF requested	**580,266**	**1,441,118**	**2,021,384**
Administrative costs in excess of the cap (see Administrative Cost Allowance Cap table below)	0	(226,930)	(226,930)
Total Administrative RPTTF authorized	**580,266**	**1,214,188**	**$ 1,794,454**
Total RPTTF approved for distribution	**18,130,917**	**47,977,415**	**$ 66,108,332**

Administrative Cost Allowance Cap Calculation	
Actual RPTTF distributed for fiscal year 2015-16	$ 61,084,234
Less sponsoring entity loan and Administrative RPTTF	1,269,106
Actual RPTTF distributed for 2015-16 after adjustment	59,815,128
Administrative Cap for 2016-17 per HSC section 34171 (b)	1,794,454
ROPS 16-17 Administrative RPTTF after Finance adjustments	2,021,384
Administrative Cost Allowance in excess of the cap	**$ (226,930)**

Attachment B

Parcel 1
Affordable Housing



PHASING PLAN

Brooklyn Basin - Oak to 9th Development Plan

Prepared for Oakland Harbor Partners by ROMA Design Group in association with MVE Architects, Moffatt & Nichol and BKF Engineers

JUNE 2006

Attachment C

Brooklyn Basin - Parcel 1 Predevelopment Budget

GL Code	Description	Parcel 1 Family	Parcel 1 Senior	Parcel 1 * Total Predevelopment Budget	Parcel 1 ** City Bond Funds Current NOFA Request
1750-0100	Land Cost				
1750-0401	Title PTR and Escrow-Acquisition	$ 500	$ 500	$ 1,000	$ 1,000
1750-0501	Legal Costs-Acquisition	$ 5,000	$ 5,000	$ 10,000	$ 10,000
1750-0110	Demolition				
1750-0130	Site Improvements - Non GC				
1750-0141	Gen Contractor-Site Imprvmnts				
1750-0143	Gen Contractor-Overhd/Profit				
1750-0151	GC Bond, Insurance				
1750-0210	Furnishing and Equipment - by Owner (Non GC)				
1750-0000	*HARD COST CONTINGENCY*				
1750-0220	Taxes During Development				
1750-0230	Insurance in Dev Phase				
1750-0240	Permits and Fees-Non-Impact / Planning Review	$ 13,000	$ 13,000	$ 26,000	$ 26,000
1750-0241	Permits and Fees - Impact				
1750-0250	Appraisal Costs				
1750-0255	Market Study				
1750-0270	Utility Bills, Other Misc Basis Costs				
1750-0275	Printing Costs (MPHC)	$ 500	$ 500	$ 1,000	$ 1,000
1750-0285	Cost Estimator				
1750-0300	Architectural Contract	$ 393,500	$ 393,500	$ 787,000	$ 152,000
1750-0302	Architectural Reimbursables	$ 5,000	$ 5,000	$ 10,000	$ 5,000
1750-0303	Architectural: Other				
1750-0306	Architectural: Landscape	$ 7,500	$ 7,500	$ 15,000	$ 9,000
1750-0330	Engineering-Survey ALTA	$ 2,500	$ 2,500	$ 5,000	$ 5,000
1750-0331	Engineering-Civil	$ 10,000	$ 10,000	$ 20,000	$ 10,000
1750-0332	Engineering-Geotech./Soils	$ 5,000	$ 5,000	$ 10,000	$ 5,000
1750-0334	Engineering-Envirn Consults - Peer review	$ 3,000	$ 3,000	$ 6,000	$ 6,000
1750-0334	Engineering-NEPA / CEQA Consults	$ 22,500	$ 22,500	$ 45,000	$ 45,000
1750-0335	Engineering- Acoustical	$ 3,000	$ 3,000	$ 6,000	$ 6,000
1750-0335	Engineering- Traffic	$ 3,000	$ 3,000	$ 6,000	$ 6,000
1750-0335	Engineering- Green Point Rating	$ 10,000	$ 10,000	$ 20,000	$ 5,000
1750-0335	Engineering- Joint Trench	$ 7,500	$ 7,500	$ 15,000	$ 5,000
1750-0335	Engineering- Misc Other				
1750-0337	Engineering- Reimbursables				
1750-0339	Engineering- Constr Mgmt	$ 12,500	$ 12,500	$ 25,000	$ 10,000
1750-0341	Engineering- Value Engineering	$ 15,000	$ 15,000	$ 30,000	$ 15,000
1750-0343	Engineering-Waterprf Consult				
1750-0344	Engineering-Structural	$ 4,000	$ 4,000	$ 8,000	$ 8,000
1750-0402	Title and Escrow-Construction Loan				
1750-0403	Title and Escrow-Permanent Loan				
1750-0404	Title and Escrow-Syndication				
1750-0507	Legal Costs-Relocation				
1750-0502	Legal Costs-Construction Loan/Syndication				
1750-0502	Legal Costs - GC Contract				
1750-0503	Legal Costs-Permanent Loan				
1750-0504	Legal Costs-Organization	$ 5,000	$ 5,000	$ 10,000	$ 10,000
1750-0530	Syndication-Consultant	$ 5,000	$ 5,000	$ 10,000	$ 5,000
1750-0602	Loan Fees-Construction Loan				
1750-0602	Loan Fees-Construction Loan				
1750-0603	Loan Fees-Permanent Loan				
1750-0605	Loan Fees- Bond Costs				
1750-0620	Interest Cst-Acq/Improvmts				
1750-0621	Interest Cst-Constr Loan - Lender				
1750-0621	Interest Cst-Constr Loan - County				
1750-0630	Tax Credit-Fees				
1750-0700	Operating Deficit-Reimbursble				
1750-0710	Marketing Costs				
1750-0710	Services Start Up - Welcome Packages				
1750-0730	Relocation Expenses				
1750-0760	Other Expenses				
1750-0780	Audit Fee				
1750-0001	*SOFT COST CONTINGENCY (5%)*	*$ 27,000*	*$ 27,000*	*$ 54,000*	*$ 15,000*
	TOTAL	$560,000	$560,000	$1,120,000	$360,000

* Parcel 1 total predevelopment budget through construction closing

** Parcel 1 predevelopment budget through entitlements

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2016 JUN 30 PM 12: 08

Approved as to Form and Legality

Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION NO. ______________ C.M.S.

RESOLUTION AUTHORIZING AN UNSECURED PREDEVELOPMENT LOAN IN THE AMOUNT OF $360,000 TO MIDPEN HOUSING CORPORATION, INC., OR AFFILIATED ENTITIES TO SUPPORT THE DEVELOPMENT OF AFFORDABLE HOUSING AT THE BROOKLYN BASIN PROJECT

WHEREAS, the Brooklyn Basin project, formerly the Oak to 9th project, proposed by developer Zarsion Oakland Harbor Partners ("ZOHP") and approved by the City in 2006 is projected to comprise approximately 3,100 housing units, along with over 200,000 square feet in retail space, 29.9 acres of parks and public open space, two renovated marinas and restoration of an existing wetland area; and

WHEREAS, under affordable housing production requirements in California redevelopment law, development of the project would require the production of 465 affordable housing units within the Central City East Redevelopment Project Area; and

WHEREAS, the Redevelopment Agency in 2006 entered into a Cooperation Agreement with the Oak to Ninth Community Benefits Coalition, a consortium of four community organizations, requiring the Agency to purchase certain Brooklyn Basin parcels for affordable housing development and to ensure the development of at least 465 affordable housing units on those parcels; and

WHEREAS, the City of Oakland is the successor to the housing functions and obligations of the dissolved Redevelopment Agency per Health and Safety Code Section 34176, including Agency housing obligations and functions with respect to the Brooklyn Basin project, while the Oakland Redevelopment Successor Agency ("ORSA") has assumed the enforceable obligations of the Redevelopment Agency under Health and Safety Code Section 34173, including the obligation to fund the purchase and development of the affordable housing parcels; and

WHEREAS, in June 2015, ZOHP selected MidPen Housing Corporation ("MidPen") to be the affordable housing developer for the project, and the City approved this selection; and

WHEREAS, the City has been working closely with MidPen and the Community Benefits Coalition to develop and refine the affordable housing development scenarios and financing plan; and

WHEREAS, Mid Pen Housing Corporation has proposed to develop the 465 affordable housing units in five separate phases in order to maximize project viability and ability to leverage outside funding sources; and

WHEREAS, it will be beneficial to the affordable housing development at Brooklyn Basin for the project to receive a predevelopment loan so that MidPen will have working capital to undertake predevelopment activities for the five planned phases of the project; and

WHEREAS, sufficient funding is available to the City from ORSA from the 2011 Affordable Housing Set-Aside Bond Fund to provide the requested predevelopment loan; and

WHEREAS, the City currently owns the Affordable Housing Parcels, and it is therefore not possible to secure the predevelopment loan at this time; and

WHEREAS, an Environmental Impact Report (EIR) was prepared and approved under the California Environmental Quality Act (CEQA) for the Brooklyn Basin project; and

WHEREAS, under CEQA Guidelines Section 15162, no subsequent environmental review is required unless the project has changed substantially, the circumstances under which the project would occur have changed substantially, or new information demonstrates that any potential environmental impacts would be substantially more severe than previously demonstrated; and

WHEREAS, none of the circumstances necessitating further environmental review under CEQA Guidelines Section 15162 are present, since the predevelopment loan does not affect the development envelope previously reviewed in the EIR, is not a change in the project that involves any new significant effects or a substantial increase in the severity of previously identified significant effects of under which the project is undertaken have not occurred that will involve new significant environmental effects of a substantial increase in the severity of previously identified significant effects, and no new information has come to light that would involve new or substantially more severe effects of feasible alternatives or mitigation measures; now, therefore, be it

RESOLVED: That the City Council hereby authorizes an unsecured predevelopment loan in the amount of $360,000 to MidPen Housing Corporation, or to an affiliated entity or entities approved by the City Administrator or his or her designee, to support predevelopment work associated with the development of 465 units of affordable housing at Brooklyn Basin; and be it

FURTHER RESOLVED: That the funding for this loan shall be allocated from the 2011

Affordable Housing Set-Aside Bond Fund (Fund 1885, Org 89929, Project L439410); and be it

FURTHER RESOLVED: That the loan shall be contingent on the availability of sufficient funds in the 2011 Affordable Housing Set-Aside Bond Fund; and be it

FURTHER RESOLVED: That the predevelopment loan shall be for a maximum term of 24 months (with a six month extension available at the City Administrator's discretion), with an interest rate to be determined by the City Administrator in his or her discretion, with the balance due at the end of the term, or on such other repayment terms and schedule as the City Administrator or his or her designee determines are in the best interests of the City and the project; and be it

FURTHER RESOLVED: That the City Administrator is hereby authorized to negotiate and execute loan documents for the predevelopment loan and take whatever other action is necessary with respect to the loan consistent with this Resolution and its basic purposes; and be it

FURTHER RESOLVED: That the City Council, having independently heard, considered and weighed all the evidence in the record, hereby finds that, in accordance with CEQA Guidelines Section 15162, none of the circumstances requiring preparation of a subsequent or supplemental EIR are present for this action.

IN COUNCIL, OAKLAND, CALIFORNIA, ______________________

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID, AND PRESIDENT GIBSON MCELHANEY

NOES -

ABSENT -

ABSTENTION -

ATTEST:______________________
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California