



AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Ashleigh Kanat
Director, Economic and
Workforce Development
Department

SUBJECT: East 12th Street Remainder Parcel 2
LDDA & Ground Lease

DATE: January 7, 2025

City Administrator Approval


Jestin Johnson (Jan 16, 2025 22:12 PST)

Date: Jan 16, 2025

RECOMMENDATION

Staff Recommends That The City Council Adopt An Ordinance:

(1) Authorizing The City Administrator To Negotiate And Execute A Lease Disposition And Development Agreement Between The City Of Oakland (City) And Satellite Affordable Housing Associates Or Its Affiliate (Developer), For Development Of 94 Units Of Affordable Housing On A Portion Of The 12th Street Remainder (Parcel 2), Located At East 12th Street And 2nd Avenue, With A Term Of Three Years With A One-Year Extension;

(2) Authorizing The City Administrator To Negotiate And Execute A 99-Year Ground Lease Between The City And Developer With \$1 Per Year Base Rent Plus Rent Based On The Appraised \$3,760,000 Fair Market Value Of Parcel 2;

(3) Making A Surplus Land Act Exemption Determination; And

(4) Adopting California Environmental Quality Act Findings

EXECUTIVE SUMMARY

The proposed ordinance would authorize the City Administrator to negotiate and execute a Lease Disposition and Development Agreement (LDDA) and a long-term ground lease (Lease) with Satellite Affordable Housing Associates (SAHA), or its affiliate, to build 94 units of affordable housing and one unrestricted manager's unit on a portion of the city-owned E. 12th Street property. This step is critical to advancing the City's affordable housing goals and securing the funding needed to move the project toward construction.

The 0.925-acre parcel located near East 12th Street and Lake Merritt is one of two parcels on the property and is known as Parcel 2. The City Council previously approved an affordable housing project on Parcel 1, which is now under construction. The parcels were created through

Measure DD-funded improvements and have been prioritized by the City for affordable housing development.

SAHA's project on Parcel 2 (the Project or the Parcel 2 Project) will provide deeply affordable housing, with units reserved for households earning between 50% and 80% of Alameda County's Area Median Income (AMI). SAHA's proposed project complies with the State Surplus Land Act (SLA) and demonstrates the City's commitment to addressing housing affordability.

Key terms of the LDDA and Lease include a \$99 nominal rent prepayment for a 99-year term (\$1 per year), with additional rent based the \$3,760,000 Fair Market Value of Parcel 2. The terms of the LDDA and Lease are attached to this report (see **Attachments A & B**). SAHA will bear all project-related costs and, in coordination with the developer of Parcel 1, maintain an adjacent open space.

BACKGROUND / LEGISLATIVE HISTORY

A. Property Location and Ownership History

The Property, which is 40,293 square feet (0.925 acre) and vacant, was previously a public right-of-way and was created in 2011 as a result of the reconfiguration of 12th Street that was part of the City's Lake Merritt Park Improvement/12th Street Reconstruction Project funded by Measure DD. The Property is currently owned by the City.

The Property is bounded by East 12th Street on the east, by Second Avenue and Oakland Unified School District (OUSD)-owned property on the south, open space to the west, and by Lake Merritt Boulevard to the north.

The Oakland Redevelopment Agency (Agency) acquired the Property from the City on June 16, 2011, for the purpose of developing the site. In January 2012, all redevelopment agencies in the State of California were dissolved, and the Oakland Redevelopment Successor Agency (ORSA) became the Successor Agency to the Agency. In February of 2012, with the dissolution of the Agency, the Property was transferred to ORSA. On April 7, 2014, ORSA transferred ownership of the Property back to the City pursuant to a directive from the California State Controller.

B. Development Agreements for Parcel 1 and Parcel 2

On July 14, 2015, pursuant to the SLA, the City issued a Notice of Availability (NOA) for the Property, emphasizing proposals that included at least 25% below-market-rate (BMR) units, maximized the total number of units, and enhanced community benefits. A team comprised of a market-rate developer and the East Bay Asian Local Development Corporation (EBALDC) was selected to develop a 360-unit project. The proposed project included a market-rate tower with 252 market-rate units, 18 moderate-income units, and a mid-rise affordable housing building with 91 units designated for extremely low- and low-income households. While EBALDC secured financing for the affordable component by 2020, the market-rate developer was unable to obtain funding for the tower, preventing the integrated project from moving forward. EBALDC then proposed a standalone, 100% affordable

housing development and submitted revised plans to the City. On July 19, 2022, pursuant to [Resolution No. 89333 C.M.S.](#), the Council authorized an Exclusive Negotiation Agreement (ENA) with an affiliate of EBALDC for affordable housing on Parcel 1.

Subsequently, on January 31, 2023, Council adopted [Ordinance No. 13724 C.M.S.](#), authorizing the execution of a Ground Lease and LDDA with an affiliated entity of EBALDC, together with The Unity Council and Jordan Real Estate Investments, East 12th Street Housing, L.P., (collectively, Parcel 1 Developer) as developer of Parcel 1. The LDDA and Ground Lease were executed on February 1, 2023 and March 19, 2024, respectively, and the project is now under construction.

For the adjacent portion of the property, known as Parcel 2, staff initiated a solicitation process pursuant to [Resolution No. 89334 C.M.S.](#), directing the City Administrator to seek a proposal from SAHA to develop a 100% affordable housing project. SAHA submitted a project proposal, which was reviewed by staff to ensure alignment with the City's affordable housing goals and SLA requirements. Pursuant to [Resolution No. 89715 C.M.S.](#), the City Council authorized an ENA with SAHA, and on May 16, 2023, the City and SAHA executed the ENA.

SAHA has now met all required performance milestones under the ENA. These milestones include receiving all entitlements from the City's Planning and Building Department under the State's Senate Bill 35/SB 423 streamlined ministerial review process for affordable housing projects and successfully negotiating terms for a potential LDDA and Ground Lease for Parcel 2.

Therefore, staff is now seeking City Council authorization to negotiate and enter into an LDDA and Ground Lease with Developer for Parcel 2.

ANALYSIS AND POLICY ALTERNATIVES

This 100% affordable housing project will directly address Oakland's critical housing shortage, promote equity, and revitalize the neighborhood. Approval of the LDDA and Ground Lease will advance the Citywide priority of **housing, economic, and cultural security** by providing 94 units of affordable housing.

A. Project Overview

SAHA is proposing an eight-story, 95-unit residential development as the Project on Parcel 2, consistent with the SLA to be developed by SAHA or its affiliate (Developer). Key aspects of the Project include:

- 100% of Parcel 2 will be used for the development of housing affordable to lower-income households.
- Of the 95 units, 51 units (approximately 54%) will be affordable to households earning between 30% and 50% of Alameda County's Area Median Income (AMI); 43 units (approximately 45%) will be affordable to households earning between 50% and 80% of AMI; and there will be one unrestricted manager's unit. This exceeds the SLA's minimum requirement of 25% affordability for low-income households.

- All dwelling units will be restricted by a regulatory agreement (Regulatory Agreement) to remain affordable for 55 years. This agreement will be recorded on the land, with provisions binding upon any successors to the ground lease or LDDA. Execution and recordation of the Regulatory Agreement will be a condition to convey the Ground Lease and will occur at the time of financial closing.

As shown in **Table 1**, 94 of the residential units will be reserved for households earning between 30% and 80% of AMI, with one unrestricted manager’s unit. The unit mix and affordability levels will be documented through the City’s Regulatory Agreement template used for affordable housing projects.

Table 1: East 12th St. Parcel 2 Project – Projected Unit Count by Type and Affordability

Unit Type	Up to 30% AMI	Up to 50% AMI	Up to 60% AMI	Unrestricted Manager’s Unit	Number of Units
Studio	17	4			21
One-Bedroom	10		10		20
Two-Bedroom	6	3	18		27
Three-Bedroom	5	6	15	1	27
Total Units	38	13	43	1	95

B. LDDA and Ground Lease Terms

The LDDA and Ground Lease for the Project includes the following key terms:

- **LDDA Term Length and Extension Options:** The LDDA has a three-year term with a one-year administrative extension option at the developer’s discretion, provided there are no defaults.
- **Parcel 2 Ground Lease Rent Payment:** The fair market value (FMV) of the Project site is \$3,760,000, with an annual fair market rent of \$225,600. Under the Ground Lease, rent will consist of a nominal amount of \$1 per year, prepaid for the 99-year lease term, totaling \$99. The Ground Lease will also require an Additional Rent payment, providing the Developer the option to structure the payment in one of two ways:

Option 1: Annual rent payments of \$225,600, contingent on available cash flow. Any unpaid amounts will accrue annually with 3% interest.

Option 2: Annual debt service payments on a \$3,760,000 Ground Rent Loan provided by the City. This loan has a 55-year term and accrues simple interest at a rate of 3%.

Rent obligations tied to residual receipts will be prorated in alignment with other public lenders, as outlined in the California Uniform Multifamily Regulations.

- **Open Space Easement and Maintenance Requirements:** The City will grant a non-exclusive easement to the Developer over the adjacent City-owned public open space. Maintenance responsibilities for the open space will be shared between the Developer and Parcel 1 Developer, as outlined in the Open Space Maintenance Agreement.

Any alternative lease payment terms arising from funding source requirements may require additional City Council approval.

C. Project Developer

SAHA, originally founded in Oakland in 1966, has developed more than 70 affordable housing projects serving seniors, families, and special needs groups throughout the Bay Area. In Oakland specifically, SAHA developed 26 affordable housing projects, providing 1,509 units of affordable housing.

FISCAL IMPACT

As described above, Developer will make a one-time prepayment of \$99, based on \$1.00 per year for the 99-year lease term. In addition, rent payments will be structured as either:

- A Ground Rent Loan payment based on the \$3,760,000 FMV of Parcel 2, to be paid from the project's residual receipts on a pro-rata basis with other public lenders providing financial assistance. The Ground Rent Loan will have a 55-year term starting from permanent loan conversion and will carry a simple annual interest rate of three percent (3%), or
- Annual fair market Ground Rent payments of \$225,600, to be paid to the extent annual cash flow is available. Any amount that cannot be made from annual cash flow will accrue from year to year with interest at three percent (3%).

Rent payments from the Project will be restricted to the Central District Project Area and accepted and appropriated into the City Entity (1), Central District Tax Allocation Bond Series 2006T Fund (5614), Central District Redevelopment Organization (85245), Land Rental: Misc. Account (44219), Downtown Redevelopment Program (SC13), in a new Project to be established.

Developer will bear sole responsibility for all costs associated with developing the Project for approval, including consultant fees, permitting fees, legal fees, financing expenses, and other related costs. Additionally, Developer and Parcel 1 Developer will oversee the maintenance of the unimproved remaining open space portion of the property.

PUBLIC OUTREACH / INTEREST

Since early 2023, SAHA has partnered with Eastlake United for Justice (EUJ), a local community organization, and engaged stakeholders, including adjacent residents, local businesses, schools such as Dewey Academy and Laney College. Key activities include a community picnic and vision session at Lake Merritt in collaboration with EUJ on April 16, 2023, tabling at the Oakland Commission on Aging's senior resource event in May 2023, and launching a project information website in October 2023 to provide ongoing updates.

SAHA's outreach have included hosting design workshops and community meetings to discuss design concepts, construction plans, and address community concerns. Their efforts have prioritized inclusivity by overcoming barriers like language and accessibility while ensuring stakeholder input is integrated into the Project. Accomplishments include gathering community feedback via online and in-person surveys, fostering leadership through workshops, and maintaining regular communication with organizations such as EUJ and local academic institutions.

COORDINATION

The Economic and Workforce Development Department coordinated on this agenda item with the City Administrator's Office, the Housing and Community Development Department, the Planning and Building Department, the Office of the City Attorney, and the Budget Bureau.

SUSTAINABLE OPPORTUNITIES

Economic: SAHA's proposed Project will transform vacant underutilized land into a residential development that will provide much-needed affordable housing units and further stimulus to the local economy. Development of Parcel 2 is expected to generate construction jobs and permanent jobs.

Environmental: Development of Parcel 2 is expected to maximize the potential use of Parcel 2 while being environmentally sensitive with its design, use of materials and operations. The proposed development is near multiple transportation options, which will encourage residents to use BART and AC Transit and reduce automobile reliance, decreasing the use of fossil fuels and resulting greenhouse gas emissions.

Race & Equity: The Project will provide 94 units of deeply affordable housing for low-income residents, who are disproportionately people of color nationally and in the Bay Area. The project additionally will bring investment to an underserved neighborhood, reducing blight through a high-quality development and providing open space.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

The City Council hereby finds and determines, on a separate and independent basis, (1) that pursuant to Government Code Section 65651(b)(2), the City's review and approval of the Parcel 2 Project, which consists of affordable housing, shall not constitute a "project" for purposes of

the California Environmental Quality Act (CEQA) (Section 21000 et seq. of the Public Resources Code) and therefore shall not be subject to CEQA review, and (2) that the anticipated environmental effects of the Parcel 2 Project have been adequately evaluated by the Lake Merritt Station Area Plan Final Environmental Impact Report (Final EIR) (certified November 2014); the Parcel 2 Project is consistent with a Community Plan, General Plan or Zoning under Section 15183 of the State CEQA Guidelines (Projects consistent with a Community Plan, General Plan or Zoning); and the Parcel 2 Project complies with Section 15183.3 of the State CEQA Guidelines (Streamlining for Infill Projects); further, the Parcel 2 Project is exempt from CEQA under the following Sections of the State CEQA Guidelines: Section 15601(b)(3) (Common Sense Exemption), Section 15268 (Ministerial Projects), and Section 15332 (In-Fill Development Projects).

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt An Ordinance:

- (1) Authorizing The City Administrator To Negotiate And Execute A Lease Disposition And Development Agreement Between The City Of Oakland (City) And Satellite Affordable Housing Associates Or Its Affiliate (Developer), For Development Of 94 Units Of Affordable Housing On A Portion Of The 12th Street Remainder ("Parcel 2), Located At East 12th Street And 2nd Avenue, With A Term Of Three Years With A One-Year Extension;
- (2) Authorizing The City Administrator To Negotiate And Execute A 99-Year Ground Lease Between The City And Developer With \$1 Per Year Base Rent Plus Rent Based On The Appraised \$3,760,000 Fair Market Value Of Parcel 2;
- (3) Making A Surplus Land Act Exemption Determination; And
- (4) Adopting California Environmental Quality Act Findings.

For questions regarding this report, please contact Brandon Wolinsky, Urban Economic Analyst IV, at 510-238-3250.

Respectfully submitted,

Ashleigh Kanat

[Ashleigh Kanat \(Jan 15, 2025 15:25 PST\)](#)

ASHLEIGH KANAT
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Attachments (2):

Attachment A: LDDA Term Sheet Portion of 12th Street Remainder (Parcel 2)

Attachment B: Ground Lease Term Sheet Portion of 12th Street Remainder (Parcel 2)

LDDA TERM SHEET
PORTION OF 12TH STREET REMAINDER (PARCEL 2)

October 25, 2024

This term sheet shall serve as the basis for the negotiation of a detailed final Lease Disposition and Development Agreement (“**LDDA**”), between the City of Oakland, a municipal corporation (the “**City**”), and Satellite Affordable Housing Associates, a California nonprofit public benefit corporation, or its affiliate (“**Developer**”). City and Developer shall be referred to herein sometimes as the “**Parties**”, and each individually a “**Party**.” The terms hereof are not binding on the Parties until Developer and City, pursuant to City Council authorization, have executed a mutually acceptable LDDA for the proposed project. The Final LDDA may include terms that differ from, or are in addition to, the terms set forth in this term sheet.

1	OWNER	City
2	DEVELOPER	Satellite Affordable Housing Associates, a California nonprofit public benefit corporation (“ SAHA ”) or its affiliate.
3	PROPERTY	The City owns approximately 0.925 acres of property bounded by East 12th Street on the east, Second Avenue and property owned by the Oakland Unified School District on the south, open space to the west, and Lake Merritt Boulevard to the north, as more particularly described on <u>Exhibit A</u> attached hereto (the “ Property ”). A portion of the Property comprised of approximately 0.45 acres, is ground leased by East 12 th Street Housing, L.P., a California limited partnership (“ Parcel 1 Developer ”), which created an air rights parcel as more particularly described on <u>Exhibit B</u> attached hereto (“ Parcel 1 ”). The balance of the City-owned Property will be ground leased by the Developer, which will create an air rights parcel as more particularly described on <u>Exhibit C</u> attached hereto (“ Parcel 2 ”).
4	PROJECT DESCRIPTION	The “ Project ” is an eight-story building consisting of (a) ninety-four (94) units of affordable housing currently comprised of twenty-one (21) studios, nineteen (19) one-bedroom units, twenty-seven (27) two-bedroom units, and twenty-seven (27) three-bedroom dwelling units, and (b) one (1) three-bedroom, unrestricted manager’s unit. Approximately twenty-nine (29) of the affordable housing units will be for households with incomes between fifty percent (50%) and no more than eighty percent (80%) of County of Alameda Area

		Median Income (“ AMI ”) and approximately sixty-five (65) of the affordable housing units will be for households with incomes between thirty percent (30%) and fifty percent (50%) AMI. The Project may also include up to four (4) parking spaces.
5	OUTSIDE CLOSING DATE; EXTENSION	The “ Outside Closing Date ” will be three (3) years after the Effective Date of the LDDA. At Developer’s sole discretion, subject to there being no default, Developer may extend the LDDA by up to one (1) additional year (“ Extension ”), which shall be exercisable no earlier than one hundred twenty (120) days and no later than thirty (30) days prior to the then existing Outside Closing Date.
6	RIGHT OF ACCESS	Developer shall have the right to enter Parcel 2 prior to the commencement of the term of the Ground Lease (as defined below) to conduct investigations and testing at Developer’s cost and pursuant to the LDDA, or if the LDDA has not yet been executed, pursuant to that certain Exclusive Negotiation Agreement by and between City and Developer dated as of May 16, 2023 (as amended or extended, the “ ENA ”). Developer shall give at least five (5) business days’ advanced written notice to the City prior to entering Parcel 2. Developer shall have the right to access Parcel 2 for purposes of completing Developer’s due diligence work, subject to providing City with indemnity, insurance and other terms set forth in the LDDA, or if applicable, the ENA. (NOTE: if entering upon Parcel 2 prior to the execution of the LDDA a license or professional services agreement may be required if extensive testing is warranted). Notwithstanding the prior sentence, Developer shall not perform any invasive testing without the prior written consent of City, which shall not be unreasonably withheld, conditioned or delayed, and which City acknowledges may be required by Developer’s lenders and/or investor(s).
7	ENVIRONMENTAL INVESTIGATION	The Developer may, at its sole cost and expense, engage its own environmental consultant to make such environmental site assessments or investigations of Parcel 2 with respect to possible contamination by hazardous materials as the Developer deems necessary, including conducting any “Phase I” and/or “Phase II” investigations of Parcel 2. Notwithstanding Section 6 above, Developer shall conduct any such environmental investigations as follows:

		<p>a) Developer shall provide advanced notice of any Phase I surveys or inspections of Parcel 2.</p> <p>b) Developer may not conduct any Phase II investigations unless the City’s environmental specialist has reviewed and approved Developer’s proposed work plan. The City shall review and approve a proposed work plan within ten (10) business days, subject to any longer period required for review of additional information that may be requested by the City’s environmental specialist from the Developer and/or its consultant(s) in connection with his or her review.</p> <p>c) Developer shall promptly deliver to the City a copy of all reports and assessments provided by the Developer’s consultants.</p> <p>d) Developer, its consultants and agents shall neither contact any agency having jurisdiction as to environmental matters over the Property, including Parcel 2, concerning the environmental reports and assessments performed nor provide such reports or assessments to such agency without the prior written consent of the City’s Environmental Protection and Compliance department. Violation of this provision shall constitute a material breach of the LDDA.</p> <p>e) The Developer shall use its commercially reasonable efforts, and at its sole cost and expense, to cause its environmental consultants to agree that the City may rely on the contents of such reports and assessments through reliance letters.</p>
8	PRE-CONVEYANCE REQUIREMENTS	As conditions precedent to the conveyance of the leasehold interest in Parcel 2 to the Developer through the ground lease (the “ Ground Lease ”), all of the following conditions must first be met by the date indicated for each condition in the schedule of performance (the “ Schedule ”) attached hereto as <u>Exhibit D</u> . The LDDA may contain provisions to extend certain dates by mutual agreement by the Developer and the City Administrator; provided, however, that except for the Extension, only the City Council, in its sole and absolute discretion, may extend the Outside Closing Date and the Completion of Construction date on behalf of the City.
	8.1 Financial Plan	No later than the date set forth in the Schedule, the Developer shall have submitted to the City for its review and obtained the

		<p>City’s approval of the following, which together will be referred to as the “Financial Plan”:</p> <ul style="list-style-type: none"> • A detailed cost breakdown of construction of the Project (the “Project Development Budget”) containing an itemized construction budget for the Project, showing all construction related and non-construction related costs, including reasonable contingencies, and the funding sources of payment for each item. • A 30-year cash flow projection for the Project. • A copy of letters of commitment for construction financing and permanent financing from reputable institutional lenders, grant funding, equity contributions, tax credit allocations, and other financing from external sources (including proposed joint ventures and Partnerships (as defined below)) as necessary to finance development of the entire Project. • A certified financial statement or other financial statement in such form reasonably satisfactory to the City, evidencing other sources of capital, sufficient to demonstrate that the Developer has adequate funds available and is committing such funds to cover the difference, if any, between the Developer's costs of development and construction and the amount available to Developer from external financing sources. • Any other evidence reasonably requested by the City demonstrating the economic and financial feasibility of the Project.
	<p>8.2 Financing and Financing Documents</p>	<p><u>Financing.</u> The Developer shall be permitted to grant a security interest in its rights and beneficial interests under the LDDA and/or the Ground Lease in favor of a single lender or a group of public and private, institutional lenders solely in connection with financing of the Project.</p> <p>The Schedule shall allow time for Developer to use its best efforts to obtain competitive or other affordable housing financing (including, without limitation, state housing subsidy programs, Low Income Housing Tax Credits (LIHTCs), local</p>

		<p>subsidies) for a period of up to three (3) years from the Effective Date of the LDDA, subject to Force Majeure, which shall in no event exceed in the aggregate twelve (12) months.</p> <p>“Force Majeure” shall mean delays or defaults that are due to war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; pandemics (except COVID-19 and its variants, which is a known and foreseeable condition), governmental orders that require closure of the premises, or epidemics. If a delay is caused by COVID-19 or its variants, Developer shall provide written notice to the City of the specific delay and the specific cause, and the City and Developer shall meet and confer in good faith to mutually agree to an extension related to the particular delay on a case-by-case basis.</p> <p><u>Financing Documents.</u> Not later than the date set forth on the Schedule, Developer shall have submitted to the City for its review and obtained the City’s approval of a draft of the form of all documents to be used for financing construction of the Project pursuant to the approved Financial Plan (the “Financing Documents”). Prior to closing of the financing, the Developer shall submit to the City the final Financing Documents for the City’s review and approval. The full execution of the Financing Documents and the closing of all construction financing for the Project shall be a concurrent condition to entering into the Ground Lease of Parcel 2 with the Developer.</p>
	8.3 Schematic Design	<p>By no later than the date set forth on the Schedule, Developer shall have submitted to the City for its review and obtained the City’s approval, in its proprietary capacity, of the Schematic Design Plans for the Project. The term “Schematic Design Plans” means schematic drawings, exterior elevations, site plans, floor plans and a garage layout, unit plans (including square footage), a landscaping plan, schematic plans for street and sidewalk improvements, and a sample materials board.</p>

	8.4 Design Development Plans	By no later than the deadline set forth in the Schedule, Developer shall have submitted to the City for its review and obtained the City’s approval, in its proprietary capacity, of the Design Development Plans for construction of the Project in electronic form. Approval shall not be unreasonably withheld. The term “ Design Development Plans ” means drawings, outline specifications and other documents based on the Schematic Design Plans that fix and describe the size and character of the Project as to architectural and basic structural systems, materials and other elements as appropriate.
	8.5 Public Improvements	The Project may include a number of Public Improvements as required by conditions of approval, and any such Public Improvements will be subject to the review and approval by the City in its proprietary capacity and by the appropriate City departments as part of standard review and permitting processes. For purposes of this subparagraph, the term “ Public Improvements ” shall include, without limitation, such matters and improvements as: (a) any permanent closure or rerouting of any existing public streets or sidewalks; (b) any traffic signals that may need to be replaced or installed; (c) any street lights that may need to be replaced or installed; (d) any relocation of existing utilities and easements to the extent required under planning and building approvals for the Project; and (e) any act that may be required to be performed as a mitigation measure under any environmental document for the Project or as a condition to the issuance of any governmental permit for the Project and any other improvement currently anticipated to be required to develop the Project.
	8.6 Final Construction Plans	By no later than the date set forth on the Schedule, Developer shall have submitted to the City Building Department for its review and obtained the City’s approval of the Final Construction Plans for construction of the Project. Developer shall also submit the Final Construction Plans to the City for its review in its proprietary capacity. The term “ Final Construction Plans ” means all construction documentation upon which a Developer and Developer's general building contractor will rely on constructing the Project, and shall include, but not necessarily be limited to, final architectural drawings, landscaping plans and specifications, final elevations, building plans, final specifications, plans for street and sidewalk repairs or improvements, a detailed breakdown of the costs of construction for the Project. The Final Construction Plans shall be substantially consistent with the Schematic Design Plans and Design Development Plans approved by the City, in its proprietary capacity.

8.7 Green Building Requirements	<p>The Design Development Plans and Final Construction Plans shall demonstrate how principles of environmental sustainability will be incorporated to meet the applicable requirements of the City’s Green Building Ordinance (Ordinance No. 13040 C.M.S.), as set forth in Chapter 18.02 of the Oakland Municipal Code (Sustainable Green Building Requirements for Private Development) for residential construction development or applicable building use, as determined by the City. The Developer and its design consultants shall work with applicable City staff to develop appropriate and economically feasible sustainable building goals and strategies using the City’s Sustainable Building Guide and Project Management Tool. Principles of environmental sustainability, including substantial use of such green building techniques as energy-conserving design and appliances, water-conserving fixtures, design of surface parking areas with bio-retention, bio-swales, and storm water filtration features, low-maintenance landscaping, recycled-content building materials and low waste construction techniques, shall be incorporated into the Design Development Plans and Final Construction Plans for the Project.</p>
8.8 Construction Contract	<p>Developer shall enter into a contract or contracts for the construction of the Project with a licensed and reputable general building contractor (“General Contractor”) meeting the employment and contracting obligations contained herein (the “Construction Contract”). In no event shall a Developer contract with any party which has been debarred or suspended by HUD under 24 CFR Part 24. The Construction Contract shall provide for the Project to be constructed for a fixed and specified guaranteed maximum amount pursuant to the approved Final Construction Plans. In addition, the Construction Contract shall require the General Contractor to communicate with neighboring property owners/users, including the Oakland Unified School District (collectively, “Neighbors”), and to manage construction-related noise, emissions, dust and other construction matters that will impact the Neighbors during construction.</p> <p>No later than the date set forth on the Schedule, Developer shall have submitted to the City for its review and obtained the City’s approval of a draft of the form Construction Contract. Not later than the date set forth for this action in the Schedule, the Developer shall have submitted a draft of the final Construction Contract for the Project to the City for its review</p>

		<p>and obtained the City’s approval prior to execution to determine that the cost of the development of the Project has been clearly fixed and determined, that no material changes to the Project will be made without the prior written consent of the City to the extent required under the LDDA, and that the City’s employment and contracting requirements as set forth in the LDDA will be met, and that all of the terms and conditions required to be included in the construction contract by funding sources for the Project have been included. The Developer shall also submit, prior to or together with the final Construction Contract, a detailed cost breakdown budget for Project construction and development, a construction schedule, and a construction cash flow (draw-down) projection to the City for its review and approval.</p>
	<p>8.9 Performance and Payment Bonds</p>	<p>Prior to the close of Escrow, Developer shall obtain a labor and materials payment bond in the amount not less than 100% of the cost of construction of the Project pursuant to the Construction Contract to be executed by Developer. Developer shall obtain a performance bond in an amount not less than 100% of the cost of construction of the Project pursuant to the Construction Contract to be executed by Developer.</p> <p>The performance bond and labor and materials payment bonds shall be issued by a licensed surety, shall name the City as co-obligee or assignee, and shall be in a form reasonably satisfactory to the City.</p>
	<p>8.10 Governmental Approvals</p>	<p>To the extent not already obtained, Developer shall, not later than the date specified in the Schedule, apply for all permits, land use entitlements, subdivision map approvals, plan and other required governmental regulatory approvals allowing any subdivision of Parcel 2, if so proposed, and construction and development of the Project to completion (together, the “Governmental Approvals”). Developer shall also complete environmental review pursuant to CEQA and NEPA, if necessary, and incorporate any mitigation measures identified in the environmental review process and required to be included in the plans for Project development and operations. The Developer shall give the City ten (10) days’ prior notice of any hearings regarding matters described in the LDDA, or if the Developer shall receive less notice a reasonable amount of advance notice to enable the City to elect to attend such hearings.</p> <p>Developer acknowledges and agrees that receipt of all Governmental Approvals necessary to commence construction of the Project is a precondition to entering into the Ground Lease of Parcel 2 with the Developer.</p>

	8.11 Parcel 2 Management Contract	Prior to close of Escrow, the Developer shall have submitted to the City for its review and have obtained the City’s approval of the draft contract or contracts with the selected property management company for management of the Project once developed (the “ Parcel 2 Management Contract ”). SAHA is an approved property management company.
	8.12 Review and Approval of Developer Submissions	<p>If any Developer submission that is <u>complete and timely submitted</u>, is reasonably satisfactory to the City (in its proprietary capacity), then within fifteen (15) City Business Days of receipt by the City’s project manager (the “City Response Date”), the City shall, in its proprietary capacity, approve in writing that Developer submission, and no further filings by the Developer or approval by the City thereof shall be required for that Developer Submission, except for any subsequent Material Change in the contents of the Developer Submission. Notwithstanding the foregoing, the City may approve those portions of a Developer submission that are reasonably satisfactory and reject those portions that are not. The City may also approve all or a portion of a Developer submission subject to conditions requiring further submissions for City review and reasonable approval.</p> <p>City shall provide written notice of its approval or disapproval of any Developer submission (each, a “City Notice”) on or prior to the City Response Date, and in the event of disapproval or conditional approval shall include in any City Notice the specific basis and reasons for the City’s disapproval or conditional approval and changes that would make the Developer Submission or applicable portion thereof acceptable to City (in each case, “City Conditions”).</p> <p>If City fails to deliver the City Notice, then Developer shall provide a second written request for a response to the applicable Developer Submission, and the City shall have ten (10) City Business Days from receipt of the subsequent written request to provide the City Notice. Failure by City to meet the City Response Date or the additional ten (10) City Business Day period shall not constitute a default by City under this Agreement, and in such event, the subject Developer submission shall be automatically deemed disapproved.</p>
	8.13 Environmental Remediation; Environmental Liability	Developer shall, at its sole cost and expense, and as the responsible party, upon its execution of the Ground Lease and commencement of construction of the Project, perform the remediation necessary and required to address all environmental concerns relating to Parcel 2. Developer shall submit to the City and shall have obtained the written approval of the City’s Environmental Protection and Compliance department in accordance with Section 6 above, of the scope of its remediation

		<p>prior to commencing the remediation work. The City shall have the right to inspect the remediation work from commencement through completion.</p> <p>Developer shall indemnify, defend, and hold the Indemnified Parties harmless from and against any liability arising out of a violation of any Environmental Law by Developer during the term of the Ground Lease, any Release directly caused by the activities of Developer during the term of the Ground Lease, and any condition of pollution, contamination or Hazardous Substance-related nuisance on, under or emanating from Parcel 2, which is directly caused or exacerbated by the activities of Developer during the term of the Ground Lease.</p> <p>For purposes hereof, the following definitions shall apply:</p> <p>(i) “Hazardous Substance” shall have the meaning set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended as of the date of this Agreement, 42 U.S.C. 9601(14), and in addition shall include, without limitation, petroleum (including crude oil or any fraction thereof) and petroleum products, asbestos, asbestos-containing materials, polychlorinated biphenyls (“PCBs”), PCB-containing materials, all hazardous substances identified in the California Health & Safety Code Section 25316 and Section 25281(d), all chemicals listed pursuant to the California Health & Safety Code 25249.8, and any substance deemed a hazardous substance, hazardous material, hazardous waste, or contaminant under Environmental Law. The foregoing definition shall not include substances which occur naturally on the Site or commercially reasonable amounts of hazardous materials used in the ordinary course of construction and operation of a mixed use or residential development.</p> <p>(ii) “Environmental Law” shall include all federal, state and local laws, regulations and ordinances governing hazardous waste, wastewater discharges, drinking water, air emissions, and Hazardous Substance releases or reporting requirements.</p> <p>(iii) “Release” shall mean any spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment, including the abandonment or discharging of barrels, containers, and other closed receptacles containing any Hazardous Substance.</p>
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9	CONSTRUCTION OF THE PROJECT	
	9.1 Commencement of Construction	The Developer shall commence construction work on the Project no later than the date set forth in the Schedule.
	9.2 Construction Obligations	Construction of the Project shall be substantially in accordance with the Final Construction Plans approved by the City, without substantial deviation therefrom unless approved by the City in writing.
	9.3 Disabled Access	The Developer shall develop the Project in compliance with all applicable federal, state, and local requirements for access for disabled persons, including, without limitation and as applicable, Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. section 794).
	9.4 Lead-based Paint	The Developer and its contractors and subcontractors shall not use lead-based paint in the construction of the Project or maintenance of Project units. The Developer shall insert this provision in all contracts and subcontracts for work performed on the Project which involves the application of paint.
	9.5 Quality of Work	The Developer shall construct the Project in conformance with general industry standards and shall employ building materials of a quality suitable for the requirements of the Project. The Developer shall develop the Project in full conformance with applicable local, state, and federal statutes, regulations, and building and zoning codes.
10	COMPLETION GUARANTY	Developer to provide City a Completion Guaranty as a condition to entering into the Ground Lease. The guarantor (“ Guarantor ”) must be a financially strong entity with significant assets or capital sufficient to complete the Project, pursuant to criteria set forth in the LDDA and acceptable to the City in its sole and absolute discretion. The Guarantor shall guaranty completion of the Project in accordance with the terms of the LDDA.
11	REGULATORY AGREEMENT	Following completion of the Project, the use and operation of Parcel 2 and the improvements developed thereon shall be restricted according to the terms of the Ground Lease and the Regulatory Agreement, which shall contain income and rent restrictions for tenants for a term of not less than fifty-five (55) years from the date that fifty percent (50%) of the units have received a certificate of occupancy.
12	DEFAULT	The LDDA will include City’s standard remedies including, without limitation, the right to terminate the transaction upon Developer’s default, subject to standard notice and cure provisions permitting cure rights for Developer and the Project lenders and investor.

13	INDEMNIFICATION AND INSURANCE	The LDDA and Ground Lease will require Developer to indemnify, defend, and hold the City and its elected and appointed officials, employees, officers, commissioners, directors, partners and agents harmless from and against any liability directly or indirectly arising or resulting from Developer’s development, operation, and/or management of the Project, including, without limitation, liability arising as a result of property damage, personal injury, or violation of state, federal, or local laws.
14	DEVELOPER MAINTENANCE/ STANDARD OF PROPERTY	Following Project completion, Developer shall maintain Parcel 2 and the Project in compliance with applicable law and in good condition and repair to the reasonable satisfaction of the City. The Developer shall ensure that Parcel 2 does not violate the City’s Blight Ordinance.
15	PERMITTED TRANSFERS	Prior to Project completion, the Developer shall not have the right to assign or transfer all or any portion of its rights and obligations under the LDDA, other than an assignment to, and assumption of, the LDDA by a limited partnership of which the Developer (or another entity affiliated with and controlled by SAHA) has a controlling interest. For purposes of clarity the admittance of a co-general partner into the Developer shall not be deemed a transfer (and shall not require the City’s consent) so long as a SAHA-controlled entity remains the general partner with the controlling general partner interest of the Developer.
16	OFF-SITE IMPROVEMENTS	Developer shall be responsible for the cost of any and all off-site improvements and any relocation of existing utilities and easements to the extent required under planning and building approvals for the Project.
17	TRANSPORTATION IMPACT FEE	Developer shall pay any and all permit and regulatory fees, including, but not limited to, the City’s Transportation Impact Fee (“ TIF ”), which applies to the Project pursuant to City Ordinance OMC Chapter 15.74, Transportation Impact Fees.
18	CITY EMPLOYMENT & CONTRACTING REQUIREMENTS AND COMMUNITY BENEFITS	Developer shall abide by all applicable City employment and contracting requirements, including, but not limited to, the following: the provisions of City’s Local and Small Local Business Enterprise Program; Local Employment Program; Required Prevailing Wages; Living Wage Ordinance; Employment Nondiscrimination; and Reporting Requirements of the City of Oakland. Developer has committed to enter into a Project Labor Agreement for the Project.

19	CITY OPEN SPACE	<p>The City and Parcel 1 Developer as the tenant of a ground lease of Parcel 1 (“Parcel 1 Tenant”) entered into that certain Open Space Maintenance Agreement (12th Street Remainder Parcel 1 Project) dated as of March 19, 2024 for maintenance of the approximately 39,663 square foot, City-owned open space (“City Open Space”) adjacent to the Property recorded in the Official Records of Alameda County on May 19, 2024 as Instrument No. 2024037761 (the “Open Space Maintenance Easement”). The City will also grant a nonexclusive easement to the tenant under the Ground Lease (“Parcel 2 Tenant”) for the term of the Ground Lease over the City Open Space. Pursuant to the Open Space Maintenance Easement, the Parcel 1 Tenant and the Parcel 2 Tenant may enter into a Partial Assignment and Assumption Agreement (as defined therein) to share such maintenance and related costs with the Parcel 1 Tenant.</p>
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Exhibit A

Property Legal Description

The land referred to is situated in the County of Alameda, City of Oakland, State of California, and is described as follows;

Parcel 1, as shown on Parcel Map 10111, filed December 3, 2013, in Book 324 of Parcel Maps, Pages 44 through 46, Alameda County Records.

APN: 019-0027-014

Exhibit B

Legal Description of Parcel 1

The land referred to is situated in the City of Oakland, County of Alameda, State of California, and is described as follows:

Leasehold estate created by that certain lease, made by and between the City of Oakland, a municipal corporation, as lessor, and East 12th Street Housing, L.P., a California limited partnership, as lessee, for the term and upon the terms and conditions contained in said lease, the Ground Lease being recorded in Alameda County Records, in and to the following described as follows:

A portion of Parcel 1, as shown on Parcel Map 10111, filed December 3, 2013, in Book 324 of Parcel Maps, Pages 44 through 46, Alameda County Records, described as follows:

Beginning at the most easterly corner of Parcel 1, as shown on said Parcel Map No. 10111; thence South 49°11'01" West along the southeasterly line of said Parcel 1, a distance of 73.07 feet to the most southerly corner of said Parcel 1; thence North 61°51'18" West along the southwesterly line of said Parcel 1, a distance of 193.14 feet; thence North 49°09'54" East a distance of 142.35 feet to a point of intersection with the northeasterly line of said Parcel 1; thence South 40°50'06" East a distance of 180.31 feet to the point of beginning.

APN: Portion 019-0027-014

Exhibit C

Legal Description of Parcel 2

EXHIBIT "A"

**GROUND LEASE PARCEL EAST 12TH
STREET OAKLAND, CALIFORNIA**

ALL THAT CERTAIN REAL PROPERTY LYING IN THE CITY OF OAKLAND, COUNTY OF ALAMEDA AND STATE OF CALIFORNIA, BEING A PORTION OF PARCEL 1, AS SHOWN ON PARCEL MAP NO. 10111, AS FILED DECEMBER 3, 2013 IN BOOK 324 OF PARCEL MAPS, AT PAGES 44-46, ALAMEDA COUNTY RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST EASTERLY CORNER OF PARCEL 1, AS SHOWN OF SAID PARCEL MAP NO. 10111;

THENCE SOUTH 49°11'01" WEST ALONG THE SOUTHEASTERLY LINE OF SAID PARCEL 1, A DISTANCE OF 73.07 FEET TO THE MOST SOUTHERLY CORNER OF SAID PARCEL 1;

THENCE NORTH 61°51'18" WEST ALONG THE SOUTHWESTERLY LINE OF SAID PARCEL 1, A DISTANCE OF 193.14 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUE NORTH 61°51'18" WEST ALONG THE SOUTHWESTERLY LINE OF SAID PARCEL 1, A DISTANCE OF 133.61 FEET TO THE WESTERLY CORNER OF SAID PARCEL 1;

THENCE NORTH 49°11'01" EAST A DISTANCE OF 195.84 FEET TO AN INTERSECTION WITH THE ARC OF A CURVE, CONCAVE TO THE NORTHEAST, IN THE NORTHEASTERLY LINE OF SAID PARCEL 1;

THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, WHOSE CENTER BEARS NORTH 59°25'34" EAST FROM SAID POINT OF INTERSECTION, WITH RADIUS OF 348.06 FEET AND CENTRAL ANGLE OF 10°15'40", FOR AN ARC DISTANCE OF 62.33 FEET;

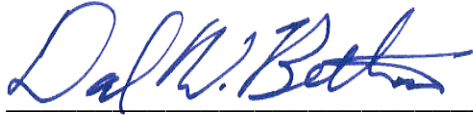
THENCE SOUTH 40°50'06" EAST ALONG THE NORTHEASTERLY LINE OF SAID PARCEL 1, A DISTANCE OF 62.65 FEET;

THENCE SOUTH 49°09'54" WEST A DISTANCE OF 142.35 FEET TO THE POINT OF BEGINNING.

CONTAINING 20,851 SQUARE FEET MORE OR LESS, OR 0.479 ACRE.

THE LAND DESCRIBED HEREON IS SHOWN ON THE ATTACHED PLAT, EXHIBIT "B", AND IS BY REFERENCE, MADE A PART THEREOF.

THIS LEGAL DESCRIPTION WAS PREPARED BY ME OR UNDER MY DIRECTION PURSUANT TO THE REQUIREMENTS OF THE PROFESSIONAL LAND SURVEYOR'S ACT.



DAVID W. BETHAM, PLS NO. 7047

OCTOBER 29, 2024





SCALE: 1"=50'

EAST 12th STREET (FORMERLY WASHINGTON STREET) (WIDTH VARIES, 94' WIDE THIS AREA)

FD. MON. 15 NW 6

N59°25'34"E
RADIAL

94.00'

$\Delta=10°15'40"$
 $R=348.06'$ $L=62.33'$

62.65' S40°50'06"E 242.96'
S40°50'06"E 180.31'

P.O.C.

N73°26'59"E 59.74'
TIE LINE

MONUMENT LINE
CENTERLINE

PARCEL I, PAR. MAP NO. 10111

**GROUND LEASE
PARCEL**
20,851± SQ. FT.

**AFFORDABLE
HOUSING PARCEL**
19,419± SQ. FT.

LANDS OF THE CITY OF OAKLAND
N49°11'01"E 195.84'

142.35'
S49°09'54"W

S49°11'01"W
73.07'

5.00'

29.55' 29.55'

2nd AVENUE
(FORMERLY ALAMEDA STREET)
(59.1' WIDE)

N49°11'01"E 364.18'

59.10'

FD. MON.

N49°11'01"E

133.61'

N61°51'18"W

P.O.B.

326.75'

N61°51'18"W

193.14'

LANDS OF THE OAKLAND
UNIFIED SCHOOL DISTRICT
REEL 145, IMAGE 360



David W. Betham

PLAT TO ACCOMPANY LEGAL DESCRIPTION

EXHIBIT "B"



BUILD ON.
SANDIS.NET

DATE: 10-29-24
SCALE: 1"=50'
DRAWN BY: DWB
APPROVED:
FILE NUMBER:
616055.D

GROUND LEASE PARCEL
EAST 12TH STREET
OAKLAND CALIFORNIA

SHEET

1

OF 1 SHEETS

616055-LD-PLAT-LEASE-REMAINDER.DWG

616055.B

Exhibit D

Schedule

Task	Days from Effective Date	Scheduled Completion Date	Date
Pre-conveyance Requirements			
1. Preliminary Financial Plan	1 year		
2. Final Financial Plan	21 months		
3. Financing Documents	23 months		
4. Schematic Designs	(Complete)		
5. Design Development Plans	9 months		
6. Final Construction Plans	18 months		
7. Initial Draft Construction Contract	21 months		
8. Final Construction Contract	23 months		
9. Payment and Performance Bonds	23 months		
10. Governmental Approvals	21 months		
11. Parcel 1 Management Contract	2 years		
12. Outside Closing Date	2 years		
Construction of the Project			
1. Commencement of Construction	2 years, 1 month		
2. Public Improvements	5 years		
3. Completion of Construction	5 years		

**GROUND LEASE TERM SHEET
PORTION OF 12TH STREET REMAINDER (PARCEL 2)**

October 25, 2024

This term sheet shall serve as the basis for the negotiation of a detailed, final form of Ground Lease (“**Ground Lease**”), to be entered into by and between the City of Oakland, a municipal corporation, and Satellite Affordable Housing Associates, a California nonprofit public benefit corporation, or its affiliate (“**Tenant**”). City and Tenant shall be referred to herein sometimes as the “**Parties**”, and each individually a “**Party**.” The terms hereof are not binding on the Parties until Tenant and City, pursuant to City Council authorization, have executed a mutually acceptable Ground Lease for the proposed project. The final Ground Lease may include terms that differ from, or are in addition to, the terms set forth in this term sheet.

1.	Parties	<p>A. <u>Landlord</u>: City of Oakland, a municipal corporation, the “City” or “Landlord”.</p> <p>B. <u>Tenant</u>: Satellite Affordable Housing Associates, a California nonprofit public benefit corporation (“SAHA”) or its affiliate (“Tenant”).</p>
2.	Premises	<p>The City owns approximately 0.925 acres of property bounded by East 12th Street on the east, Second Avenue and property owned by the Oakland Unified School District on the south, open space to the west, and Lake Merritt Boulevard to the north, as more particularly described on <u>Exhibit A</u> attached hereto (the “Property”). A portion of the Property comprised of approximately 0.45 acres, is ground leased by East 12th Street Housing, L.P., a California limited partnership (“Parcel 1 Tenant”), which created an air rights parcel as more particularly described on <u>Exhibit B</u> attached hereto (“Parcel 1”). The balance of the City-owned Property will be ground leased by the Tenant, which will create an air rights parcel as more particularly described on <u>Exhibit C</u> attached hereto (“Parcel 2”). The leasehold interest in Parcel 2 will constitute the “Premises”.</p>
3.	Improvements	<p>The “Project” is an eight-story building consisting of (a) ninety-four (94) units of affordable housing currently comprised of twenty-one (21) studios, nineteen (19) one-bedroom units, twenty-seven (27) two-bedroom units, and twenty-seven (27) three-bedroom dwelling units, and (b) one (1) three-bedroom, unrestricted manager’s unit. Approximately twenty-nine (29) of the affordable housing units will be for households with incomes between fifty percent (50%) and no more than eighty percent (80%) of County of Alameda Area Median Income (“AMI”) and</p>

		approximately sixty-five (65) of the affordable housing units will be for households with incomes between thirty percent (30%) and fifty percent (50%) AMI in accordance with the Lease Disposition and Development Agreement (the “ LDDA ”). The Project may also include up to four (4) parking spaces. The Project and any and all improvements thereafter located on Parcel 2 at any time during the Term are collectively referred to as the “ Improvements ”.
4.	Term	<u>Term</u> . The Ground Lease shall have a term of ninety-nine (99) years (“ Term ”).
5.	Project Funding Sources	To date, Tenant has received financial commitments from the below listed lenders and in the amounts set forth below: <ul style="list-style-type: none"> • Raymond James Affordable Housing Investments, Inc. • US Bank Community Lending Division <p>In addition, to the project funding sources listed above, Tenant will obtain financing consistent with the Financial Plan required by the LDDA.</p>
6.	Restrictions on Financing	Tenant shall not place or suffer to be placed any lien or encumbrance on Landlord’s fee interest in connection with any permitted financing. Tenant agrees and acknowledges that Landlord will not subordinate its interest in the Premises nor its right to receive Rent to any mortgagee of Tenant.
7.	Use	Tenant shall use and operate the Premises in accordance with the LDDA for the construction and development of the Project, and the Ground Lease for the operation, marketing and leasing of the dwelling units of the Improvements as affordable rental housing for families and such other uses as are reasonably related to such use, and for limited commercial uses in the ancillary commercial space, as further detailed in the Ground Lease.
8.	Rent	Parcel 2 has a fair market value (“ FMV ”) of \$3,760,000, and a related annual fair market rental value of \$225,600, pursuant to a current appraisal.
		The Premises will be leased to the Tenant by the Landlord (a) at a base rent for the Term in the amount of One Dollar (\$1.00) per year or portion thereof, to be paid for the Term on the commencement date in the amount of Ninety-Nine Dollars (\$99), and (b) either

		<p>(i) as annual rent payments of \$225,600 to be paid to the extent annual cash flow is available and with any amount that cannot be made from annual cash flow accruing from year to year with simple interest at three percent (3%) (“Accrued Rent Payment”); or</p> <p>(ii) annual debt service on a loan in the amount of the \$3,760,000 FMV from the City to the Tenant (“Ground Rent Loan”), which loan shall have a term of fifty-five (55) years from permanent loan conversion and a simple interest rate of three percent (3%).</p> <p>If the rent is satisfied through the Ground Rent Loan or there is any Accrued Rent Payment, Tenant shall pay any such payments to the City from fifty percent (50%) of the Parcel 2 Project’s residual receipts (A) on a pro-rata basis with other public lenders providing financial assistance, and if applicable, such proration shall be in accordance with the provisions of Section 8314 of the Uniform Multifamily Regulations (Cal. Code Regs. Title 25, Division 1 Chapter 7, Subchapter 19) (the “Multifamily Regulations”), or (B) if applicable, with respect to the Accrued Rent Payment, as otherwise permitted in Section 8314 of the Multifamily Regulations.</p>
<p>9.</p>	<p>Transfer / Assignment</p>	<p>A. <u>Prior to Completion of the Project:</u> All transfers shall require the consent of the City, in its sole and absolute discretion, which shall not be unreasonably withheld, conditioned or delayed. Approved transfers shall be (i) pursuant to an agreement in recordable form that has been approved by the City, wherein transferee shall assume performance of Tenant’s obligations under the Ground Lease, and (ii) subject to City’s transfer and processing fees.</p> <p>B. <u>After Completion of the Project:</u> All transfers shall require the consent of the City, in its reasonable discretion, which shall not be unreasonably withheld, conditioned or delayed. Approved transfers shall be (i) pursuant to an agreement in recordable form that has been approved by the City, wherein transferee shall assume performance of Tenant’s obligations under the Ground Lease, and (ii) subject to City’s transfer and processing fees.</p> <p>C. <u>Affiliate Transfers.</u> Notwithstanding the foregoing, the assignment to, and assumption of, the Ground Lease by a limited partnership of which the Developer (or another entity affiliated with and wholly controlled by SAHA) is the managing general partner, shall be a permitted transfer; provided, however, that such</p>

		transfer shall be pursuant to an agreement in recordable form that has been approved by the City, wherein transferee shall assume performance of Tenant's obligations under the Ground Lease.
10.	Impositions; Possessory Interest Tax	Tenant shall pay any and all impositions, including, without limitation, possessory interest and property taxes assessed, levied or imposed on the Premises or any of the Improvements or personal property located on the Premises.
11.	Ownership of Improvements; Tax Benefits During Term	During the Term, Tenant shall own the Improvements, subject to Landlord's reversionary interest, and shall be entitled to all depreciation deductions and any tax credits with respect to the Improvements.
12.	Default	The Ground Lease will include City's standard remedies, including, without limitation, the right to terminate the transaction upon Tenant's default, subject to standard notice and cure provisions permitting cure rights for Tenant, other project lenders and Tenant's investor.
13.	Tenant Maintenance / Standard of Premises	Tenant shall maintain the Premises and the Improvements in compliance with applicable law and in good condition and repair to the reasonable satisfaction of the City. The Tenant shall ensure that the Premises and the Improvements do not violate the City's Blight Ordinance.
14.	Indemnification	The Ground Lease will require Tenant to indemnify, defend, and hold the Landlord and its Councilmembers, other elected and appointed officials, and employees, officers, commissioners, directors, and agents (collectively, the " Indemnified Parties ") harmless from and against any liability directly or indirectly arising from or relating to Tenant's development, operation, and/or management of the Improvements, including, without limitation, liability arising as a result of property damage, personal injury, or violation of state, federal, or local laws, except to the extent that any of the matters described above is determined by a final non-appealable judgment of a court of competent jurisdiction to have arisen from an Indemnified Party's gross negligence or willful misconduct of an Indemnified Party.
15.	Waiver of Consequential Damages	Neither Party shall be liable for and shall waive any claims against the other for any consequential damages incurred by the other Party and arising out of any defaults by the other Party.
16.	City Employment &	Tenant shall abide by all applicable City employment and contracting requirements, including, but not limited to, the following: the provisions of City's Local and Small Local

	Contracting Requirements	Business Enterprise Program; Local Employment Program; Required Prevailing Wages; Living Wage Ordinance; Employment Nondiscrimination; and Reporting Requirements of the City of Oakland.
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EXHIBIT A

Property Legal Description

The land referred to is situated in the County of Alameda, City of Oakland, State of California, and is described as follows;

Parcel 1, as shown on Parcel Map 10111, filed December 3, 2013, in Book 324 of Parcel Maps, Pages 44 through 46, Alameda County Records.

APN: 019-0027-014

EXHIBIT B

Legal Description of Parcel 1

The land referred to is situated in the City of Oakland, County of Alameda, State of California, and is described as follows:

Leasehold estate created by that certain lease, made by and between the City of Oakland, a municipal corporation, as lessor, and East 12th Street Housing, L.P., a California limited partnership, as lessee, for the term and upon the terms and conditions contained in said lease, the Ground Lease being recorded in Alameda County Records, in and to the following described as follows:

A portion of Parcel 1, as shown on Parcel Map 10111, filed December 3, 2013, in Book 324 of Parcel Maps, Pages 44 through 46, Alameda County Records, described as follows:

Beginning at the most easterly corner of Parcel 1, as shown on said Parcel Map No. 10111; thence South 49°11'01" West along the southeasterly line of said Parcel 1, a distance of 73.07 feet to the most southerly corner of said Parcel 1; thence North 61°51'18" West along the southwesterly line of said Parcel 1, a distance of 193.14 feet; thence North 49°09'54" East a distance of 142.35 feet to a point of intersection with the northeasterly line of said Parcel 1; thence South 40°50'06" East a distance of 180.31 feet to the point of beginning.

APN: Portion 019-0027-014

EXHIBIT C

Legal Description of Parcel 2

EXHIBIT "A"

**GROUND LEASE PARCEL EAST 12TH
STREET OAKLAND, CALIFORNIA**

ALL THAT CERTAIN REAL PROPERTY LYING IN THE CITY OF OAKLAND, COUNTY OF ALAMEDA AND STATE OF CALIFORNIA, BEING A PORTION OF PARCEL 1, AS SHOWN ON PARCEL MAP NO. 10111, AS FILED DECEMBER 3, 2013 IN BOOK 324 OF PARCEL MAPS, AT PAGES 44-46, ALAMEDA COUNTY RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST EASTERLY CORNER OF PARCEL 1, AS SHOWN OF SAID PARCEL MAP NO. 10111;

THENCE SOUTH 49°11'01" WEST ALONG THE SOUTHEASTERLY LINE OF SAID PARCEL 1, A DISTANCE OF 73.07 FEET TO THE MOST SOUTHERLY CORNER OF SAID PARCEL 1;

THENCE NORTH 61°51'18" WEST ALONG THE SOUTHWESTERLY LINE OF SAID PARCEL 1, A DISTANCE OF 193.14 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUE NORTH 61°51'18" WEST ALONG THE SOUTHWESTERLY LINE OF SAID PARCEL 1, A DISTANCE OF 133.61 FEET TO THE WESTERLY CORNER OF SAID PARCEL 1;

THENCE NORTH 49°11'01" EAST A DISTANCE OF 195.84 FEET TO AN INTERSECTION WITH THE ARC OF A CURVE, CONCAVE TO THE NORTHEAST, IN THE NORTHEASTERLY LINE OF SAID PARCEL 1;

THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, WHOSE CENTER BEARS NORTH 59°25'34" EAST FROM SAID POINT OF INTERSECTION, WITH RADIUS OF 348.06 FEET AND CENTRAL ANGLE OF 10°15'40", FOR AN ARC DISTANCE OF 62.33 FEET;

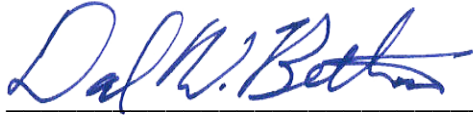
THENCE SOUTH 40°50'06" EAST ALONG THE NORTHEASTERLY LINE OF SAID PARCEL 1, A DISTANCE OF 62.65 FEET;

THENCE SOUTH 49°09'54" WEST A DISTANCE OF 142.35 FEET TO THE POINT OF BEGINNING.

CONTAINING 20,851 SQUARE FEET MORE OR LESS, OR 0.479 ACRE.

THE LAND DESCRIBED HEREON IS SHOWN ON THE ATTACHED PLAT, EXHIBIT "B", AND IS BY REFERENCE, MADE A PART THEREOF.

THIS LEGAL DESCRIPTION WAS PREPARED BY ME OR UNDER MY DIRECTION PURSUANT TO THE REQUIREMENTS OF THE PROFESSIONAL LAND SURVEYOR'S ACT.



DAVID W. BETHAM, PLS NO. 7047

OCTOBER 29, 2024





SCALE: 1"=50'

EAST 12th STREET
(FORMERLY WASHINGTON STREET)
(WIDTH VARIES, 94' WIDE THIS AREA)

FD. MON. 15 NW 6

N59°25'34"E
RADIAL

94.00'

$\Delta=10°15'40"$
 $R=348.06'$ $L=62.33'$

S40°50'06"E 62.65' 242.96' 180.31'

P.O.C.

N73°26'59"E 59.74'
TIE LINE

MONUMENT LINE
CENTERLINE

PARCEL I, PAR. MAP NO. 10111

**GROUND LEASE
PARCEL**
20,851± SQ. FT.

**AFFORDABLE
HOUSING PARCEL**
19,419± SQ. FT.

LANDS OF THE CITY OF OAKLAND
N49°11'01"E 195.84'

142.35'

S49°09'54"W

S49°11'01"W 73.07'

29.55' 29.55'

N61°51'18"W 193.14'

N49°11'01"E 364.18'

2nd AVENUE
(FORMERLY ALAMEDA STREET)
(59.1' WIDE)

LANDS OF THE OAKLAND
UNIFIED SCHOOL DISTRICT
REEL 145, IMAGE 360

133.61'

N61°51'18"W

59.10'

P.O.B.



FD. MON.

David W. Betham

PLAT TO ACCOMPANY LEGAL DESCRIPTION

EXHIBIT "B"



BUILD ON.
SANDIS.NET

D/W: 170-29-24
SCALE: 1"=50'
DRAWN BY: DWB
APPROVED:
FILE NUMBER:
616055.D

GROUND LEASE PARCEL
EAST 12TH STREET
OAKLAND CALIFORNIA

SHEET

1

OF 1 SHEETS

616055-LD-PLAT-LEASE-REMAINDER.DWG

616055.B